



# **New Zealand Nurses Organisation**

## **Submission to the Department of Labour**

**On the**

## **Annual Minimum Wage Review**

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The New Zealand Nurses Organisation (NZNO) welcomes the opportunity to comment on the 2009 Minimum Wage Review.

NZNO is the leading professional body of nurses and nursing union in Aotearoa New Zealand, representing over 43 000 nurses, midwives, students, kaimahi hauora and health workers on a range of employment-related and professional issues. Te Runanga o Aotearoa comprises our Māori membership and is the arm through which our Te Tiriti o Waitangi partnership is articulated.

The NZNO vision is “Freed to care, Proud to nurse”. Our members enhance the health and wellbeing of all people of Aotearoa New Zealand and are united in their professional and industrial aspirations to achieve a safe, sustainable and accessible system of public and primary health care for all New Zealanders.

NZNO has consulted its staff and members in the preparation of this submission, in particular our Professional Nursing, Industrial, Policy and Research Advisers and Te Runanga o Aotearoa.

## **EXECUTIVE SUMMARY**

1. NZNO fully supports the submission of the New Zealand Council of Trade Unions and joins with them in:
  - acknowledging the steady progress that has been made this century in raising the minimum wage to \$12.50 per hour;
  - advocating the adoption of the International Labour Organisation’s recommendation that the minimum wage should be two-thirds of the average wage, that is \$16.87; and
  - urging that the Employment Relations Act be amended to genuinely promote industry and multi-employer collective bargaining.
2. The rationale and supporting evidence for the above has been cogently presented by the NZCTU; accordingly, this submission is confined to

presenting a case specific to the health sector, where we are aware of the inadequacy of the current minimum wage because it is:

- affecting the safety and quality of care in aged and residential care, where the minimum wage is standard for most health care assistants (HCAs);
  - entrenching current disparities in health, as a disproportionate number of Māori, Pacific and migrant workers earn the minimum wage;
  - exacerbating the outward flow of New Zealand trained health professionals, and the inward flow of (transitory) overseas trained health professionals;
  - increasing our dangerously high dependency on migrant health workers; and
  - undermining the robust industrial and employment environment established in New Zealand over 150 years which is intrinsic to our culture of fairness and equal opportunity.
3. The evidence in the health sector is unequivocal that the minimum wage is the only factor protecting workers from gross underpayment, and protecting New Zealand's labour market from further disparity with comparable OECD countries, particularly Australia.
  4. Similarly, there is strong evidence that without negotiated collective agreements, the minimum wage is all that is paid, perpetuating a low-paid economy. Collective agreements, especially those that embody industrial relations practices, including productivity enhancement, are an efficient and *proven* means of securing fair pay, safe workplaces, and a stable and productive workforce.
  5. It is self evident, and supported by research across the board, that good health, which determines the quality and length of life, is the single most important factor affecting productivity. Healthy people work; sick people need supporting. It follows that addressing the systemic factors implicated in poor

health, such as low income, is the most effective route to economic advancement. Raising the minimum wage is one of the few tools the government has at its disposal to do that.

6. NZNO **recommends** that you:

- **Note** our support for the NZCTU's submission on the Minimum Wage Review;
- **Agree** that a minimum wage is essential;
- **Agree** that the minimum wage should be two thirds of the average wage;
- **Agree** to raise the minimum wage to \$16.87;
- **Agree** to amend the ERA to promote industry and multi-employer collective bargaining; and
- **Agree** that there is an urgent need to improve the collection of accurate workforce data, increase monitoring of workplaces and to enforce employment law.

7. We look forward to discussing our submission with you as indicated.

## **DISCUSSION**

8. Four factors have had a significant impact on the health sector in the last two decades:

- the privatization of aged care;
- the increasing employment of unregulated HCAs;
- an increasing reliance on overseas trained health practitioners: the majority of specialists, half the doctors and one third of nurses are overseas trained (Dumonte & Zurn, 2007); and
- the Health Practitioners Competence Assurance Act (2003) denoting an increased focus on public safety and health practitioner accountability.

