



**New Zealand  
Aged Care Association**

Submission to the Ministry of Business, Innovation  
& Employment on the Suite of proposed changes  
to the Essential Skills visa

19 May 2017

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## Introduction

1. This submission is from the New Zealand Aged Care Association (NZACA), the peak body for the aged residential care (ARC) sector in New Zealand. With around 600 members, we represent over 90% of approximately 37,000 beds of the country's ARC sector.
2. Our members range from the very small stand-alone care homes to the large co-located sites that include care services and retirement villages. Our members' services include rest home, hospital, dementia and psychogeriatric care, as well as short-term respite care and a small number of YPD (young persons with disabilities) beds. The average ARC home has 57 beds.
3. We have a small team of five staff based in Wellington and led by Chief Executive, Simon Wallace, a representative Board of eleven directors chaired by Simon O'Dowd and a network of seventeen branches around New Zealand.
4. Any enquiries relating to this paper should in the first instance be referred to s 9(2) (g)(i)

## Maintaining the status quo

5. In 2013, following the publication of research from MBIE on the impact of temporary migration on jobs and wages in New Zealand<sup>1</sup>, the Minister for Immigration, Michael Woodhouse stated that while "the Government has a clear policy that New Zealanders should be given first priority for jobs ... our labour market has always relied on overseas workers to fill certain gaps in areas of particular skill shortages ... Immigration is an important economic lever, and this report supports the view that policy settings around temporary migration are broadly in the right space"<sup>2</sup>.
6. NZACA believes that it is unnecessary to change the Essential Skills visa settings. While net migration has risen by nearly 71,000 since 2013, the rate of this rise peaked in 2014 with an increase of 29,372 and has been slowing down since. The rise from 2016 to 2017 was just 4,313<sup>3</sup>. Comparing net migration to unemployment, unemployment peaked in 2012 and has fallen steadily since<sup>4</sup>. This indicates that migration is not hindering opportunities for New Zealanders to be in employment. (See Table 1 below.)

Year	Net migration to NZ	Unemployment in NZ
2012	-3,383	6.3%
2013	2,542	5.7%
2014	31,914	5.5%
2015	56,275	5.4%
2016	67,619	5.2%
2017	71,932	4.9%

Table 1: Net migration compared to unemployment figures, New Zealand 2012-2017

<sup>1</sup> Ministry for Business, Innovation and Employment (2013). *The Rise of Temporary Migration and its Impact on the New Zealand Labour Market*. Wellington, New Zealand: Author

<sup>2</sup> [www.beehive.govt.nz/release/research-affirms-benefits-temporary-migration](http://www.beehive.govt.nz/release/research-affirms-benefits-temporary-migration)

<sup>3</sup> Statistics New Zealand.

<sup>4</sup> Statistics New Zealand.

7. However, should changes be made to the Essential Skills visa settings, NZACA would like the following to be taken into account.

#### **Aged residential care facilities**

8. Just under 70% of all NZACA member facilities are privately owned or funded by charitable, religious or welfare organisations.
9. The number of people requiring ARC in New Zealand is steadily increasing and will continue to do so. The number of beds required for ARC is expected to increase from the current 38,000 to 52,000 by 2026<sup>5</sup>.
10. There are around 22,000 caregivers and 5,000 nurses working in the ARC sector. On average, wages account for 68% of costs.

