

# Employee factsheet

## Care and Support Workers

### (Pay Equity) Settlement Agreement

December 2017

On 18 April 2017, the Government announced a \$2 billion pay equity settlement for 55,000 care and support workers in New Zealand's aged and disability residential care and home and community support services.

The settlement originated from the TerraNova pay equity claim brought by E tū (previously the Service and Food Workers Union) on behalf of care worker Kristine Bartlett. The claim argued that there was systemic undervaluation of care and support work because it was mainly performed by women.

The Government decided to seek to resolve the case out of the courts through negotiations and to include home care and disability sector workers as well as aged residential care workers in the settlement.

From 1 July 2017, when the settlement was enacted, workers received pay rises of between 15 and 50 percent depending on their qualifications and experience.

Workers on the minimum wage of \$15.75 per hour moved to at least \$19 per hour – a 21 percent pay rise. For people working 30 hours or more a week, this adds at least \$100 to their weekly earnings or an additional \$5,000 a year.

The settlement also supports increased qualifications and reduced turnover in the sector, resulting in better care for New Zealanders.

### **New wage rates for existing workers** (as at 1 July 2017)

On 1 July 2017 all existing care and support workers moved on to the following scale, either at the step that recognised their qualifications or their service with their employer, whichever was the most advantageous to the employee.

<b>Qualification or length of service</b>	<b>1 July 2017 Year 1</b>	<b>1 July 2018 Year 2</b>	<b>1 July 2019 Year 3/4</b>	<b>1 July 2021 Year 5</b>
<b>L0 or &lt;3 years' service</b>	\$19.00	\$19.80	\$20.50	\$21.50
<b>L2 or 3+ years' service</b>	\$20.00	\$21.00	\$21.50	\$23.00
<b>L3 or 8+ years' service</b>	\$21.00	\$22.50	\$23.00	\$25.00
<b>L4 or 12+ years' service</b>	\$23.50	\$24.50	\$25.50	\$27.00

The qualification must be, or assessed by Careerforce as equivalent to, a Level, 2, 3 or 4 New Zealand Certificate in Health and Wellbeing from an NZQA-accredited provider.

Careerforce is reviewing domestic and international qualifications for equivalence to the NZ Certificate in Health and Wellbeing (Levels 2, 3 and 4).

In some instances, Careerforce will work with individuals in assessing their qualification equivalency.

As workers' qualifications are assessed as equivalent, the qualification is posted on the Careerforce website ([www.careerforce.org.nz/pay-equity/equivalencies/](http://www.careerforce.org.nz/pay-equity/equivalencies/)). The qualifications under review include those forwarded by providers.

If you have any questions about qualification equivalency please contact Careerforce on 0800 277 486 or email [info@careerforce.org.nz](mailto:info@careerforce.org.nz) with 'Pay Equity Qualification Query' in the subject line.

### Current continuous service

All care and support workers (as at 30 June 2017) 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 the following rates unless there are genuine reasons, based on reasonable grounds, that their 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 4 step above. Any dispute about the provision of the necessary support will be dealt with through the normal dispute resolution processes.

After 1 July 2017	On or after 1 July 2018	On or after 1 July 2019	On or after 1 July 2021
\$22.50	\$23.50	\$24.50	\$26.00

Current continuous service is considered to be service with the current employer, not the total length of time spent as a care and support worker with all previous employers.

Continuous service with the current employer includes any service transferred under the [Employment Relations Act 2000](#) (the Act). In summary, the Act sets out the process for an employer to use where a business is sold, transferred or contracted out and requires employment agreements to contain 'employee protection provisions'. Specific groups of employees, in certain situations, may transfer to the new employer on their existing terms and conditions, including having any transferred service recognised as continuous service.

## New wage rates for new workers

The minimum rates and progression for care and support workers employed after 1 July 2017 are:

Qualification*	1 July 2017 Year 1	1 July 2018 Year 2	1 July 2019 Years 3/4	1 July 2021 Year 5
L0	\$19.00	\$19.80	\$20.50	\$21.50
L2	\$20.00	\$21.00	\$21.50	\$23.00
L3	\$21.00	\$22.50	\$23.00	\$25.00
L4	\$23.50	\$24.50	\$25.50	\$27.00

\* The qualification must be, or assessed by Careerforce as equivalent to, a Level, 2, 3 or 4 New Zealand Certificate in Health and Wellbeing from an NZQA-accredited provider.

