Submission of the

New Zealand Nurses Organisation to the Health Select Committee

Providing Further Information on the

NZNO National Petition to the House of Representatives

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Summary

- NZNO represents nearly 40,000 members, with around 5500 of those members in primary health care.

- On 15 December 2005, a delegation of NZNO members in primary health care presented a petition to parliament, containing over 18,000 signatures, calling for pay parity with the DHB nursing workforce.

- Pay and conditions in primary health have lagged behind DHBs for some time, but the DHB "fair pay" settlement has significantly widened that gap.

- By July 2006, a full time registered nurse working in primary health care will be paid up to $195 less per week than their counterpart in a DHB.

- There is no doubt that the roles of those working in the primary health workforce require at least the same skill, dedication, qualifications and expertise as comparable roles in DHBs.

- The success of government's primary health strategy depends on ensuring that we have that skilled and informed workforce.

- Anecdotal evidence shows growing recruitment and retention problems in primary health. This has been verified by an NZNO primary health member survey and the problem will only increase as the pay gap impacts on the sector.

- This is real concern for communities, the primary health workforce and the implementation of the primary health care strategy and will potentially affect health outcomes adversely.

- The petition calls for parliament to work with NZNO and employers to work together to fix this problem.

- NZNO has commenced negotiations with 650 employers in the sector to achieve parity of pay and conditions through a Primary Health MECA, with pay rates and conditions matching DHBs.

- The funding required to achieve parity of wages only for the 2750 NZNO members covered by the PHC MECA has been estimated at $22.5 million.

- To ensure this does not come from increased fees paid for by the public, the funding must come as additional government funding, targeted to the pay of the primary health workforce.

- Currently there is not a funding mechanism to ensure that additional government funding would be paid to the workforce.

- There are currently precedents for increased government funding (delivered through DHBs and MOH) being targeted to providers on the proviso that the additional money is passed on to workers for both specified pay and conditions.

- A requirement to comply with The Primary Health MECA provides a vehicle to ensure that additional funding.

Introduction

1. The New Zealand Nurses Organisation (NZNO) represents nearly 40,000 nurses, midwives and health care workers.

2. NZNO has around 5,500 members in the Primary Health Sector (PHC), employed in 1250 workplaces. The majority are directly employed by GP-owned practices.

3. A significant number are employed by Maori and Iwi organisations, youth health providers, union health centres, Pacific health centres and accident and medical centres. 88% of NZNO members in primary health are registered nurses. The remaining 12 per cent also play vital roles in primary heath teams and include enrolled nurses, community health workers, allied and administration staff

4. On 15 December 2005, a delegation of NZNO primary health members presented a petition at Parliament, containing over 18,000 signatures, calling for pay parity for the primary health nursing workforce with their counterparts in DHBs.

5. Specifically the petition called on the House of Representatives to work with NZNO and primary health care employers to develop and fund a national Primary Health Care Multi Employer Collective Agreement (PHC MECA) delivering pay parity between primary and secondary health services because:

   - Pay parity is needed to retain and recruit the primary health care nurses essential to implementing the primary health care strategy
   - A MECA will ensure that the new money needed for parity is passed on to the staff it is intended for
   - A MECA will contribute to increasing integration and collaboration in primary health and between primary and secondary services
   - Government funding is needed to prevent the costs of pay parity being passed on to patients

6. The petition was accepted by the Chair of the Health Select Committee, Green MP Sue Kedgley and Deputy Chair, Labour MP Maryan Street. Representatives of National, New Zealand First, the Maori Party and United Future attended the event.

7. The NZNO delegation included NZNO delegates and members from around the country, working in a range of primary health roles and the NZNO president, Chair of NZNO's Te Runanga o Aotearoa and Chair of the College of Practice Nurses NZNO.

8. Signatures for the petition were collected over a short timeframe of a few weeks, by NZNO primary health members. Members report that the petition signatories represent the tip of the iceberg of public support. The timeframe was constrained by the need to present the petition to the House of Representatives before the commencement of PHC MECA negotiations between NZNO and over 600 primary health employers.

