



**Submission to the Productivity Commission's Issues paper on
Immigration, Productivity and Wellbeing**

5 October 2021

About the NZACA

1. This submission is from the New Zealand Aged Care Association (NZACA), the peak industry body for the aged residential care (ARC) industry in New Zealand. We represent over 37,000 beds of the country's rest home industry, or about 93% of the total supply. Our members' services include four categories of care, rest home, hospital, dementia and psychogeriatric, as well as short-term care, such as respite.
2. Our members range from the very small stand-alone care homes with as few as six beds in more remote areas of the country right through to the larger care centres with more than 100 beds, some of which are co-located with retirement villages.
3. Advocating and lobbying to government to shape policies and create an environment that helps our members provide outstanding quality care for older New Zealanders is at the heart of what we do. We provide leadership on issues that impact on the success of our members, for example, the annual contract negotiation with District Health Boards (DHBs), the pay equity settlement and workforce recruitment and retention.
4. We 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 industry developments. We also run the annual industry conference, which is the showcase event for New Zealand's aged care sector.
5. Any enquiries relating to this submission should be referred to Kathryn Maloney, Principal Policy Analyst, kathryn@nzaca.org.nz or by phone on 04 473 3159.

Overall comment

6. This submission is in response to the Issues paper from the Productivity Commission on Immigration, Productivity and Wellbeing. The NZACA thanks the Productivity Commission for this opportunity.
7. Both temporary and permanent migrants play an important role in delivering care to residents in rest homes and other aged care provision, particularly Registered Nurses (RNs) and caregivers. While the NZACA hopes to see an increase in New Zealand-trained nurses and caregivers, it is unlikely that there will ever be enough New Zealanders to provide the entire workforce in ARC particularly as the ageing population will see an increase in demand.

Increasing demand for aged residential care

8. New Zealand's population is ageing rapidly. By 2030 one in four people will be aged 65 or over. This unprecedented change, together with multiple factors reducing the number of potential family carers, means that there is a corresponding year-on-year increase in demand for long term care.¹
9. Over 35,000 residents currently live in care homes in New Zealand and approximately 25,000 caregivers and 5,000 nurses are needed in the workforce to provide care for these residents.²
10. Over the next 10 years ARC resident numbers are projected to grow in the range of 12,000-16,000, assuming capacity expands at a rate sufficient to accommodate demand growth. Applying the industry standard of 95 per cent occupancy, the number of new ARC beds required will be in the

