

29 June 2023

Kia ora koutou

This letter is to provide you with information about a further:

- (a) lump sum pay disparity payment totalling \$8 million being paid across the Aged Residential Care (ARC) sector for the period 1 April 2023 to 30 June 2023
- (b) \$30 million per annum pay disparity funding being allocated across the ARC sector from 1 July 2023.

Background

In November 2022 Cabinet agreed to provide additional funding of up to \$40 million by June 2023, increasing to up to \$200 million annually, to reduce the pay gap between community-based nurses and eligible kaiāwhina and comparable Te Whatu Ora hospital-based roles (pay disparity funding).

Cabinet identified the ARC sector as a priority to receive this funding and \$19.9 million was paid as lump sum payments across the sector for the period 1 April 2023 to 30 June 2023.

This equated to an estimated \$63 million per annum funding increase across the ARC sector from 1 July 2023 (exclusive of the increased payments made by non-subsidised residents based) based on the estimated increase in the bed day rate below:

Estimated increase in bed day rate	Rest home	Dementia	Hospital	Psychogeriatric
	\$4.52	\$6.44	\$9.45	\$9.77

The additional \$8 million pay disparity lump sum pay disparity payment

Te Whatu Ora is making a second lump sum pay disparity payment totalling \$8 million across the ARC sector for the period 1 April 2023 to 30 June 2023.

This second payment has been calculated using the same inputs as the payment you received on 1 April 2023, using volume data over 1 April 2023 to 30 June 2023. It is expected to be paid in early September 2023 and is based on an estimated increase in the bed day rate of:

Estimated increase in bed day rate	Rest home	Dementia	Hospital	Psychogeriatric
	\$1.00	\$2.42	\$5.27	\$6.80

The additional \$30 million per annum pay disparity funding

Te Whatu Ora is increasing the ARC sector pay disparity funding to an estimated \$93 million per annum from 1 July 2023, exclusive of the increased payments made by non-subsidised residents.

This \$30 million per annum increase in pay disparity funding across the ARC sector is a contribution to assist to reduce pay gaps between payments made to nurses and eligible kaiāwhina working overnight or on the weekends or public holidays and payments made to comparable Te Whatu Ora hospital-based employees working similar work patterns.

It is based on a further increase in the estimated bed day rate from 1 July 2023 of:

Further increase in the estimated bed day rate	Rest home	Dementia	Hospital	Psychogeriatric
	\$1.20	\$2.88	\$6.00	\$7.55

What this means for you

The terms of the variation you accepted in March 2023 requires you to pass through 100% of the pay disparity funding paid to you to your nurses and eligible kaiāwhina.

This means that 100% of the second lump sum pay disparity payment you receive in early September 2023 must be paid to the nurses and eligible kaiāwhina employed by you on the day you receive the payment. It is for you, as the employer, to determine how to allocate this payment, however you may wish to consider if it is appropriate to use it to recognise eligible employees who may have worked overnight or on the weekends or public holidays between 1 April 2023 and 30 June 2023.

The terms of the variation also mean that the additional pay disparity funding (provided through the further increase in the estimated bed day rate in the table above) must be used by you in accordance with (and subject to the terms of) the variation, 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 (a) above, you must use 100% 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).

The definition of 'nurses' and 'eligible kaiāwhina' and the relevant Te Whatu Ora rates were set out in the March 2023 variation. Te Whatu Ora penal rates, and overtime rates can be found in the attached appendix.

Total ongoing pay disparity funding

The total \$93 million per annum pay disparity funding across the ARC sector is based on a total estimated increase in the bed day rate from 1 July 2023 as follows:

Pay disparity funding	Rest home	Dementia	Hospital	Psychogeriatric
estimated increase in bed day rate	\$4.52	\$6.44	\$9.45	\$9.77
further increase in the estimated bed day rate	\$1.20	\$2.88	\$6.00	\$7.55
total increase in the estimated bed day rate	\$5.72	\$9.32	\$15.45	\$17.32

Reporting

You will be required to report on the use of the additional lump sum and ongoing pay disparity funding.

The 2023/24 price uplift

The 5% price uplift from 1 July 2023 is in addition to the total increase in the estimated bed day rate in the table above.