9. Public support for the petition reflects the results of numerous public polls, routinely placing nurses at the top of the most respected occupations. The petition also reinforced the results of a UMR poll published in July 2003 which showed the overwhelming majority of New Zealanders believe nurses should be paid at least as

much as teachers, police and junior doctors. None of these polls distinguished nurses employed in primary health from their public hospital counterparts.

10. This submission provides the background and expands on the request to the House of Representatives, that government provides the additional funding required for parity of pay and conditions for the primary health nursing workforce with their DHB counterparts, through targeted funding of employers.

Section 1: The Pay Gap

"I'm looking forward to nurses being able to get on with the job and not having to worry about pay and conditions. Being free of these worries must be good for both nurses and patients."

Hon. Annette King, Minister of Health,
Following the NZNO DHB MECA settlement
March 2005[1]

"It is getting more and more difficult to survive on our current salaries. It is impossible to save for the future and that is scary."

NZNO PHC survey participant,
December 2005

"A fax poll of 91 GPs in New Zealand doctor last June showed GPs overwhelmingly think practice nurses should have pay parity, but only 14.3 per cent said they were in a position to fund it."

New Zealand Doctor, March 2006

11. In December 2004, 20,000 nurses, midwives and health care assistants employed in DHBs won a historic "fair pay" settlement. The case for the "fair pay" settlement was set out in the NZNO Backgrounder, produced in 2003.[2]

12. The settlement closed the pay gap for DHB employed nurses, midwives and health care assistants with comparable professions, and was a response to the "long term undervaluing of nurses" referred to by Prime Minister, Helen Clark at the Council of Trade Unions Conference in October 2003. [3]

13. Nurses and health workers in primary health have yet to receive that "fair pay" settlement. Pay and conditions in non-DHB primary health care have lagged behind DHBs for some time, and this difference will be much greater as the DHB MECA is phased in by July 2006.

14. Around 330 primary health workplaces employ their nursing staff under the Practice Nurse MECA. The top of the wage scale in the 2004/05 Practice Nurse MECA (which expired on 30 November 2005) is $21.00 per hour.

[1] ***Hooray For Fair Pay*****,** New Zealand Nursing Review, March 2005
[2] Available on the NZNO website www.nzno.org.nz
[3] ***PM Champions Nurses' Cause***, New Zealand Herald, Friday October 24, 2003

15. PHC nurses paid on the current Practice Nurse MECA rates will be paid up to $5 an hour (or $195 a week) less than DHB nurses when the DHB MECA is fully implemented in July 2006. (See pay rates comparison below).

Practice Nurse MECA comparison with DHB MECA of registered nurse (RN) hourly rates

	New RN	Top of the Scale RN
PN MECA 05	$16.27	$21.00
DHB RN 05	$17.74	$23.87
DHB RN 06	$19.18	$25.89

16. A 2005 NZNO survey of 500 primary health care workplaces showed the average hourly rate of pay for primary health care nurses is 12.8% less than that of DHB nurses. [PHC nurses - $21.97, DHB Nurses July 06 - $24.79].

17. With pay gaps of up to $195 a week it is imperative that the pay parity issue in primary health care is resolved to ensure a skilled, dedicated workforce is retained in order to deliver on the primary health care strategy.

Section 2: The Primary Health Team Roles

"With the increased access to information through the Internet and the resulting knowledge and questioning from patients about health and illness, the complexities of health as the population ages and legislation and bureaucracy that has exploded in the primary sector over the past ten years, I challenge the notion that any hospital nurse can come into the general practice environment and be able to work immediately at the required level of generalist expertise and speed."

Rosemary Minto, Chair, College of Practice Nurses NZNO
December 2005

"Our members in primary health are working harder and taking greater responsibility for delivering heath care in their communities. Many have years of experience in public hospitals and report that their work in primary health is at least as demanding and complex as the work in DHBs."