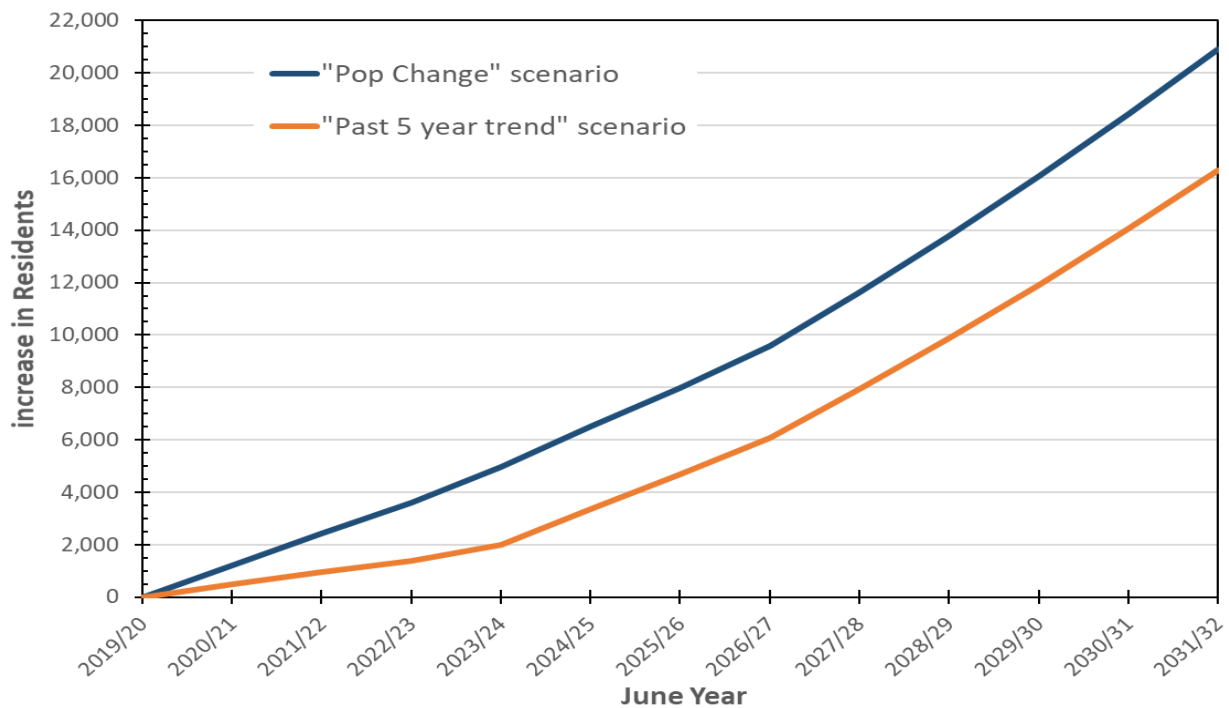
¹ Spoonley, P. (2020). The New Zealand. Auckland, New Zealand: Massey University Press.

² McDougall, J. (2020). Aged Residential Care, Industry profile 2019-20. Wellington: New Zealand Aged Care Association.

range of 12,500-17,000. This is the equivalent of an average of 10-14 new large (120 bed) ARC facilities being added to the supply per year over the next decade.

- The chart below shows projections of long-term ARC residents from the TAS aged care demand model, under two growth scenarios³. The high growth 'Pop Change' scenario assumes that age-specific per capita utilisation rates are constant at 2018/19 levels. Under the lower growth 'Past 5-year trend' scenario, age-specific per capita utilisation rates decline out to 2023/24.

Figure 1 Projected growth in long-term ARC residents from June 2020 base



Source: TAS Aged Care Demand Model 2020 Update, NZACA interpolations 2027/28-2030/31

Data and insights on migrants within the aged residential care sector

- There are approximately 36,000 people employed in care homes. Caregivers account for the largest proportion of the care workforce at around 72 per cent, RNs make up 19 per cent of care staff and activities coordinators 5 per cent.⁴ A portion of this workforce is migrant labour: almost 40% of RNs and some 20% of caregivers.
- Responses to the 2019 NZACA Member Profiling Survey show the contribution migrant staff make to the ARC industry⁵. Table 1 below shows the percentage of RNs, Clinical Managers and Facility Managers who work within the ARC sector and are on visas, and the breakdown of the visas that RNs, Clinical Managers and Facility Managers are on. The most common types of visas are either a Long Term Skill Shortage List (LTSSL) Work-To-Residence or a Resident visa. However, around 10% of all RNs in aged residential care are on a temporary visa.

³ TAS is the strategic partner of and provides shared services for all DHBs.

⁴ McDougall, J. (2020). Aged Residential Care, Industry profile 2019-20. Wellington: New Zealand Aged Care Association.

⁵ Ibid.

