



MEDIA RELEASE

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Aged care rejects Health New Zealand's funding increase

The New Zealand Aged Care Association (NZACA) has rejected the Government's annual funding increase of 1.2 percent as an insult to an industry losing nurses and rest home beds, displacing thousands of older people – many into crowded public hospitals.

Simon Wallace, Chief Executive of the NZACA says Health New Zealand's offer in the annual Age-Related Residential Care (ARRC) Service Agreement is substantially less than the 9.4 percent that the Ministry of Health and District Health Boards had initially agreed was warranted

"It's nothing short of a joke at a time when inflation is at 7 percent and the sector is experiencing unprecedented pressures with nursing shortages in aged care reaching over 1,100 and the loss of more than 800 rest home beds so far and more every day.

"As well as covering operating costs, including managing COVID-19, we have got to give our nurses a pay increase from that 1.2 percent.

"That 1.2 percent alone would equate to an increase of just \$1,000 a year for the average aged care nurse, a drop in the bucket compared to the \$23,000 to \$33,000 a year more that DHB nurses earn.

Mr Wallace says the sector continues to lose nurses to DHBs, with shortages now over 1,100 despite the sector's ongoing calls to government to fund pay parity for its nurses, an investment in the health system given the more than \$5.5 billion the sector saves DHBs annually.

"Our providers have had enough. New Zealand is set to not only lose hundreds more rest home beds, but many rest homes will be forced to close altogether under these funding conditions.

"The Government continues to do nothing. It's hard to swallow given Finance Minister Grant Robertson's Budget 2022 comment that 'I will never have a regret about properly funding our health system so that New Zealanders have the health services they need and deserve wherever they live.'

"Clearly, Minister Robertson has a blind spot when it comes to the care of our most vulnerable older New Zealanders; our grandparents, parents, beloved friends and relatives who have served our country, their communities and their families.

“Health New Zealand’s offer goes to the heart of a government that neglects the care of older people at a time when our population is ageing, the acuity of people entering care is significantly increasing and we need to be building beds, not losing them.

“It’s time for the Government to front up and clearly signal whether it wants an aged residential care or not, as this 1.2 percent funding increase will not sustain the sector.

“We reject the offer outright and will continue to fight for the 9.4 percent that we agreed, with the Ministry of Health and the DHBs earlier this year, is warranted based on the cost pressures impacting the sector.”

ENDS

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