#### **Increasing shortage of caregivers in the aged residential care sector**

11. The ARC workforce is a core part of the health sector workforce. Not only important in terms of the care they deliver, the number of people working in the sector is significant overall. There are around 22,000 caregivers working in ARC facilities across New Zealand.
12. The caregiver workforce is facing a shortage across the whole of New Zealand. In the 2014 NZACA Member Profiling Survey<sup>6</sup>, out of the total number of vacancies across New Zealand 54% of them were for caregivers. The shortage of caregivers is a result of several issues, including caregivers leaving the sector, an ageing workforce, and a projected increase in the people requiring aged care in the future.
13. Grant Thornton projected that between 12,000 and 20,000 extra residents will require aged residential care by 2026. It further projected that between 26,500 and 33,000 extra caregivers (FTE) will be needed to care for these extra residents (Grant Thornton, 2010).
14. In the 2014 NZACA Member Profiling Survey, the turnover level for caregivers was 24%. The high rates indicate mobility within the caregiver workforce. This highlights the inability of employers to find ongoing staff to fill vacancies. In the same survey, 45% of respondents experienced difficulties in retaining staff on visas over the previous two years.
15. The age of the caregiver workforce causes issues with the long-term viability of this workforce. The current caregiver workforce is ageing. Young people are not attracted to the profession and are not retained once recruited. The 2014 New Zealand Aged Care Workforce Survey<sup>7</sup> indicates that almost three quarters of the survey's care worker participants were aged 40 or over. Current shortages in the industry will be exacerbated by large numbers of workers retiring in the next few years.

#### **Potential ways to address the coming caregiver shortage**

16. The ARC sector is responding to this growing need for caregivers in a number of ways.

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<sup>5</sup> Grant Thornton (2010). *Aged Residential Care Service Review*. Wellington, New Zealand: Author.

<sup>6</sup> New Zealand Aged Care Association (2015). *2014 Member Profiling Survey*. Wellington, New Zealand: Author.

<sup>7</sup> Ravenswood, K., Douglas, J. & Teo, S. (2015). *The New Zealand Aged Care Workforce Survey 2014*. Auckland, New Zealand: New Zealand Work Research Institute.

17. NZACA and its members are actively working to recruit as many New Zealand caregivers as possible. More detail on this can be found below.
18. Following many years of advocating for making caregiver jobs more attractive by increasing the pay rates, developing training programmes and establishing career structures in the ARC sector, the NZACA is pleased that the pay equity case has been settled. This will result in legislated salary bands and recognised skill levels for caregivers and will help in recruiting more caregivers to the sector and increase the retention of these caregivers.
19. As outlined above, unemployment is falling in New Zealand, but the need for caregivers will rise greatly in the next ten years. Therefore, ARC facilities will need to continue looking to migrant caregivers to provide quality care to an increasingly older population that will require greater levels of care as co-morbidities rise<sup>8</sup>.

#### **Efforts to recruit New Zealanders into aged residential caregiver roles**

20. NZACA's members have high vacancy levels and struggle to fill them, even with competitive pay and employment conditions. The NZACA is working closely with the Ministry of Social Development's (MSD) Employer Services to recruit New Zealanders into caregiver roles by presenting Healthcare Employers' Expos on the Kapiti Coast, Tauranga, Hamilton, Christchurch and (next week) Lower Hutt. Members of the NZACA have exhibited at these expos, which showcase roles available within the ARC sector, in particular, highlighting the role of the caregiver.
21. However, these have resulted in the recruitment of only a handful of new caregivers into the sector. For example, one of our members, who owns over 40 ARC facilities totalling over 4,000 beds, has attended all four of the Expos to date. This provider has received a total of 249 queries (people coming up to their stand and enquiring about the work of a caregiver), followed by 138 expressions of interest (where a person fills in a form to say they are interested in learning more about the work of a caregiver through that employer). This has resulted in just one person being employed by the organisation.
22. Another example is from a small independent ARC facility with fewer than 60 beds. They had a stand at their local Expo in Kapiti in late February 2017. They received 20 expressions of interest. Several were invited to participate in a trial day but just two were ultimately employed. Of the others, several failed to contact the facility after the trial and the remainder did not meet the criteria to be employed as a caregiver.
23. Feedback from NZACA members indicates that caregiver roles are fully advertised across New Zealand, through local and national newspapers, the ARC facility's website, Trade Me, Seek, local Work and Income Offices and elsewhere. These adverts have generate a mixed response regarding how many New Zealanders have applied for caregiving roles over the last five years and how many have been employed and how many have been found to be unsuitable applicants.
24. Many of our members manage to employ some New Zealanders, but a lot of these New Zealanders fail to stay very long and often resign within six weeks of starting their job. Other

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<sup>8</sup> Ministry of Health (2016). *Healthy Ageing Strategy*. Wellington, New Zealand: Author.

potential applicants fail to turn up to interview, or fail to meet character references or police checks. They lose interest in the role when they discover it requires shift work and that they will need their own transport to get to the facility at hours when public transport is not available. Many New Zealanders applying for the role do not have high enough literacy levels to be able to carry out the job competently. Another reason many New Zealanders are not accepted into these roles is that they fail drug and alcohol tests.

