



MEDIA RELEASE

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Crisis in Aged Residential Care exacerbated by funding outcome - 900 nurses short

The New Zealand Aged Care Association (NZACA) is very disappointed with the funding increase it has been given in the annual Age-Related Residential Care (ARRC) Service Agreement with the District Health Boards (DHBs) and the Ministry of Health.

As a result, the NZACA is taking the step today to lodge a contractual claim with its funders given the significant changes in the health sector environment outside of its control. This includes the unprecedented staff shortages, exacerbated by insufficient funding, and the inability to recruit nurses from overseas as a result of the border closure.

Workforce crisis

The \$8.8million increase earmarked for nurses' pay that aged residential care (ARC) will receive, falls far short of the \$85 million required to put the sector's 5,000 plus nurses on an equitable footing with nurses working in public hospitals. It will compound an already huge shortage of 900 nurses in the sector, representing nearly 20% of the workforce.

Simon Wallace, Chief Executive of the NZACA, said the increase was extremely disappointing at a time of a workforce crisis. The unprecedented shortage of nursing staff meant many ARC care homes were already closing their units and more would now follow.

"ARC is a nursing-led sector which provides 40,000 beds in New Zealand, protecting public hospitals' 13,000 beds from being overwhelmed," said Mr Wallace.

"ARC nurses already earn an average \$10,000 a year less than those working for DHBs – and this gulf is expected to widen following the current DHB negotiations with Government to improve pay for public hospital nurses.

"This lack of pay parity has resulted in a flood of nurses leaving the aged care sector, often to work for DHBs or to work in Australia. Many are also currently leaving for roles as COVID-19 vaccinators.

"The partial or entire closure of aged residential care homes will be disruptive for residents and their families as they are transferred to public hospitals instead and away from the familiar surroundings of their care home.

"For a long time now, the NZACA has called on the Government to support the sector by funding pay parity for its nurses, at a cost of around \$85 million a year – pointing out this is a fraction of the \$5.5 billion the sector saves DHBs annually through its provision of hospital-level care.

Border closures

Simon Wallace adds “The staff shortages have also been exacerbated by the current inability to recruit nurses from overseas, such as India or the Philippines, due to border restrictions. International nurses make up around 50 per cent of the 5,000 plus nurses working in care homes around New Zealand.

“We want to see Government action to ease the process of providing visas and to ensure dedicated MIQ space for nurses. This would go some way to address the looming crisis of aged residential care home closures. Meanwhile, we are working with DHBs to try to mitigate the increasing challenges caused by these issues. Aged care homes cannot operate without sufficient nursing staff.”

Seventy percent of care homes are standalone providers

Mr Wallace said it was important to recognise that 70% of care homes are run by trusts, not for profits, religious and welfare organisations and cannot pay their nurses at an equitable rate with DHBs.

“Where aged care homes are attached to large retirement villages, the provider is cross-subsidising to pay their nursing staff more”.

Next steps

Mr Wallace said that “the NZACA wants to work with the Government on a broader range of solutions to the nursing workforce shortages, including designing and delivering the right training pathways to support and advance the aged care nursing workforce.

“But, more urgently, we need the Government to recognise and value aged care nurses and fund the sector to pay them in parity with their peers in public hospitals,” says Mr Wallace. “The current underfunding undervalues the highly specialised work aged care nurses are undertaking around the clock 365 days a year – and undervalues the older people they are caring for.”

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