

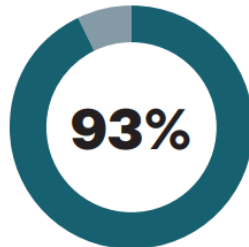


**Submission to the Productivity Commission's paper "Immigration –
Fit for the future: preliminary findings and recommendations"**

23 December 2021

About the New Zealand Aged Care Association

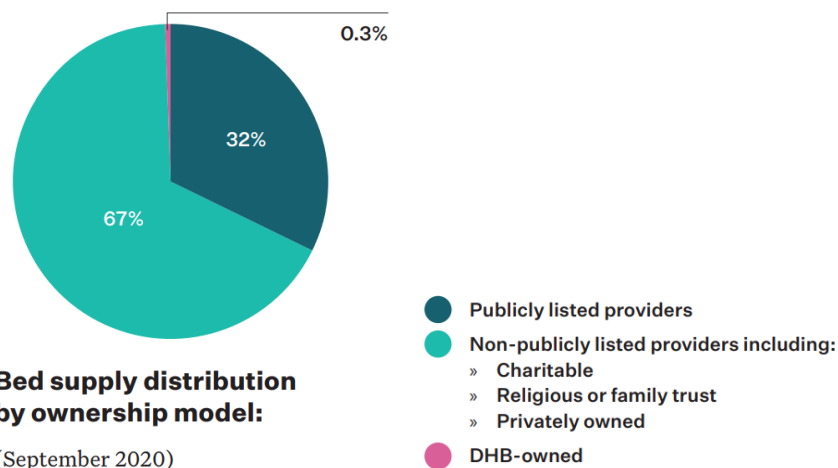
1. This submission is from the New Zealand Aged Care Association (NZACA), the peak industry body for the aged residential care (ARC) industry in New Zealand. We represent over 37,000 beds of the country's rest home industry, or about 93% of the total supply. Our members' services include four categories of care, rest home, hospital, dementia and psychogeriatric, as well as short-term care, such as respite.



NZACA member care facilities provide 93% of the total 40,729 ARC beds.

Source: NZACA Annual Report 2020/21

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.



Source: NZACA Annual Report 2020/21

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 November 2021 New Zealand Productivity Commission paper: *Immigration – Fit for the future: Preliminary findings and recommendations*. The NZACA thanks the Productivity Commission for this opportunity.
7. New Zealand needs a robust and strategic immigration framework into the future that not only acknowledges the place of Māori as the tangata whenua but also aligns with and reflects Te Tiriti interest. However, we must also acknowledge that New Zealand is a nation built on immigration and that equity and fairness across all peoples is paramount
8. Both temporary and permanent migrants currently play and will continue to play an important role in the economic future of New Zealand, and also in the wellbeing of those living here.
9. Within the aged residential care sector, migrants make up a sizeable proportion of workers, particularly Registered Nurses (RNs) and Healthcare Assistants (HCAs). This situation is likely to continue until a career pipeline is established for Kiwis from HCAs right through to RNs. This relies on the availability of training, and for pay parity to be achieved within the sector. However, even with this, it is unlikely there will ever be enough New Zealanders to supply the entire workforce required in ARC particularly as the ageing population will see an increase in demand.
10. The NZACA wants to see future immigration settings that are relevant to the whole of New Zealand while being transparent and flexible enough to support a dynamic and responsive labour market.