Table 1 Breakdown of RNs on visas by type of visa

		<i>RNs on visas</i>	<i>Clinical Nurse Managers on visas</i>	<i>Facility Managers on visas</i>
Percentage of RNs on visas		39%	17%	5%
<i>Visa type</i>	Long Term Skill Shortage List Work or other Work to Residence visa	39%	56%	29%
	Long Term Skill Shortage List Resident visa, Skilled Migrant Category Resident visa or other Resident visa RNs	23%	34%	57%
	Essential Skills Work Visa or other temporary visa that is NOT work to residence	24%	6%	7%
	Is an IQN but no information on visa type of residence status available	6%	0%	7%
	Other	8%	4%	0%

14. A breakdown of the caregiver workforce by broad type of visa is shown in Table 2. Many of these have worked as caregivers in New Zealand ARC facilities for numerous years. They have settled here with their partners and children, many of whom are now adults themselves. The new 2021 Resident Visa (announced by the Minister of Immigration on 30 September 2021) was welcomed by the NZACA as this gives around 5,000 caregivers and their families in our workforce certainty of their future here in New Zealand.

Table 2 Breakdown of Caregivers on visas by type of visa

<i>Visa type</i>	<i>Percentage</i>
Temporary work visa	64%
Resident visa	19%
Unknown visa type	17%

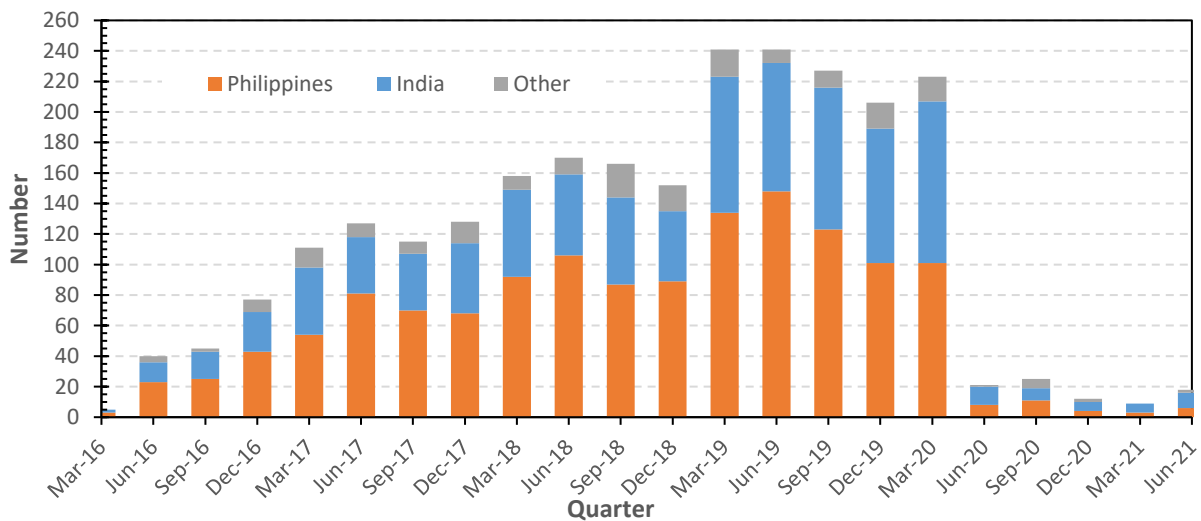
15. Some 14% of the remainder of the ARC workforce (other than RNs, managers, and caregivers) are migrants on visas.
16. The NZACA has for a long time canvassed for immigration reforms to enable the aged care sector to bring in internationally qualified nurses (IQNs) to meet the shortages of staff in New Zealand's ARC facilities. As a result, the occupation Registered Nurse (Aged Care) (ANZSCO⁶ 254412) was restored to the Long Term Skill Shortage List, effective on 27 May 2019. This means that IQNs who wish to work as an aged care nurse in NZ can apply for a Long Term Skill Shortage Work Visa; Internationally Qualified Nurse (IQN) holders of this visa can apply for residence after working as an ARC nurse for two years.

⁶ Australian and New Zealand Standard Classification of Occupations.

