

Security in times of Change

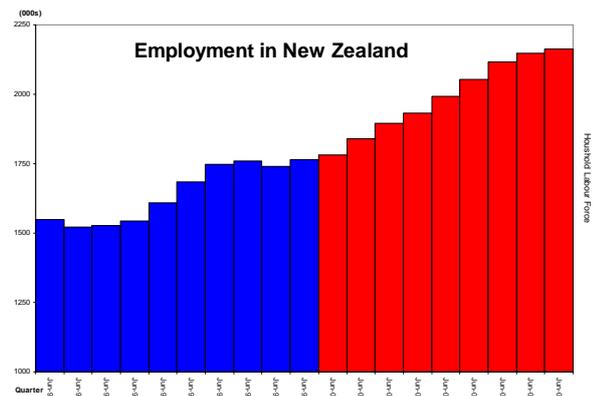
Labour's Policy for Employment 2008

Introduction

New Zealand has enjoyed a decade of good news in the economy and in employment. We have seen an unemployment rate of below 4 per cent over the past four years, an achievement right-wing politicians of the 1990s told New Zealanders simply couldn't be done.

New Zealand has the only record in the developed world of an unemployment rate that has remained below 4% for four years, well below the average of 5.7% unemployment for developed countries including the United States, Australia, the United Kingdom, France and Germany.

A lot of progress has been made this decade getting people into work and improving the position of disadvantaged groups. Assistance to jobseekers through Work and Income is now better connected to the needs of employers to identify their workforce needs. Creating partnerships with industry has been an effective way for industry and government to work together to minimise skill and labour shortages, and maximise job opportunities for individuals.



With the New Zealand economy now facing challenges from the global financial turbulence and economic slowdown, Labour can be trusted to give impetus to our economy, ensure that New Zealand jobs are kept safe wherever possible, and protect workers' interests where change is unavoidable.

Ten years ago... Unemployment was high and the Employment Contracts Act gave very little support in times of rapid economic and social change.

Today... The Employment Relations Act has begun to address the balance of power between employers and workers and the unemployment rate has remained below 4% for 4 years (June 2008).

Ten years from now.... Employers and workers will enjoy security, consistency and stability in their relationships with clearly understood entitlements and responsibilities.

Labour recognises that firms opening, restructuring, and closing is a necessary feature of today's fast-moving and adaptive economy. We have established mechanisms for government, unions, employers and agencies to work together to help smooth transitions throughout these cycles of change.

Even when there are record low levels of unemployment and equally high levels of employment, New Zealand workers must be secure in the knowledge that if there is change, they and their families can maintain at least minimum entitlements to assist them in their transition to a new job.

We believe the positive changes that we intend to put in place will bring about greater security for workers as they move to new jobs while at the same time give employers certainty about their obligations.

Working with Affected Firms

We will continue to focus on improving the working lives of the most vulnerable members of the labour force and to strengthen protections available to workers.

Labour will encourage notification to government agencies of potential or upcoming redundancy situations.

We will refine the co-ordinated rapid response by government agencies to collective redundancies and raise awareness about the support available. This will include working closely with employers to prepare and offer support to their workers at the earliest opportunity.

Labour will implement more active labour market policies and programmes which provide security and support for workers in a changing economy.

We will look at whether there is a gap in terms of the level and intensity of support available in relation to particularly large-scale redundancies. We will ensure that agencies work closely with Industry Training Organisations to provide retraining support for people who have been made redundant.

Support for Affected Workers

In the near term, the prospect of fall out from the international crisis also requires us to have new plans for workers whose jobs might be affected. Labour has already made changes to the social security system so that it can help people more quickly and effectively. In particular, last year we changed the law to reduce the maximum period a person has to wait before receiving a benefit (the 'initial stand-down period') from 10 weeks to 2 weeks.

Job Search Allowance

In many cases when a worker becomes redundant, this removes the family's only source of income. In situations like this, social security assistance is already available.

In other cases, there is another earner in the family. Even so, the implications of sudden job loss can be hugely stressful and disruptive. This can be particularly the case for families who had been well-established in the workforce with an expectation of ongoing income and with expenditure patterns determined by children, housing costs, credit repayments etc.