Migration is good for the economy and migrants should be welcomed

11. Individually, migrants make a positive economic contribution to New Zealand through working and paying taxes and rates. As a whole they bring so much more than just an economic contribution – they bring diversity of thought and culture, and innovative ideas. Many stay for the rest of their lives, bringing their families who similarly contribute positively to New Zealand over their lifetimes.
12. Young, skilled migrants are particularly positive for the public purse as they are already educated, are generally in good health and are often keen to stay and settle in New Zealand. Into the future they will also help to fill the expected shortages created by an ageing workforce. Residency pathways should be encouraged for these young migrants.
13. The NZACA mostly agrees with the six characteristics listed on p. 15 of the *Fit for the future* document, but would like to see a clear definition of "the greatest contributions to the country". Contributions should not be measured in just economic terms. They also need to be measured in terms of the "social fabric" – the bonds which people share, that can help to form a culturally rich and socially cohesive community.
14. RECOMMENDATION: While the NZACA agrees that policy and practice should prioritise people who are most likely to make the greatest contribution to the country, a definition and measure of contribution needs to be developed.
15. The NZACA agrees with the Productivity Commission finding that immigration has had a mostly positive effect on the wages and employment of New Zealand-born workers over the previous 25 years.

A whole population strategy that is integrated with other government policy

16. Immigration policy needs to be part of a whole population strategy, agreed across political parties, to provide a clear picture of the future and enable stable policy settings. This avoids the need for successive governments to stamp their individual mark and instead allows businesses and sectors to plan ahead to match the strategy.
17. RECOMMENDATION: A nation-wide population strategy needs to be developed and agreed across political parties, to provide a clear picture of the future and enable stable policy settings. The politics needs to come out of immigration policy.
18. Current immigration policy is siloed, with no link to education, infrastructure, or healthcare. For immigration to be seen as successful and welcomed by all New Zealanders, much more needs to be done in terms of integration across government.

Education

19. In answer to Question 1, we know we need a minimum of 5,000 RNs in ARC. We know we are currently short of this minimum by at least 1,000 nurses – that's 20 percent of the ARC clinical workforce. While the current border restrictions play a part in this shortage, we also know there is a chronic lack of training places available for nurses. Policy response needs to be around the provision of more training places for nurses – something that we have been strongly advocating for. Further, reaching pay parity between DHB-employed nurses and those working in the ARC sector will see more newly trained graduate nurses choosing ARC as their preferred career pathway.
20. Continuing our answer to Question 1, the shortage of Kiwi nurses and healthcare assistants should mean that migrants are encouraged to complete further training. Many HCAs are internationally qualified nurses (IQNs) who only need to complete competency assessment programmes (CAPs) and pass their English language test to become RNs. However, financial barriers make this prohibitive, especially as these IQNs are considered international students and therefore need to pay the international study fees. It makes sense for these IQNs to be offered financial support from government to complete their training. The cost of this to government is far smaller than the cost of caring for ARC residents in the DHBs when nursing shortages cause ARC closures to admissions.
21. Some migrant HCAs are in New Zealand on partnership visas, having come on the back of their partners' work visas. These partners are valuable assets to New Zealand and should be encouraged to fully utilise their skills and progress through subsidised education programmes that offset the cost of the current prohibitive expense of training, so that they too can be a great asset to New Zealand.
22. RECOMMENDATION: government needs to offer financial support or subsidised education programmes for migrants already in New Zealand to complete training to fill gaps that would otherwise be filled by new migrants.

Housing, schools, and healthcare

23. Immigration policy needs to be developed alongside national infrastructure plans. Migrants should not have to face difficulties finding suitable housing; they should be able to put their children in local schools and have access to healthcare in their neighbourhood.

24. As every New Zealander knows, affordable housing is desperately needed (not just in terms of house ownership, but also in terms of rental properties). We cannot expect migrants to settle if they cannot afford or even find decent housing.
25. While increases in NZ's population from net migration have exacerbated rapid house price increases, housing is now so unaffordable for many workers in the ARC sector that in some areas it causes significant recruitment problems. Neither Kiwis nor migrant workers want to work in these regions. For example, our members in the Far North have an even greater difficulty than members in other areas in recruiting Registered Nurses.
26. The NZACA agrees with the interim finding that an infrastructure deficit and associated pressures are the result of a failure to align investment rates with population growth.

