

# FAQs - Tranche 1 implementation of reducing pay disparities in the funded sector

## For Providers

### 1. *What is this funding for?*

Last November, Cabinet agreed to provide additional funding of up to \$40 million by June 2023, increasing to up to \$200 million annually, to help reduce pay gaps between some community based nurses and kaiāwhina and those working in Te Whatu Ora hospitals.

On 7 March, the Ministers of Health and Finance confirmed they had formally approved \$40 million for the first five sectors prioritised to receive the additional funding by early April 2023 – aged residential care, hospices, home and community support services, and Māori and Pacific healthcare organisations.

The funding is to provide immediate relief to health services most affected by the flow of nurses from the community health sector to Te Whatu Ora hospitals, but it will not result in the same pay or working conditions as Te Whatu Ora employed nurses.

Providers in these five sectors with eligible workforces have been offered interim payments providing funding for the period 1 April 2023 to 30 June 2023. On-going funding will be incorporated into contracted service prices from 1 July 2023, subject to acceptance of the offer.

### 2. *How can providers use this funding?*

The initiative's intent is to reduce the base pay gap between nurses employed and working in the community, and comparable Te Whatu Ora nurses. However, employer representatives requested flexibility to allow the funding to also be used to address penal and overtime rates.

Consequently, employers must first use the funding to increase the base pay rates of eligible workers to 95 percent of the relevant Te Whatu Ora rates (to the extent that can be achieved within the funding paid to employers). They have discretion to use any remaining funding to further increase base rates or to introduce or increase other allowances, such as penal rates and overtime.

### 3. *Is my organisation eligible?*

Five sectors were prioritised to receive additional funding by 1 April 2023 as part of tranche 1, including aged residential care (ARC), hospices, home and community support services (HCSS), and Māori and Pacific healthcare providers. Eligible organisations in tranche 1 have been sent contracts from Te Whatu Ora or Te Aka Whai Ora.

Other sectors being considered for tranche 2 funding include rural hospitals, Plunket, Family Planning, school nursing services, mental health and addiction, and telehealth.

Te Whatu Ora and Te Aka Whai Ora will continue working with districts to determine funding methodology and develop contracting arrangements for providers in these sectors with eligible nurses and kaiāwhina. Additional funding for tranche 2 sectors is expected to be paid from 1 July 2023, subject to joint approval from the Minister of Health and Minister of Finance.

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4. *What workforces and/or contracts are in scope? What are the criteria used to determine which providers have been included into this initiative?*

Providers have been included in scope based on:

- Identified as a priority sector
- Have an existing contract with Te Whatu Ora / Te Aka Whai Ora
- If the service has eligible workforce

**Nurse** means an employee working in a nursing role and whose position description or employment agreement or letter of offer requires them to be registered by the Nursing Council of New Zealand, which, to avoid doubt, includes an enrolled nurse.

**Kaiāwhina** means an employee who you determine has a position description that has 50 percent or more in common with the Te Whatu Ora-employed Health Care Assistant position as described in the current NZNO MECA:

"Health Care Assistant (HCA)" or "Hospital Aide (HA)" means an employee who is an auxiliary to the nursing team, and is able to perform tasks in their position description relating to patient care and who works under the direction of a registered nurse or midwife.

Workers who are the subject of a pay equity claim were not included in the calculation of the service price uplifts, whether or not that claim has been settled prior to 1 April 2023. This includes the Support Worker Pay Equity claim, and the upcoming Social Worker Pay Equity extension.

5. *Is this pay parity?*

Pay parity refers to equal pay between comparable roles, where rates are aligned to rates paid for a role with similar skill level, training, responsibilities, effort and working conditions. This funding is to address pay disparities by reducing the base pay gap between comparable workforces (between funded and Te Whatu Ora employed nurses and kaiāwhina who are not covered by a pay equity claim).

6. *I am provider, who can I contact for more information?*

Details regarding the funding approach can be found in the cover letter sent to providers, alongside the contract agreement. If this information does not answer your specific question, you may send your query to [paydisparities@health.govt.nz](mailto:paydisparities@health.govt.nz).

7. *What can the funding be used for?*

Providers must pass on 100 percent of the funding in accordance with this variation to eligible workers as follows:

- a) first, you must use the funding to increase the base pay rates of your eligible workers to 95% of the relevant Te Whatu Ora rates (to the extent that can be achieved within the Funding paid to you); and
- b) second, if any funding remains unspent after you have complied with the requirement in paragraph a, you must use 100 percent of that remaining funding to increase the rates and allowances of your eligible workers. For example, by further increasing base pay rates, or by introducing or increasing penal rates, shift allowances, or overtime rates.

