

# **Care and Support Workers (Pay Equity) Settlement**

## **Operational Policy Document**

### ***For Home and Community Support Services Providers***

---

Working document released 16 June 2017

Citation: Ministry of Health



MANATŪ HAUORA



This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to: share ie, copy and redistribute the material in any medium or format; adapt ie, remix, transform and build upon the material. You must give appropriate credit, provide a link to the licence and indicate if changes were made.

# Version control

Version	Key changes
v.0.1 – 1 May 2017	Original draft
v.0.2 – 10 May 2017	Key updates: <ul style="list-style-type: none"> <li>• Section 4: Clarified translation</li> <li>• Section 5: Updated timelines and data submission process</li> <li>• Section 7: Added Guide to Data Collection Tool</li> </ul>
v.0.3 – 16 June 2017	Key updates: <ul style="list-style-type: none"> <li>• Section 2: Updated section 2.4 to reflect the Act</li> <li>• Section 3: Updated and clarified eligible services and employees</li> <li>• Section 4: Clarified continuous employment and casual employment translation; updated qualification translation</li> <li>• Section 6: updated process for queries post-1 July 2017</li> </ul>
v.0.5 – 15 October 2019	Key updates: <ul style="list-style-type: none"> <li>• Section 4: Removed some information about qualification updates</li> </ul>
v.0.6 – 19 December 2019	Key updates: <ul style="list-style-type: none"> <li>• Section 4: Updated information regarding Qualification Updates, Careerforce</li> </ul>

---

# Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Background</b>	<b>2</b>
2.1	History to settlement	2
2.2	Prioritisation of documents	3
2.3	Settlement Agreement	3
2.4	Legislation	3
<b>3</b>	<b>Eligibility</b>	<b>5</b>
3.1	Who is eligible	5
3.2	Who is not eligible	5
3.3	How should eligibility be assessed	6
3.4	New employees from 1 July 2017	8
3.5	Audit and compliance	8
<b>4</b>	<b>Translation to new pay bands for the existing workforce (as at 30 June 2017)</b>	<b>10</b>
4.1	Guidance for Providers	10
<b>5</b>	<b>Data collection and payment mechanism</b>	<b>13</b>
5.1	Principles	13
5.2	Methodology	13
5.3	What the advanced interim payments include	13
5.4	Data required from Providers	14
5.5	Calculation and validation	14
5.6	Notification of advance interim payment	14
5.7	On-going payments	14
5.8	On-going monitoring	15
5.9	Wash-up	15
5.10	Ongoing workforce reporting	15
5.11	Timelines and responsibilities	16
<b>6</b>	<b>Key contacts</b>	<b>18</b>
6.1	Initial engagement	18
6.3	Regular contact	18
6.4	Plan for provider queries post 1 July 2017	19

---

# 1 Introduction

The Ministry of Health recognises the important role of care and support workers and the services that they provide. It is committed to both the implementation of the Settlement Agreement across all parties and the ongoing management of these critical services.

This is an Operational Policy Document for the Care and Support Workers (Pay Equity) Settlement. The purpose of this document is to provide guidance on the implementation of the Settlement Agreement for the Vote Health funded sector.

This document is specific to Home and Community Support Services providers. Providers for Community Residential Living or Aged Residential Care should refer to the specific guidance document for those sectors.

This document aims to provide guidance for two groups:

1. *Funders*. This document will give guidance for the implementation of the Settlement Agreement and the role that funders are playing to implement the Settlement Agreement.
2. *The Providers of eligible services*. This document will give guidance to providers on how to consistently implement the Settlement Agreement. It will also outline the process to gather and submit data required to pass on funding to enable the settlement agreement and collect workforce data.

This document only applies to the implementation of the additional costs as determined by the settlement. The Ministry and Funders will continue to substantively fund and manage services through normal mechanisms.

Please take the time to consider the information below. We value your views and if you have general questions or feedback about the information, please email us at [payequity\\_implementation@moh.govt.nz](mailto:payequity_implementation@moh.govt.nz).

**This guidance is a living document and may be updated as required. The Ministry will keep you fully advised of any revisions.**

---

## 2 Background

### 2.1 History to settlement

In 2012, proceedings under the Equal Pay Act 1972 were lodged on behalf of, Kristine Bartlett with the Employment Relations Authority.<sup>1</sup> The proceedings claimed that, because support workers are predominantly women, a support worker is paid less than what would be paid to a man performing work involving the same, or substantially similar, degrees of skill, effort, and responsibility, and that the conditions of work are the same or substantially similar.

In 2013, related proceedings were lodged by the Service and Food Workers union<sup>2</sup> with the Employment Court seeking a statement, pursuant to section 9 of the Equal Pay Act, of the general principles to be observed for the implementation of equal pay.

Preliminary questions of law relating to section 3(1)(b) of the Equal Pay Act, on both matters, were submitted to the Employment Court for determination.

