



Cabinet Social Wellbeing Committee

Minute of Decision

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Addressing the Impacts of Pay Disparities in the Health Funded Sector

Portfolio Health

On 16 November 2022, the Cabinet Social Wellbeing Committee:

- 1 **noted** that the nursing and care workforce is under considerable pressure with increasing vacancies and turnover rates in the funded sector, exacerbated by current pay relativities that favour Te Whatu Ora-employed workers and hospital work over most community settings;
- 2 **noted** that the net flow of workers from the funded sector into Te Whatu Ora hospitals is impacting service delivery in primary and community settings (e.g. closing beds and lowering the quality of patient care), which flows through to backlogs in hospital and specialist settings;
- 3 **agreed in principle** to improving pay relativities for health workers in the funded sector, subject to further work on finalising operational arrangements, including contractual mechanisms to support higher pay rates and stakeholder consultation;
- 4 **noted** that the proposal under SWC-22-SUB-0209 is not intended to achieve pay parity, but to reduce the gap in pay relativities for health workers between the government-employed and government-funded sectors;
- 5 **noted** that, with up to \$40 million in 2022/23 and \$200 million per annum from 2023/24, health funding agencies expect to be able to improve pay relativities for over 20,000 health workers across the government-funded sector;
- 6 **s 9(2)(f)(iv)**
[REDACTED]
[REDACTED]
[REDACTED]
- 7 **agreed** to establish a tagged operating contingency associated with the Health portfolio of up to the following amounts to provide for improving pay relativities in the funded sector:

	\$million – increase				
	2022/23	2023/24	2024/25	2025/26	2026/27 & outyears
Improving pay relativities for funded sector health workers - Tagged operating contingency	40.000	200.000	200.000	200.000	200.000

- 8 **authorised** the Minister of Finance and Minister of Health jointly to draw down the *Improving pay relativities for funded sector health workers - Tagged operating contingency* (establishing any new appropriations as necessary), subject to their satisfaction with the outcome of the further work described in paragraph 3;
- 9 **agreed** that the expiry date for the *Improving pay relativities for funded sector health workers - Tagged operating contingency* will be 1 February 2024;
- 10 **noted** that the *Improving pay relativities for funded sector health workers - Tagged operating contingency* is not charged against any allowances, but instead has a direct impact on OBEGAL and net debt.

Rachel Clarke
Committee Secretary

Present:

Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Jan Tinetti
Hon Kiri Allan
Hon Priyanca Radhakrishnan
Hon Aupito William Sio
Hon Meka Whaitiri

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC

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