Impact on the sector of the border closure due to COVID-19

17. Shortly after COVID-19 hit New Zealand in February 2020, the New Zealand Government introduced measures aimed at keeping New Zealanders safe from the devastating effects of the virus. These measures included initially closing the border to all non-New Zealand residents and citizens.
18. While this border closure has been very successful in keeping COVID-19 out of New Zealand (when compared to most other countries), a knock-on effect has been a chronic shortage of Registered Nurses across the whole health sector, nationwide.
19. Since the border restrictions were put in place in March 2020, the Critical Purpose Visa is the only visa with which workers can enter New Zealand. IQNs qualify for this as “Critical Health Workers”, provided they “are invited to come to New Zealand by the Nursing Council of New Zealand, and are enrolled in a Competence Assessment Programme”. Once they have achieved NZ registration through the Nursing Council of New Zealand, they can work under this visa. To gain a pathway to residence, IQN Critical Purpose Visitor Visa holders working as IQNs in Aged Residential Care can apply for the Long-Term Skill Shortage Work Visa.
20. Figure 2 below shows the dramatic decrease in arrivals of Registered Nurses following the closure of the New Zealand border in March 2020. In the first quarter of 2020, 223 migrant RNs entered the sector. This dropped to just 21 in the second quarter of 2020 and has remained very low.

Figure 2 Arrivals of Registered Nurses (Aged Care) broken down by nationality and arrival quarter



21. The impact on the ARC sector has been huge, partially due to the ARC funding model; ARC providers do not receive enough funding to be able to match the pay being offered to ARC nurses by DHBs to work in hospitals, as COVID-19 vaccinators, or in MIQ facilities, which is often in excess of \$15,000 per annum more than they are receiving from the ARC facility.
22. Where a nurse has entered New Zealand to work in an ARC facility under the Long Term Skills Shortage Visa, the visa specifies where, for whom they work, and for how long. However, Immigration New Zealand is allowing the visa specification to be changed so that RNs can move into DHB-based roles for a much larger salary. The Lead DHB Chief Executive – Health of Older People, has written to all DHBs asking them to refrain from this practice and allow RNs to serve out the period of their initial visas at the place and location of work stated on their visas. Whether the DHBs will honour this remains to be seen.

23. The scale of this problem is such that it has become a major factor in the ability of our members to retain sufficient staff and to maintain safe staffing levels required under the Age-Related Residential Care Agreement (ARRC) and in particular the Aged Residential Hospital Specialised Services Agreement (ARHSS). (These agreements dictate ARC service obligations to older New Zealanders who live in ARC facilities.)
24. As stated above, the optimal number of Registered Nurses for the ARC sector currently sits at around 5,000. Presently, the sector is around 20% short. Any shortage of nurses within a facility must be managed in a safe way, meaning some rest homes are having to turn away admissions.

Potential ways to address shortages in the workforce and future expectations of the aged residential care workforce

25. The NZACA is a participant in the Health and Disability Kaiāwhina Workforce Action Plan⁷. This is a long-term initiative involving training providers, other community and residential care and support sectors and the Ministry of Health. The initiative seeks to upgrade the career development pathways and training open to Kaiāwhina workers and to improve information on this, the largest segment of the ARC workforce.
26. ARC facilities go through a rigorous process to find the best caregivers available. Once the New Zealand pool of potential employees is exhausted, employers must look to migrant workers to provide the care required – they have no other option. It is neither the fault of the provider nor the resident that there are not enough New Zealanders to fill these caregiver roles.
27. Overseas research shows that a significant proportion of migrant nurses who are unable to gain registration in the destination country due to unrecognised qualifications or due to English language requirements end up taking up caregiving jobs⁸. These migrants do not come with the intention of working in New Zealand on a temporary visa long-term, but come in the hope that they will be able to work towards residency and towards being seen as a valued member of New Zealand’s society.
28. In June 2020, the NZACA’s Nursing Leadership Group submitted a paper, “Building a sustainable nursing workforce for aged residential care services” to the Ministry of Health⁹. This paper considers how a sustainable ARC nursing workforce can be built, to reduce turnover and fill an increased number of RN positions with NZ trained nurses. The paper highlights the need for a centralized approach, focussed on encouraging graduate, experienced RNs and Nursing Practitioner interns to view ARC as a desirable career choice. Six prospective pathways are recommended:
 - a. Support for NZ Graduates to become Registered Nurses
 - b. Nurse Entry to Practice for ARC
 - c. Preceptor Funding
 - d. Anti-stigma Campaign
 - e. Nurse Practitioner Funding and Focus
 - f. Professional Development and Recognition Programmes
29. As outlined above, the ARC sector supports all efforts to train and prepare New Zealanders for recruitment into the ARC workforce. However, it is highly likely that migrant labour will always make

