

**Media Release**  
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*For immediate release*

## **Aged care sector welcomes Government equal pay negotiations**

The Government's decision to facilitate negotiations between unions and employers to settle caregiver equal pay claims has been welcomed by the New Zealand Aged Care Association (NZACA), the peak body for the aged residential care home sector. At the same time NZACA supports the work that will look at pay equity across the wider economy.

"It's a positive move on the part of the Government," says Simon Wallace, Chief Executive of NZACA, whose members represent 90% of the aged residential care sector, including many welfare, religious and not for profit care homes.

"The landmark Equal Pay Case being taken by caregiver Kristine Bartlett and the Service & Food Workers Union has significant ramifications for our members and potentially for a whole range of other female-dominated sectors," says Mr Wallace.

The NZACA welcomes the Union's decision to put their legal action on hold until March 2016, while the negotiations proceed. Mr Wallace says NZACA will take an active role in the Ministry of Health-led negotiation process, which is expected to last several months.

"We need to make it clear, however, that the industry cannot fund an equal pay claim without commensurate increases in its charges to consumers, most of which are paid by the Government in the form of age care subsidies. We will not be able to settle with the unions without a clear indication from Government that they will meet the extra cost.

"At the same time NZACA will continue to vigorously defend the Equal Pay Case on behalf of our sector, which is scheduled to return to the Employment Court early next year. That case claims caregivers are paid less than equivalent employees based on gender. That is incorrect. Pay is based on the market and the ability to pay."

Mr Wallace says caregivers working in aged residential care homes are paid on average \$15.30 an hour and the Union has talked about increasing that to \$26 an hour.

"Our calculations show the sector would need to find an additional \$500 million annually to increase caregiver rates to this level. That is clearly unsustainable and would force homes out of business, resulting in job losses and a lack of beds at a time when the number of New Zealanders requiring aged residential care is increasing.

"Our members are good employers. They want to pay caregivers and other staff more for the important work they do, but they are hamstrung by a contract with the Government which funds

homes for the care they deliver. That funding is insufficient for our members to increase wages, which account for up to 70% of their costs.”

Mr Wallace says the Government undervalues the work of caregivers in private aged-care homes, paying them on average \$2 less an hour than those working in District Health Board-run facilities.

“At the same time NZACA defends the Equal Pay Case we will continue to lobby for greater Government funding for our sector, which cares for New Zealand’s elderly and most vulnerable citizens.”

ENDS.

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Visit our [website](#) for more information on the Equal Pay Case.

**Key Facts & Figures**

- NZACA is New Zealand’s largest aged residential care membership organisation, representing 90% of the sector.
- There are around 666 aged residential care homes spread around New Zealand. The average aged care residential care home is 57 beds.
- 61% of homes are privately owned, 20% owned by a charitable/religious/welfare organisation, 19% publicly listed and 1% have ‘other types of ownership.
- The number of people requiring residential care is steadily increasing and will continue to do so. The number of beds required for residential care will increase from the current 37,030 to 38,000 by 2016 and up to 52,000 by 2026.
- Every aged residential care home receives a subsidy for the elderly (65+) from the Government – wages account for 60% - 70% of costs.
- There are 30,000 caregivers and 5000 nurses working in aged residential care homes. District Health Boards manage eight additional facilities.
- Currently caregivers working in aged residential care homes are paid \$2 less per hour than those working in DHB facilities (\$15.30 vs \$17.50).

Source: 2014 Member Profiling Survey: New Zealand Aged Care Association; Aged Residential Care Service Review, Sept 2010, Grant Thornton; Caregiver wage increase media release/NZACA 28 August 2015, NZACA 2014 General Election Manifesto.