

Aide-Mémoire

Health New Zealand
Te Whatu Ora

Update on graduate nurse employment prospects for 2025/26

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To:	Hon Simeon Brown, Minister of Health		
From:	Fiona McCarthy, Interim Chief Human Resources Office		
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Purpose

1. This aide-mémoire provides you with an update on early 2025 graduate nurse employment, and advice on employment prospects for registered nurses (RNs) graduating between June 2025 and February 2026, and options to increase that capacity short- and medium-term.

Summary

2. Health NZ is committed to supporting graduate RNs into employment in New Zealand. However, the historic approach of placing most graduate RNs in Health NZ services is made challenging by present fiscal pressures. Following 2024 graduate RN cohorts, we understand that only around 200 nurses have re-applied to the Advanced Choice of Employment (ACE) process in 2025 – a good proxy for those still seeking jobs in New Zealand. We expect approximately 2,100 nurses to graduate in 2025/26, of which we expect around 1,900 to apply for roles through the ACE process.
3. RNs usually graduate in two major cohorts in the middle and at the end of the calendar year. Health NZ facilitates the matching of most graduate RNs into its services or into community services, predominantly through the ACE process.
4. The Government has funded Health NZ to support up to 400 graduate RNs into employment in primary and community settings through the Primary Care Tactical Action Plan (PCTAP), which will add to Health NZ's baseline capacity to employ graduate RNs. We are not yet able to confirm the final number of graduate RNs we can employ in 2025 S9(2)(g)(i), as available FTE and vacancies will be the driver of our capacity.
5. S9(2)(g)(i)
6. S9(2)(g)(i)

We will also work with the primary and community sector on how we could better stagger cohorts in future years, which will make it easier to employ more nurses across the system.

7. s 9(2)(g)(i)
· s 9(2)(f)(iv)

. If we proceed with this option, we would request districts take up this option as appropriate for their local demands for the mid-year intake, and that we monitor budgets and capacity in the latter half of 2025 before adopting any such approach nationally.

8. We will report back to you once FY2025/26 budgets are confirmed with anticipated final numbers of graduate RN roles for mid-2025 registered nursing cohorts.

Context

9. We have had a steady increase in the number of RNs graduating each year for the period between 2018 and 2023. In 2023, 2,253 RNs graduated. Out of the total number who graduated, 1,686 RNs were employed at Health NZ and another 211 graduate RNs were hired elsewhere.
10. Most third-year student nurses complete state finals in November (approximately 70%) and a smaller number do so in July (approximately 25%). A smaller cohort sit finals in March (around 5%). After passing state finals, most apply for registration and seek employment within one to two months.
11. While RNs are free to seek employment how they wish, most graduate RNs seek employment through the Health NZ-facilitated Advanced Choice of Employment (ACE) process, which matches graduates with employers based on the preferences of both parties. Historically, most places offered through ACE have been in Health NZ services, with some participation from primary and community employers (e.g. general practice, aged residential care).
12. In 2024, Health NZ was unable to offer employment to as many graduate RNs as it has previously, with only 1328 RNs or 82.2% hired at first instance through ACE in 2024 (as of September 2024).
13. To support employment of graduate RNs in New Zealand, Health NZ provided funding to the primary and community sector in November 2024 to employ up to 200 graduate RNs in those settings. This was followed by the Primary Care Tactical Action Plan (PCTAP), which included Government funding of another 400 places for graduate RNs in the primary and community sector, across the course of 2025. A summary of this picture is below:

Year	2020	2021	2022	2023	2024
Number of graduate nurses in completion year	1,853	1,926	2,072	2,253	2,085
Completed ACE applications ¹	1,727	1,689	1,656	1,976	1,987
Total hired	1,563	1,610	1,622	1,897	1,616
Health NZ (hospital and specialist) hired – number	1,365	1,441	1,427	1,686	1,328
Health NZ (hospital and specialist) hired – % total hired	87.3%	89.5%	88%	88.9%	82.2%

Estimated capacity to take new graduate RNs in 2025

14. Of the total ACE applicants from 2024, approximately 200 have re-applied through the

¹ Completed ACE application numbers do not include those who declined a matched offer. Graduate RNs can apply to ACE up to four times in their first two years, so the years ACE applications were completed and the year RNs were hired are not necessarily the same as the year the RN graduated. These figures do not include nurses who gained employment outside the ACE process.

mid-year ACE process for 2025.