In such circumstances, where workers are made redundant Labour will provide additional transitional assistance while they get back into paid employment, identify an appropriate retraining course, or adjust their circumstances.

Labour will introduce a Job Search Allowance for up to thirteen weeks for people who have been made redundant after at least five years in the workforce.

The job search obligations and eligibility requirements will be the same as for the unemployment benefit, with the exception that the income of the person's spouse or partner will not affect their entitlement. The rate of payment will be the same as the appropriate rate of unemployment benefit. The standard one to two week stand down period will also apply.

The Job Search Allowance will provide families affected by a redundancy in the family with some much-needed additional income to make ends meet in the initial period while they find their feet.

The Job Search Allowance will not be available for people who are unemployed for reasons other than losing their job through a lay-off or redundancy. Eligibility will not be back-dated to cover redundancies prior to the introduction of the Job Search Allowance.

Retraining

In the modern world, skills are increasingly important, both for individuals and for the economy as a whole. Careers are also becoming more complex with people more likely to change jobs and even occupations over the course of their working life. That will often require a period of retraining.

Labour will introduce a new retraining allowance, on the same basis as a student allowance, but with no spousal income test, for workers who have been in the workforce for at least five years and have been made redundant.

It will be available for up to a year for enrolment in a recognised full time course. In some cases, the retraining allowance might be taken up following a period on the Job Search Allowance, providing for up to fifteen months of assistance where necessary.

Learning is now lifelong, including for people who have not been made redundant. It is not something that stops when we leave school or finish an apprenticeship. Labour recognises this and is putting in place measures to support workers to gain new skills throughout their working lives.

Labour will also introduce a retraining allowance available to those who have been in the workforce for ten years and wish to upgrade their skills or retrain in a new area.

This will provide an alternative to the Student Allowance for people who have used their 200 weeks Student Allowance entitlement. This allowance will also be available for up to a year for enrolment in a recognised full time course.

Courses will generally need to be of at least twelve full-time weeks duration. The Unemployment Benefit (in training) is already available for courses of up to twelve weeks.

Redundancy Provisions

Labour will put in further changes to provide greater security for workers in the face of restructuring or redundancy.

We believe there must be provision in law to ensure that when redundancies occur, workers are properly supported. Redundancy law in New Zealand currently offers no statutory entitlements to workers for a notice period or for compensation in the event of a redundancy. This means that workers who are made redundant and do not have these protections negotiated into their employment agreements are vulnerable.

Labour in government set up an public advisory group on restructuring and redundancy to advise on the adequacy of New Zealand's redundancy laws and provisions. It included representatives from Business New Zealand and the Council of Trade Unions.

This group has recommended that the government should consider the introduction of a statutory requirement for redundancy compensation and other entitlements. Labour intends to act on this recommendation.

Labour will enhance employment law to provide for statutory minimum standards for redundancy.

These standards will cover minimum levels of redundancy compensation (e.g. payment for a certain number of weeks following dismissal) and the minimum amount of notice employees can expect. We will work with business and unions to establish how much notice is appropriate, how compensation will be calculated and how the issue of tax should be addressed.

In addition, in circumstances when an employer, who is a partner to a collective agreement with workers, intends to restructure their business or outsource part or all of the functions of that business, we believe workers should have rights to be involved in the process.

Labour will ensure that the Employment Relations Act does not prevent workers from being able to take strike action, if necessary, when employers

initiate restructuring/outsourcing which undermines a collective agreement, during the term of that agreement.

A Skilled Workforce

A skilled workforce is a major driver of economic growth and innovation. A skilled workforce lifts productivity, improves New Zealand's global competitiveness and helps our industries. Skills, knowledge, information and creativity are becoming the main drivers of our country's competitive advantage.

New Zealand must become a nation that values and encourages innovation, recognises and capitalises on our unique qualities and strengths, and competes confidently and successfully in the global marketplace.

Industry Training

Improving the skills of the current workforce is crucial for New Zealand to achieve economic transformation and to move towards a high-skill, high-wage economy.