Nāku noa, nā



Mark Powell

Group Manager

Community Health System Improvement and Innovation

Commissioning

[Appendix 1](#) Te Whatu Ora penal rates and overtime rates

Appendix 1 Te Whatu Ora overtime and penal rates as at 1 July 2023

Further information can be found in the collective agreement between Te Whatu Ora and the New Zealand Nurses Organisation (NZNO) published on either the Te Whatu Ora or NZNO websites

2.0 Coverage and Application

- 2.1 This is a multiple employer collective agreement (MECA) that is made pursuant to the Employment Relations Act 2000.
This MECA shall apply to all employees who are members of NZNO and who are employed by the DHBs party to this MECA in the roles listed below or hold a nursing and midwifery position and is required by the employer to be a qualified health professional:

Nurse Practitioners
Registered Nurses
Registered Midwives
Enrolled Nurses
Registered Obstetric Nurses
Karitane Nurses
Health Care Assistants/ Hospital Aides

- 2.2 There are exclusions to the coverage described above that apply at specific DHBs as follows:
Directors of Nursing and/or Midwifery or equivalent positions (such as Professional Nurse or midwife Advisors) (at all DHBs)
Associate Directors of Nursing or Midwifery or equivalent positions (such as Professional Nurse or Midwife Advisors / Leaders) (at all DHBs)
Mental Health nursing positions (at Waitemata, Auckland, Counties Manukau, Nelson/Marlborough, West Coast DHBs)

8.2 Overtime and Penal Time

8.2.1 Eligibility restricted for senior nurses or midwives

This clause 8.2 shall apply to all employees except that for Senior Nurses and Senior Midwives, overtime and penal rates will only apply as outlined in 8.2.1 (a) and (b) below:

- (a) Penal - Payment of weekend and night 'penal' rates shall be payable where Senior Nurses/Midwives are required to work shifts and rosters or have approval to work weekends or nights on a regular basis in order to fulfil the requirements of the Job Description.
- (b) Overtime shall be payable to senior nurses or midwives only in the following circumstances:
 - (i) Where the appropriate manager is satisfied that the additional time worked is necessary because of an emergency or other special circumstances; and
 - (ii) Where the salary does not already incorporate a payment for overtime/penal time hours.

Equivalent time off for work performed outside normal hours may be granted in lieu of overtime by agreement between the employee and the manager concerned.

8.2.2 Overtime

- (a) Ordinary hourly rate of pay – The ordinary hourly rate shall be one, two thousand and eighty-sixth part (1/2086), correct to two decimal places of a dollar, of the yearly rate of salary payable.
- (b) Overtime is time worked in excess of:
 - (i) eight hours per day or the rostered duty whichever is greater or
 - (ii) 80 hours per two-week period

Provided that such work has been authorised in advance. This clause shall not apply to employee working alternative hours of work and the overtime provision in Clause 6.19 (h) shall apply.
- (c) Overtime worked on any day (other than a public holiday) from midnight Sunday/Monday to midnight on the following Friday shall be paid at one and one half

times the ordinary hourly rate of pay (T1.5) for the first three hours and at double the ordinary hourly rate of pay (T2) thereafter.

- (d) Overtime worked from 2200 until the completion of a rostered night duty Sunday to Friday, or from midnight Friday to midnight Sunday/Monday, or on a public holiday shall be calculated at double the ordinary rate (T2).
- (e) No employee shall be required to work for more than 12 consecutive hours where their normal shift is of 8 or 10 hours duration.

8.2.3 Penal Rates

- (a) Weekend rate - applies to ordinary time (other than overtime) worked after midnight Friday/Saturday until midnight Sunday/Monday shall be paid at time one half (T0.5) in addition to the ordinary hourly rate of pay.
- (b) Public Holiday rate – applies to those hours which are worked on the public holiday. This shall be paid at time one (T1) in addition to the ordinary hourly rate of pay. (See clause 12.4-12.8 for further clarification.)
- (c) Night rate – applies to ordinary hours of duty (other than overtime) that fall between 2000hrs and until the completion of a rostered night duty from midnight Sunday/Monday to midnight Friday/Saturday and shall be paid at quarter time (T0.25) in addition to the ordinary hourly rate of pay.
- (d) Overtime and weekend/public holiday or night rates shall not be paid in respect of the same hours, the higher rate will apply.