

Opinion: As government repeals Fair Pay Agreements, the pressure is on Pay Equity claims

By Peter Reynolds, New Zealand Disability Support Network CEO

To date, there have been no Fair Pay Agreement (FPA) claims in the disability sector. Their removal was predictable, as it was well-signalled ahead of the election.

The repealing of the FPA legislation and suspension of any funding toward FPA claims in progress has been labelled as detrimental to those on low incomes, particularly women and Māori, Pasifika, young and disabled people, all of whom experience significant disadvantage in the labour market.

Removing FPA's is also a blow to unions, who supported the promised pay and conditions, including minimum pay, overtime and penalty rates, leave entitlements, and access to training and development opportunities.

Employer groups have pointed out several problems with FPA's. The first is that collective employment agreements do the same thing, so why do we need an FPA? The counter is that not every employer has a collective agreement.

The second is that FPAs, as a mechanism, are essentially a return to national awards, effectively unionising the entire workforce in a particular sector. Not everyone favours this.

So what's the answer?

For the disability sector, there are three Pay Equity Claims on the table. These claims point to gender-based pay discrimination of predominantly female support workers and their supervisors.

National have given no indication that Pay Equity claims are going on the policy bonfire. Quite the opposite – during the election National promised support for Pay Equity claims, without getting into any details.

The first claim, for care and support workers (CSW), is well-advanced and includes workers in mental health and addictions, aged residential care and home and community health workers.

There's an argument that settling the CSW Pay Equity Claim would make a FPA unnecessary. If successful, the claim will deliver a significant pay increase for these workers but is currently stalled by government. I believe that's because the claim poses two issues for government, and the lead funding agency Te Whatu Ora in particular.

The first is simply the government cannot afford the claim at its current level of undervaluation for these workers. Hundreds of millions of dollars are required to deliver Pay Equity for the 15 named employers in the claim. Extend that across the rest of the four sectors and to the 65,000 care and support workers, and you add another three zeros to the bill.

Secondly, Te Whatu Ora have already been dragged through two other Pay Equity Claims, one for Social Workers and one for Nurses, with the promise of more to come. Settling the CSW claim at the level predicted would likely mean Te Whatu Ora would have to re-visit the settlements of these other claims in order to preserve parity.

Meanwhile, yet another Pay Equity claim for Front Line Managers and Co-ordinators is struggling for air. The unions are too busy to progress it and the government doesn't want to know. This claim is important because it addresses "relativities" in the four sectors, or what happens if a care and support worker pay rise sees them paid more than the people who supervise them.

To avoid an exodus of supervisors, this claim must proceed, and quickly. What this claim doesn't consider is all the support roles in services across these four sectors, and the heightened expectation that they too will get good pay rises, which is yet to be addressed.

Overall, I'm worried that the Labour-led governments opened the floodgates of wage expectation with Pay Equity and Fair Pay Agreements. At their heart, both are in keeping with Union values, but the risk is they'll create a ripple effect in the labour market that will be felt for years, even if FPA legislation is repealed.

Everyone wants to see workers paid what they deserve - in sectors like disability support, where providers depend on government funding to deliver Pay Equity wage increases, a commitment from government to fund and progress these claims is needed urgently.

New Zealand Disability Support Services Opinion Piece

6 December 2023