If New Zealand is to actively participate in the knowledge economy and society, then our people must be able to enhance their skills throughout their lifetime. Employers will need an increasingly well-trained workforce to deal with the ever-changing environment in which they operate.

Industry training is structured workplace learning and skill development arranged through one of 40 industry training organisations (ITOs). It involves formal training provided for people who are employed in a particular industry so skills are linked to the needs of workers and workplaces in that industry.

Participation in industry training has increased dramatically during this decade. It has trebled to an estimated 190,000 during 2008, with funding increasing by a similar amount.

Workers and trainees are better supported than ever before to improve their skills and gain a sense of purpose and opportunity. Nearly 40,000 employers are now involved in industry training, with government-supported pathways and structures to help them reach their goals through a better trained workforce.

Ten years ago . . . there were no trades training pathways for our young people.
Today . . . we have established a training culture for our younger people and the wider workforce. During 2008 an estimated 190,000 people are industry trainees.
Ten years from now . . . the majority of our tradespeople will have benefited from training and there will be ongoing and structured support for these people to progress in their careers.

Labour has a strong belief in the benefits of skills training for New Zealand and has invested heavily in it. With the commitments we have made in government, up to and including this year's Budget, the annual investment by 2010 will be more than three times what it was in 2000.

This year's Budget introduced a provision for annual increases to the Industry Training Fund in line with the Consumer Price Index. We also provided funding to support development of the strategic leadership role of industry training organisations.

And just as government's investment in skills training has risen sharply, so has investment from industry – up from \$24 million in 2000 to \$65.5 million last year.

Labour intends to build on the investment we have made in the last nine years.

Labour will continue to increase industry training so that by 2011, ten per cent of New Zealand's workforce is participating in recognised industry training over the course of a calendar year.

We have previously set targets for industry training numbers, and this made sense while there was a need to substantially increase the number of trainees. We still need to keep increasing but there is no longer the same training deficit as at the start of the decade.

Reaching and maintaining a target of ten percent of the workforce will signal the ongoing importance of industry training while also providing some certainty to ITOs.

Modern Apprenticeships

Labour brought back apprenticeships in a new form that meets the needs of today's workplace. Labour's Modern Apprenticeship Scheme has been important in attracting young people back to traditional trade occupations. The scheme involves young people in workplace learning from the start of their careers and will make an important contribution to Labour's new Schools Plus plan for every young person to continue in education and training through to the age of 18.

In the last decade the Modern Apprenticeship Scheme has exceeded targets for growth. By the middle of this year, more than 17,000 young New Zealanders had either completed a modern apprenticeship or were actively engaged in one. We have already put funding in place so that 14,000 modern apprentices will be in training by the end of 2008.

Labour will increase the number of modern apprentices in training by 1,000 a year so that 17,000 people are in modern apprenticeship training by December 2011.

Skills Strategy

Labour believes that New Zealand must take a more strategic approach to skills development, both in terms of enabling more of our young people to be in a position to access it and through improving the skills of people already in the workforce. After all, eighty per cent of those working now will still be in the workforce in 2020.

To this end, Labour has been working with business and unions to improve the productivity of our workplaces and to ensure all workers have the skills they need for a better standard of living.

The Skills Strategy is the next step in the evolution of industry training. It explicitly links skills development with productivity. Lifting the numbers involved in skills training is not enough on its own - we need to increase our capacity to harness those skills in order to drive productivity and competitiveness.

The Skills Strategy will not only lift skills levels across the workforce but will equip our workers with better management and leadership skills. This will ensure that firms can better harness the skills young people learn through industry training and modern apprenticeships. Industry training and modern apprenticeships provide the base for our workforce; the Skills Strategy provides the boost needed if we are to move to a high-wage economy.

Labour believes that New Zealand's future wealth, global competitiveness and economic transformation rely on the skills of its employees and the way that industry supports workers to reach their full career potential. That is why we need a Skills Strategy that encourages:

- The use and development of our workforce skills
- A focus on skills development that meets the needs of industry
- Formal qualifications that reflect industry requirements
- Support from employers to employees to ensure workers reach their potential.

Labour will fully implement all components of the New Zealand skills strategy.