### Examples of what the settlement means for you

**Minimum Wage:** On 30 June 2017, Elizabeth was an aged residential care worker on the minimum wage of \$15.75 per hour. She had three years' experience. On 1 July her pay increased by 27 percent to \$20 per hour, and will progressively increase to \$23 per hour by 1 July 2021, a 46 percent increase overall. If she attains a Level 3 qualification, her pay will increase to \$25 per hour in 2021, a 58.7 percent overall increase. This means her take home

pay will increase by around \$140 a week, or \$7,000 a year compared with her pay before 1 July 2017.

**Home and Community Support Services:** Susan had three years' experience and a Level 3 care and support qualification on 30 June 2017. She was paid \$16.22 an hour. Her pay increased by 29.4 percent on 1 July 2017 to \$21 an hour. She will also receive increases over the next four years to reach \$25 an hour on 1 July 2021 if she stays a Level 3 caregiver. This means her take home pay will increase by around \$155 a week, or \$8,000 a year compared with her pay before 1 July 2017.

**Aged Residential Care:** Prior to settlement date, Joy was on an average pay rate of \$16.65, with a Level 2 care and support qualification. Her pay increased by 20 percent to \$20 per hour from 1 July 2017. The ongoing increases planned for the next four years will see her hourly rate rise to \$23 by 1 July 2021 (an increase of 38.1 percent on her pre-settlement rate). This means her take home pay will increase by around \$110 a week, or \$5,500 a year compared with her pay before 1 July 2017.

**Community and Residential Living:** Ngaire was on the average disability support worker pay rate of \$17.72, with a Level 2 care and support qualification on June 30 2017. She had eight years' experience. Her hourly rate rose by 18.5 percent to \$21 an hour on 1 July. Ngaire will also receive ongoing increases over the next four years to take her up to \$26 an hour by 1 July 2021. If she gains a Level 3 qualification, she will not receive an increased wage rate, as the transition rate already recognises her skills and experience. But, if she goes on to gain a Level 4 qualification, and role, her rate will rise to \$27 by 2021. This means her take home pay will increase by around \$110 a week, or \$5,500 a year compared with her pay before 1 July 2017.

## Eligibility

Learn about pay equity eligibility in the "[Are you eligible?](#)" factsheet (PDF, 132 KB).

## Training

The pay equity settlement parties agreed to create incentives to help care and support workers gain formal qualifications. The Act now requires employers to provide support to enable workers covered by the settlement to reach the following levels on the NZ Qualifications Authority Health and Wellbeing Certificate (or its equivalent):

- Level 2 NZ Certificate – within 12 months of employment,
- Level 3 NZ Certificate – within 3 years of employment,
- Level 4 NZ Certificate – within 6 years of employment.

## Working for Families and tax guidance

### Working for Families Tax Credits

The pay increase from 1 July may have affected payments for Working for Families tax credits. You should check your family income estimate and let Inland Revenue know if it needs to be changed. This will help make sure you get paid the right Working for Families tax credits and avoid an overpayment.

Changes to let Inland Revenue know about include:

- An increase or decrease in family income,
- The number of hours you and/or your partner work,
- Children coming into, or leaving, your care,
- A partner change.

You can make changes online anytime through [myIR Secure Online Services](#)

Or, you can call Inland Revenue on [0800 227 773](tel:0800227773), Monday to Friday 8am to 8pm, and Saturday 9am to 1pm from your landline or mobile phone.

### **Student loans and KiwiSaver**

If your pay increased you may notice your student loan repayments and KiwiSaver contributions changed too. An increase in wages is likely to see the amount deducted increase.

If you have exceeded the weekly repayment threshold of \$368 per week for student loans, you may see deductions. Please ensure you are using the correct tax code.

## **Support**

If you have any questions relating to the settlement, 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 – 0800 209 020.

For more information visit [www.health.govt.nz](http://www.health.govt.nz)

