

Submission to the Ministry of Business, Innovation  
and Employment  
on the  
Proposed Changes to the Skilled Migrant Category



30 October 2016

## Introduction

1. This submission is from the New Zealand Aged Care Association (NZACA), the peak body for the aged residential care sector. The NZACA represents more than 90% or approximately 35,000 beds in the country's aged residential care (ARC) sector. NZACA members range from the very small stand-alone care homes to the large co-located sites that include care services and retirement villages. Our members' services include rest home, hospital, dementia and psychogeriatric care, as well as short-term respite care.
2. Advocating and lobbying to government to shape policies and create an environment that helps our members provide outstanding quality care is at the heart of what we do. We also produce valuable research, professional development opportunities, information and publications to help our members make informed business decisions, improve capability and keep them up-to-date with sector developments.
3. The NZACA has a small Wellington based team led by Chief Executive Simon Wallace, a representative Board of 11 members chaired by Simon O'Dowd and a network of 16 branches around the country.
4. Any enquiries relating to this paper should in the first instance be referred to Simon Wallace, NZACA Chief Executive at [simon@nzaca.org.nz](mailto:simon@nzaca.org.nz) or by phone on 04 473 3159, and in the second instance to Kathryn Maloney, Senior Policy and Research Analyst at [kathryn@nzaca.org.nz](mailto:kathryn@nzaca.org.nz) or by phone on 04 473 3159.
5. This paper provides a short summary of the situation as it applies to the aged residential care sector and then answers some of the specific questions set out in the submission form for proposed changes to the Skilled Migrant.

## Comment

6. The immigration changes announced by the Government on 12 October threaten the quality of care our sector can deliver to the country's elderly. These changes came without consultation or warning.
7. Increasing the points required is likely to make it much harder for our members to recruit skilled migrants as registered nurses, compounded by more stringent English language requirements which will make it even more difficult for registered nurses from non-English speaking countries to gain residency.
8. It is disappointing the Government went ahead in the face of official advice showing registered nurses in the aged care sector would be amongst the most affected – this at a time when it's widely accepted demand for aged residential care services is growing and will continue to do so.
9. Registered nurses from overseas have long been an important part of the aged care sector workforce. Such nurses fill a shortfall of New Zealand nurses in our sector and these changes will compound that shortfall and make the situation worse as well as undermining the valuable economic and cultural contribution they make to the country.
10. While this submission deals with a broader review of the SMC, it is proposing a variety of changes including:

- the introduction of salary levels to help define skilled employment
  - strengthening the use of work experience to define skilled employment, and
  - realigning the points system to better recognised highly skilled migrants
11. It is clear that the strong reaction not only from the NZACA, but other affected sectors to the SMC points increase has encouraged the Government to put this review out for consultation. The point is the consultation should have taken place before the changes were announced.
  12. We met with Immigration New Zealand officials on Tuesday 25 October and frustratingly, this has allowed us less than one week to make a submission. A longer consultation period would have enabled a more informed response to an issue which has wide implications for our whole economy.
  13. Close on the heels of the Government’s changes to the SMC, the Salvation Army released a report suggesting an “explosion” of immigrants is “crowding out” marginalised young Kiwis from available jobs. That report claims too many work visas are being granted in four sectors where young Kiwis could be finding work – aged care, hospitality, building and dairying. It recommends tightening immigration rules further beyond the Government’s decision to raise the SMC points’ threshold.
  14. As our Association told the NZ Herald and continues to tell the Government, the New Zealand aged care sector is committed to providing meaningful career opportunities for young New Zealanders. Our challenge is that we can’t recruit enough youngsters who are available and willing to learn.
  15. We are working on a range of initiatives to overcome this challenge. This included a forum with the Ministry of Social Development in September looking at ways to attract more young Kiwis into our sector. MSD is now developing a strategy and will report back to us this month. We also partner with Work and Income to help get Kiwis off the unemployment register and into the aged care workforce. But again, we are only interested in employing individuals who have the right attitude.
  16. With demand for aged residential care service set to soar, the ability to recruit quality workers has never been more important! We need Government policies that support and encourage this.

**Questions from MBIE submission form**

*In what capacity are you providing feedback?*

As indicated in paragraph 1, for an industry association.

*If you are representing a company or group, what is the name of the group?*

The New Zealand Aged Care Association (NZACA).

*What industry or industries does that group work in?*

We work in the aged residential care (ARC) sector, representing nearly 600 rest homes around New Zealand.

*What visa categories are commonly used by those workers? i.e. resident visas, Essential Skills work visas, work-to-residence work visa?*

The ARC sector employs people on a range of visa types, mostly Essential Skills work visas and those in the SMC, but we also have employees on work to resident visas.

*How many migrant workers do you currently employ?*

The time permitted in providing this submission has not allowed us to source up-to-date information, but a snapshot from a survey we published in September 2015 indicated there were about 1,500 staff employed at 165 rest homes, that is 57% of respondents had at least one employee on a visa. From the survey we did in 2015 this equated to just less than 9% of the ARC workforce represented in the survey.

Regional variations can be seen in the percentage of the ARC workforce employed on a visa. By DHB region, it can be seen that ARC providers in the Lakes DHB had the highest percentage of staff working in New Zealand on a visa (25%). Auckland and Canterbury DHB regions also had high percentages of employees with a visa (15.2% and 12.2% respectively).

*Have you supported a Skilled Migrant Category visa application for any of these workers?*

Many of the above workers will be on SMC visas.

#### Proposal 1: minimum salary/wage for claiming points for skilled employment

*What impacts or implications do you foresee from this proposed change? Give details of the occupations and salary levels you are thinking of?*

As pointed out in the comment section above, these changes as referenced by officials in the October 2016 Cabinet paper, registered nurses (aged care) are listed as one of ten ANZSCO occupation groups, affecting 257 nurses who scored below 160 points in 2015/2016.

On our behalf, Colmar Brunton conducted a comprehensive survey of pay rates for registered nurses earlier this year and the results were:

Lower quartile:	\$25.52 per hour
Median quartile:	\$27.00 per hour
Upper quartile:	\$28.62 per hour

On this basis, we think Option 1A would be best applied for registered nurses in the aged care sector.

*Would the different minimum salary thresholds have different impacts?*

Option1B would preclude a Registered Nurse being paid less than \$25.11 which is almost a quarter of our workforce (see lower quartile above).

Option 1C would preclude any Registered Nurse being paid less than \$27.40 which is more than half our workforce (see median quartile above).

Proposals 2, 3 and 4

Ideally we would consult with our members on these questions, but the timeframes allowed for this submission has precluded us from being able to go out to our member to obtain this information.

**Conclusion**

17. **To sum up, our members in the aged residential sector are extremely concerned about these changes and their ability to recruit registered nurses. At the end of the day, the work that people in our sector do is about looking after the care of some of the more frail and sick people and we do not want change to compromise our high quality standard of care.**

**End.**