In August 2013, the Employment Court<sup>3</sup> answered those questions (the questions and answers) were as follows:

*Question [1]* - In determining whether there is an element of differentiation in the rate of remuneration paid to a female employee for her work, based on her sex, do the criteria identified in s 3(1)(b) of the Equal Pay Act require the Court to:

(a) Identify the rate of remuneration that would be paid if the work was not work exclusively or predominantly performed by females, by comparing the actual rate paid with a notional rate that would be paid were it not for that fact; or

(b) Identify the rate that her employer would pay a male employee if it employed one to perform the work?

*Answer:* Section 3(1)(b) requires that equal pay for women for work predominantly or exclusively performed by women, is to be determined by reference to what men would be paid to do the same work abstracting from skills, responsibility, conditions and degrees of effort as well as from any systemic undervaluation of the work derived from current or historical or structural gender discrimination.

*Question [6]* - In considering the s 3(1)(b) issue of “...the rate of remuneration that would be paid to male employees with the same, or substantially similar, skills, responsibility, and service, performing the work under the same, or substantially similar, conditions and with the same or substantially similar, degrees of effort”, is the Authority or Court entitled to have regard to what is paid to males in other industries?

*Answer:* They may be if those enquiries of other employees of the same employer or of other employers in the same or similar enterprise or industry or sector would be an inappropriate comparator group.

---

<sup>1</sup> *Bartlett v Terranova Homes and Care Ltd (Wellington)* [2012] NZERA 743

<sup>2</sup> Now Etū,

<sup>3</sup> *Service and Food Workers Union Nga Ringa Tota Inc v Terranova Homes and Care Limited* [2013] NZEmpC 51

Terranova Homes and Care Limited (**Terranova**) appealed those findings to the Court of Appeal, in October 2014 the Court of Appeal<sup>4</sup> confirmed the answers of the Employment Court and dismissed the appeal.

Terranova sought leave to appeal the findings to the Supreme Court, in December 2014 the Supreme Court dismissed the application for leave to appeal.<sup>5</sup>

On 2 June 2015, Cabinet approved the Crown entering into negotiations, limited to care and support workers in the aged and disability residential care and home and community support services sector to:

seek to resolve the Terranova case out of the courts to enable the government to better manage the process and outcomes

An agreement has been reached and announced by the Prime Minister, Minister of Health and Unions on 18 April 2017.

## 2.2 Prioritisation of documents

There are number of documents that give effect to the enabling and implementation of the settlement including: the Settlement Act, Agreed Position of the Parties, Settlement Agreement and this Operational Policy Document. While the overall intent is the same from those documents the wording is necessarily different. To avoid any potential for conflict or misunderstanding of meaning, the documents are prioritised as follows:

- where the matter is covered by *the Care and Support Worker (Pay Equity) Settlement Act 2017 (the Act)*, that prevails;
- where the matter is covered by *the Agreed Position of the Parties*, that prevails;
- where the matter is covered by *the Settlement Agreement*, that prevails;
- in any other case the wording is given its meaning in this *Operational Policy Document*.

## 2.3 Settlement Agreement

A Settlement Agreement (published on the Ministry website) has been reached with the Employee Representatives. The Settlement Agreement records the main terms of the Settlement, provisions that are included in the Legislation, operational and related matters.

The Agreed Position of the Parties reflects the final agreed position of the Government and Union negotiators. This is attached in Appendix One. **This should be read before this document.**

This Operational Policy Document further elaborates on both the Settlement Agreement and Agreed Position of the Parties to provide practical guidance on implementation and the process for workforce data collection and payments.

## 2.4 Legislation

For statutory certainty,<sup>6</sup> and to enable the Funding to be lawfully paid, Legislation<sup>7</sup> has been enacted for parts of the Settlement Agreement. The Care and Support Workers (Pay Equity)

<sup>4</sup> *Terranova Homes & Care Limited v Service and Food Workers Union Nga Ringa Tota Incorporated* [2014] NZCA 516

<sup>5</sup> *Terranova Homes v Services and Foodworkers Union* [2014] NZSC 196

<sup>6</sup> Particularly matters relating to Employers

Settlement Act 2017 can be found here:

<http://www.legislation.govt.nz/act/public/2017/0024/latest/DLM7269110.html>

---

<sup>7</sup> The intent is that the Legislation extends only so far as is necessary to give effect to the Settlement Agreement for the matters covered by the Legislation



---

# 3 Eligibility

This section provides eligibility guidance for funders and providers, based on Act and the Settlement Agreement.

## 3.1 Who is eligible

The Settlement Agreement covers care and support workers employed by Providers funded by the Ministry of Health, District Health Boards (DHBs) or by the Accident Compensation Corporation (ACC) who provide care and support services. **Care and support services** are defined in the Act and mean:

- (i) services funded under a funding agreement that are performed in a person's home (including residential care facilities, retirement villages, and rest homes) or workplace for the purpose of—
  - (A) assisting the person to continue to live in the person's home or in the community (such as personal care and household management services); or
  - (B) assisting a person who has a disability to work in the community; or
  - (C) supporting the person's rehabilitation from an injury covered by the Accident Compensation Act 2001 and to achieve and sustain the person's maximum level of participation in everyday life; and
- (ii) long-term residential care in a hospital or a rest home that is assessed as required under section 137 of the Social Security Act 1964.