25. As shown above, for a variety of reasons, New Zealanders are unable to or do not want to work as caregivers in ARC facilities. This means that the facilities have no choice but to recruit migrant workers.
26. New Zealand is not alone in this situation. Many other OECD countries have been grappling with similar issues over a number of years<sup>9 10 11</sup>.

### Quality caregivers

27. 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.
28. Many migrant caregivers have nursing qualifications and experience in their country of origin but are unable to work as nurses in New Zealand until they have met the necessary registration requirements. Therefore, with their nursing backgrounds, they are expertly suited to a care role.
29. 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 jobs<sup>12</sup>. These migrants do not come with the intention of working in New Zealand on a temporary visa, 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.
30. However, caregiving does not currently meet the required skill levels for a migrant to apply to work on a Skilled Migrant visa. Also, caregiving is not currently recognised on the ANZSCO Essential Skills in Demand (ESID) list, and so the caregiver is unable to apply for an ESID visa. This leaves the migrant caregiver no alternative but to apply to work under an Essential Skills visa, which must be renewed yearly, with no way of transitioning to a permanent visa.
31. It is neither the fault of the provider nor the resident that there are not enough New Zealanders to fill these caregiver roles. While the Care and Support Workers (Pay Equity) Settlement<sup>13</sup> may encourage more New Zealanders into the role (which will introduce a

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<sup>9</sup> [www.migrationobservatory.ox.ac.uk/resources/primers/social-care-for-older-people-and-demand-for-migrant-workers](http://www.migrationobservatory.ox.ac.uk/resources/primers/social-care-for-older-people-and-demand-for-migrant-workers)

<sup>10</sup> Audit Commission (2010). *Under Pressure: Tackling the Financial Challenge for Councils of an Ageing Population*. London, United Kingdom: Author

<sup>11</sup> Martin, S., et al (2009). *The Role of Migrant Care Workers in Aging Societies: Research Findings in the United States* Georgetown University Washington DC: Institute for the Study of International Migration

<sup>12</sup> International Labour Office (2005). *Migration of health workers: country case study: the Philippines*. Geneva, Switzerland: Author

<sup>13</sup> [www.health.govt.nz/new-zealand-health-system/care-and-support-workers-pay-equity-settlement](http://www.health.govt.nz/new-zealand-health-system/care-and-support-workers-pay-equity-settlement)

legislated career pathway in caregiving from 1 July 2017), the current situation is such that older people will go without quality care should migrant workers be hindered from continuous work within the sector.

32. Therefore, NZACA recommends that rather than sending migrant caregivers back to their country of origin for a stand-down period after three years of working in New Zealand on an Essential Skills visa, a formal pathway should be developed to enable them to transition to permanent residents.