To avoid doubt, the funder is not liable for any costs that you might incur related to or arising from this variation that exceed the amount of the funding.

Base wage rates should be aligned to Te Whatu Ora March 2022 MECA agreement. These are outlined in Schedule 2 of your contract or can be found on the Te Whatu Ora website:

<https://www.tewhatauora.govt.nz/whats-happening/what-to-expect-for-the-health-workforce/employment-relations/nurses-pay-equity/>

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For information about other Te Whatu Ora rates, including allowances and penalties, please see the current DHB MECA. The current collective agreement can be found on the TAS website <https://tas.health.nz/assets/ER/Employment-Agreements/NZNO-MECA-2-Aug-2020-31-Oct-2022-Final-signed.pdf> or on the New Zealand Nurses Organisation website [https://www.nzno.org.nz/groups/health\\_sectors/dhb](https://www.nzno.org.nz/groups/health_sectors/dhb)

*8. How have funding amounts been allocated?*

Funding to each provider is calculated according to service volumes, the nursing component for that service, and the level of current pay disparities in the sector. An interim funding amount will be provided for the period 1 April – 30 June based on a volume estimate from July 2022 to October 2022.

A more detailed summary of how the funding has been calculated is included in the letter of offer, and the specific amount of funding is in the contract.

*9. Does the funding cover KiwiSaver / ACC increases as a result of increased wages?*

The calculation for funding has taken into account associated increases of KiwiSaver and ACC.

*10. When will providers receive funding?*

Services included in tranche 1, where providers have accepted the funding offer before 24 March, will receive an interim payment on 31 March 2023, for the period 1 April – 30 June 2023. From 1 July 2023, funding will be incorporated into contract prices for tranche 1 sectors and other eligible services and sectors, subject to acceptance of the offers and approvals.

*11. What period does this funding cover?*

The interim payment to providers in tranche 1 covers the period of 1 April to 30 June 2023. Funding for both tranche 1 and 2 will be incorporated into contracted service prices beginning from 1 July 2023, subject to acceptance of the offer and approvals. Once in contract prices, you will be paid on your normal invoicing cycle.

*12. What will happen to the funding if the offer is rejected?*

The funding for tranche 1 sectors represents a limited time offer for the interim payment, with an offer for additional funding for 1 July to follow.

*13. Is the total payment on the agreement GST exclusive?*

The total payment value noted on the agreement is exclusive of GST, however the interim payment will be a GST inclusive total. This will be noted on the invoice. For ARC, the bed day price listed in the letter is GST exclusive.

*14. Is this a new contract?*

The contract number is a new agreement that applies for this interim payment, but refers to existing services that your organisation provides as stated in your letter of offer. Funding from 1 July is expected to be a formal variation on service prices.

*15. Will there be any changes in the maximum payer contribution for ARC residents?*

The interim payment for tranche 1 includes funding to cover the maximum payer contribution for the period of the interim payment. There will be an increase in the maximum payer contribution in

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line with funding incorporated into the annual price uplift process on 1 July. See [here](#) for more information.

*16. What step in the remuneration scale should my employees be and how much should I pay them?*

As the employer, you are responsible for determining employment practices and policies, including the role, level and how you allocate the funding across your workforce.

For Te Whatu Ora nurses, they are appointed to a step based on their relevant experience and progress up a step every year of service to a maximum of step 5. Thereafter, they progress up a step every year of service to the maximum of step 7 (subject to satisfactory performance, which is assumed to be the case unless the employee is otherwise advised). A new graduate nurse is appointed at step 1.

Te Whatu Ora would usually consider a Clinical Nurse Manager and Clinical Team Leader as senior nurses and appoint them at a senior nurse scale rate.

More information can be found in the expired Te Whatu Ora collective agreement, which can be found on the website <https://tas.health.nz/assets/ER/Employment-Agreements/NZNO-MECA-2-Aug-2020-31-Oct-2022-Final-signed.pdf>

*18. What other health funded sectors are in tranche 2?*

Providers included in tranche 1 of funding have been identified as having significant workforce challenges and pay disparities with Te Whatu Ora nurses, resulting in an immediate risk of service failure.

