



New Zealand Nurses Organisation

Submission to the Department of Labour

On the

Annual Minimum Wage Review

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ABOUT NZNO

The New Zealand Nurses Organisation (NZNO) is the leading professional body of nurses and nursing union in Aotearoa New Zealand, representing over **46 000** 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 is the arm through which our Te Tiriti o Waitangi partnership is articulated.

NZNO provides leadership, research and support for professional excellence in nursing, negotiates collective employment agreements on behalf of its members and collaborates with government and other agencies throughout the health sector. Nurses are the largest group of health professionals comprising half the health workforce.

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 health care for all New Zealanders.

EXECUTIVE SUMMARY

1. The New Zealand Nurses Organisation (NZNO) welcomes the opportunity to comment on the 2010 Minimum Wage Review.
2. 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.
3. NZNO fully supports the submission of the New Zealand Council of Trade Unions and particularly joins with them in noting that:
 - low wages in Aotearoa New Zealand are established and are a barrier to economic development; and

- the rise in non-standard working and contracting arrangements, which are increasingly casual and low paid, is excluding an unacceptable number of workers from minimum wage protection under the Act;

4. We support their advocacy for:

- the adoption of the International Labour Organisation's recommendation that the minimum wage should be two-thirds of the average wage, that is \$17.22;
- more research and data collection about issues effecting and arising from low pay in New Zealand; and
- better enforcement and stronger penalties to ensure comprehensive adherence to not less than the minimum wage.

5. 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 that the current minimum wage is inadequate because it is:

- entrenching current health and socio-economic disparities, as a disproportionate number of Māori, Pacific and migrant workers earn the minimum wage;
- affecting the safety and quality of care in aged and residential care, where the minimum wage is standard for most health care assistants (HCAs);
- 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.
6. Good health, which determines the quality, productivity and length of life, is fundamental to economic development. Addressing the systemic factors implicated in poor health, such as low income, is therefore most effective route to economic advancement. Raising the minimum wage is one of the most important tools the government has at its disposal to do that.
7. 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 \$17.22; 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.

DISCUSSION

8. Four factors have had a significant impact on the health workforce in the last two decades:
- the privatization of aged care;
 - the increasing employment of unregulated Health Care Assistants (HCAs);

- an increasing reliance on overseas trained health practitioners: the majority of specialists, half the doctors and one third of nurses are overseas trained¹; and
 - increasing disparities in access to primary care, particularly in rural and disadvantaged communities.
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 commensurate with those of 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 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 has not acted on the unanimous finding of the Health Select Committee in response to *Te Rau Kokiri* the collective submission of the Māori health sector that there is a substantial equity issue regarding pay rates for Māori and Iwi health service workers and that provision should be made for the parties involved to come together to work out a solution.)
11. Poor wages, heavy workloads and no mandatory levels of staffing², make it difficult for aged care providers to recruit New Zealand staff, who under the Health Practitioners Competence Assurance Act (2003), are legally responsible for care. Many nurses choose not to put their professional careers at risk in aged care facilities which lack even the minimum, let alone optimum number and mix of staff. Consequently overseas trained nurses (OTNs), often from developing countries, are recruited, but many end up

¹ Dumonte, Jean-Christophe, Zurn, Pascal 2007 *Health Workforce And International Migration: Can New Zealand Compete?* OECD, DELSA/ELSA/WP2/HEA(2007)3

² The sector determined, voluntary “Minimum Standard for Safe Aged Care and Dementia Care for NZ Consumers”, Standards NZ, are consistently ignored with impunity.

working as minimally paid HCAs, with no security of employment or residence though they may have entered the country on skilled migrant visas.

12. There is no incentive whatever for wages or conditions in the aged care sector to be improved to the standard set elsewhere, if OTNs working for less can be recruited for nursing positions, or as HCAs on the minimum wage. In this way, the wages and conditions of New Zealand workers are driven downwards, stimulating the emigration of our own health practitioners HCAs to other countries.
13. Lack of accurate, timely and comprehensive workforce and immigration information 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.
14. 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. 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.
15. Elsewhere, particularly in rural and socio-economically disadvantaged communities, lack of access to primary health care is a major driver of health disparities which, in turn, drive up the costs of care with increased medications, hospitalisations, emergency treatments etc. Raising the minimum wage would give people the means to see a doctor when the cost of intervention is least, though we also suggest that access to would be hugely improved if there were alternative pathways to primary care, other than

private GP practice - the potential of primary health care nursing in Aotearoa New Zealand this regard has long been established, if not acted upon³.

16. Far from a minimum wage artificially fixing low wages as has been suggested, 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.
17. 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.
18. 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. The economic benefits are self evident and sustained - a healthier more productive workforce and reduced future demands on health, housing and other social support services.
19. NZNO recommends to your attention to the Report of the World Health Organisation Commission on Social Determinants of Health *Closing the Gap in a generation: health equity through action on the social determinants of health* (2008) which explains the pivotal role of health equity in sustaining economic development and social cohesion. Raising the minimum wage addresses all three of the Commission's overarching recommendations:

- Improve Daily Living Conditions;

³ 1998. *Report of the Ministerial Taskforce on Nursing: releasing the potential of nursing*. Wellington: Ministry of Health

Expert Advisory Group on Primary Health Care Nursing. 2003. *Investing in Health: a framework for activating primary health* Ministerial Taskforce on Nursing. Wellington: Ministry of health

³ Ministerial Nurse Practitioner Employment and Development Working Party. 2006. *Flexible Funding Options for Nurse Practitioner Employment*. Wellington: Ministry of Health

- Tackle the Unequal Distribution of Power, Money and Resources;
and
- Measure and understand the Problem and Assess the impact of
Action

20.NZNO urges you to act now to avoid escalation of the outflow of Aotearoa New Zealand's health professionals to the better wages and conditions other countries are providing.

CONCLUSION

21.NZNO advocates **raising the minimum wage** to \$17.22 per hour as the single most effective way in which the government could:

- alleviate poverty;
- boost productivity;
- mitigate the risks of dependency on transitory migrant labour in the health sector;
- reduce future demands on health and social services and
- ensure the skilled workforce necessary to sustain a modern developed economy.

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REFERENCES