

23 March 2018

To:

Rt Hon Jacinda Ardern, Prime Minister j.ardern@ministers.govt.nz

Hon Grant Robertson, Minister of Finance g.robertson@ministers.govt.nz

Hon Tracey Martin, Minister for Children t.martin@ministers.govt.nz

Hon Carmel Sepuloni, Minister for Social Development c.sepuloni@ministers.govt.nz

Hon Peeni Henare, Minister for the Community and Voluntary Sector p.henare@ministers.govt.nz

Hon Iain Lees-Galloway, Minister for Workplace Relations i.lees-galloway@ministers.govt.nz

Dear Prime Minister and Ministers

NGO social services funding and social worker pay equity

We are writing to you to communicate issues of significance and urgency concerning the funding of NGO community-based social services, most of which are covered by our three umbrella groups.

The NGO social services sector has been subject to long-term, persistent and systemic under-funding which is impacting on our ability to meet the needs of our communities. Most providers have had no funding increase in the 10 years since the previous Labour-led government's Pathways to Partnership initiative. Many of our member organisations are running on reserves, and in some cases have used up their reserves to subsidise operational costs. Feedback from our members indicates a high level of stress amongst managers, workers, volunteers and governors. Most contracted services are still funded on the basis of a contributory model, roughly 60% of the estimated cost of delivery. In some cases, while unit costs per client have been increased, this has been undercut by a reduction in contracted volumes. While well-intentioned, this is diminishing our ability to be responsive to community need, much of it driven by household poverty.

This situation is now untenable and we are concerned at the sector's ability to maintain essential services.

This overall picture is going to be exacerbated by the impact of pay equity for Oranga Tamariki social workers. The NGO sector employs 28% of registered social workers, compared to 20% in Oranga Tamariki. They operate within the same employment market and, in many cases, work with the same clients. An increase in pay for Oranga Tamariki social workers will have a serious impact on the NGO sector's ability to recruit and retain social workers. There is already an 18-20% pay gap between NGO and Oranga Tamariki social workers. This is already causing problems in our sector and we are concerned a pay equity settlement may widen this gap further. It is critical that this does not occur and therefore we emphasise the need for urgent action to address this. Our inability to pay comparable rates is solely due to the funding problems we have outlined above.

We support pay equity for Oranga Tamariki social workers, who are overdue for recognition of the value of their work. We have been in discussion with the PSA who also represent NGO social workers and share our drive for parity between social workers in the government and non-government sectors. Given the pressing challenges in the NGO sector, the timing of pay equity for NGO social workers is a significant matter.

These issues have reached a critical level and are seriously impacting on the viability of our sector and our ability to deliver services to our communities. We are seeking your urgent response. At a minimum this will require an immediate increase in funding in the 2018 Budget; an increase which recognises the value of the role the community sector plays in supporting family and community wellbeing, and the lack of funding movement over many years to support that work. We are also seeking a matched response for the NGO sector to any funding appropriated to Oranga Tamariki to enable it to meet its pay equity obligations.

We acknowledge the Government's commitment to pay equity and note that good progress has been made to address the pay equity anomaly for mental health workers. We are looking for a comparable outcome that will enable the inequity between the pay rates for Oranga Tamariki and NGO social workers to be remedied.

We request an urgent response from you on these critical issues of fair funding and pay equity and hope to hear a positive response that will enable the sector to maintain its current confidence in the political directions you are setting out.

On behalf of the NGO/community social sector and the clients and communities they serve.

Yours respectfully,

Trevor McGlinchey
NZ Council of Christian
Social Services
eo@nzccss.org.nz
027 286 9393

Brenda Pilott
Social Service Providers Aotearoa
manager@sspa.org.nz
027 430 6016

Ros Rice
Community Networks Aotearoa
eo@communitynetworksaotearoa.org.nz
021 178 4333

c.c.

Grainne Moss, CEO Oranga Tamariki Grainne.Moss@ot.govt.nz
Brendan Boyle, CEO MSD Brendan.Boyle001@msd.govt.nz
Peter Hughes CNZM, State Services Commissioner and Head of State Services
peter.hughes@ssc.govt.nz