This includes improved language, literacy and numeracy in the workforce, improved management and leadership capability and skills planning, and streamlining government programmes aimed at supporting firm capability and improving their links with private sector initiatives.

Labour values and encourages co-ordination between government, business, unions and industry training organisations in the establishment of the Skills Strategy and the

achievement of its goals. We are committed to maintaining these relationships into the future.

Labour will ensure alignment of the skills strategy as it relates to the existing workforce and with the major 'Schools Plus' initiative as it relates to the emerging workforce.

Schools Plus is Labour's initiative to significantly reform our secondary school system by offering all young New Zealanders a stronger educational foundation. It is aimed at ensuring that by 2014, all young people are in education, training or some form of structured learning until the age of 18.

By staying in education or training longer, our young people will secure a better future for themselves and their families.

Productive Workplaces

Labour believes that there is a need to ensure that all firms are able to access the wide range of support available for their businesses at an early stage, before they face the risk of failure. This might include skills development, changing business practices, business development and productivity improvement.

Labour will work with firms to help them access the services they need to improve their productivity.

We will place a particular focus on firms in rural areas or small towns who may find it difficult to access existing programmes and support.

Labour will ensure that government agencies work constructively and collaboratively to help meet specific productivity and performance challenges facing individual firms. This will include building and disseminating knowledge, expertise and capability on how best to use and manage the resources available to achieve good business and good work outcomes.

Productivity improves when employees and employers work together to achieve a shared vision – it is not about working longer, it is about working smarter. Labour's labour market policies will continue the focus on choice and flexibility. Increasingly, the work/life balance is a key consideration in any well-functioning workplace. Things like flexible working arrangements and good parental provisions can help achieve that balance for working families.

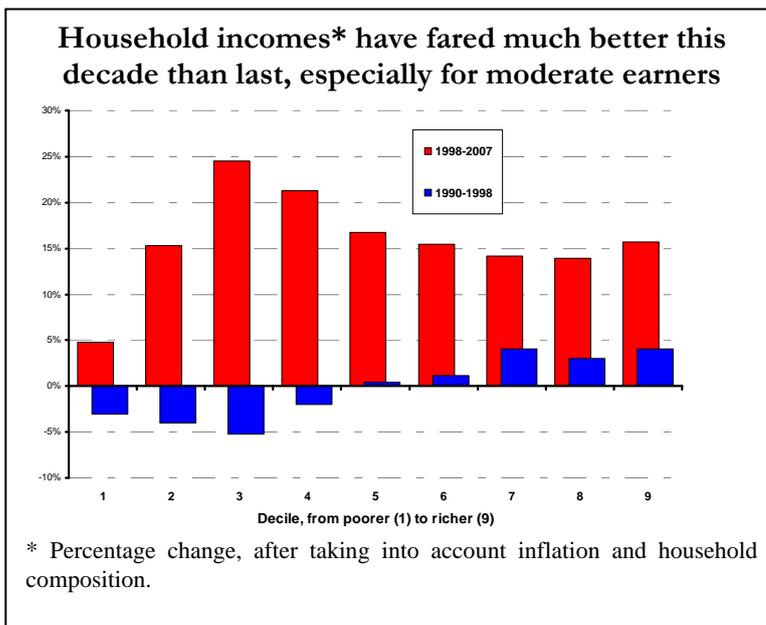
Low Paid Work

Changes this decade have assisted low paid workers to feel more recognised, supported and valued for the work that they do.

The Employment Relations Act, which replaced the Employment Contracts Act from the last decade, restored balance, fairness and transparency in the employment relationship. This has helped to give greater security and certainty to all types of workers in New Zealand.

Employers have been encouraged to support workers to become more highly skilled. Both workers and employers have been assisted to develop career paths that give greater reward to workers and more certainty, consistency and better skills in the workplace for the employer.

Consistent increases in the minimum wage every year this decade have also helped to drive pay rises for workers in low paid work. Particular improvements have been achieved for workers in New Zealand's health sector.



Ten years ago... Household incomes were in decline for low to modest income households.

Today... Modest income households have had greater income growth this decade than wealthier households, partly due to Labour's Working for Families policy.

