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Funding inequities stymie practice nurse pay deal, say employers and union



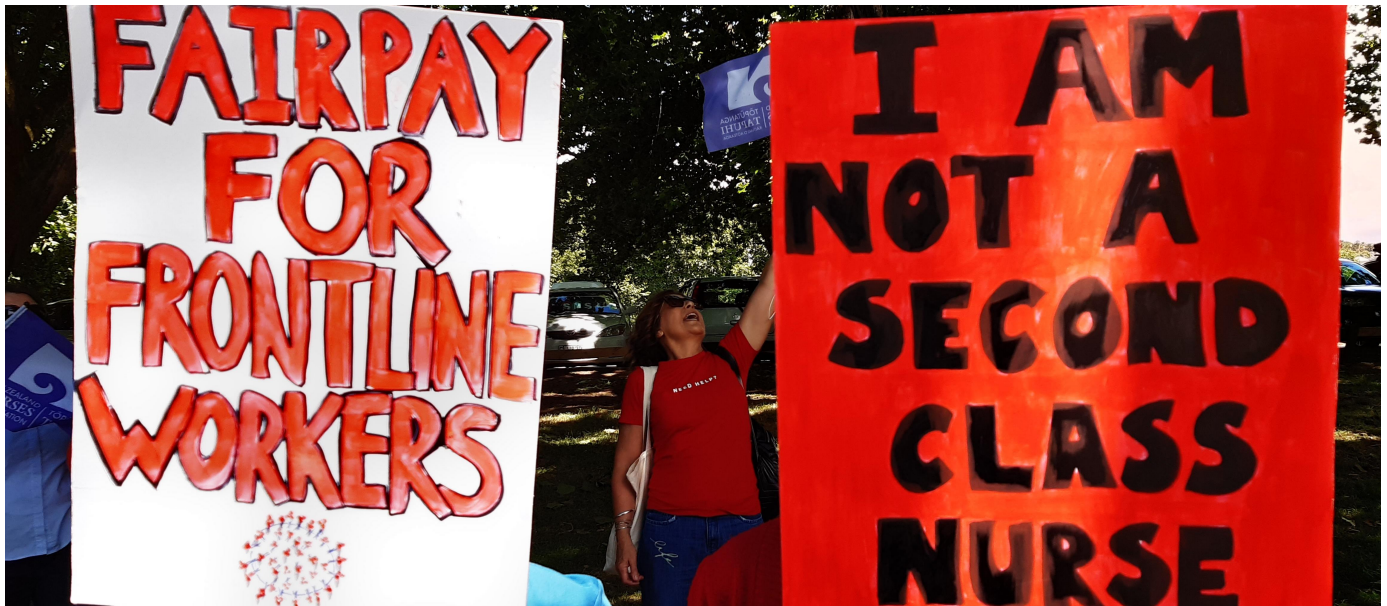
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4

Friday 1 April 2022, 09:32 AM

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The pay gap between a practice nurse and a DHB nurse at the top of their respective basic pay scales has grown to \$150 a week, a briefing paper argues

The pay gap is causing recruitment and retention issues that are stretching “the primary care model further beyond capacity”

Additional funding is vital to close the growing pay parity gap between practice and DHB nurses and to stop a practice nurse exodus, argues a joint employer and union briefing paper to the health minister.

The gap for an experienced practice nurse at the top of the basic pay scale has grown to \$8048 a year, or roughly \$150 a week, with the settling last year of a new DHB pay agreement. The gap is expected to grow further this year. Details of the DHB nurses’ pay equity settlement are due to be released on 8 April.

The 30 March briefing paper, on behalf of employer advocates NZMA and Green Cross, and the New Zealand Nurses Organisation, outlines their joint concerns with “systemic funding inequities in current funding models for primary care nursing and DHB funded nursing”.

It argues the inequities are preventing the settling of the NZNO Primary Health Care multi-employer collective agreement [PHC MECA] which covers more than 500 general practices and urgent care centres employing about 3500 nurses and administration staff.

Sidenotes

Primary Health Care MECA briefing paper March 2022

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798.05 KB

NZMA affordability concerns

An NZMA update to members this week says affordability is key to the negotiations and it is understood employers can't commit to a settlement they can't afford.

“Wage increases funded by the Crown for publicly employed nurses must translate into increased and sustained funding to primary care to deliver pay parity to primary care nurses on an ongoing basis and the NZMA continues to advocate strongly for this,” says the update.

The briefing paper says the pay gap is causing recruitment and retention issues that are stretching “the primary care model further beyond capacity”.

It says general practice employers also fully support pay parity because it is “absolutely the right thing to do”.

“However, for general practice to be able to fulfil this commitment, general practice must itself be valued and sufficiently funded to meet the cost of pay parity on an ongoing basis.”

The briefing paper says at a December meeting health minister Andrew Little “indicated” he had agreement with the minister of finance that the Government was “aware of the importance and seriousness” of the issue and was committed to working with unions and employers early in the New Year on a “pathway to parity”.

Recruitment worries

NZNO industrial advisor Chris Wilson says in an NZNO members update on Wednesday that it was: “vital work commences on pay parity with urgency” given the “serious recruitment and retention issues” being faced by primary care.

She told *New Zealand Doctor Rata Aotearoa* the paper was also sent to the Ministry of Health’s deputy director general health workforce, Andrew Wilson as a follow-up to the December meeting with the minister.

Ms Wilson says “absolutely” the DHB nurse pay equity settlement, expected next week, will worsen the pay gap and exacerbate recruitment and retention issues... “particularly when there are a significant number of vacancies in the DHBs, because we do have a tight nursing market at the moment.”

Also more services are being devolved from secondary to primary care and “there will need to be an adequate nursing workforce there to deliver those services”.

The negotiating teams for the PHC MECA are due on Monday and Tuesday to have their first face-to-face talks since last year to progress some of the other agreement issues apart from the pay gap.

Funding and MECAs

The 2021 PHC MECA was settled in March last year, after historic strike action in 2020 by practice nurse members, and expired on 31 August.

The MECA introduced a new basic pay step 6 but fell short of adding the step 7 that DHBs offer, one of the reasons for the agreement's short duration.

The ministry and DHBs agreed to fund the new step 6 with a lump fund from 1 Feb 2021 to 30 June 2021 for PHC MECA nurses only.

MECA negotiators were told that from 1 July 2021 the annual capitation funding increase, which was 2.8 per cent, would cover the cost of the new pay step going forward.

NZMA and the General Practice Owners Association challenged this. The briefing paper also argues that the capitation funding formula is acknowledged to be flawed and does not capture or reflect the true cost pressures that practices face.

In particular, it points out that the labour cost component of the capitation increase formula faced a time lag of 18 months to two years; and that the labour cost index used, the healthcare and social services index, covered about 250,000 workers so did not reflect the true impact of the increased pay rates given to 31,000 DHB nurses.

“As the LCI only captures a very diminished impact from DHB nursing pay rates, a significant funding shortfall continues,” says the briefing paper.

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