For the avoidance of doubt, the following are covered by the settlement:

- home support workers employed by the following District Health Boards, who are not paid as healthcare assistants, are covered by this settlement: Waikato DHB, Wairarapa DHB, Hutt Valley DHB, Canterbury DHB and West Coast DHB;
- disability support workers employed by Nelson Marlborough DHB, who are not paid as healthcare assistants; and
- care and support workers providing Services (defined in the Settlement Agreement), which may include "Individualised Funding", as employees are eligible provided the arrangement does not include a natural person receiving funding directly from the Ministry of Health, ACC, or a DHB towards the cost of care and support services for the person or a family member of the person.
- Diversional therapists and / or Activity coordinators, subject to passing the eligibility test outlined in section 3.3

## 3.2 Who is not eligible

The Settlement Agreement does not include the following workers or services:

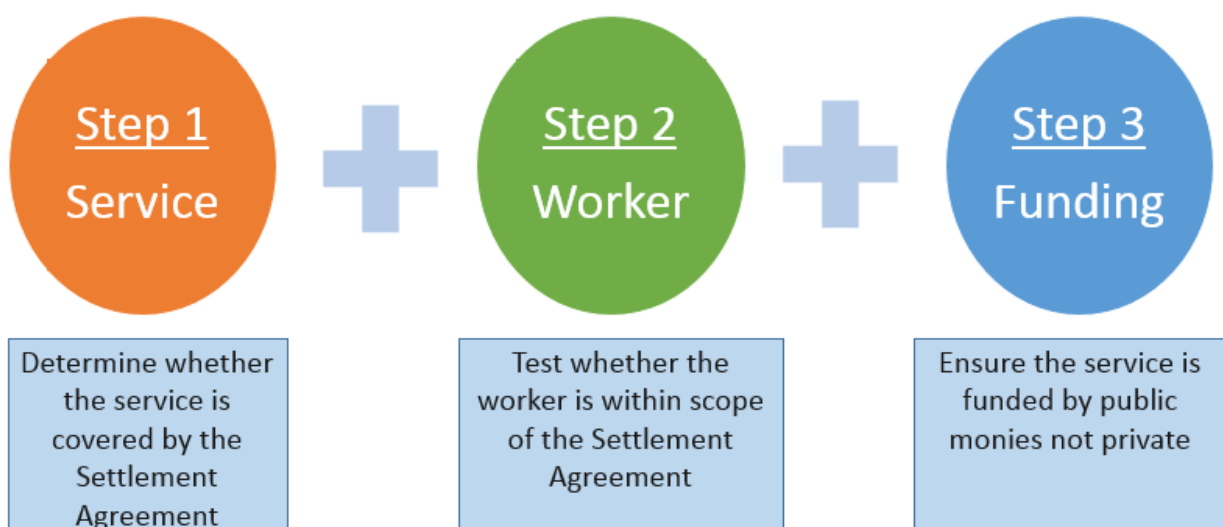
- mental health services
- for the purposes of payment, Government initiatives in recent years that have resulted in payments based on minimum wage rates, in circumstances where there had previously been no payments at all, that have been confirmed and protected by legislation. These include:
  - funded family care
  - sleep-over payments; and
  - in-between travel payments

- any health practitioner who is registered under and in accordance with the Health Practitioners Competence Assurance Act 2003, and is working in a role that required the employee to be a health practitioner;
- any employee whose primary work purpose is not care and support even if care and support is incidental to their primary work;
- workers specialising in providing physiotherapy services (e.g. physiotherapy assistants) and other professional qualification assistants (e.g. occupational therapy assistant) where providing care and support services is not the primary purpose of the role
- behavioural support services;
- caregiver support;
- child development services;
- environmental support;
- Hospice services
- long-term residential care in a hospital or a rest home that is not assessed as required under section 137 of the Social Security Act 1964.
- those provided directly by employees of DHBs, except as noted in 3.1 above;
- vocational and disability services funded by the Ministry of Social Development and Ministry for Vulnerable Children, Oranga Tamariki; and
- private services to a client, by a person whether or not they are performing those services as an Employee.

### 3.3 How should eligibility be assessed

A multi-step decision process needs to be used to assess eligibility of any particular worker:

1. determine whether the service is covered by the Settlement Agreement; and
2. test whether the worker is within the scope of the Settlement Agreement; and
3. the service must be funded by public monies not private.



#### Determining eligibility

This section only applies to Providers who employ care and support workers as set out in the Act. It does not apply to self-employed contractors, or any Providers who fall outside the definition of employer (in section 5 of the Act).

