



October 10, 2007

New Zealand Council of Trade Unions
PO Box 6645
Wellington

Attention: Peter Conway

Kia ora,

Annual Minimum Wage Review: NZCTU Submission

The New Zealand Nurses Organisation (NZNO) congratulates the NZCTU on its thorough and well referenced draft submission on the annual Minimum Wage Review and thanks you for the opportunity to comment.

The NZNO supports the NZCTU's position on the key issues raised, particularly:

- raising the minimum wage to \$15.00 per hour, in line with the International Labour Organisation's (ILO) suggested standard minimum of two thirds of the average median wage and indexing it to that in future;
- removing the lower minimum wage which discriminates against 16 and 17 year olds;
- reviewing the employment of children and supporting the ratification of ILO Convention 138;
- including the objective *Reducing the Gender Pay Gap* to decrease the wage gap between men and women in the New Zealand workforce – an issue of considerable importance to the NZNO as the vast majority of our members are women;
- recognising that responsible contractor policies represent an important tool in addressing low wages; and
- recommending more thorough enforcement and stronger penalties be used to ensure comprehensive adherence to the minimum wage.

On the issue of trainees, NZNO questions whether it is necessary to have this category at all since trainee status for a term of 12 months at 90 percent minimum wage is another form of a lower minimum wage.

While we acknowledge that there is a need for a government agency being charged with gathering more information about low pay in New Zealand, we would like to see that extended beyond mere data collection to encompass:

- research and evaluation of employer and employees attitudes to low pay rates; and
- the effect of the minimum wage rate being raised with respect to any changes in hours of work or other conditions of employment.

We would also like to call for more active monitoring and investigation of low paid workers to ensure that the minimum wage rate is being enforced.

The NZNO supports the CTU's contention that low wages are a barrier to economic transformation and that the original objective of \$12.00 per hour by the end of 2008 is, in today's global economy, unrealistic. A minimum wage which is only 70 percent of the Australian federal minimum wage and 49 percent of the average wage presents a double risk to New Zealand's economic stability, firstly through the loss of skilled workers to more lucrative positions overseas and secondly because it cements the disparity in working conditions between New Zealand and comparable OECD countries.

Difficulties in recruiting and retaining staff are exacerbated by a low minimum wage, and NZNO members, particularly those working in the aged care sector, have direct experience of how that impacts on the workload and stress of healthcare workers and professional nurses.

The NZNO also recognises that the minimum wage affects a broad range of immigration-related issues. We are aware of migrant RNs who work below their level of skill, and for lower rates of pay, because, although recruited as skilled workers under the Occupational Shortage List or Employer Accreditation policies, they have not met registration requirements, usually English-language competency and cannot practise as registered nurses. NZNO also believes that there are a number of health recruitment agencies charging exorbitant fees at both ends of the recruitment process, as well as private providers who bond recruited nurses for thousands of dollars. New Zealand's needs should not be met at the expense of individual migrants. Similarly, as a country which upholds the human rights, consideration should be given to the effect of the outward migration of skilled workers on developing countries. The World Health Organisation reports that 15 000 nurses leave the Philippines each year, yet 30 000 nursing vacancies there remain unfilled.

The NZNO agrees that the minimum wage acts as a safety net for those workers who, as a legacy of the Employment Contracts Act, are not covered by collective bargaining and are thus reliant on this sole protection for fair remuneration. Our observation is that those health care workers whose employers are outside the Multi Employer Contract Agreements successfully negotiated by the NZNO, have

poorer wages and conditions. This is particularly evident in private residential care for the aged, yet it is precisely in this area where corporate profit and shareholder returns have risen sharply. The minimum wage is one policy mechanism for ensuring that workers as well as employers benefit from increased productivity and to limit the widening gap between rich and poor in this country. It is also the standard benchmark for unqualified work, from which rates for work requiring training and expertise is measured. A low minimum wage gives rise to low wage rates generally.

The acute shortage of health professionals, in part because of better wages offered elsewhere, means that untrained, entirely unregulated 'health care assistants' undertaking lower levels of care are now employed in hospitals and residential care facilities. That has raised serious employment and quality of care issues which a higher minimum wage might help to mitigate. Though there are training courses available, with cheap labour rates and a high turnover of staff there is no incentive for employers to invest in raising the skill level of health care assistants, who cannot afford the fees. An untrained and unregulated workforce in such a critical area impacts on other services, particularly emergency services which are, according to our members, regularly used to treat patients adversely affected by treatment from an unqualified person. The employment of unregulated healthcare assistants to take over a role which was previously an intrinsic part of that of nurses, who now have an additional supervisory role, is also problematic, particularly since under the Health Practitioners Competency Assurance Act, nurses' scopes of practise are meticulously defined whereas healthcare workers have none. We note also that a higher proportion of Maori and Pacific Island people are employed in lower paying positions in the health care sector.

Raising the minimum wage would encourage employers to invest in training and retaining health care assistants; it would increase parity between New Zealand and overseas pay rates which would help stem the outward flow of skilled workers and attract an inward flow. The consequence would be an improvement in the productivity and quality of health care.

Please feel free to incorporate any of our comments into the NZCTU's submission and thank you again for the opportunity to comment.

Yours faithfully,

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Cc New Zealand Council of Trade Unions.