

Equitable Access to Aged Care Under Threat

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Demand for aged residential care is forecast to increase by an estimated 15,000 beds by 2030, but an unsustainable funding model is threatening equitable access to care for older New Zealanders, according to new research by the NZ Aged Care Association (NZACA).

The biennial Aged Residential Care (ARC) Industry Profile 2021-2022* is the most comprehensive report on the state of the industry, a source of credible data and insight used to inform the Association's policy and advocacy work.

NZACA Chief Executive Simon Wallace says the report shows trends underpinning the impact of chronic underfunding with an increasing number of providers charging accommodation supplements for additional revenue or by the sale of Occupational Rights Agreements, a license to occupy common in the Retirement Village sector and growing in popularity in ARC.



“As a direct result of chronic government underfunding providers are being forced to find additional income streams offering people premium room services, over and above standard rooms.

“At the same time, standard subsidy-only rooms are rapidly disappearing as they are unviable for owners trying to operate on needle thin budgets, providing care for an increasingly high needs population of older New Zealanders.

“The net effect of this is increasingly inequitable access to care for older New Zealanders.”

As of 30 September 2021, NZACA member care facilities provided 93 per cent of the total 40,941 beds. As a whole, the sector cares for over 35,000 residents – nearly two thirds of whom (57%) are at one of the higher care levels (hospital, dementia, or psychogeriatric) and require highly specialised care by registered nurses (RN's and caregivers. Health care assistants (ARCC)

Mr Wallace says underfunding has also driven a high turnover of RNs over the year at 48 per cent compared to 33 per cent in December 2019, with nurses being actively recruited by District Health Boards offering remuneration that providers are not funded to match.

“The effects of the pay disparity between DHB and aged care nurses are clear in this report. Never before have we seen nurse departures of this scale and with a critically limited pool to recruit from, the sector really is at crisis point.”



The sector's high reliance on a migrant workforce remains high with 43 per cent of nurses on visas, while around one-third of the caregiver workforce is on a visa. Once again, the main countries of origin for the workforce on visas are the Philippines (39 per cent of RNs, 35 per cent of caregivers) and India (37 per cent of RNs and 40 per cent of caregivers).

“COVID-19 border exceptions and visa extensions, including the 2021 Resident Visa, have allowed ARC to maintain access, albeit reduced, to the migrant workforce it relies heavily on. While we welcome initiatives to recruit New Zealanders, it is apparent that there is a limited number of Kiwis willing to take these jobs. Working with Government to ensure clear pathways to a career in ARC for both Kiwi and migrant workers is a priority.”

The make-up of the sector has remained stable with 49 per cent of all New Zealand ARC facilities operated as part of a major group of care facilities, 50 per cent individual/minor group facilities and 1 per cent owned by DHBs.

The ARC sector is a broad-church, with a wide range of ownership models including religious institutions, charitable trusts, family-owned, not-for-profits, publicly listed, and privately owned facilities and groups of varying sizes. Publicly listed providers operate 34 per cent of the sector's bed supply.

The report also shows that the median number of beds in rest home facilities is continuing to steadily increase and now stands at 60 beds, reflective of the fact that almost all new care homes are being built as part of large-scale retirement village operations.



*The Industry Profile 2021-22 for the aged residential care (ARC) sector is provided by NZACA and BERL. It includes information from the detailed NZACA Member Profiling Survey, the TAS Quarterly Bed Surveys as well as publicly available data from the Ministry of Health and the NZ Companies and Charities Registers. Responses to the NZACA Member Profiling Survey covered 77 per cent of the NZACA membership bed supply and 71 per cent of the total ARC bed supply. nzca.org.nz/advocacy-and-policy/are-industry-profile-2021-22

The New Zealand Aged Care Association (NZACA) is a not-for-profit, national membership organisation representing approximately 93 per cent, or more than 37,000 beds, from New Zealand's aged residential care sector. The services our members provide include rest home, hospital, dementia, and psychogeriatric care, as well as short-term care.

Reference; Aged Care New Zealand Issue 02 2022