



**Submission to the Ministry of Business, Innovation, and
Employment on the Future of the Skilled Migrant Category.**

18 November 2022

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 care 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 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 Te Whatu Ora – Health New Zealand, 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. The NZACA welcomes the opportunity to make a submission to the Ministry of Business, Innovation and Employment (MBIE) on the Future of the Skilled Migrant Category (SMC).
6. Any enquiries relating to this submission should be referred to Rebecca Chapman, Policy Analyst, rebecca@nzaca.org.nz or 04 473 3159.

Overall comment

The ARC sector

7. New Zealand's population is ageing rapidly. By 2030, one in four people will be aged over 65. 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.
8. Over the next 10 years, ARC resident numbers are projected to grow in the range of 12,000 - 16,000 ¹. To meet demand, the sector will require the equivalent of an average of 10-14 new large (120 bed) care homes being added to the supply per year over the next decade.
9. In five years', it is estimated that a further 1,860 Registered nurses (RNs) will be needed to provide care for the growing ARC resident population².
10. Care workers make up the largest proportion of the ARC workforce, at approximately 22,000. RNs are the second largest group, at approximately 5,000 (FTE) when the sector is fully staffed.³

¹ TAS Aged Care Demand Model 2020 Update, NZACA interpolations 2027/28-2030/31.

² Projections made by NZACA based on the TAS Aged Residential Care Demand Planner.

11. At a time when we need to be growing the workforce to meet resident demand, the number of ARC RN vacancies has continued to rise. The NZACA surveyed its membership in September 2022 and found that there is a deficit of around 1,100 aged care nurses - a 17 percent vacancy rate. This is up from around 910 in December 2021, a 20 percent increase over nine months. Add to this clinical nurse manager (CNM) vacancies, and there are around 1,200 vacancies in the sector.
12. RN turnover for the year to December 2021 was extremely high, at 48 percent. The latest September 2022 NZACA member survey data indicates a further acceleration of turnover to around 55 percent over the year.
13. The chronic shortage of aged care nurses is resulting in bed and facility closures which are seeing residents having to be moved into other facilities, where a bed is available, or into the public hospital system. The diminishing number of beds available across Aotearoa is also impacting those older Kiwis who need to enter ARC, with many who urgently need care being forced to wait months for a bed⁴.
14. Survey data collected in September 2022 indicates there are around 1,100 care beds closed due to staffing shortages. This figure has risen by approximately 300 beds since the NZACA last surveyed its members on the issue in April 2022. In addition, around 440 beds closed permanently over the year ended 30 June 2022.
15. The NZACA's Nursing Leadership Group has considered how a sustainable ARC nursing workforce can be built, to reduce turnover and fill the increased number of RN positions with NZ trained nurses. It identified that a centralized approach is needed, that focuses on encouraging graduates, experienced RNs and Nursing Practitioner interns to view ARC as a desirable career choice. A paper was presented to Ministers and Ministry of Health officials in 2020 and included a number of recommendations to grow the NZ nursing workforce⁵. To date, progress on implementing these recommendations has been slow.

Wider immigration settings

16. ARC has historically been a sector which relies heavily on migrants. Until work is done to grow the domestic supply of ARC nurses in the medium- to long-term, immigration settings must ensure the sector's access to a supply of international RNs is not hindered.
17. Currently, Registered Nurses (Aged Care) are on the Green List work to residence pathway. It is the position of the NZACA that ARC providers having the ability to tie a migrant employee to one employer for two years would be most beneficial for the sector. We understand from MBIE officials that this could be achieved by way of adding such a condition to the visa, per Section 49 of the Immigration Act 2009. The NZACA would strongly support aged care nurses having a fast-tracked path to residency, providing they meet this condition of employment.

³ NZACA/BERL. (2022). [Aged Residential Care, Industry profile 2021-22](#). Wellington: New Zealand Aged Care Association.

⁴ NZACA (2022). [Supporting equitable and timely access to aged residential care](#). Wellington: New Zealand Aged Care Association.

⁵ Dr Frances Hughes (2022). [Building a sustainable nursing workforce for aged residential care services](#).

