

# The Treasury

## Budget 2017 Information Release

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Security classification:

Action required by: N/A

## Memorandum: Care and Support Negotiations (Terra Nova) Update

To: Hon Dr Jonathan Coleman, Minister of Health  
Hon Bill English, Minister of Finance

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### Purpose

- To provide an update on recent activity in relation to the Care and Support negotiations; and to provide advice in relation to two questions recently asked by the Minister of Finance.

### Update

- A range of activity has taken place over the past fortnight including:
  - The Ministry has organised an employer's working group (including DHBs) to assist in developing revised financial parameters. This group will continue to meet in October.
  - The Ministry is in active discussions with ACC to ensure alignment on costs.
  - Alongside MartinJenkins the Ministry continues to develop its cost modelling.
  - The Unions have been kept regularly updated on process and timing through the Crown negotiator.
- The Minister of Finance raised two questions:

#### Question 1: *Could agreement for an interim payment be achieved prior to Christmas?*

- Achieving agreement to an interim payment before late December would be challenging, but could be achieved if the following steps were undertaken:
  - Ahead of any interim payment Parties (both Union and Employers) would need to formally agree on framework towards final settlement.
  - Parties would also need to agree on the structure of an interim payment of which there are a range of options including (further information could be provided in this area if requested):
    - an increase to employee's base rate;
    - a lump sum payment to employees.
- In order to implement an interim payment, parties would need to agree to, and complete the following:
  - Variations to funder/provider contracts.* These would need to be varied to reflect the new price taking into account increased wage rates. This process will be different for each sub-sector who use a range of contracts.
  - Variations to employment agreements.* Employers (and employees) would need to vary employment agreements to include the new rates or payments.

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- *Ratification.* An interim payment would be need to be ratified. Agreement needs to be reached between the Unions and Employers around agreement to represent the non-unionised workforce and allow Union access to workplaces.
- *Non progression of claims.* The Unions would need to agree to not progress relevant claims (subject to a final settlement being achieved).

### Timing

6. Agreement by Cabinet to an interim payment would be required in November in order to be progressed by late December (see timeline attached).

### Question 2: *How do we ensure that additional funding is directed to workers' wages?*

7. Drawing on the learnings gained from the implementation of the Sleepover settlement (2011) and the In Between Travel (IBT) settlement (2014), through the following mechanisms:
  - *Legislation.* To ensure employers meet their obligations as defined in the Settlement Agreement i.e. pay workers, the Crown would legislate to confirm this took place.
  - The Crown has previously done so in 2011 for the Sleepovers settlement and in 2014 for IBT. Employment agreements would then be aligned with legislative obligations. Legislation would also be required to extinguish any historic and future equal pay claims in this area.
  - *Contract Variation.* For IBT the obligation on Funders to pay the Providers was effected by way of a contract variation which prescribed a new price for the services (this was negotiated and agreed by parties).
  - *Employer/Employee contract variation.* For IBT the obligation for providers to pay the workers was effected by a contract variation which prescribed the new rates and terms and conditions of employment.

END.

**Appendix 1: Care and Support negotiation indicative timings**

<b>Week</b>	<b>Mon</b>	<b>Tues</b>	<b>Wed</b>	<b>Thurs</b>	<b>Fri</b>
Wk1: Oct 3 - 7					Finalise costing model
Wk2: Oct 10 -14		Draft cab paper to agencies			
Wk3: Oct 17 – 21	Meet with employers working group				Final cab paper to Minister
Wk4: Oct 24 - 28				Cab paper lodged	
Wk5: Nov 1 - 4			Paper to SOC (tbc)		
Wk6: Nov 7 – 11	Cab min confirmed				
Wk7: Nov 14 – 18	<b>Formal negotiation period 14 Nov – 09 Dec</b>  - Negotiate with Unions - Engage with Employers working group - Develop report back for Ministers				
Wk8: Nov 21 – 25					
Wk9: Nov 28 – 02 Dec					
Wk 10: Dec 05 – 09					
Wk 11: Dec 12 – 16	Report back on status of negotiations House rises this week				
<b>2017</b>					
<b>January</b>	<b>Finalise settlement agreement with Unions</b>  - Engage with Employers working group - Budget discussions - Final report back on settlement				
<b>February</b>	<b>Ratification</b>  - Employers and employees ratify agreement - Contract variation work - Legislative work				
<b>March</b>	<b>Legislation</b>  - Legislation passed through Parliament.				
<b>April onwards</b>	- <b>Implementation</b>				