Other health funded sectors being considered for Tranche 2 include rural hospitals, Plunket, Family Planning, school nursing services, some mental health and addiction services, and telehealth. Additional funding for tranche 2 sectors is expected to be paid by 1 July 2023, subject to acceptance of the offers and joint Minister of Health and Minister of Finance approval.

*19. Are general practice nurses eligible for this funding?*

The Minister of Health has asked Te Whatu Ora to work with general practice owners to ascertain if disparities in pay exist with general practice nurses compared to Te Whatu Ora-employed nurses. General practice nurses were initially excluded from this pay disparities initiative, but it was made clear that this decision could change if evidence of disparity emerged in the future.

Te Whatu Ora has been asked to advise the Ministers of Health and Finance if the recent increase in Te Whatu Ora nurse pay rates to the Agreement In Principle pay equity rates creates a pay disparity with general practice nurses.

*20. Where can I get more information about the Social Workers Pay Equity extension?*

This initiative aims to bring community-based social workers to same level as Oranga Tamariki social workers following their pay equity settlement in October 2018. Information on this including eligibility criteria, can be found on the Public Service Commission website. See [here](#) for more information.

*21. If I put my wages up following the Minister's announcement on 28 November, can I use this funding to reimburse these costs?*

Yes, if you put this funding up after the Minister of Health's announcement on 28 November you may use this funding to reimburse the costs associate to wage increases from this date. You will need to demonstrate this during the reporting that will be completed in July 2023.

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*22. If I delivered more bed days than what I did during the period than my funding was estimated on, can I have my funding reviewed?*

We have paid you an amount in advance, using volumes delivered between July 2022 and October 2022 as an estimate. An additional payment will be made if you have delivered 10% more bed days than what was used to calculate funding across all facilities operated within a chain of facilities. The additional payment will be made in September 2023.

We will not wash-up where you may have had a volume reduction unless there are exceptional circumstances (i.e a facility has closed).

## For Employees

### *1. What is pay disparities?*

Pay disparities refers to a pay gap between workforces who are performing comparable work. Some nurses and kaiāwhina working in community settings earn less than their Te Whatu Ora employed peers working in hospitals.

This funding initiative is intended to reduce the pay gap for eligible workforces. It will not result in pay parity, which is when there are similar terms and conditions for a workforce.

It is also not pay equity, which is where women and men receive the same pay for doing jobs that are different, but of equal value. Pay equity requires a claim to be submitted under the Equal Pay Act 1972.

### *2. I am an employee of an organisation that has received funding. When can I expect to receive a pay increase?*

If your employer is eligible and has accepted the offer from Te Whatu Ora, they will have funding available to increase wages from 1 April 2023. The setting of wages is the responsibility of your employer.

### *3. How can I find out if my organisation has received funding?*

You will need to speak with your employer to confirm if they are eligible for the funding and have accepted the offer.

### *4. I am an eligible employee, who can I contact for more information?*

Please contact your employer or union for information about whether you may receive a pay increase as a result of this initiative.

### *5. Why am I not getting the same pay as a Te Whatu Ora nurse?*

Te Whatu Ora nurses' wages are subject to the agreed settlement between New Zealand Nurses Organisation and Te Whatu Ora. If you have a different employer, there may be different workforce, working conditions and pay agreements.

### *6. Am I an eligible employee for this funding?*

The funding is targeted towards nurses working in roles that require someone to be a registered or enrolled nurse, or a kaiāwhina who has a role similar to a healthcare assistant employed in a hospital.

If you are part of a workforce that has a pay equity claim or settlement, you are not eligible for a pay increase under this initiative. This could include the 1 July 2022 Support Workers Pay Equity claim or the Social Workers Pay Equity claim.

### *7. How much money will I receive?*

Each employer and employee have different things to consider. Employers are responsible for allocating the additional funding across their eligible workforce and meeting their statutory obligation to work in good faith with their employees and any representative union. If employees have any questions relating to your employment, please contact your employer in the first instance.

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If your issue remains unresolved, you can contact your union or someone who can give you advice and represent you, if needed.

*8. Who can I ask for support?*

If you have any questions relating to your employment, please contact your employer in the first instance. If your issue remains unresolved, you can contact your union or someone who can give you advice and represent you if needed. You can also contact your local Citizens Advice Bureau or Employment New Zealand.

*9. Will I get back-paid if an agreement with my employer is only reached after 1 April?*

Funding was provided in the initial tranche for the period of 1 April to 30 June. Please contact your employer to discuss how this funding will be paid to eligible workers in your organisation.

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