18. We understand from speaking with MBIE officials that the Green List, rather than the SMC will be the predominant pathway to residence for aged care nurses. Benefits of applying through the Green List for RNs include open work rights for partners and for employers, there is no requirement to complete a Job Check.
19. The NZACA recommends that the Government should not introduce work testing for partners of SMC visa holders. In addition to creating a potential situation where there are people in New Zealand willing and able to work but restricted by immigration settings, this policy also risks creating economically and socially isolated migrants that will drive poor community integration and settlement outcomes.
20. Roles in ARC for which the SMC visa will be applicable include Clinical Nurse Manager (CNM) and other higher-level managerial and clerical roles.
21. As of September 2022, there are approximately 100 CNM vacancies across Aotearoa's 650 care homes. The majority of care homes only have one CNM. This senior leadership role (ANZSCO unit group 2543, Level 1) manages all aspects of nursing and care within a care home. As with RNs, our members struggle to fill CNM roles with suitable New Zealand candidates.
22. While a CNM would have a residence pathway through the SMC, we believe that this role would be better placed on the Green List alongside Registered Nurse (Aged Care). Again, we suggest that this is on the fast-track pathway, with the condition of being tied to one employer for two years under Section 49 of the Immigration Act 2009. We understand MBIE's intention to upskill New Zealand nurses, however there are not enough homegrown nurses, who are suitably experienced and willing, to fill the number of vacant roles. There are additional benefits for migrants filling a Green List role, which an RN being recruited or promoted into a CNM role should not be deprived of.
23. The Green List is set to be reviewed in mid-2023, the same time changes to the Skilled Migrant Category will come into effect. It is important that a priority pathway to residence for aged care nurses is maintained throughout this process and that we do not see delays or additional red-tape for our members.
24. We would like to see a review of the Green List prior to the implantation of the SMC. There is a level of duplication between these two and also the Highly Paid Residence Visa. Combining the different residence visa pathways could make the process simpler and avoid confusion for both employers and migrants. The NZACA would be happy to provide input to MBIE for this work.
25. The NZACA provided feedback to MBIE on its consultation for the Care Workforce sector agreement. We were pleased to see parts of our feedback reflected in the final agreement and the Association's members welcome the settings which allow migrant care workers to enter the country at below median wage, as well as the pathway to residence provided.
26. We remain concerned about having a stand-down period for care workers paid below the median wage after two years on an Accredited Employer Work Visa (AEWV).
27. We would expect most care workers on an AEWV to have transitioned to Level 4 within two years, but this may not be possible for some migrant care workers. We would like to see policy which allows INZ to consider these on a case-by-case basis instead of a blanket stand down for all visa holders below the median wage.

28. While the NZACA supports the Care Workforce sector agreement, in the future, we would prefer a sector agreement specific to ARC which addressed the unique and challenging environment in which our members operate.

Skilled Migrant Category Visa

29. Here we address specific questions asked in the Submission on Consultation document - Future of the Skilled Migrant Category. Where a question is not relevant to ARC or we have no further comment, it has been omitted.

Rationale for making changes to the SMC

30. *Do you agree with what the proposed changes to the SMC are seeking to achieve?*

i) To align with the Immigration Rebalance

The NZACA is not supportive of the broad-brush approach taken with the Immigration Rebalance. Transferring the principles of Rebalance to ARC presents a number of difficulties:

Training and employing New Zealanders in the first instance – our members would be thrilled to be able to employ New Zealanders in both caregiver and nursing roles, however this pool of workers simply does not exist. Immigration settings must incentivise New Zealand as a destination for healthcare workers to fill these vital roles.

Reducing reliance on lower-skilled migrant labour – the NZACA rejects the use of the term low- or lower-skilled as a means of describing the care workforce (ANZSCO Level 4). A great deal of skill is required to be successful in this role, and it is vital for providing quality care to New Zealand's older cohort.

Incentivising employers to improve wages and conditions and to lift productivity – ARC is New Zealand's largest public/private partnership and providers are funded by Government for the service they provide. The capped and inadequate nature of ARC funding makes it impossible for the bulk of aged care providers to pay workers above legislated minimum (Support Worker Pay Equity Settlement Act 2017) or market rates. Likewise, lifting productivity through increased investment in technology is not possible in the funding environment in which aged care operates.

ii) To improve processing times

While applications for the SMC visa are likely to be low over the coming years due to the 2021 Resident Visa, we note INZ needs to be appropriately resourced to allow for prompt and efficient processing of all visa applications.

iii) To reduce immigration and labour market risks

ARC is a heavily regulated sector, undergoing regular certification and spot audits by the Ministry of Health. All rest homes and hospitals are required to have a complaints process and the Association expects all its members to operate to the highest standards⁶. Concerns about what contracted care services are provided are addressed by the Health NZ regional Health of Older People Portfolio Manager.

Concerns about quality of care are addressed by the Aged Care Commissioner who sits within the Health and Disability Commission (HDC). The Ombudsman also carries out inspections of secure dementia units under the Optional Protocol to the Convention against Torture.

Due to the highly regulated nature of the sector as outlined above, migrant employees working in the industry are at a low risk of exploitation.

⁶ <https://nzaca.org.nz/wp-content/uploads/2020/08/NZACA-Code-of-Conduct-July-2020.pdf>

31. *Are there any other issues or opportunities that we should consider?*

Registered Nurse (Aged Care) was previously on the Long-Term Skill Shortage List (LTSSL) and was the only nursing role on such. Now with the Green List, all RNs are on the same work to residence pathway. While we recognise the value of all nurses across the healthcare sector, aged care needs additional support from various agencies to be seen as a desirable career pathway by both Kiwi and migrant nurses.

