

The Treasury

Budget 2017 Information Release

Release Document July 2017

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
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[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.



**SSC/Treasury Report: Committee of Ministers on State Sector
Employment Relations meeting Monday 13 February 2017
SSC2017/61**

Date / time:	Monday 13 February 2017 5.00pm – 6.00pm	
Venue:	Executive Wing 7.6	
Participants:	Hon Paula Bennett	Minister of State Services (Chair)
	Hon Christopher Finlayson QC	Attorney-General
	Hon Michael Woodhouse	Minister for Workplace Relations and Safety
Plus:	Hon Nikki Kaye	Associate Minister of Education
Responsible Minister:	Hon Jonathan Coleman	Minister of Health
In attendance:	Debbie Power	Deputy State Services Commissioner
	Lewis Holden	Deputy Commissioner Auckland (SSC)
	Ginny Baddeley	Acting Government Chief Talent Officer, State Services Commission (SSC)
	Paul Stocks	Deputy Chief Executive, Labour, Science and Enterprise; Ministry of Business, Innovation and Employment (MBIE)
	Marilyn Rimmer	Manager, Workforce and Employment Relations, (SSC)
	Warwick White	Team Leader, Fiscal and State Sector Management; (The Treasury)
	Officials from SSC, Treasury, DPMC, MBIE, Crown Law, Ministry for Women and Ministry of Education	
	Hon Steven Joyce	Minister of Finance
Apologies:	Hon Simon Bridges	Minister for Economic Development