To determine if an employee is a care and support worker and therefore eligible to be paid the minimum hourly wage pay rates in the Act, the following process must be followed:

To determine if a worker is eligible to be paid the minimum hourly wages (in Schedule 2 of the Act) for all or most of their work, a provider must consider the definitions of care and support worker and care and support services (in section 5 of the Act). This is necessary because a worker's job must primarily involve providing care and support services. The following steps will assist a provider making that determination.

1. If a worker's job title/job description is a care and support worker, they are eligible.
  - In the vast majority of cases the classification of the worker will be obvious from the job title/ job description. Workers are eligible if they have job titles/job descriptions that identify them as care and support workers. It is presumed that their title or description identifies that they provide care and support services.
2. If an employee's job title/job description is not a care and support worker, and they do not provide care and support services for more than half of their work, they are not eligible.
  - Workers are not eligible if they have job titles/job descriptions that are specifically excluded by the settlement agreement, even if those workers undertake some care and support services that are incidental to their core work. While it is difficult to provide an exhaustive list of such job titles/job descriptions, the settlement agreement (footnotes 47 and 48) identifies the following workers whose primary purpose of their work is not providing care and support services - any health practitioner registered under and in accordance with the Health Practitioners Competence Assurance Act 2003, supervisors, cleaners, cooks, and office workers.
3. If a workers job title/job description is not a care and support worker, they are eligible if they spend more than 50% of their time providing care and support services.
  - It is accepted that job titles/job descriptions differ across the sector, so the presumption that a worker's job title/job description identifies that they provide care and support services may not determine eligibility if a worker's job title/job description is not a care and support worker. In those cases, a provider must decide if the worker provides care and support services for more than half of their work. If they do, the worker will be eligible even if they undertake other work that is incidental to their care and support duties.
4. If a worker is eligible, they may be entitled to the minimum hourly wages for all or part of the care and support services they provide. A provider will have to decide if some of the services are excluded from entitlement. There are clearly distinguishable excluded services and other services which are not clearly distinguishable and are considered to be incidental care and support services. The following steps will assist a provider making that decision.
  - If the worker provides clearly distinguishable excluded services, they are not entitled to the minimum hourly wages for those services. The clearly distinguishable excluded services are mental health services, services not funded for care and support services by

the Ministry, ACC or DHB, and services funded by MSD, or the Ministry for Vulnerable Children, Oranga Tamariki (section 9(3) of the Act). Other situations are where the worker provides sleepovers or in-between travel (section 9(2) of the Act). The worker will only be entitled to the statutory minimum wage in those situations.

- If the worker provides other services that are not clearly distinguishable excluded services, they are entitled to the minimum hourly wages for those services if they are incidental to providing care and support services. It is accepted that what is incidental must be decided by a provider in each individual circumstance.
- If the job/title/job description has two or more clearly defined roles, and this expressly agreed by the provider and worker, or occurs through custom and practice, a worker is entitled to the minimum hourly wages for those services which are care and support services. A worker is not entitled to minimum hourly wages for the other services. In that case, the worker will be paid different rates of pay.

A process has been established between the Ministry, DHBs and ACC to consider eligibility and/or translation questions where there is doubt.

Any further clarification on eligibility should be sought from [payequity\\_implementation@moh.govt.nz](mailto:payequity_implementation@moh.govt.nz).

## 3.4 New employees from 1 July 2017

All new eligible Care and Support Workers from 1 July 2017 will progress through the pay bands **only** on the basis of obtaining qualifications. The pay bands can be found in Section 4 of this document and in Appendix One: the Agreed Position of the Parties.

Section 4 of this document outlines the translation to new payment bands for the existing workforce (as at 30 June 2017).

## 3.5 Audit and compliance

Providers will have additional audit requirements placed on them primarily around confirming eligibility and translation to new wage rates (for example, keeping a record of NZQA qualifications). The Care and Support Workers (Pay Equity) Settlement Bill outlines these Provider requirements to keep records to support additional funding:

1. An employer must keep a record, for each care and support worker employed by the employer, of –
  - a. The qualifications, if any, held by the worker; and
  - b. The length of time that the worker has been continuously employed by the employer.
2. An employer must, on the request of a funder with whom the employer has a funding agreement, provide to the funder –
  - a. The records kept under subsection (1); and
  - b. The wages and time record kept by the employer for each care and support worker under section 130 of the Employment Relations Act 2000.
3. An employer who fails to comply with subsection (1) or (2)(a) is liable to a penalty imposed by the Employment Relations Authority under the Employment Relations Act 2000.

The Ministry, DHBs and ACC are focusing on early up-front training and education to enable providers to meet these requirements. Guidance has been provided and support and education has been given through regional roadshows and via a central helpline.

The additional requirements that providers will need to meet to implement the settlement will be subject to the usual audit and compliance controls and assurance. From 1 July 2017, provider comparisons will be used to identify baselines and address concerns. Robust exception reporting will be implemented approximately 6 to 12 months from this date to ensure enough data is available to identify outliers. The audit programme will include targeted and randomly selected audits.