As previously stated, the NZACA is in support of aged care RNs having a fast-tracked pathway to residence, providing they are tied to one employer for two years. This is to prevent the ongoing trend of migrant RNs working in ARC for a brief period before leaving for higher pay in a public hospital setting.

MBIE needs to work closely with the Ministries of Health and Education to ensure immigration settings are reflective of the number of on-shore enrolments/graduates (and their chosen practice setting), vacancy rates, and employment trends to ensure vital health services such as aged care can continue to operate.

Simplified points system

32. *Do you agree with the proposed skill threshold, i.e., equivalent to six years of formal training and/or skilled experience?*

The NZACA understands that MBIE is working with the Ministry of Health and the Nursing Council to determine how many points will be rewarded for NZ Professional Registration as a registered nurse.

33. *Do you agree that a points system using a range of skills proxies is a clear, fair way to assess Skilled Migrant Category applications?*

Yes, we agree the new, simplified points system is clearer and fairer for both employers and migrants.

Managing the flow of migrants into New Zealand

34. *Do you agree with the proposed approach to managing migrant numbers?*

We agree with the approach of processing all applications and removing the requirement to submit an Expression of Interest. We would not like to see adjustments made or a cap put in place that affects the ability of our members to hire for crucial roles such as Clinical Nurse Manager, should the number of migrants achieving residence be higher than expected by MBIE.

The COVID-19 pandemic has highlighted the value of New Zealand's health system but also its shortcomings, with staff burnout rife across the sector and extensive waiting times for those needing access to all forms of healthcare. Government cannot take a one-size-fits-all approach; should the number of residence visas need to be restricted, a clear pathway will need to remain for those entering the aged care and wider healthcare sector.

People not eligible for residence

35. *Do you agree with the proposal to apply the stand-down period, to reduce the risks associated with migrants becoming well-settled without a realistic pathway to residence?*

At a time when the aged care sector, like many others, is facing massive workforce shortages, returning to a pre-pandemic policy that sees some migrant workers stood down after two-three years and returned to their home country, is both short-sighted and unhelpful.

Current settings mean the stand-down period is not applicable for the aged care RN workforce, however it can apply for caregivers who have not transitioned to Level 4 within two years. Over this two-year period, employers will have invested in training and up-skilling staff that benefits not only employers and the workers, but the older New Zealanders in their care .

Conclusion

36. The ARC sector is in crisis with a chronic shortage of RNs; this shortage is resulting in bed and facility closures which are negatively impacting on residents and their whānau. Support is required from across multiple Government agencies to ensure care homes are able to continue operating and providing quality care both now and in the long-term.
37. Currently, Registered Nurses (Aged Care) are on the Green List work to residence pathway. It is the position of the NZACA that ARC providers having the ability to tie a migrant employee to one employer for two years would be most beneficial for the sector. We understand from MBIE officials that this could be achieved by way of adding such a condition to the visa, per Section 49 of the Immigration Act 2009. The NZACA would strongly support aged care nurses having a fast-tracked path to residency, providing they meet this condition of employment.
38. The NZACA requests MBIE add the role of Clinical Nurse Manager (ANZSCO unit group 2543) to the Green List fast track pathway along with Registered Nurse (Aged Care). Again, we suggest this is on the fast-track pathway, with the condition of being tied to one employer for two years under Section 49 of the Immigration Act 2009. We understand MBIE's intention to upskill New Zealand nurses, however there are not enough homegrown nurses, who are suitably experienced and willing, to fill the number of vacant roles. There are additional benefits for migrants filling a Green List role, which an RN being recruited or promoted into a CNM role should not be deprived of.
39. The Green List is set to be reviewed in mid-2023, the same time changes to the Skilled Migrant Category will come into effect. We would like to see a review of the Green List prior to the implantation of the SMC. There is a level of duplication between the two and also the Highly Paid Residence Visa. Combining them could make the process simpler and avoid confusion for both employers and migrants. The NZACA would be pleased to assist MBIE in working on this. It is important to the Association that a priority pathway to residence for aged care nurses is maintained throughout this process and that we do not see delays or additional red-tape for our members.
40. The NZACA recommends that the Government not introduce work testing for partners of SMC visa holders. In addition to creating a potential situation where there are people in New Zealand willing and able to work but restricted by immigration settings, this policy also risks creating economically and socially isolated migrants that will drive poor community integration and settlement outcomes.
41. Overall, the proposed changes to the SMC appear to have simplified and improved the process of gaining residence for those who met the criteria of this particular visa.

42. The NZACA is a member of BusinessNZ and supports its submission to MBIE on the Future of the SMC.
43. For any questions regarding any part of this submission, please contact Policy Analyst Rebecca Chapman at rebecca@nzaca.org.nz or 04 473 3159.