⁷ <http://www.workforceinaction.org.nz/>

⁸ International Labour Office (2005). *Migration of health workers: country case study: the Philippines*. Geneva, Switzerland: Author.

⁹ NZACA/Nursing Leadership Group (2020) *Building a sustainable nursing workforce for aged residential care services*. Wellington, New Zealand: Author.

up a reasonable part of the workforce in order to provide the best possible care to older New Zealanders.

Overall objectives of the New Zealand immigration system

30. The overall objectives of the New Zealand immigration system should be to ensure the best possible outcomes for all people in New Zealand whether they live here permanently or are here temporarily. The system should be fair – it needs to treat all potential migrants equally and once here; these migrants should be treated as equals to those New Zealanders who already live here.
31. The system should be supportive to both the productivity and wellbeing of New Zealanders and those that choose to live and work here. The system should also be agile and responsive, and flexible enough that settings can be changed to match the changing needs of New Zealanders. For example, where unemployment is low, but a shortage of workers remains high (as is the case today), New Zealand needs migrants to maintain the wellbeing of New Zealanders.
32. Good or bad, New Zealand is built on a nation of immigrants. It is not possible to compare the productivity of New Zealand as it is currently to the likely productivity of a country without immigrants. We must acknowledge that without an inflow of migrants, New Zealand would be culturally a lot poorer and less diverse.
33. Temporary migration is not the preferred option for many migrants and a path to permanent residency needs to be considered for those migrants – if New Zealand really does want migrants to contribute to productivity and wellbeing, they cannot do so if they know they are here on a temporary basis only. In recent months, we have seen an exodus of immigrants who have been unable to bring their families into New Zealand due to the current border restrictions.
34. The 30 September announcement from the Minister of Immigration on the new 2021 Resident Visa is an acknowledgement from the Government that those who have spent many years of their working lives here in New Zealand and have contributed greatly to the wellbeing of all New Zealanders should be recognised and allowed to stay. The NZACA believes a pathway to residency should be offered for those migrants who are currently classed as “lower skilled” but whose presence is and will remain essential.

Wellbeing and productivity

35. The current shortage of almost 20% of RNs (900 nurses out of 5,000 when fully staffed) in the ARC sector impacts primarily on older people. While the sector ensures that the health and safety of the residents is not compromised and that any shortage of nurses within a facility is managed in a safe way, as stated above, some rest homes are having to turn away admissions. This results in fewer beds (in particular at hospital-level care) being available to those that need them as rest homes (particularly in smaller, rural areas) close their doors for good. So older New Zealanders who need hospital-level long-term care have to move away from their family and friends, into care that does not necessarily suit them, that they would not choose had the choice been wider.

Migrants and settlement

36. The “successful settlement” of migrants means the migrant is welcomed into the community and supported by them; that they and their family integrate well into this community; that they see a future for themselves and their family here in New Zealand. The wellbeing of temporary migrants is equally as important as the wellbeing of the permanent population. Regardless of the visa status, all people in New Zealand pay taxes, from GST to income tax to local council rates (and so are entitled to equal treatment). If we want migrants, we must welcome them with open arms, make them feel wanted and needed, treat them with the respect they deserve, pay them a fair and equitable wage and support them to be valuable members of New Zealand society.