15. We estimate that in 2025, approximately a further 2,155 RNs will graduate. Based on historical trends, we expect approximately 89% of graduate RNs to seek roles through ACE: approximately 1,917 graduate RNs.
16. Health NZ's employment of graduate nurses will need to be subject to a principles-based approach, including:
 - a) The balance of senior, experienced and graduate nurses a ward or service can roster;
 - b) Whether a vacancy can be used to employ a graduate;
 - c) Availability of supervision.;
 - d) Staff safety and clinical need.
17. Through PCTAP funding, we expect to place up to 400 graduate RNs in primary and community roles. This will add to Health NZ's usual, internal capacity (which includes some placements into primary and community roles), funded out of baselines.
18. S9(2)(g)(i)
19. There are also differences in how we account for Health NZ versus primary, community and private capacity that we need to consider:
 - a) s 9(2)(g)(i)
Health NZ services typically employ nurses at 0.8 FTE.
 - b) Primary, community and private capacity is mainly constrained by willingness and capacity for training. Because of this, capacity to take nurses is largely measured in headcount (regardless of whether a nurse works 0.8 FTE or 1.0 FTE), and capacity does not increase if employing only for a half-year rather than a full year.

Options to employ more graduate RNs

20. Health NZ has explored several options to unlock more capacity to employ graduate RNs. We think two have merit – one with medium-term impact, and the other having opportunities for FY2025/26:
 - a) Medium-term: reducing the level of support funded for graduate RNs;
 - b) Short-term: Offering part-time work to graduate RNs instead of full-time.
21. Both options would involve changes to the specifications for the New Entry to Practice (NETP) programme that graduate RNs go through at Health NZ. We intend to explore both options.

Reducing support funded for graduate RNs

22. Health NZ offers a range of supports to graduate RNs on NETP programmes, including release time (for orientation and study), and a period where they are supernumerary – i.e. they are employed in addition to other, fully qualified RNs. These supports enable graduate RNs to safely transition to practice.
23. However, we offer more release time and a longer period of supernumerary cover, than all comparable Australian states. We think it is likely this support could be safely reduced, enabling us to employ more graduates RNs.
24. S9(2)(g)(i)
25. s 9(2)(f)(iv), s 9(2)(g)(i)

Shifting to offer part-time work

26. At present, NETP programmes require that graduate RNs work at least 0.8 FTE. We could change this requirement to allow graduate RNs to work as little as 0.6 FTE as they commence practice. We anticipate that some graduate RNs would opt for this lower level of base work, with some supplementing it with additional shifts that may become available. This aligns to current general nursing practice in some districts (e.g. Lakes).
27. If we could lower the average FTE of graduate RNs employed by Health NZ from 0.8FTE to 0.7 FTE or lower, we would unlock additional capacity to employ graduate RNs (once we account for static costs of NETP associated with each graduate RN). This would be subject to ensuring that nurses continue to get the exposure and experience needed to progress in their training.
28. Below we outline the additional full-year FTE we could unlock – assuming an illustrative example for 500 nurses – through different FTE configurations.

FTE	1.0	0.8	0.7	0.6
Number of graduates able to be employed (full year)	500	625	714	833

29. Based on the analysis above, if we proceed with this option, we would encourage districts to consider making graduate RN roles available for the mid-year cohort at 0.6 FTE where this works locally – but not to adopt a lower FTE requirement as a standard. This will allow us time to monitor the effectiveness of this approach in the second half of 2025, before adopting a national standard (if required).

30. s 9(2)(f)(iv)

Communications

31. We want to communicate early, proactively and clearly to graduate RNs about their employment prospects, and to employers about the need to expand primary, community and private capacity.
32. We are already working with primary and community providers as part of our PCTAP activities and will emphasise both mid-year and end-of-year employment opportunities and share early numbers with employers to drive interest.
33. Once Health NZ budgets and capacity are clear for each cohort, we will provide messaging through the ACE process to graduates so that they understand:
 - a) The capacity available to offer employment – including any mismatches between applications and capacity; and
 - b) What happens if they are unable to secure work immediately, including options for short-term employment and likely prospects for employment later in 2025.

Systemic challenges in employing new graduate RNs

34. Our health system has always accommodated the large cohorts of graduate RNs who tend to join our workforce following examinations. This has advantages: it builds a rhythm for orientation and supervision and allows for predictable volumes. When the health system experienced endemic nursing shortages, employing these RNs was mainly constrained by supervisory capacity rather than available funding.
35. In the current fiscal environment – and as RN graduate cohorts grow– these large cohorts have made it harder to employ graduate RNs in such large cohorts and only into hospitals. While we are working to get more graduate RNs employed in primary and community settings, these settings (mainly primary care and aged residential care) do not have the same capacity as hospital and specialist settings to take on large numbers of RNs at once. The ACE process is designed to employ graduate RNs immediately after graduating in large ‘rounds’ and is poorly suited to a market of high graduate numbers and low employment opportunities, reducing the likelihood of successfully employing the majority of our graduate nurses.
36. s 9(2)(f)(iv)

37. s 9(2)(f)(iv)

Next steps

38. Health NZ will continue focusing on encouraging primary and community care employers to offer employment to graduate RNs as part of the Primary Care Tactical Action Plan. We will continue to provide you with updates on PCTAP and ACE recruitment process in the Weekly Report.
39. We will work on testing and designing options as outlined in this paper.