Agenda items

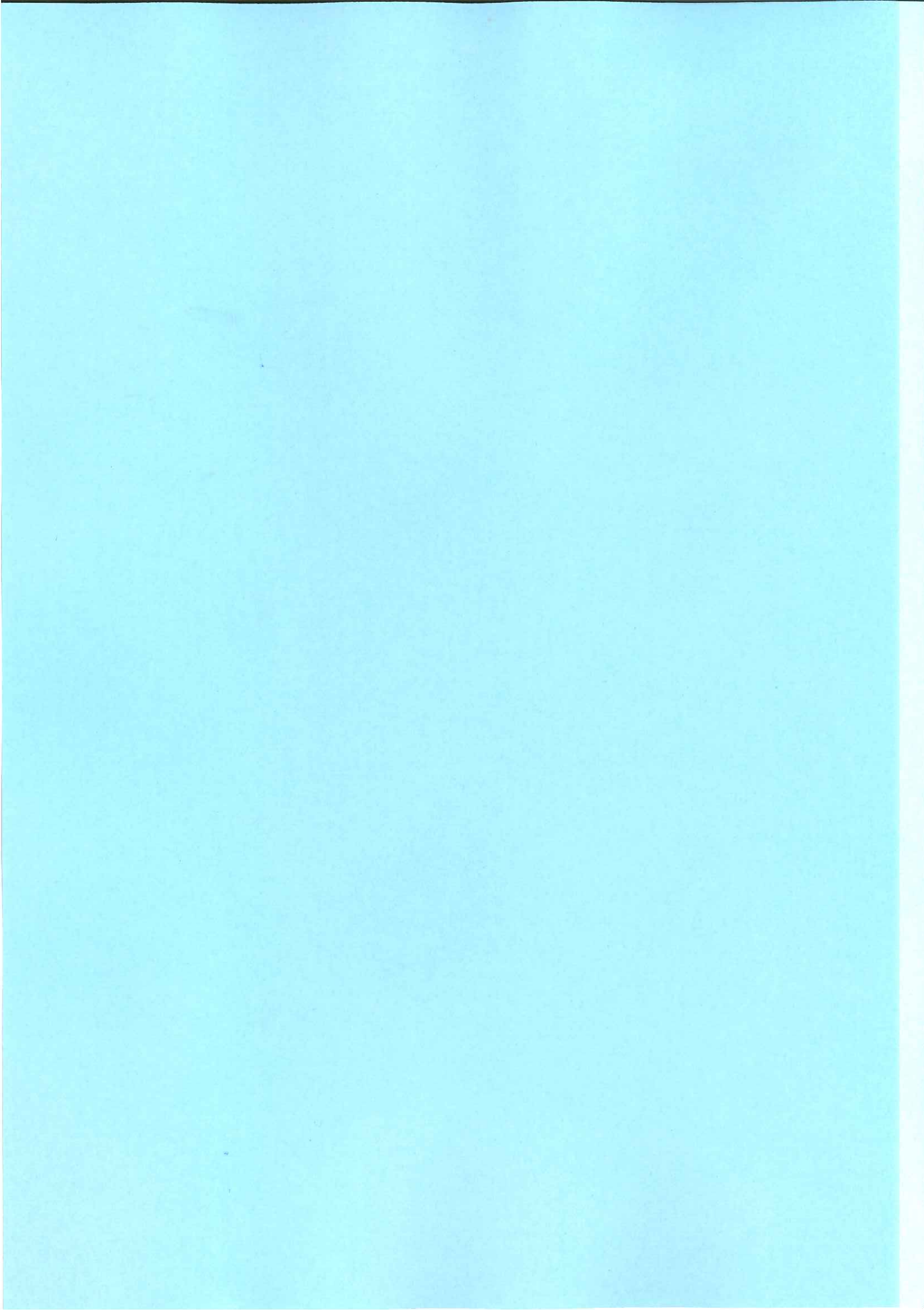
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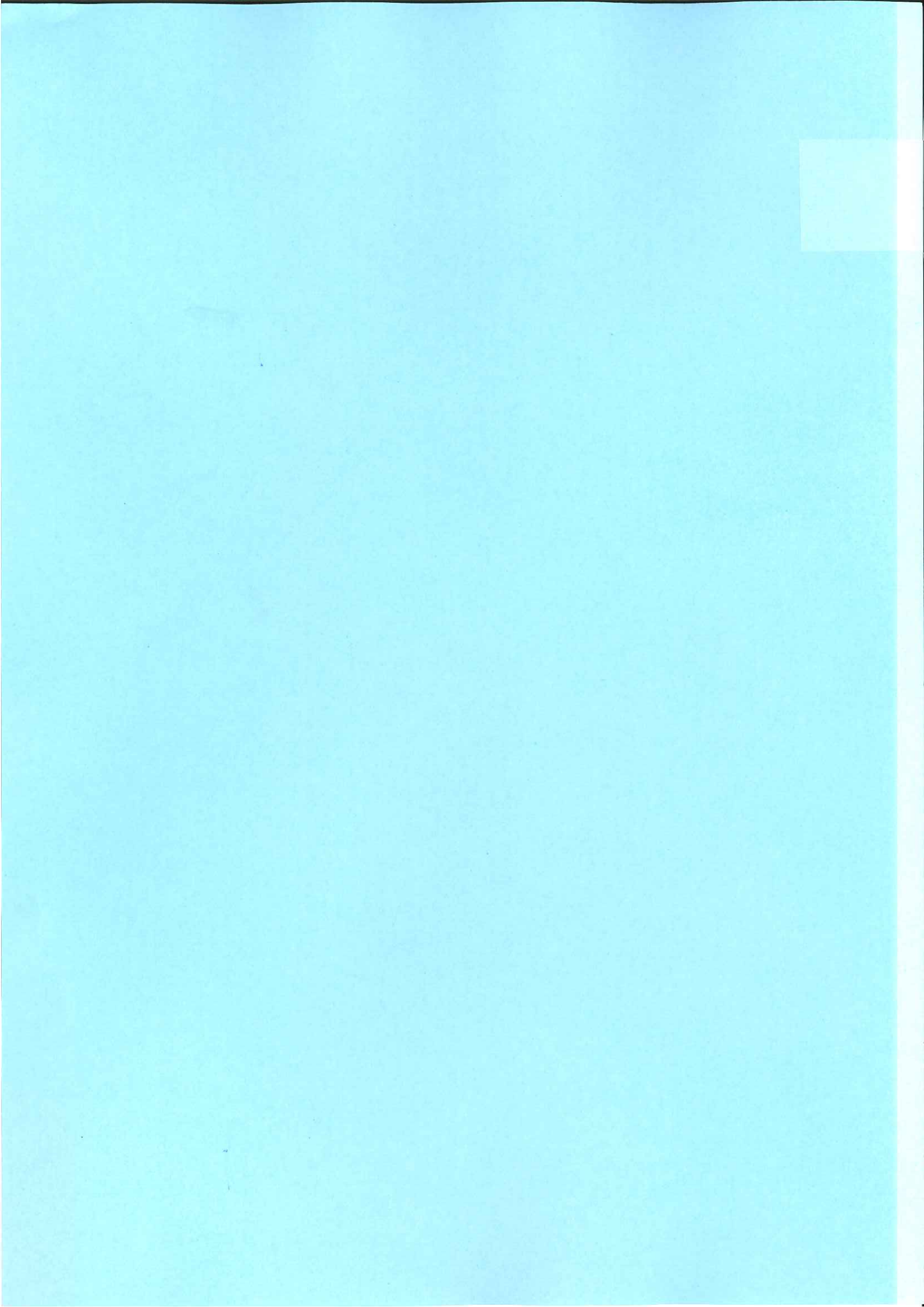
2. Care and Support negotiations (TerraNova) – progress update (Ministry of Health)

[40]

Ginny Baddeley
Acting Government Chief Talent Officer

Supported by:
Warwick White
Team Leader, Fiscal and State Sector
Management





Item 2

Care and Support negotiations (TerraNova) progress update

Purpose

This paper provides Ministers with an update on progress in the Care and Support negotiations and the high level timeframe for progressing the negotiations to settlement and implementation.