#### **Impacts and implications from defining lower-mid- and higher-skilled Essential Skills migrants**

33. The NZACA recommends that the term “lower-skilled” be replaced by the term “essential work” in all New Zealand Government publications as there often confusion between whether the definition of low skilled is based on the skills required for the job or based on the formal education levels of those generally working in the area.
34. Even with the Care and Support Workers (Pay Equity) Settlement, many caregivers employed by NZACA members will never reach the salary rate of \$23.49 per hour. Therefore, it will be very difficult for them to work towards residency. If they have been here for more than three years on an Essential Skills visa, a pathway to residency would be the only option they have to stay in New Zealand (under the proposed introduction of a maximum duration of three years on an Essential Skills visa).
35. Under the proposal, the majority of caregivers will be defined as lower skilled, even after the 1 July 2017 pay scales are implemented. Those caregivers who achieve NZQA level 4 NZ Certificate (and therefore potentially ANZSCO level 3) will not be eligible to be defined as mid-skilled unless their employer is able to pay above the legislated salary scale (which is difficult as there is a cap on how much an ARC facility can charge residents, and therefore, little surplus available to operators to be able to afford to pay above the legislated pay rate). Regardless of the definition, caregivers play an essential role in the provision of care to older people in ARC.
36. NZACA does not support the introduction of linking skill levels to remuneration thresholds. Lower-skilled workers will always be needed in New Zealand and until a fully comprehensive sector workforce engagement programme is implemented that includes the aged residential care workforce, ARC providers will continue to struggle to recruit New Zealanders into the aged residential caregiver role.

#### **Impacts and implications of the proposed maximum duration of three years for lower-skilled Essential Skills visa holders**

37. Many migrant caregivers remain in the ARC workforce for many years (hoping to have an opportunity to transition to permanent residency) and so must have their visas renewed year-on-year (in order for the ARC facility to satisfy the market test). Over time, the caregivers build up a relationship with their employers, with their colleagues and, most importantly, with the residents. These caregivers receive training in orientation, annual competencies, health and safety, and ongoing NZQA qualifications to ensure they are fully competent to provide quality care to the residents.

38. Under the Care and Support Workers (Pay Equity) Settlement, “the unions and Government absolutely support workers gaining formal qualifications and wish to create the right incentives for employers to allow this to happen”<sup>14</sup>. This means that employers will be required to provide the necessary systems and support to enable workers covered by the settlement to reach the following NZQA Health and Wellbeing Certificate (or relevant equivalent qualifications) within the following time periods:

- Level 2 NZ Certificate – within 12 months of commencement of employment
- Level 3 NZ Certificate – within 3 years of commencement of employment
- Level 4 NZ Certificate – within 6 years of commencement of employment

This would mean that under the proposed maximum three-year visa duration for lower-skilled Essential Skills visa holders who begin working as a caregiver without qualifications, they are unlikely to have the opportunity to reach either level 3 or level 4 NZ Certificate before they are required to leave the country.

39. The implications of the above are that (a) there would be a shortage of both levels 3 and 4 qualified caregivers and (b) that caregivers would have little opportunity to increase their skills to a high enough level to be able to qualify for a permanent visa.

40. NZACA believes that the maximum duration of three years is too short for aged residential caregivers on a lower-skilled Essential Skills visa and recommends that they must be given a maximum duration of at least six years in order for the sector to ensure it has enough qualified caregivers to provide quality care to all residents.

41. If the proposal to introduce a maximum duration of three years is implemented, there will be a hiatus in continuity of care which will cause not only significant disruption to the facility but also potential danger to its residents: it is unlikely that the facility will be able to replace the migrant caregiver with someone as well qualified. In all likelihood, the facility will have to recruit a new migrant who, while being suitable for the role of caregiver, is unlikely to have the specialist skills and knowledge of the residents that the previous caregiver had.

42. In some of the larger ARC facilities, the proposed changes will see a constant churn of caregiver staff. This will be both costly and time-consuming to the facility, in terms of both recruitment and training of new caregivers.

43. Residents of ARC facilities are vulnerable people who are often living in a situation that is not of their choosing. As one facility put it, should a maximum duration be introduced, “this will cause undue stress on the residents in our facility as the change of staff would be constant and our residents find change hard to deal with and like the security that they get when they get to know the staff that are looking after them and a trusting relationship is built up”.

#### **Impacts and implications of the proposed stand down period for lower-skilled Essential Skills migrants**

44. Should a stand down period be introduced, NZACA recommends that this period be for no more than three months. This will ensure that the much-needed migrant caregiver who has been working in the sector for at least three years and has become as well-qualified as

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<sup>14</sup> Ministry of Health (2017). *Care and Support Workers (Pay Equity) Settlement Operational Policy Document For Aged Residential Care*. Wellington, New Zealand: Author.

possible as a caregiver will be able to return to the role without having lost the skills they acquired.

