

Support Workers (Pay Equity) Settlements Amendment Bill

Government Bill

Explanatory note

General policy statement

The objective for amending the Support Workers (Pay Equity) Settlements Act 2017 (the **principal Act**) is to give effect to an increase to the minimum wage rates from 1 July 2022 for support workers covered by the principal Act.

The purpose of the principal Act is to implement the settlement agreement for care and support workers signed on 2 May 2017 by or on behalf of the Crown, the Accident Compensation Corporation, the 20 District Health Boards, E tū Incorporated, the New Zealand Public Service Association Te Pukenga Here Tikanga Mahi Incorporated, the New Zealand Nurses Organisation Incorporated, and the New Zealand Council of Trade Unions Te Kauae Kaimahi Incorporated.

The agreement, amongst other things, specifies minimum hourly wage rates payable by employers to support workers for work performed during the period starting on 1 July 2017 and ending on 30 June 2022. For this reason, some sections of the principal Act will be repealed on 1 July 2022, leaving no mechanism to maintain the gains made in wage rates for this workforce beyond 30 June 2022.

In April 2022, Cabinet agreed to provide additional funding to enable a minimum wage adjustment from 1 July 2022 for the support workers, including extending the minimum hourly wage rates payable by employers to support workers beyond 30 June 2022. The intention is to provide immediate certainty regarding wage rates for support workers and to allow time for the parties to consider and progress a sustainable longer-term solution to setting and maintaining pay rates and addressing pay disparities across the health sector workforce.

To achieve this objective, amendments to the principal Act are needed to extend various provisions of the principal Act beyond their repeal date of 1 July 2022.

Departmental disclosure statement

The Ministry of Health is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2022&no=144>

Regulatory impact statement

No regulatory impact statement was produced to help inform the policy decisions taken by the Government relating to the contents of this Bill.

Clause by clause analysis

This Bill amends the Support Workers (Pay Equity) Settlements Act 2017. It comes into force on 1 July 2022.

Substantive amendments

Clause 8 amends Schedule 2 to insert minimum hourly wage rates for the period starting on 1 July 2022 and ending on 31 December 2023. The effect of this amendment is that support workers covered by the principal Act will be paid no less than the applicable minimum hourly wage rate set out in Schedule 2 for any work performed between 1 July 2022 and 31 December 2023.

Consequential and technical amendments

Clause 4 amends section 3, which is a purpose provision. The purpose is currently limited to implementing the settlement agreements described in that section. The wage rates for the 1 July 2022 to 31 December 2023 period are not part of a settlement agreement. This amendment inserts a new purpose, which is to set minimum hourly wage rates for work performed by support workers after the expiry of the settlement agreements.

Clause 5 amends section 4 to reflect that the principal Act now specifies the minimum hourly wage rates payable to support workers for work performed during the period starting on 1 July 2017 and ending on 31 December 2023.

Clause 6 amends section 21 to change the date on which sections 9 to 20 and Schedule 2 are repealed. Sections 9 to 20 are the operative provisions of the principal Act, while Schedule 2 sets out the minimum hourly wage rates. This amendment ensures that the wage rates for the 1 July 2022 to 31 December 2023 period, and the provisions that give effect to them, continue in force until the end of that period.

Clause 7 amends Schedule 1 to repeal transitional provisions that are spent.

Hon Andrew Little

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The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Support Workers (Pay Equity) Settlements Amendment Act **2022**.
- 2 Commencement** 5
This Act comes into force on **1 July 2022**.
- 3 Principal Act**
This Act amends the Support Workers (Pay Equity) Settlements Act 2017.
- 4 Section 3 amended (Purpose)**
After section 3(1)(b), insert: 10

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(c) to set minimum hourly wage rates for work performed by support workers after the expiry of those agreements.

5 Section 4 amended (Overview)

In section 4(b), replace “30 June 2022” with “31 December 2023”.

6 Section 21 amended (Repeal of this Act)

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In section 21(1), replace “1 July 2022” with “1 January 2024”.

7 Schedule 1 amended

In Schedule 1, repeal clauses 2 and 3.

8 Schedule 2 amended

(1) In Schedule 2, clauses 1(1) and 2, replace “table” with “tables”.

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(2) In Schedule 2, clause 1(1), after the table, insert:

Worker’s length of service with employer	1 July 2022 to 31 December 2023
Less than 3 years	\$22.49
3 years or more but less than 8 years	\$24.06
8 years or more but less than 12 years	\$26.16
12 years or more, if subclause (2) applies	\$27.20
12 years or more, if subclause (2) does not apply	\$28.25

(3) In Schedule 2, clause 2, after the table, insert:

Worker’s level of qualification	1 July 2022 to 31 December 2023
No relevant qualification	\$22.49
Level 2 qualification	\$24.06
Level 3 qualification	\$26.16
Level 4 qualification	\$28.25