# 4 Translation to new pay bands for the existing workforce (as at 30 June 2017)

## 4.1 Guidance for Providers

This section provides guidance on how care workers employed as at 30 June 2017 ('the Existing Care and Support Workers') should transition on to the new pay bands at 1 July 2017.

The agreed transition and progression process for 'the Existing Care and Support Workers' at 1 July 2017 reflects the fact that many long-serving and experienced care and support workers have never had their skills and experiences recognised through formal qualifications.

This means the transition of 'the Existing Care and Support Workers' may be done on either current qualifications or their service with their current employer, whichever is the most advantageous. New care workers (employed on or after 1 July 2017) will progress on the basis of qualifications alone.

### 1 July 2017 Translation for Existing Care and Support Workers

Length of Service	Qualification	Pay Band	1 July 2017 Year 1	1 July 2018 Year 2	1 July 2019 Year 3 & 4	1 July 2021 Year 5
<3 years' service OR	Level 0*	L0	\$19.00	\$19.80	\$20.50	\$21.50
3+ to 8 years' service OR	Level 2*	L2	\$20.00	\$21.00	\$21.50	\$23.00
8+ to 12 years' service OR	Level 3*	L3	\$21.00	\$22.50	\$23.00	\$25.00
12+ years' service OR	Level 4*	L4b	\$23.50	\$24.50	\$25.50	\$27.00

\*"Qualifications" are those recognised by NZQA or equivalent

#### How length of service for eligible employees should be assessed

Length of service is the calendar length of continuous employment on an eligible service at the current employer.

Continuous employment, as defined in the Act in relation to a care and support worker:

- (a) includes any period during which the worker is—
  - (i) on paid holidays or leave under the Holidays Act 2003; or

- (ii) on parental leave under the Parental Leave and Employment Protection Act 1987; or
  - (iii) on volunteers leave (within the meaning of that term in section 2(1) of the Volunteers Employment Protection Act 1973); or
  - (iv) receiving weekly compensation under the Accident Compensation Act 2001 as well as, or instead of, payment from the employer; or
  - (v) on unpaid sick leave or unpaid bereavement leave; or
  - (vi) on unpaid leave for any other reason for a period of no more than 1 week; or
  - (vii) continuously employed by a previous employer if—
    - (A) the worker transferred from the previous employer to the current employer; and
    - (B) the transfer was a result of restructuring (within the meaning of that term in section 69B of the Employment Relations Act 2000); but
- (b) unless otherwise agreed between the worker and the worker’s employer, does not include unpaid leave that is not referred to in paragraph (a)(v) or (vi).

## **Casual employment**

Casual employees are included in the pay equity settlement if they meet the three step eligibility criteria outlined in section 3.3 of this document. While ‘casual employee’ is not defined in employment legislation, the term is usually used to refer to a situation where the employee has no guaranteed hours of work, no regular pattern of work, and no ongoing expectation of employment.

This means that casual employees are not regarded as having continuous employment for the purposes of the Act, and minimum hourly wage pay rates will be calculated on the basis of qualification alone.

If due to the substance of a role, an employer believes that some of their casual employees are in fact permanent part-time employees with continuous service (including getting professional employment relations advice), the employer would need to document the decision supported by appropriate documentation: providers will need to provide supporting evidence of fact, including legitimate expectation of work, absence or presence of predictability and regularity, length of the arrangement, payment of holiday, date on which each employee’s status changed from casual to permanent part-time. Any such evidence would be required as per the record-keeping obligations of the Act and to be available during audit.

## **Applying qualifications**

In accordance with the Care and Support Worker (Pay Equity) Settlement Act, the qualification must be:

- a) a Level, 2, 3 or 4 New Zealand Certificate in Health and Wellbeing issued by NZQA; or
- b) a qualification that is recognised by the relevant industry training organisation (within the meaning of that term in section 2 of the Industry Training and Apprenticeships Act 1992) as being equivalent to the qualification described above in paragraph a); or
- c) an overseas qualification that is equivalent to a qualification described in paragraph a) or b).

## **Qualification updates**

Information on relevant National Qualifications equivalent to the New Zealand Certificate in Health and Wellbeing is available on the Careerforce website here:  
<https://www.careerforce.org.nz/pay-equity/equivalencies>.

## Post-1 July 2017 length-of-service progression for existing care and support workers

Existing care and support workers (as at 30 June 2017) can progress to the next pay band step on achieving the length of service for that pay band as shown in the table below. They may also proceed on the basis of qualifications – whichever is most advantageous.

This does not apply to new care workers (employed on or after 1 July 2017): they will progress on the basis of qualifications alone.

Length of Service	Pay Band	1 July 2017 Year 1	1 July 2018 Year 2	1 July 2019 Year 3 & 4	1 July 2021 Year 5
<3 years' service	L0	\$19.00	\$19.80	\$20.50	\$21.50
3+ to 8 years' service	L2	\$20.00	\$21.00	\$21.50	\$23.00
8+ to 12 years' service	L3	\$21.00	\$22.50	\$23.00	\$25.00
12+ years' service	L4a	\$22.50	\$23.50	\$24.50	\$26.00

Example: Sam has a Level 2 qualification and 7 years' service as off 1 July 2017. On 1 July 2017 she will be translated to pay band L2. On 1 July 2018 (when she has 8 years' service), she will progress to pay band L3.