The system needs tools to deliver straightforward navigation, consistency, and certainty

27. The system needs to be simple to navigate, with decisions that are consistent across the sector and that offer certainty for employers and potential migrants.
28. The majority of businesses that employ migrant workers welcome them, treat them well, and pay them fairly. These employers should not be penalised because of a very small minority that have been found to abuse both the workers and the process. Therefore, the NZACA does not agree with Recommendation 8 that the Government should remove visa conditions that tie temporary migrants to a specific employer. Currently, there is a severe shortage of RNs nationwide within a playing field that is not level. DHBs are part of a multi-employer collective agreement with nurses that ARC providers are not party to. Funding for ARC is such that the providers cannot compete with DHB salary levels. Where an ARC provider successfully recruits a migrant nurse, they want to know that they will not have to go through the same process again several months (or even weeks later) when a migrant nurse decides to change employer.
29. The introduction of the Accredited Employer Work Visa (AEWV) will be welcomed in the ARC sector. Tools such as these that are used to manage immigration will help stabilise immigration settings. However, such tools need to be implemented across all immigration settings for the sake of consistency and certainty. Currently, for example, working holiday makers have open work rights and can choose to work for anyone (regardless of that business's employer status).
30. Expectations should be made clear at the offset for someone who is applying to migrate to New Zealand. The current process allows for unrealistic expectations particularly relating to the pathway to residency. The NZACA agrees with the finding that large queues of applicants for residence visas have increased uncertainty and reduced the likelihood of achieving a pathway to residence.

Strategic and robust, yet flexible enough for levers to be adjusted to match need

31. As recommended in paragraph 16 above, an overarching population strategy will allow for a robust framework. This framework should not be set in stone but needs to be robust enough to determine clear, overarching policy objectives for the next ten years and beyond.
32. Current immigration policy is piecemeal and changes constantly, seemingly with no overarching plan or strategy. For example, in this year alone, INZ has issued 63 Amendment Circulars – that's more than one a week. This makes it very difficult for businesses and sectors keep track of current settings, let alone to plan ahead. This also makes it impossible for consistent feedback mechanisms between immigration, education and training systems.
33. Within the overarching strategy, tools (such as AEWV) need to be introduced that allow for levers to be adjusted depending on, for example, unemployment levels, current and expected

future numbers of people in training for particular roles, and unexpected shocks such as pandemic-induced border closures.

34. As proposed at the beginning of 2020, the NZACA would like to see discussions reconvene on immigration sector agreements. Prior to the pandemic, both the aged care and meat industries had been earmarked for immigration sector agreements where specific concessions could be negotiated on a sector basis.
35. Clear objectives should be agreed for the long term and should match the overall objectives and aspirations of New Zealand as a whole, particularly around the “four capitals” of NZ Treasury’s Living Standards Framework: natural capital, social capital, human capital, and financial and physical capital.
36. RECOMMENDATION: A population strategy with overarching policy objectives should be agreed for the long term to match the overall objectives and aspirations of New Zealand as a whole, particularly around the “four capitals” of the Living Standards Framework.

