

[Date]

[Name]

[Organisation name]

Kia ora koutou

This letter is to provide you with information on the additional funding you are being offered to increase the pay rates of your eligible nursing and kaiāwhina staff and describes how that funding has been calculated.

The funding is being offered to you through the enclosed contract agreement variation (including terms) and is offered on the condition that all the funding being offered is used to increase the take home pay of your eligible nursing staff and kaiāwhina.

Background

As you may be aware, last year the Government announced that it has provided additional funding of up to \$40 million for the period ending 30 June 2023 to reduce pay gaps between nurses and kaiāwhina employed in the primary and community sector and those working in Te Whatu Ora hospitals (the pay disparities funding). The funding increases to \$200 million per annum from 1 July 2023.

The intent of the initiative is to minimise the flow of nurses and kaiāwhina from the funded sector to Te Whatu Ora hospital services, due in part to pay disparities between comparable roles.

Services in scope

The services in scope for this funding are those community care services that:

- employ Registered Nurses (including Senior Nurses), Enrolled Nurses and eligible kaiāwhina, **and**
- currently receive public funding through contracts for services with Te Whatu Ora.

What the variation does

The variation sets out the additional funding that you will be paid annually and describes the nurses and kaiāwhina who are eligible to receive rate increases.

It requires you to allocate the funding you receive to increase the *base pay rates* of your eligible employees. Once you allocate the funding to reach 95% of the rates in Appendix 2 of the enclosed Variation, you then have flexibility in how you allocate any remaining funding to your eligible workforce. For example, you may wish to further increase base pay rates, or introduce or increase penal rates, shift allowances, or overtime rates. Details about Te Whatu Ora rates can be found in the New Zealand Nurses Organisation DHB Collective Agreement¹.

¹ As at the time of preparing this letter, 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

The setting of employee pay rates is the responsibility of the employer, subject to good faith bargaining with the relevant employee(s) and relevant unions(s). It is for you, as the employer, to determine what the relevant Te Whatu Ora rate for each eligible worker is, to decide how to allocate the funding to those workers, and to determine whether there is an opportunity to consider introducing or increasing other rates or allowances.

Workforce eligibility

The funding is provided to reduce the gap in take home pay between nurses and kaiāwhina employed in the community, and those working in Te Whatu Ora hospitals.

The variation defines:

- A nurse as 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. For clarity, funding has not been provided to increase the pay of self-employed, contractor or bureau nurses.
- Kaiāwhina is a person who you determine has a position description that has 50% or more in common with the Te Whatu Ora-employed Health Care Assistant position described in Schedule 1 of the variation.

Employees covered by a pay equity claim or pay equity settlement, including support workers, are not eligible to receive additional funding as these workers are, or have been, engaged in a process to address historical undervaluation and set a pay rate free from sex-based discrimination.

How the funding increase has been calculated – community services

The calculations are based on the pay gap between the average pay rate from the workforce data and 95% of the Te Whatu Ora base pay rates in Appendix 2 of the variation (which are the Agreement In Principle pay equity base pay rates and were set through the December 2022 Employment Relations Authority process).

The pay gap has been calculated as 16% for Registered Nurses (RN) and 19% for Enrolled Nurses (EN).

The contract funding increase needed to reduce the pay gap for bulk funded/case-mix, fee for service and district nursing contracts is:

Contract rate increase	Bulk funded	Fee for service	District nursing
Community Care services	2.16%	0.47%	3.05%

The calculation has taken into consideration the additional costs of compulsory ACC levies and KiwiSaver contributions.

Payment of funding

The additional funding will be incorporated into your contracted prices.

Reporting

Reporting on how you use the funding to increase the base pay rates, and potentially penal rates, shift allowances, or overtime rates, is a condition of accepting the funding. In August 2023 you will be emailed an electronic survey.

The survey will ask for information about how you have used the funding you received. The information you will need to provide is set out in Schedule 3 of the attached Variation.

We require this reporting to be completed no later than 29 September 2023.

Please note that this is a one-time only reporting requirement.

Acceptance of the offer of additional funding

Please indicate your acceptance of this offer of additional funding and to each of your existing agreements being varied on the terms set out in the attached variation by returning one signed copy to paydisparities@health.govt.nz by [date].

If you have any questions regarding the offer, please email paydisparities@health.govt.nz.

Nāku noa, nā

Emma Prestidge

Interim Director, Primary, Community and Rural
National Commissioning
Te Whatu Ora