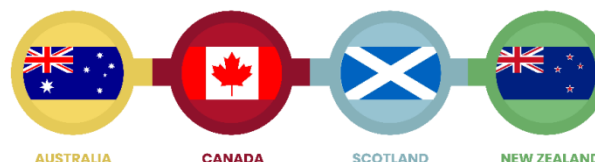


Decent Work Good Care

International approaches to aged care



A PROMISING POLICY: NEW ZEALAND – Pay equity & career structure for aged care workers

Background

This Promising Policy briefly outlines the 2017 New Zealand Pay Equity Settlement that provided for higher wages and a new classification structure for 55,000 care and support workers. The Settlement addressed the historical undervaluation of aged care work based on the long-held misconception it is unskilled ‘women’s work’.¹ In 2017 the New Zealand government committed NZ\$2.048 Billion over five years to implement *The Care and Support Worker (Pay Equity Settlement) Act*. New Zealand is one of very few countries that has addressed gender pay discrimination for its frontline aged care workers.

Background

New Zealand has had a long history of low wages, poor working conditions and low entry requirements to work in aged care. Despite these issues being taken up by sector unions over many years, a key catalyst for change was the 2012 Human Rights Commission (HRC) *Caring Counts Tautiaki tika* Report.² The HRC drew attention to poor wages and conditions in the sector due to the undervaluing of aged care work and gender pay discrimination, which in turn undermines the quality of care.³ In 2012, the Services & Food Worker’s Union (now E tū) lodged an equal pay claim against Terranova Homes on behalf of Kristine Bartlett, a residential aged care worker for over 20 years. In 2015, following a series of court cases and appeals, Cabinet appointed a Crown negotiator to lead negotiations with industry peak bodies, unions and funder representatives to resolve the Terranova case and all other outstanding sector pay equity claims. One of the key aims of the negotiations was to support a sustainable workforce into the future as demand for aged care services continued to increase. In 2017 *the Care and Support Worker (Pay Equity) Settlement Act* was passed unanimously with pay increases widely welcomed in the sector. Kristine Bartlett was named the 2018 ‘New Zealander of the Year’.

The Pay Equity Settlement

In New Zealand, support workers in residential aged care and Home & Community Support Services (HCSS) now have higher wages, a career structure and more opportunities to gain qualifications. The new pay structure has four pay levels, determined by a worker’s formal qualifications. In the transition phase, the length of service with an employer is also considered. However, by 2022 progression will be solely based on workers’ attainment of qualifications. This settlement has resulted in significant pay increases. The base rate for a Level 1 Support Worker was increased to \$19.00 ph when the National Minimum Wage was \$15.75 ph. By 2022 Level 4 workers, who hold a Certificate IV qualification, will receive \$27 ph.

The Settlement signals steps to professionalise the frontline aged care workforce. Since the implementation of the Settlement the number of support workers holding down multiple jobs has dropped.⁴ In the future, under the Settlement, the New Zealand Government expects employers to support workers to move through levels to attain the Level 4 Certificate in Health and Wellbeing within six years.

Importantly, the pay equity settlement was preceded by associated legislated improvements in working time that also stemmed from the HRC Caring Counts report. These are the Travel Time Settlement, now enacted in the *Home and Community Support (Payment for Travel Between Clients) Settlement Act 2016* (set out in [Promising Policy One](#)) and the 2014 Guaranteed Hours Settlement, legislated in the *Employment Standards Legislation Act 2016*.⁵ Together with additional government funding, the large wage increases and improvements to working conditions have been ‘life-changing’ for many workers.

Achieving policy reform

- 2012 Human Rights Commission publishes *Caring Counts Tautiaki tika* Report
- 2012 E tū first lodges a claim under the *Equal Pay Act 1972* on behalf of Kristine Bartlett
- 2015 Government seeks a settlement outside the court system
- 2016 Government-facilitated negotiations continue
- 2017 First, second and third reading of the *Care and Support Worker (Pay Equity) Settlement Bill* and Royal Assent
- 2017 NZ government announces the \$2.048 billion Pay Equity Settlement

Implementation challenges

- The Settlement has not been fully funded by the NZ Government, providing funding for average rather than actual provider staff skill mix.⁶
- Some employers and workers are concerned about the quality of certificate level training.
- Some level 4 qualified workers have lost hours because they are more expensive to employ.
- Pay increases have compressed wage relativities between frontline workers, and others including supervisors, recreational therapists and rostering staff.
- To date some city-based providers have experienced only minimal increases in the number of job applicants, but an improvement in retention rates.

¹ <https://www.health.govt.nz/new-zealand-health-system/pay-equity-settlements/care-and-support-workers-pay-equity-settlement/summary-pay-equity-settlement>

² See Charlesworth S and Heap L (2020) ‘Redressing gendered undervaluation in New Zealand aged care: Institutions, activism and coalitions’ *Journal of Industrial Relations*, 1-22. <http://dx.doi.org/10.1177/0022185620925102>.

³ [Human Rights Commission \(2012\), *Caring Counts Tautiaki Tika*, Wellington.](#)

⁴ See Martin S, Davies K and Ross A (2018) Driving and achieving equal pay: the PSA's insights into its first equal pay settlements Accessed 7 October 2019 at: <https://www.psa.org.nz/assets/Uploads/PSA-equal-pay-paper-FINAL-Tuesday-27-November2.pdf>

⁵ The Settlement provides for guaranteed minimum daily and weekly hours, supported by some government implementation funding for unfilled guaranteed hours and client cancellations.

⁶ Douglas, J. & Ravenswood, K (2019) [The Value of Care: Understanding the impact of the 2017 Pay Equity Settlement on residential aged care, home and community support and disability support sectors](#), NZWRI, New Zealand.