Chris Wilson, NZNO PHC MECA advocate
February 2006

18. Primary Health nurses are often the first health professional people see. At the PHC petition presentation, Rosemary Minto, Chair of the College of Practice Nurses NZNO, listed some of the wide and varied services provided, including:

- Advising on how to maintain healthy lifestyles to stay well
- Managing and advising on wounds, injury and illness
- Plastering fractures

- Counselling teenagers and others throughout their lifespan
- Ensuring people understand test results
- Providing a cervical smear taking service
- Implementing many of the services to improve access projects driven by PHOs (primary health organisations)
- Providing an essential link between hospitals, GPs and patients.
- Delivering Meningococcal B immunisation programme and other childhood immunization programmes in general practices.
- Providing services for people in their homes and in their workplaces
- Providing Care Plus services
- Initiating and managing nurse led clinics
- Managing the day-to-day care and having the responsibility of the health of New Zealanders

Nurses are pivotal to the successful delivery and expansion of a quality service which is accessible to all.

19. But the delivery of primary health care services is not just the responsibility of the nursing workforce. The recently released *Primary Health Care Strategy Implementation Work Programme* 2006 – 2010, *Working Document for Sector Engagement* includes: [4]

- Greater emphasis on the broader primary health care team having competencies and skills, providing for diverse needs of the population being served
- Increase in the number of Maori & Pacific health professional working and training
- High level of Information Systems (IS) / Information technology (IT) competency and capability at PHO/provider enabling information to be used to facilitate population health and clinical governance activity.

To fulfill these goals it is imperative that community health workers, allied health professionals and administration staff in primary health care also achieve competitive pay rates that ensure the required skills are retained in this sector.

Section 3: The Primary Health Strategy

"The Strategy creates opportunities for nurses working in primary health care settings to develop integrated and collaborative models of primary health care practice to deliver more effective care to individuals and population groups".

Hon. Annette King, Minister of Health. (March 2000)[5]

[4] *Primary Health Care Strategy Implementation Work Programme* 2006 – 2010, *Working Document for Sector Engagement* (p. 7).
[5] The Future Shape of Primary Health Care, Published by the Ministry of Health.

"In my talks with former Health Minister Annette King, she agreed that PHC nurses were integral to the success of the PHC strategy. If the government truly believes this, then it needs to support the workforce to enable them to do what is required of them."

Marion Guy, NZNO President, March 2006[6]

20. The Primary Health Strategy aims to:

    - Increase the emphasis on population health, health promotion and palliative care
    - Reduce health inequalities
    - Generate better access to health care
    - Generate greater cooperation of primary health care
    - Foster a multi disciplinary approach to decision making

21. NZNO's Pay Parity for Primary Health strategy serves two urgent and fundamental primary needs: to ensure that nurses and the primary health team are valued equitably in relation to their DHB counterparts and to assist in the development of a collaborative primary health nursing service and workforce.

22. This will enable the continuing implementation of the government's Primary Health Care Strategy, as identified in the *Primary Health Care Strategy Implementation Work Programme 2006-2010*[7] and the following desired outcomes will be achievable:

    - Access will be enhanced with a broader range of services and service providers
    - There will be greater use of nurses and outreach services as an expected output
    - Chronic conditions will be able to be prevented and managed
    - DHBs and PHOs will have the capacity to respond to the current and future challenges

    In order to enable "High Performing" PHOs, a workforce capacity, which is appropriately funded and developed, is required.

23. The first PHOs were set up in July 2002 and by April 2005 the number of PHOs had grown to 77. Over 3.7 million New Zealanders are now enrolled and accessing primary health care services through a PHO. All 21 DHBs fund PHOs and coverage continues to increase.

24. While the employment of practice nurses at a practice-level has not altered substantially, some new models are being implemented or considered, including the direct employment of primary health care nurses by PHOs.

    Even without such a change, PHOs provide a larger "community of interest" for nurses. The opportunity for nursing within PHOs has been heralded by the government. This was to include greater alignment of primary health care nursing services within DHB areas.

25. As well as PHOs, the government continues to fund either fully or partly, other primary health care services. These include Maori and Iwi health services, non-PHO

[6] Kai Tiaki Nursing New Zealand, March 2006 (p.4)
[7] *Primary Health Care Strategy Implementation Work Programme* 2006 – 2010, *Working Document for Sector Engagement* (Appendix 2, p. 22-25).

general practice funded through the fees for service, national organisations such as Plunket and Family Planning, and primary health practitioners in community and health promotion organisations, schools and other settings.