### Level 4a exemption

Existing Care and Support Workers who reach 12 years current continuous service with their employer after 1 July 2017 and who have not achieved a Level 4 Certificate will move on to a "Level 4a" rate unless there are genuine reasons based on reasonable grounds that the employee's employer did not provide the support necessary for the employee to achieve the Level 4 qualification, in which case the employee will be entitled to move to the Level 4b step (not Level 4a). Any dispute about the provision of the necessary support will be dealt with through the normal dispute resolution processes.

### Allowances

Generally, all other conditions of employment remain the same. However, service and qualification allowances will be extinguished because they have been replaced by the new qualifications-based pay structure. Weekend and night penal rates in employment agreements will remain, but those that are calculated as a percentage of base pay will be converted to allowances.



---

# 5 Data collection and payment mechanism

## 5.1 Principles

The payment approach was developed with the following principles in mind:

- To allow Providers to pay for the wage increase to qualifying employees from 1 July 2017;
- To transition to business as usual (reflected into normal contracts and prices) as quickly as possible and in the most cost effective and efficient way for the sector as a whole (Funders and Providers);
- To consistently implement the settlement across all eligible workers in all Providers;
- To allow for the first stage of workforce data gathering on the approximately 55,000 workers;
- The Ministry and Funders will continue to substantively fund and manage services through normal mechanisms.

## 5.2 Methodology

From 1 July 2017, providers will have a legal obligation to pay the new pay rates to their employees.

In order for providers to commence payment to qualifying employees from 1 July 2017, a process to estimate the additional cost is required and that estimate will be used to fund Providers in July 2017 and on an ongoing quarterly basis. A wash-up process (minimum six-monthly) will then be used to adjust the estimate to 'actual' costs.

This transition payment process is expected to revert back to the normal business as usual process (Funder and Providers negotiate new prices for services) within 12 months or earlier if agreed. This transition payment process is to allow Funders and Providers sufficient time to reach agreement while enabling qualifying employees to immediately get paid at the new pay bands.

### **Contractual information**

A Letter of Notification will be sent to Providers acknowledging the changes required as a result of the pay equity settlement. No other formal variation documentation is required for these qualifying services and the letter of notification does not require signing by the Provider.

## 5.3 What the advanced interim payments include

The advanced interim payment is the additional labour costs (ordinary & overtime hours) for qualifying staff working in eligible services, plus average on-costs less allowances. The on-cost percentage will be 21.7%. On-costs have been calculated on the basis of including all statutory leave

requirements and public holiday loadings, 2% for ACC levies and 3% for the employer's Kiwisaver contribution, a total of 20.9% on costs. In addition, an increase has been applied to allow for back-filling of 2 training days per employee per year, resulting in movement for standard on-costs from 20.9% to a total of 21.7%

Excluded are non-qualifying staff e.g. enrolled nurses, supervisors or any employee whose primary work purpose is not care and support even if care and support is incidental to their primary work.

## **5.4 Data required from Providers**

The Ministry has required data to be submitted by all providers.

The data return also support Providers to understand the impact of:

- the translation rules for each of their employees;
- the additional cost impact for each of their qualifying services and contracts
- the estimated advance interim payments

## **5.5 Calculation and validation**

The Ministry and Funders will be reviewing and checking each Providers return. This will include:

- Reasonableness of translation
- Reasonableness of labour inputs
- Eligibility of services claimed
- Reasonableness that past 12 months is valid as a proxy for the future financial year
- Reasonableness that the additional funding being paid is an appropriate proportion of eligible contracts.

## **5.6 Notification of advance interim payment**

Following the calculation and review process, Funders and Providers will be advised of the proposed advance interim payments. Funders and Providers have the opportunity to raise questions and resolve exceptional employees/services with the central implementation team.

Providers will be legally obligated to begin payment of the new pay rates from 1 July. When the Ministry provides advance interim payments advice to providers, providers will need to confirm payroll system changes have been made to enable these new pay rates and that new pay rates are being made.

## **5.7 On-going payments**

Payment will be made on the first day of each quarter starting from 1 July 2017. If the first day of the quarter falls on a weekend or public holiday then payment will be on the following working day. This will be a regular payment will be the amount communicated to you (by the central implementation team) in the validation process. This payment is only for the advance interim payment as defined above.

The usual contracts payment process (i.e. anything except for the advanced interim payments for the pay equity settlement) will happen in the normal way and will not be affected by this process.

However if a payment hold/delay is requested by a funder for a eligible service, then this request may also put on hold this pay equity interim advanced payment payments. Contract managers are expected to only request hold in exceptional circumstances, only after communication with Providers and the Ministry is advised of the reason(s) for the hold.