**Impacts and implications of the proposal to remove the ability for lower-skilled Essential Skills visa holders to bring their partners and children to New Zealand for the length of their Essential Skills visa**

45. Most migrant caregivers are women, many of whom have young children. If migrant workers are not able to bring their partners and, in particular, their children to New Zealand to live and work under the same visa that they themselves are on, they will be reluctant to come – they will not want to leave children behind in their home country. Therefore, this will reduce the pool of available workers into the ARC sector as potential migrants will not consider working in New Zealand. (Many other sectors employ younger migrants who have yet to start a family and therefore this proposal is less likely to affect those sectors.)
46. Many migrant caregivers are eligible to work in New Zealand through “Partner of a New Zealand Work Visa” pathway. If this proposal is implemented the pool will be further reduced as it will cut out these migrant caregivers who will no longer be eligible to work here.
47. NZACA member feedback indicates that currently, partners and children of migrant caregivers frequently become volunteers at the members’ facilities. Partners and children of migrants make a positive contribution to New Zealand and to exclude them would be to New Zealand’s loss.
48. For migrant caregivers working in New Zealand, not being allowed to have their family with them will cause them great stress and potential distraction, therefore compromising their ability to provide quality care to residents of ARC facilities.
49. Under this proposal, it is unclear what the status of a child born in New Zealand to a migrant caregiver would be.

**Recommendations**

50. NZACA’s preferred position is that no changes should be made to the Essential Skills visa. Notwithstanding if any changes are made to the Essential Skills visa, a recognised pathway should be developed for the aged care sector to enable aged care operators to maintain quality care for older people by recruiting, training and retaining the best possible caregivers and allowing them to transition to permanent residency.
51. This pathway could take the form of an approved and accredited employer programme. This could guarantee that all those who are approved and accredited provide adequate training to their employees, that they comply with all legal obligations and regulations and that they commit to ensuring continuous improvement in health, safety and employment standards.
52. A further suggestion is that in areas of greatest need for migrant caregivers, in particular Auckland, a “labour market check” dispensation is applied<sup>15</sup>.

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<sup>15</sup> This has been applied for the tourism sector in Queenstown. See [www.immigration.govt.nz/documents/employer-resources/queenstown-employer-guide.pdf](http://www.immigration.govt.nz/documents/employer-resources/queenstown-employer-guide.pdf)



53. NZACA recommends that the term “low-skilled” be replaced by the term “essential work” in all New Zealand Government publications as there often confusion between whether the definition of low skilled is based on the skills required for the job or based on the formal education levels of those generally working in the area.
54. NZACA believes that the maximum duration of three years is too short for aged residential caregivers on a lower-skilled Essential Skills visa and recommends that they must be given a maximum duration of at least six years in order for the sector to ensure it has enough qualified caregivers to provide quality care to all residents.
55. Should a stand down period be introduced, NZACA recommends that this period be for no more than three months. This will ensure that the much-needed migrant caregiver who has been working in the sector for at least three years and has become as well-qualified as possible as a caregiver will be able to return to the role without having lost the skills they acquired.

### Conclusion

56. Whilst NZACA understands and supports the Government’s strategy to get more New Zealanders into work, the aged residential care sector is feeling the brunt of a ‘one-size-fits-all’ approach that does not reflect the employment needs of New Zealand’s aged residential care sector. The NZACA looks forward to contributing to the ‘aged-care sector’s voice’ to work through an approach that will address skills and labour shortages for our vulnerable older people. With New Zealand’s population rapidly ageing, the challenges will only intensify if appropriate strategies are not put in place to service the sectors’ needs.

57. Any enquiries relating to this paper should in the first instance be referred to [REDACTED] s 9(2)(g)  
[REDACTED] (i), s 9(2)  
[REDACTED] (a)

s 9(2)(g)(i), s 9(2)(a)



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