Ten years from now.... A focus on skills and productivity, combined with increases to the minimum wage and to Working for Families, mean New Zealand will have continued to become a more equal society.

Nevertheless, there are workers in New Zealand, within specific sectors of the economy, with limited opportunity for advancement in pay and responsibility and with low levels of job security. These sectors tend to have a high level of staff turnover. Labour will make further changes to improve opportunities for New Zealanders in low paid in work.

Labour will review low-paid sectors of the economy and examine whether additional changes to legislation are necessary to improve access to collective bargaining and collective agreements, and achieve improved wages and conditions for workers in these sectors.

Alongside this, Labour will continue to engage in strategies that seek to have direct positive impacts on the workforce to drive up wage rates, and put in place programmes and initiatives to support and develop low-wage sectors of the economy.

We intend to increase worker satisfaction, reduce staff turnover, and increase opportunities for workers to develop skills that can be used to achieve higher-paid work opportunities.

For employers, there will be benefits from positive changes in workplace practice that will improve productivity. We expect this to result in increased profits for firms and increased wages, leading to an overall positive impact on New Zealand's economic growth.

Workers in Precarious Employment

Labour believes that all workers should be assured of fundamental rights and conditions no matter whether they are involved in casual employment or in situations where their employer hires their skills out on contract to another employer.

We believe that workers should have security in their employment and should have some assurance they cannot suddenly be removed from regular work arrangements, for whatever reason, without access to reasonable entitlements and protections.

Labour has ensured that workers have access to rights and entitlements including meal and rest breaks, infant feeding breaks, four weeks' annual leave, the right to bargain collectively, improved health and safety rules and more.

Ten years ago... The Employment Contracts Act had marginalised workers at the fringes.

Today... There are more jobs, more opportunities for training, entitlements for workers have been enhanced and collective bargaining means workers are better off.

Ten years from now... All workers will have knowledge of and access to their entitlements in the workplace, workers will have more job security and consistency, and both employers and employees will enjoy an enhanced employment relationship.

We are now intending further changes to protect the interests of workers in precarious employment. This includes workers who are hired in seasonal employment, who are not currently in fixed-term or full-time employment or who work irregular hours in order to support busy family lives.

Labour will ensure that workers employed in precarious forms of employment (such as labour hire, casual employment and contracting) are given similar rights to those in more traditional forms of employment.

Labour hire and contracting

This could involve amendments to employment law that would ensure workers employed by temporary work agencies and labour hire companies have the right to be covered by the collective agreement in force at that workplace.

Labour believes that workers should be treated on the basis of their skills and there are instances where these arrangements force workers to accept conditions less than those enjoyed by their co-workers. This is unfair.

Casual employment

We know that many casual workers do not have access to statutory entitlements such as holidays, sick or bereavement leave and the right to take a personal grievance claim if they are unjustifiably dismissed. This may be because they are unaware of their entitlements or because the law currently does not provide sufficient clarity around what rights a worker has when they are employed on a casual basis.

Casual employment has no statutory definition and all workers are legally either permanent or fixed term with appropriate entitlements. We will launch an awareness-raising campaign to improve casual and temporary workers' knowledge of their rights and entitlements.

We will also consider the implementation of a Code of Employment Practice that spells out what entitlements workers can expect when it is agreed that their role is as a casual worker.

We will amend legislation to provide for enhanced powers for labour inspectors to provide guidance and advice to employers when determining whether a worker is a casual, fixed term or full time worker.

In tandem with changes to the powers of labour inspectors, we will amend employment law to provide greater clarity around the definition of permanent work. This will include consideration of how regular an employees' work has become, consideration of how dependent the employer is upon casual workers and whether the worker is genuinely in a position to accept or reject offers of employment.

We believe these measures will improve the level of certainty for casual workers. It will also encourage investment in skills training that has a positive impact on the productivity of a workplace and brings about positive change for the firm in which the employee works.

It is also important for security of employment that workers can be protected from 'disguised' dismissals or sudden changes in their working conditions. We know that developing higher levels of security in employment is not only positive for workers, but also for employers and the economy.