## **5.8 On-going monitoring**

The funding is based on anticipated costs. However, if a Providers eligible service significantly changes in volume, over the first half of 2017/18, then this payment may be materially incorrect. The centralised implementation team will be monitoring payments to proactively flag with Funders the likelihood of this at any time prior to the wash-up (which will be six-monthly, as a minimum). Providers will be able to raise this issue to Funders and have it investigated as well. A variation to the interim advanced payment can then be made, if required.

## **5.9 Wash-up**

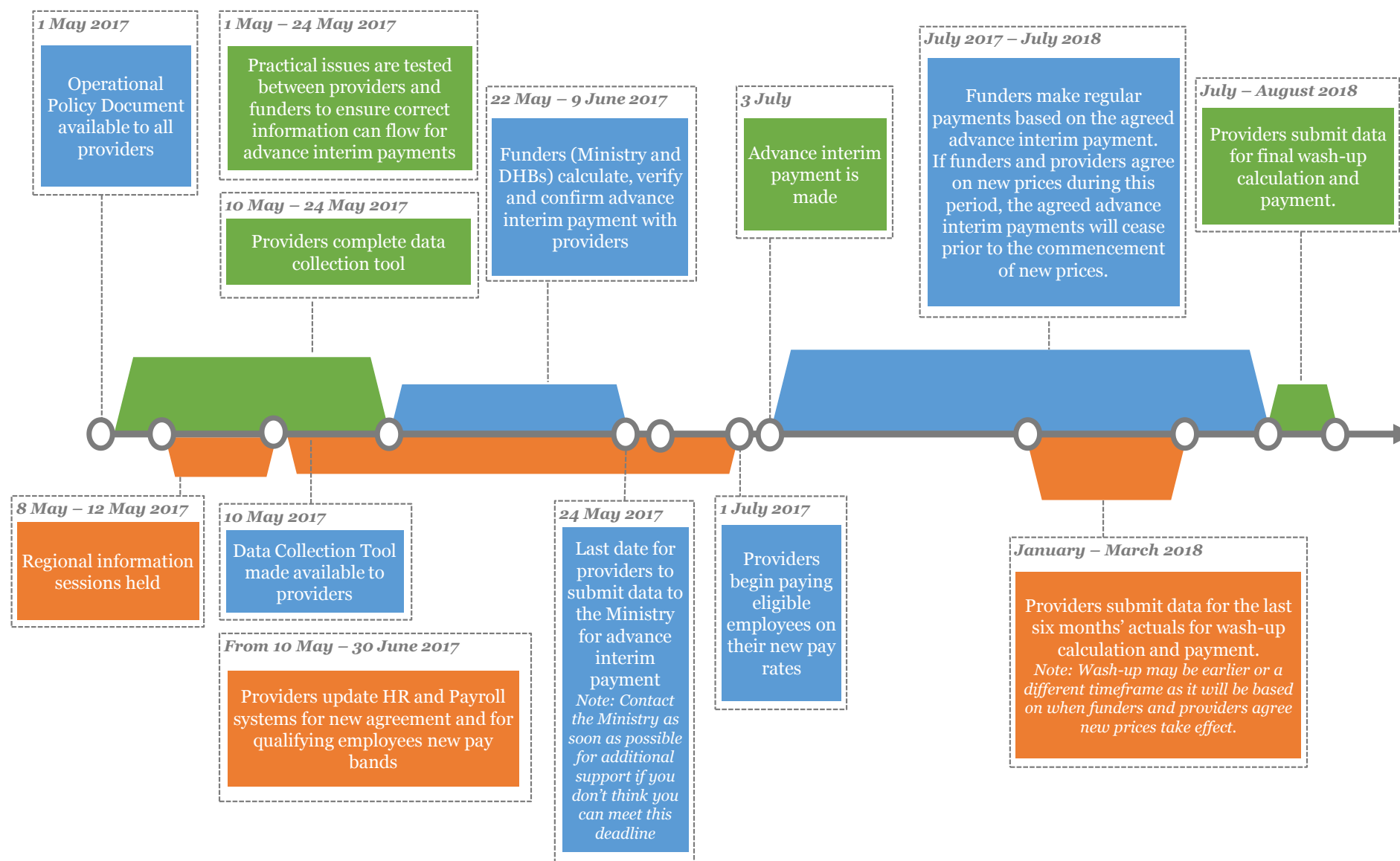
The same process for the advanced payment will be repeated but providers will need to submit actual year-to-date (YTD) payroll information and workforce information. An initial wash-up will take place within six months, and a final wash up process is expected to take place in June 2018. Specific guidance to support the wash up process and associated timelines will be communicated in July 2017.

The difference between the actual payroll paid information and the advance interim payment will be the wash-up amount.

## **5.10 Ongoing workforce reporting**

As part of the settlement, ongoing workforce reporting is required. Further workforce monitoring data points may be required and the Ministry will communicate this through the regular newsletters.

