

# **Health and Disability Sector 1 July 2023 Funding Increases – Proposed Care and Support Worker Wage Increase – Tripartite Discussions and Sector Proposal**

August 2023

Following recent tripartite discussions, it is proposed that service providers across the Home and Community, Disability, Mental Health & Addictions, and Aged Residential Care sectors consider increasing the wage rates for care and support workers (CSWs) by 3% from funding made available from funders, effective 1 July 2023.

The purpose of this sector proposal is to outline a collective approach to ensure sector consistency. It is not a formal agreement or mechanism that can bind any party. However, some of the funding offered is tagged to this purpose – see further details below.

The four relevant peak bodies and three unions have agreed to share this proposal and encourage members to consider the proposal.

This proposal means that individual service providers will need to decide whether they follow the suggested approach, and therefore proceed with a process to vary their CSW employment agreements to implement the suggested wage increase – until such time as a sector solution is implemented in relation to pay equity for this workforce (expected in early 2024). Separate employment collective bargaining processes between unions and individual employers will continue.

All representatives have been clear in their views and expectations that the sector would benefit from a consistent sector approach. Given that there has been a decision not to effect any increase via the existing legislation for CSWs, and the request from unions and service providers for an additional funding increase for CSW wage increases was not accepted, the proposed increase largely needs to come out of general business as usual funding provided by the multiple funders involved (noting that some funders have tagged funding for this specific purpose). Whilst the general funding is offered to service

providers to use at their discretion, the Minister of Health and Te Whatu Ora have made it clear that they have strong expectations that a large part of the funding should be used for wage increases.

For clarity, the proposed sector approach relates solely to CSWs. It will be left to service providers to determine how they address other workforce relativities.

### **Available Funding**

- Providers contracted by Te Whatu Ora have recently been notified that there will be a 5% BAU funding increase from 1 July 2023.
- MSD has previously confirmed 7%, and is now offering an additional 3% tagged for the purpose of increasing CSW wage rates from 1 July 2023.
- ACC has previously confirmed 0.9% to HCSS providers. It is now offering additional tagged funding to enable providers to increase CSW wage rates by 3% (this funding will be topped up from the 0.9% already confirmed).
- Whaikaha is offering a general 3% funding increase, which will not have any conditions attached to it (meaning providers may use their discretion), but Whaikaha will be strongly encouraging providers to pass on 3% for CSW wage increases.
- Oranga Tamariki, Corrections, and Housing and Urban Development will offer an additional 3% funding tagged to enable providers to increase CSW wage rates.
- Travel payments for In-Between Travel (IBT) will be updated to the new proposed base wage rates.

The funding outlined above has been confirmed in a letter to service provider representatives from funder representatives (led by Te Whatu Ora), dated 20 July 2023. Individual service providers will receive written confirmation directly from the relevant funders (noting that there will be different timeframes for receiving the funding from the different funders).

Te Whatu Ora will publish the new proposed base wage rates on their website.

It has been acknowledged that some service providers have signed contract variations on the understanding that this funding increase is not specifically tagged for any purpose and that providers can use the funding to alleviate various cost pressures (which includes wage increases for all staff) at their discretion.

### **Pay equity**

The funder representatives have indicated that it will be useful to have a consistent sector approach in relation to a CSW wage increase from 1 July 2023 for the purposes of future funding in relation to the current pay equity claim process. It has been suggested that the

proposed 3% increase will be used as a common baseline in funding calculations for future pay equity funding – regardless of whether individual service providers have actioned this increase or not. This is the subject of ongoing engagement between the relevant parties.

It should also be noted that no decisions have yet been made by Government about the mechanism to be used to implement any future sector pay equity solution. So, it is not yet clear what will happen to the existing CSW legislation which is set to expire on 31 December 2023.

**Proposed base wage rates from 1 July 2023:**

<b>Worker’s length of service with employer</b>	<b>1 July 2022 to 31 December 2023</b>	<b>3% increase</b>
Less than 3 years	\$22.49	\$23.38*
3 years or more but less than 8 years	\$24.06	\$24.78
8 years or more but less than 12 years	\$26.16	\$26.94
12 years or more, if subclause (2) applies	\$27.20	\$28.02
12 years or more, if subclause (2) does not apply	\$28.25	\$29.10

<b>Worker’s level of qualification</b>	<b>1 July 2022 to 31 December 2023</b>	<b>3% increase</b>
No relevant qualification	\$22.49	\$23.38*
Level 2 qualification	\$24.06	\$24.78
Level 3 qualification	\$26.16	\$26.94
Level 4 qualification	\$28.25	\$29.10

\*Note that as the starting rate is lower than the NZ minimum wage, the NZ minimum wage of \$22.70 is used in the calculation.