26. Two important conclusions can be reached from a review of the new primary health care nursing environment:

- The government wants to facilitate collaboration and integration of primary health care services
- The achievement of the population health goals and targets relies in large measure on improving the capacity and effectiveness of nursing services.

These conclusions need to be kept in mind when considering the current bargaining arrangements in primary health care and the very significant variation in the remuneration within the primary health nursing workforce, and their DHB counterparts.

Section 4: A Looming Recruitment and Retention Crisis

"Before the DHB nurses' pay increase we had a waiting list of nurses keen to join our service. We now have two vacancies we are unable to fill. One nurse was keen to join us but withdrew her application because she would have had to take a $10,000 pay cut."

NZNO member response,
NZNO PHC member survey December 2005

"They (GPs) have found it harder to recruit and retain good practice nurses so they're having to work harder to find people and they're having to pay them more than they thought they would have ***to*** *pay say a year ago."*

Jonathan Fox, president, Royal College of GPs
Radio New Zealand, Morning Report, February 2006

"I will only stay in primary health if the pay is increased."

NZNO member response,
NZNO PHC member survey December 2005

27. Following increasing anecdotal evidence of a looming recruitment crisis in the primary health nursing workforce, at the end of 2005 NZNO conducted a survey of primary health members on the impact of the pay gap on recruitment and retention in the sector.

28. The survey was posted to 2750 NZNO members to complete and return to NZNO. Around one third of those to whom a survey was sent responded. Over 80% of respondents worked in GP practices, with the balance mainly from accident and medical clinics and Iwi providers. Around 70% were practice nurses in GP practices or registered nurses working in primary health.

29. The survey results revealed the seriousness of the impact of the pay gap on recruitment and retention in the sector. The survey showed the pay gap is the single biggest reason for nursing shortages in the sector, with 95% listing pay parity as the top priority needed to keep them in primary health.

30. Survey participants reported that over 60% of their workplaces now have difficulty recruiting new staff and over 55% of the nurses and other health workers have considered leaving their job in the past six months.

31. Personal comments added to survey responses revealed a dedication and commitment to the job, but also revealed a high level of frustration at the undervaluing of their role as the backbone of community health.

32. Obviously the recruitment and retention issues in the primary health sector will impact negatively on the accessibility of quality primary health for the public if this situation is not resolved.

33. The DHB MECA settlement did not create the recruitment and retention crisis in primary health care, but it has exacerbated the long standing impact of inadequate wages in the sector. Any long-term plan for a sustainable primary health care workforce must include appropriate rates of pay.

Section 5: How much will primary health pay parity cost?

34. In terms of the estimated shortfall and for wages rates only (in the absence of complete wage data from each of the 657 employers) a very raw analysis would take the average pay from NZNO's 2005 survey results and calculate the difference between that and the DHB MECA July 2006 RN5 wage rate and multiply that figure by the 2,750 members covered.

    This would give an approximate costing. There would be some swings and roundabouts with different levels of rates paid (e.g. PHC senior nurses, community health workers and medical receptionists) but it would give a ballpark figure in the absence of exact data for each employer

    A raw calculation of cost, based on available figures:

    - $25.89 per hour minus $21.97 per hour equals $3.92 per hour.
    - When this figure is multiplied by 2086 hours (full time equivalent) the dollar figure equals $8,177.12 per annum
    - Multiplying that figure by the number of members covered by the PHC MECA (2,750), identifies $22,487,708.00 as the potential shortfall for the wage rate claim.

    Therefore we can estimate the additional funding required as in the vicinity of $22.5 million, while noting that, although wages are the key cost, there are other claims of a monetary nature in the NZNO draft PHC MECA tabled to the employers in December 2005.

Section 6: How will pay parity be funded?

35. Based on the above costing assumptions, the two questions which need to be addressed are:

- Where will the additional funding come from for pay parity?
- How will this funding be delivered to the primary health workforce?

The PHC MECA provides a basis on which a funding increase can be delivered to the nursing workforce and primary health teams. Were there to be a funding increase now, in the absence of an enforceable collective agreement, there would be no mechanism for that funding to end up where it should – in the pockets of nurses and support staff. By actively engaging in the development and negotiation of a national agreement, and by linking funding increases to compliance with that agreement, the Government (through MOH and DHBs) can ensure that there is accountability for additional funds provided for this purpose.