## 5.11 Timelines and responsibilities



## Roles in making the data collection and the interim advance payments

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
<i>Week beginning</i>	24 April	1 May	8 May	15 May	22 May	29 May	5 June	12 June	19 June	26 June
<b>Providers</b>		Read draft Operational Policy Document (OPD) and Data Collection Tool (DCT)	Attend information roadshows 10 May Receive updated OPD and DCT		24 May deadline for data returns	Discussions as required to clarify data submissions				From 1 July, Providers pay employees new pay rates
			Collect and then submit data using the collection tool							
			Secure resource / vendor to make payroll system changes if required							
			Make changes in payroll system							
<b>Central team (Ministry of Health)</b>			Provide guidance and support for providers				Final QA of returns			
			Log queries and data returns (status tracking of all provider returns)							
			Review and validate data returns, perform calculations							
			Consider eligibility and translation questions from providers							
<b>Funders</b>									Review payments and confirm	
<b>Ministry of Health Sector Operations team</b>						Verifying bank accounts			16 June Receive payment schedule	3 July Make advance interim payments to providers

---

## 6 Key contacts

### 6.1 Initial engagement

The document is intended to be a living document developed with Funders and Providers in May.

There will be updates of this document and regular newsletters. These will be made available on the Ministry website: <http://www.health.govt.nz/new-zealand-health-system/care-and-support-workers-pay-equity-settlement>.

### 6.2 Central contact on payments

A central team has been established to assist providers with this process and answer any questions.

**FAQs and guidance:** As questions are answered these will be updated on the Ministry website <http://www.health.govt.nz/new-zealand-health-system/care-and-support-workers-pay-equity-settlement>

**Email:** Providers can be in contact with this team by emailing [payequity\\_implementation@moh.govt.nz](mailto:payequity_implementation@moh.govt.nz)

**Phone:** Providers can contact the Ministry's Contact Centre at 0800 281 222 option 3. Questions about the Data Collection Tool are best directed to the email address so a member of the central Ministry pay equity support team can contact you.

### 6.3 Regular contact

The process and the contact points will not supersede the usual contract management routes between Funders and Providers. Providers should be approaching the contact points as described above for the implementation of pay equity. However, it is important that contract managers are kept in the loop on these discussions. Regular contract reporting and monitoring will continue as usual. Contract managers have not been privy to the negotiations of the settlement and will be receiving information in similar timing to Providers.

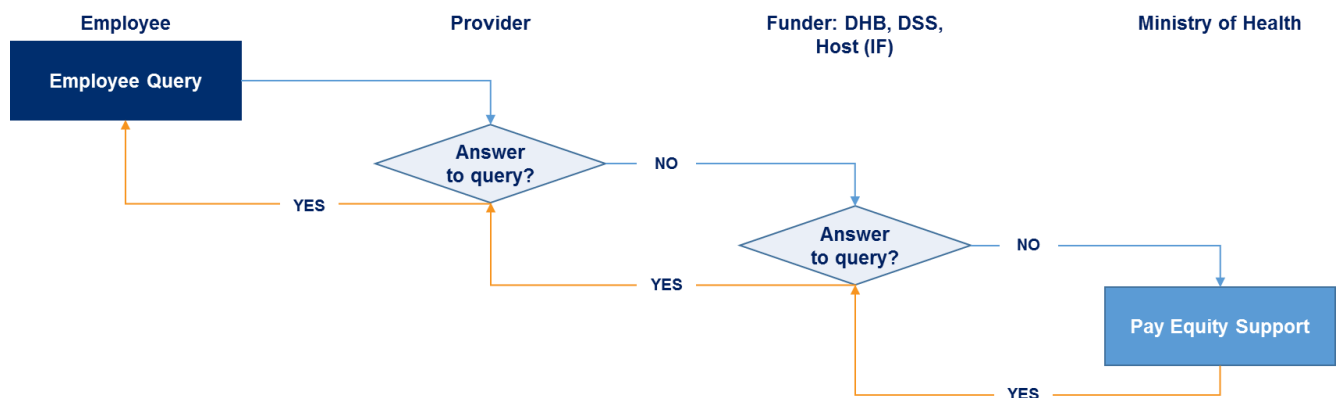
## 6.4 Plan for provider queries post 1 July 2017

It is anticipated that there will be a number of queries from both employees and Providers following the first and second pay run after 1 July 2017.

Employees with queries will be encouraged to contact their employers for guidance in the first instance.

If Providers need assistance to answer an employee's query or have their own questions, they will be asked to contact their funder in the first instance. If the funder needs further assistance they will be directed to the Ministry.

### Communication channels for employee and provider queries post 1 July 2017



The Ministry has also identified all national, multi-DHB providers and will contact them directly following the first pay run post 1 July to identify and assist with any implementation concerns.

In addition, all providers will be sent a short survey following their initial pay run. The survey will ask Providers if there were any problems with implementation. Technical payroll issues will be directed to the Ministry (which is setting up a payroll team to respond to the queries). Other queries will be directed to the funder and if there is no response to the survey, the Ministry will inform the funder.