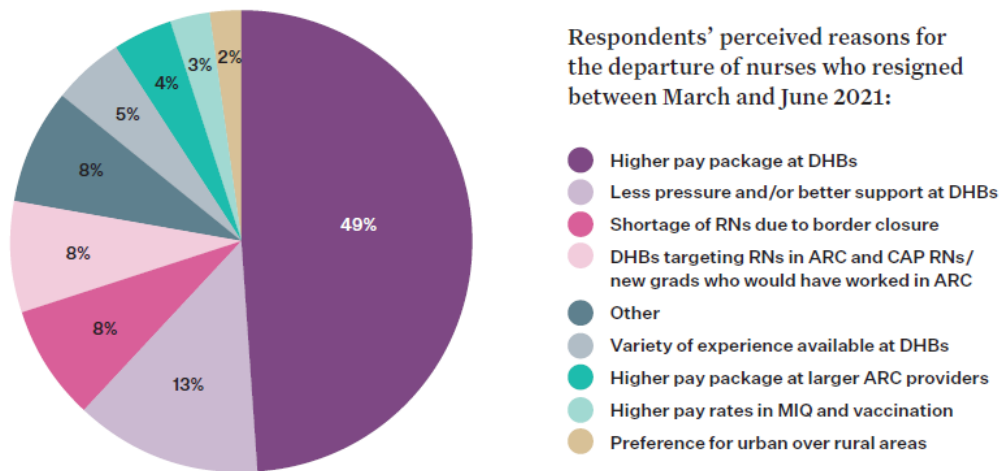
Equity, transparency and simplicity

37. Immigration policy must be fair and equitable: alignment with te Tiriti is paramount (as discussed in paragraph seven above); immigration policy must not override the rights of New Zealanders; it should not prioritise particular countries, ethnicities or religions.
38. Immigration policy needs to be transparent and simple – both employers and potential migrants need a system that is easily understood.
39. Current settings are frequently so complex that even those working for Immigration New Zealand (INZ) struggle to understand or explain certain visa conditions. Interaction with INZ should be easy and straightforward without bureaucratic drag.
40. There needs to be consistency of decision making across the whole of INZ. We have heard of situations where for two identical visa applications (both applying for identical jobs, both from the same country, with the same qualifications and similar backgrounds), one has been accepted and the other declined, the only difference being the INZ case worker.
41. RECOMMENDATION: Immigration New Zealand (INZ) needs to ensure that all its staff fully understand the Immigration Act and current policy settings in order to provide advice and support to those applying for visas, and that there is consistency in decision making across the whole of INZ.

Skills shortages

42. Skill levels need to be measured by looking at competency. In the ARC sector, we value all skills – from those of an HCA or nurse to those of a cook or a cleaner, regardless of whether the role is regulated. Without any of these roles, an ARC facility cannot operate safely.
43. Since the implementation of the Care and Support Workers (Pay Equity) Settlement Act 2017, there has been a competency framework for caregivers, based on the New Zealand Qualifications Framework. The Nursing Council of New Zealand identifies competencies required for nursing registration.
44. The NZACA does not agree with the Productivity Commission suggestion that skills shortage lists could be linked to the tertiary education system. Skills must not be linked solely to education levels.
45. Should the specific improvement measures listed on page 50 of *Fit for the future* be implemented, these would potentially have a negative effect on, for example, the placing of the

Registered Nurse (Aged Care) on the skills shortage list. At present, RN wages in ARC are restricted by the funding model, turnover rates are currently high as nurses quit the sector due to the stresses placed on them as a result of staff shortages, and there will be a continued reliance on migrant nurses until tertiary institutions provide more places for nurse training.



Source: NZACA Annual Report 2020/21

46. RECOMMENDATION: Skills need to be measured by competency, not by qualifications, salary, or turnover rates.

NZACA recommendations

47. As highlighted above, the NZACA recommends the following:
- 47.1. While the NZACA agrees that policy and practice should prioritise people who are most likely to make the greatest contribution to the country, a definition and measure of contribution needs to be developed.
 - 47.2. A nation-wide population strategy needs to be developed and agreed across political parties, to provide a clear picture of the future and enable stable policy settings. The politics needs to come out of immigration policy.
 - 47.3. Government needs to offer financial support or subsidised education programmes for migrants already in New Zealand to complete training to fill gaps that would otherwise be filled by new migrants.
 - 47.4. A population strategy with overarching policy objectives should be agreed for the long term to match the overall objectives and aspirations of New Zealand as a whole, particularly around the “four capitals” of the Living Standards Framework.
 - 47.5. Immigration New Zealand (INZ) needs to ensure that all its staff fully understand the Immigration Act and current policy settings in order to provide advice and support to those applying for visas, and that there is consistency in decision making across the whole of INZ.
 - 47.6. Skills need to be measured by competency, not by qualifications, salary, or turnover rates.
48. The NZACA supports the submission being made by BusinessNZ.
49. 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.