

Health Policy: Voluntary Bonding Scheme

Incentives to keep doctors, nurses, and midwives here.

New Zealand is desperately short of doctors, nurses, and midwives. The health system is in crisis, with workforce shortages in many professional fields.

National has fresh ideas to address the health workforce crisis, and the following is part of that plan. Further announcements will follow.

National will introduce a “voluntary bonding” scheme offering student loan debt write-off to graduate doctors, nurses, and midwives agreeing to work in hard-to-staff communities or specialties.

In return for working in these areas for three to five years after graduation, National will provide New Zealand graduates with student-loan write-offs.

We will consult organisations such as professional colleges and universities, and the Ministry of Health, to ensure graduates in the scheme are placed where shortages are critical. We envisage:

- A maximum annual write-off of around \$10,000. The amount will be set for each occupation based on the average student loan debt levels at graduation.
- The first three years of annual write-offs will be made when the professional has been in place for three full years. The remaining write-offs will be made annually.
- There will be flexibility in the scheme to allow for ongoing training and maternity leave.
- Professionals who have graduated since 2005 will be eligible for the scheme.
- The scheme will be extended to other health professional groups over time.
- The scheme will operate alongside graduates’ compulsory minimum student loan repayments.

We estimate the cost of the scheme will be around \$3 million in the first year of the scheme, \$6 million in the second, and \$9 million in the third, assuming a notional occupational mix of around 100 doctors bonded at an annual write-off of \$10,000 a year, and 250 nurses and midwives at an average annual write-off of \$3,500 a year.

There are three main objectives of our scheme:

1. We want more of our doctors, nurses, and midwives to stay in New Zealand for longer after graduation. Research indicates that the longer that new graduates stay and work in a community, the more likely they are to continue working in that community or return there after working elsewhere.¹
2. We want more of our doctors, nurses, and midwives working in areas that are hard-to-staff (both speciality and locality).
3. We want more New Zealanders choosing to become health professionals. The scheme will help indicate that the health service is a worthwhile and valued career option.

National’s voluntary bonding scheme will incentivise career choice and encourage qualifying health professionals to establish their future careers in New Zealand. It will also help encourage school leavers to consider health careers.

Voluntary bonding will be part of a toolkit to improve graduate retention. This is the first part of our comprehensive health workforce plan.

¹ Jackie Lea and Mary Cruickshank, “Factors that influence the recruitment and retention of graduate nurses in rural health care facilities”, *Collegian: Journal of the Royal College of Nursing Australia* (Volume 12, Issue 2, 2005), pages 22-27.

Health Policy: Voluntary Bonding Scheme Backgrounder

New Zealand is desperately short of doctors, nurses, and midwives. The health system is in crisis, with workforce shortages in many professional fields.

Critical shortages affect patients throughout the system² through longer waiting times, cancelled surgery, and difficulty in registering with a GP.

Pregnant women in many parts of New Zealand struggle to find a midwife³.

The shortages are growing, driven by an ageing population, more chronic disease, and patients rightfully wanting the best treatment available.

Despite the warning of health sector organisations, Labour has failed to act decisively. Instead, it has relied on a surplus of committees, taskforces, and reports to achieve little. Since 1999, the Government has issued more than 55 official reports on health workforce shortages.

Recently, the OECD lambasted New Zealand's health workforce planning⁴, especially the over-reliance on imported health professionals.

New Zealand has the highest percentage of foreign-born and foreign-trained doctors of any OECD country (52% and 36% respectively in 2005-6), and is among the highest importers of foreign-born and foreign-trained nurses (29% and 24% respectively). At the same time, New Zealand is the third-highest exporter of doctors, and the second-highest exporter of nurses (29% and 23% respectively)⁵.

National acknowledges the significant skills and contribution that foreign-born and foreign-trained health professionals make to the New Zealand

health system. But the OECD warns against an over-reliance on foreign professionals, not because of quality, but because they question its sustainability in the face of international competition.

The retention of junior doctors is a serious concern for New Zealand⁶. According to the Medical Council, almost 20% of junior doctors leave New Zealand by the end of their second year after graduation. This figure grows to almost 30% after three years⁷. International medical graduates are even less likely to stay in New Zealand.

Other surveys indicate that the flight of junior doctors from New Zealand is even more significant⁸. As well as those emigrating, too many junior doctors are choosing to leave permanent DHB employment and become locums.

New Zealand is losing a lot of nurses overseas, and this outflow is temporarily being matched with an inflow of immigrant nurses.⁹ However, this is a far from ideal situation.

Some places and some specialties are particularly short. For example, midwives are scarce in Counties-Manukau, and not enough doctors can be found for rural general practice, pathology, and mental health¹⁰. There are noticeable shortages among medical physicians working in hospitals in sub-specialties such as respiratory and emergency departments.

² Medical Reference Group, *Fit for Purpose and for Practice: Advice to the Minister of Health on the issues concerning the medical workforce in New Zealand* (Health Workforce Advisory Committee, 2006).

³ Midwife shortages are particularly prevalent in Counties-Manukau, Wellington, Southland, and most rural areas. 15 of 21 DHBs have reported midwifery shortages.

⁴ Pascal Zurn and Jean-Christophe Dumont, *Health Workforce and International Migration: Can NZ compete?* (OECD, 2008).

⁵ Ibid

⁶ Ibid

⁷ Medical Council of New Zealand, *Medical Council of New Zealand Annual Report 2007* (Medical Council, 2008).

⁸ RDA, TVNZ

⁹ Fiona Cassie, "Experienced nurses - our loss, Australia's gain", *Nursing Review*, September 2008.

¹⁰ Health Workforce Advisory Committee 2006