36. As noted in Section 3, the Government wants to facilitate collaboration and integration of primary health care services and the achievement of the population health goals and targets. This relies in large measure on improving the capacity and effectiveness of nursing services.

37. Therefore we need to establish the source of the additional funding required for parity.

There are three options:

- **From current provider income**
- **From an Increase in co-payments for fees by providers**
- **From additional government funding targeted to pay parity**

38. **Current income option**

This would require the re-prioritisation of expenditure within the service or a reduction in the return from the service to a for-profit owner. In some cases GP-owners would be in a position to pay more without receiving additional funding. This is because there can be significant differentials in practice nurse pay notwithstanding similar current funding levels. However for these relatively low-payers and all other GP-owner and non-profit primary health care providers to pay full parity with DHBs will require increased practice income.

39. **An increase in co-payments or other fees**

This would require patients to pay more for services and would therefore not be consistent with the access goal of the NZ PHC Strategy. Already the level of fees is contentious. However, without an increase in funding, and assuming that existing funding is being distributed reasonably between service staff, owners and other costs, fees will have to rise. The alternative is that nursing staff continue to subsidise services through relatively low pay, or that they leave.

In the end, government will have to make its own judgement on the balance it wants between public and private payments for services. While NZNO is a strong promoter

of free health care, and will not advocate patient fee increases, keeping fees low is a responsibility for the Government, not nurses.

40. **Additional government funding**

This must be the preferred option for staff, for service owners, and for the Government which is committed both to better access to services through improving quality and reducing charges, and to pay equity for mainly-women occupations.

The Government already provides funding to providers through MOH and DHBs.

It is important to note that there is currently no mechanism in place to require the providers to pay specified rates of pay to their staff. It is the view of NZNO that to be eligible for additional funding, the provider would be required to pay the PHC MECA rates.

There are existing precedents for this funding model. Two examples are: the requirement in DHB contracts of providers to provide a “fair travel allowance" to home care workers; and the requirement on early childhood facilities to pay the wage rates in the NZEI collective agreement to be eligible for “quality funding”.

41. The solution to finding the appropriate funding model is called for in the petition, which seeks the support of the House of Representatives to “work with NZNO and primary health care employers to develop and fund a national Primary Health Care Multi Employer Collective Agreement (PHC MECA) delivering pay parity between primary and secondary health services”.

42. The process of developing the PHC MECA has commenced. Its success depends on working with government to secure the funding and determine the mechanism to ensure the funding can be targeted at the primary health care workforce.

43. It is relevant to refer here to the recently settled National Plunket Collective agreement with NZNO. This agreement delivers pay parity with 2005 DHB rates and negotiations will recommence in August 2006 to negotiate parity with 2006 DHB rates. As part of the primary health sector, it is encouraging to NZNO members in primary health that, whilst they have not yet been fully funded for these increases, Plunket has recognised the value of its staff and shown a clear commitment to workforce planning. This signals strongly to other primary health workers that they too should have pay parity with their DHB counterparts.

Conclusion

44. Underpinning the NZNO PHC MECA campaign is the transformation of general practice from its fragmented and hierarchical past to a more integrated and collaborative future.

45. It has been recognised that what is required is empowerment and more effective use of the primary health workforce.

46. As the previous Minister of Health, Annette King, wrote: “The Strategy creates opportunities for nurses working in primary health care settings to develop integrated

and collaborative models of primary health care practice to deliver more effective care to individuals and population groups".

47. In other words, primary health is seen as the focus of government's health policy, and better utilisation and development of the nursing workforce and the primary health team, is the heart of the primary health care strategy, and yet the primary health care workforce in general practice and the community is currently valued much lower than their hospital-employed counterparts.

48. Pay Parity for Primary Health is an issue for employers, staff, and funders – the Government through DHBs, and service users. By actively engaging in the development and negotiation of a national agreement, and by linking funding increases to compliance with that agreement, the Government can ensure that there is accountability for additional funds provided for this purpose.