Key points:

- The negotiations are progressing following several negotiating sessions with unions before Christmas.
- Following the briefing to Ministers at CMSSER, the Crown Negotiator and Ministry of Health will be seeking Ministerial approval of an "offer for settlement" prior to tabling it with unions in the week beginning 20 February 2017.
- The Ministry of Health is meeting with Central Agencies on 10 February 2017 to consult on the progress update to Ministers and the proposed offer for settlement, with a focus on:
 - how the Ministry proposes to translate wage increases into a new price structure;
 - how the negotiations with providers about the price structure are progressing;
 - what components of the offer for settlement, if any, are likely to increase fiscal cost.

Health sector update on equal pay negotiations for Committee of Ministers for State Sector Employment Relations meeting on 13 February 2017

Purpose

1. This note provides an update on progress with care and support negotiations to reach a negotiated settlement to the Bartlett v TerraNova case. It also provides an update on progress with implementation planning in advance of any settlement.

Background

2. Since June 2015 negotiations have been underway to resolve the Bartlett v TerraNova case out of the courts, with an aim to better manage the process and outcomes. On 14 November 2016, Cabinet agreed to revised parameters to progress these negotiations; and the Crown negotiator has been engaged in discussions with Unions¹ and employers² to reach a settlement.
3. The most recent offer of settlement was received from the Unions on 15 December 2016. In short, while the latest position from the Union's was a progression from earlier offers; once costed it remains outside of the Cabinet agreed parameters. The Union offer also included a range of terms in relation to qualifications, progression and the transition of existing experienced workers (without qualifications) which are unacceptable and/or unaffordable.
4. On 20 December 2016, the Crown negotiator met with Unions and rejected the latest offer. While rejecting the offer, the Crown negotiator noted that the objective was to continue to reach a negotiated settlement to the Bartlett v TerraNova case; and that the Crown would submit a final offer to Unions in early 2017.
5. In order to develop this offer, on 31 January 2017 Ministry of Health officials hosted a workshop with DHBs, ACC, employers, and Careerforce to develop principles across the three workforce sub-sectors (aged care, home care and support, and disability support) around qualification(s) attainment and progression.

Implementation planning

6. In advance of any settlement, the Ministry of Health has begun implementation planning. This planning covers a complex system with more than 4000 providers across aged care, home care and support, and disability support.
7. Funding needs to be adjusted via a large number of contracts; and paid from funders to providers to employees. It is unlikely that increased pay rates will be able to be made to *all* employees from the planned effective date of 1 July therefore retrospective payments will likely be necessary.

¹ E Tu, CTU, PSA and the NZ Nurses Organisation are the participating Unions.

² A range of Aged Care, Home Care and Support, and Disability Support employer organisations participate in the Employers Working Group.

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	Simeon Mead, Acting Chief Advisor, Sector Employment Relations. Programme Manager, IBT and TerraNova	[39]

8. Given the different contract and pay cycles this will process likely take place over a 6 – 12 week period after 1 July working towards ensuring that pay increases are in employees' pockets no later than end of September (retrospective to 1 July 2017).
9. Wage rates will be included in the settlement agreement, and potentially in legislation to ensure that workers are paid appropriately.

Next Steps

10. Officials are preparing an update on the progress of negotiations to the Ministers of State Services, Finance, Health, ACC and Workplace Relations and Safety in advance of tabling an offer to the Unions. Ministers can expect to receive a copy of this update later this week, with the aim of submitting an offer to Unions on, or around 20 February.
11. It is likely that following submission of an offer to the Unions that further discussions will be required with Unions to achieve settlement particularly around qualification(s) attainment and progression, and the transition of existing experienced workers (without qualifications).
12. Current planning and timelines are outlined below. This timeline may vary depending on key decision points in the negotiation process:

Late February 2017	Unions consider and respond to the Crown's final offer.
Late March/ early April 2017	If unions accept the Crown's offer for settlement, Cabinet approval will be sought for final offer and implementation details.
April – June 2017	Legislative process; and Union members consider and ratify the Crown's offer for settlement.
July 2017	Implementation of Crown settlement commences.

Recommendations

13. It is recommended that you:
 - a. note the progress with care and support negotiations;
 - b. note progress in regards to implementation of any settlement; and
 - c. note that officials are preparing an update on the progress of negotiations to the Ministers of State Services, Finance, Health, ACC and Workplace Relations and Safety in advance of tabling an offer to Unions on, or around 20 February.

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