9. The minimum wage is a thread running through these factors, and has a significant impact on the health workforce. A low minimum wage erodes the ability of New Zealand to maintain a skilled, high waged economy and quality health system which is commensurate with other developed countries.
10. Privatising aged care has led to wage disparities with poorer wages for regulated and unregulated workers in comparison with other areas of the health sector (including private hospitals), with the shocking exception of Māori and iwi workers who earn between 15 and 25 percent less than their District Health Boards (DHB) counterparts. (We note the government's recent decision to veto the unanimous finding of the Health Select Committee in response to *Te Rau Kokiri* the collective submission of the Māori health sector, including employers and employees.<sup>1</sup> )
11. Poor wages, and no provision for safe staffing<sup>2</sup>, make it difficult for aged care providers to recruit New Zealand staff, who under the HPCAA, are legally responsible for care, though it is not mandatory for employers to provide the staff to enable it. Many New Zealand nurses choose not to put their professional lives at risk. Thus a considerable amount of money is spent on overseas recruitment of registered nurses (RNs). Many of these come from developing countries such as the Philippines, Sri Lanka and the Pacific. However, New Zealand registration is not assured.
12. The Responsible Authority (RA) for nursing, the Nursing Council of New Zealand (NCNZ) has not defined a provisional nursing scope of practice for overseas trained nurses (OTNs), so even if OTNs are recruited by Accredited Employers under the long-term skilled worker shortage category, they cannot work as Registered Nurses (RNs). All OTNs have to sit the International English Language Test and undergo a 4-8 week competency assessment

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<sup>1</sup> It found that there was a substantial equity issue regarding pay rates for Māori and Iwi health service workers to answer for, and recommended that that provision should be made for the parties involved to come together to work out a solution. The government declined to follow the recommendation.

<sup>2</sup> The sector determined "Minimum Standard for Safe Aged Care and Dementia Care for NZ Consumers", Standards NZ, are consistently ignored with impunity – there are no mandatory safe staffing regulations.

programme, during which they are not paid. For a variety of reasons, many fail and, rather than working as RNs, work as HCAs, on the minimum wage of \$12.50 an hour.

13. If OTNs work for less than New Zealand nurses in nursing positions, and if, instead of untrained HCAs, OTNs can be recruited on the minimum wage, there is no incentive whatever for wages or conditions to be improved to the standard set elsewhere in the New Zealand health sector. Indeed, on several occasions NZNO has had to take legal action on behalf of members from overseas who have been subjected to other forms of exploitation, though, for obvious reasons, many in these circumstances do not have unions to represent or protect them. In this way, the wages and conditions of New Zealand workers are driven downwards, stimulating the emigration of our own nurses and HCAs to other countries.
14. Poor and non-transparent practices around employer accreditation and the absolute lack of accurate, timely and comprehensive workforce and immigration data which can be cross-referenced ensures the continuation of this situation which is of benefit to no-one. In this context NZNO notes the dual importance of having sound employment data, that is knowing how many are employed, in what capacity and at what rates; and enforcement of employment law, including payment of the minimum wage. Currently there is little evidence or assurance of either.
15. Raising the minimum wage would help the recruitment and retention of New Zealand workers in the demanding work in aged care as surely as raising the salaries of nurses to be consistent with those in the DHB sector would stem hundreds and thousands of dollars spent each year on overseas recruitment for health professionals who never work here in that capacity, or move on quickly. (We note that currently New Zealand is registering more OTNs than it is training and of those it trains, a significant number will go straight overseas to work without ever practising here.)

16. NZNO knows that in workplaces where there is no collective bargaining, the majority of workers are paid the minimum wage and the only pay increases they receive are the result of the government increasing the minimum wage. (We note that inflation averaged around 2.5 percent over the past year – there is no cost of living adjustment for those on the minimum wage except through this review.)
17. The vast majority of those employed in aged care and Māori and iwi health care are in this category. Those populations identified as having poorer access to healthcare and poorer outcomes – that is Māori, Pacific and migrant communities, are overly represented. Raising the minimum wage has significant, quantifiable benefits in workers being able to adequately feed and clothe their families, keep them warm and dry and provide for extra-curricular sport and cultural activities which are currently beyond their means – not to mention having to work extremely long hours and night shifts simply to make ends meet.
18. Far from a minimum wage artificially fixing low wages as has been suggested (an argument so seriously flawed it does not warrant further consideration here, although we would be happy to enumerate its failings when we meet) it is a benchmark which ensures our economic and ethical credibility. The reality is that removing the minimum wage would remove the safety net which aligns us with other socially responsible nations and tip the balance of migration leading to a lower waged economy.
19. Conversely, raising the minimum wage would have a ‘trampoline’ effect. By addressing poverty, the root cause of ill health, we would reduce demands on health services, reduce high staff turnover and increase the sustainability of our workforce.

## **CONCLUSION**

20. NZNO advocates *raising* the minimum wage as the single most effective way in which the government could alleviate poverty and boost productivity;

mitigate the risks of dependency on transitory migrant labour in the health sector; and ensure the skilled workforce necessary to sustain a modern developed economy.

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## **REFERENCES**

Dumonte, Jean-Christophe, Zurn, Pascal 2007 *Health Workforce And International Migration: Can New Zealand Compete?* OECD, DELSA/ELSA/WP2/HEA(2007)3