Immigration policy design

37. Immigration policy should be a part of a whole population strategy that is agreed across all political parties so that there is a wider, broader, longer and bigger picture of the future to enable policy objectives to remain stable. This avoids the need for successive governments to stamp its individual mark on immigration policy and instead allows businesses and sectors to plan ahead to match the strategy.
38. For example, in the ARC sector, we know the forecasts for an ageing population and forecasts for likely bed numbers in ARC. Therefore, we need to ensure we have access to the workforce required. While we do not produce enough home-grown nurses, we will be reliant on immigrants. These forecasts need to be reflected in a whole of New Zealand population strategy.

Obligations on employers

39. The obligation to prioritise New Zealand labour before recruiting migrant labour is absolutely the correct policy. This is a way to treat all New Zealanders equally and to give all New Zealanders equal opportunities. However, as we have seen over recent years, when unemployment remains low there is a need to employ migrant labour to provide a New Zealand workforce. There is also the factor that while some sector workforces are under-utilised, there are other sectors for which there are few New Zealanders available. As discussed above, this has never been highlighted more than since the New Zealand border closed in March 2020. Many sectors are experiencing a severe shortage in the availability of New Zealand labour.
40. As happens now, employers should be obliged to look to the New Zealand labour force prior to seeking employees from the migrant workforce. However, the process for doing this should not be arduous or costly to the employer. Within the ARC sector, facility managers have very little “spare” time and currently state that the process for proving there are no New Zealanders available to fill a position is both arduous and costly and that this can take up an inordinate amount of their time.

Skills shortages

41. In terms of ANZSCO, the definition “high” or “low” skill seems to indicate the rate of pay for a particular skill. The Oxford English Dictionary definition of skill is “the ability to do something well”. In the ARC sector, we value all skills, from those of a cook, a healthcare assistant/caregiver or a nurse. Without any of these roles, an ARC facility cannot operate safely. Therefore, we have always fundamentally disagreed with the ANZSCO term “low skill” being applied to, for example, the role of a healthcare assistant.
42. A better way of defining skill levels would be to look at competency. Since the implementation of the Care and Support Workers (Pay Equity) Settlement Agreement, there has been a competency

framework based on the New Zealand Qualifications Framework for caregivers. The Nursing Council of New Zealand identifies competencies required for nursing registration.

Conclusion

43. The ARC sector has not been, and still is not, a preferred destination or career pathway for most New Zealand nursing graduates or experienced nurses, yet it is a highly complex area where their services and skills are critically needed. To date the ARC sector has a limited attraction profile for recruiting students and graduate nurses. This is in part due to the lack of accessible gerontological career pathways and postgraduate education being in place and available for RNs in New Zealand. This lack of career progression and education places ARC in a vicarious position, which leads to high staffing turnover. As outlined above, this has resulted in an increasing reliance on internationally qualified registered nurses (IQNs) to fill the staffing gap and provide service in age-related residential care services.
44. Similarly, ARC providers struggle to recruit New Zealand caregivers to the aged care sector. Caring for someone takes time and patience, it requires compassion and empathy in a role that involves intimate personal cares. Arguably, these traits are found more often in cultures that place a high value on families caring for their own, in particular in Asian and Pasifika families, rather than in European/Pakeha families.
45. Measures the Government has taken to prevent the devastating effect COVID-19 has had in other countries have had a resounding impact on the New Zealand workforce as a whole. This has really highlighted the fact that New Zealand cannot fully function without immigration. Setting aside any aspirational goals of productivity growth and better wellbeing, without access to migrants with essential skills, New Zealand will flounder, productivity will fall, and wellbeing will be non-existent.
46. Any enquiries relating to this submission should be referred to Kathryn Maloney, Principal Policy Analyst, kathryn@nzaca.org.nz or by phone on 04 473 3159.