

# A fair day's pay for a fair day's work

[labour.org.nz/work-wages](http://labour.org.nz/work-wages)



## Labour will:

- Increase the minimum wage by \$2 an hour in our first year, to \$15 an hour in our first hundred days in government, and increased again to \$16.25 an hour in early 2015
- Set a target of returning the minimum wage to two-thirds of the average wage by the end of our second term, as economic conditions allow
- Ensure that all core public service workers are paid at least the Living Wage, and extend this as fiscal conditions permit
- Make the Crown a leader in good employment practices and ensure that government bodies only contract with businesses that are good employers
- Hold a Commission of Inquiry into wages and collective bargaining, and implement its findings to ensure workers get a fair deal
- Review health and safety laws and ensure Worksafe New Zealand is adequately resourced

## LABOUR'S PLAN: WE'LL PUT PEOPLE FIRST

Labour is committed to good jobs, decent work conditions and fair wages driven by a high-performing economy. To get there, Labour is also committed to workers having a voice in their workplaces and industries through collective bargaining and their own, independent trade unions.

Labour believes that workers need a strong platform of basic standards, including, a decent minimum wage, the right to negotiate collectively, health and safety protections, a Living Wage, as well as adequate holidays, rest breaks, and redundancy provisions.

Labour believes that strong labour protections are the hallmark of a civilised society, which recognises that good employment standards are a right, and that those same standards underpin a high-performing economy. Labour believes that most employers also share a commitment to strong labour protections and can face unfair competitive pressure from those that don't.

## THE ISSUE

It is widely accepted that income and wealth inequality in New Zealand has been getting worse, not just in recent years but since the late 1980s

Measures of this inequality include:

- Wage rates last year on average barely keeping pace with the cost of living and 46% of wage and salary earners receiving no pay increase despite the economy overall growing by about 3%.
- a significant reduction in the proportion of economic output going towards wages – from 55% in 1981 to 45% today;
- the decline in the minimum wage, which averaged around two-thirds of the average wage in the post-War period until the policies of Muldoon, followed by the neoliberal period, slashed it to just 40% of the average wage by 1999. The sixth Labour government brought it up to half of the average wage, but it has flat-lined since then;
- declining home ownership, now at its lowest level since 1951;
- 20% of wage and salary earners now reliant on Working for Families to supplement their income;
- 260,000 children, many with working parents, now living below the poverty line

Inequality will only be addressed successfully if wealth creation in New Zealand is accompanied by a significantly greater (and fairer) share of that wealth accruing to wage-earners.

As well as a growing economy, New Zealand has also enjoyed productivity gains, about 50% over the last 20 years, but this has not led to commensurate increases in real wages.

The mechanisms which might lead to a fairer income distribution in New Zealand are either weak, or facing continuing erosion.

The only systematic wage-setting we have is through adjustments to the minimum wage and through collective bargaining carried out by registered unions. The minimum wage directly applies to about 4% of the workforce. Collective agreements typically have a wider coverage than just the union members employed under them and so even though the nominal coverage of collective agreements in New Zealand is about 350,000, the real coverage according to the VUW Industrial Relations Centre is closer to 500,000. New Zealand's workforce is about 2.5 million

Since 2008, the National government has progressively enacted measures to undermine the effectiveness of unions and collective bargaining as well as removing protections for workers starting a new job.

## Labour's Economic Upgrade



Labour has outlined a clear Economic Upgrade programme. This entails shifting from low-value raw commodity exports, which generate mostly low-wage, low-skill jobs, into higher productivity, higher-value production that creates high-skill, high-wage work. A corollary of this is the need for more emphasis on education, training and upskilling along with

modern management and work methods and a greater use of high performance work techniques.

This economic strategy is vital if we are to achieve a step-change in lifting national income and maintaining and improving the standard of living we expect in New Zealand.

Our largely deregulated labour market will not inherently ensure a fairer distribution of economic gains. As we plan for a step-change in economic performance we also need to ensure that the gains from this process will be fairly shared.

We will need to make changes to our wage-setting system to ensure a fairer distribution and roll back growing inequality.

A step-change such as Labour believes is necessary for New Zealand's long-term welfare requires action at many levels:

- The employment relations measures outlined below are one key component.
- Educational achievement is another. The transition from school to work requires improved career services and associated measures to ensure that young people move from school into training or other tertiary opportunities. Life-long learning opportunities must be developed further.
- A regional and sectoral economic development focus should take up the issue of training and skill needs.
- Workplaces and management capability should up-grade in terms of high performance practices.

In each of these areas, Labour is offering policy measures, which come together with employment relations measures, to drive that step-change.

## The role of unions and collective bargaining

The employee voice is vital for high performance success and in ensuring a fair share of the returns to work.

Trade unions are the most effective conduit for that voice, as we see in many of the countries against which New Zealand is regularly bench-marked.

Under the current legislation, it is easy for an employer to undermine unions and collective bargaining by passing on, and telling non-union workers they will get whatever the union achieves in bargaining.

But unions play an essential role in providing independent advocacy for workers, and

generally providing a voice in the workplace on wage and non-wage issues.

The ability of unions to offer an alternative narrative in a society dominated by a market narrative is also a vital element of social democracy.

Labour believes that strong, effective unions are important for democracy, economic success and fairer returns to work in New Zealand.

## Two phases of change

Labour in government will improve outcomes for working New Zealanders in two phases.

First, we will undertake an initial 'hundred days' programme of action, which involves rolling back the negative changes of the last five years.

After that, we will address more structural issues, commencing with a Commission of Inquiry.

## First hundred days programme of action

Labour's 'hundred days' programme of action will roll back National's anti-worker employment law changes and make positive changes.



In our first hundred days, Labour will:

- increase the minimum wage to \$15 an hour, with a further increase to \$16.25 an hour in early 2015;
- introduce 26 weeks paid parental leave;
- set a course to raise the minimum wage to two-thirds of the average wage by the end of our second term, as economic conditions allow;
- restore workers' right to contest dismissals during the first 90 days of employment by abolishing the current government's Fire At Will law;
- scrap youth rates, because they violate the principle of equal pay for equal work;
- restore reinstatement as the primary remedy when an employee has been unjustifiably dismissed, along with the objective test for justification;
- restore union access rights;
- maintain the presumption that a collective agreement will be concluded once bargaining is initiated;
- ensure fair procedures for multi-employer bargaining;
- strengthen the present facilitation processes so that after a reasonable period of time a determination is made rather than waiting for agreement between the parties;
- restore the right of film and television workers to collective bargaining.



We will also make progress on:

- providing better protection for workers employed under triangular employment relationships;
- equalising pay of labour hire workers with directly employed workers in the same workplace doing the same or comparable work;
- supporting New Zealand's international commitment to freedom of association by:
  - strengthening the “undue influence” provisions of the Employment Relations Act;
  - increasing protection against discrimination on the basis of trade union membership;
  - providing new workers with better access to information about unions at the commencement of employment;
- strengthening of worker protections in cases where the sale or transfer of a business is contemplated, or where outsourcing of jobs is proposed.

## **Wage-setting/collective bargaining reform**

Labour is committed to implementing industry standard agreements as a way of setting reasonable minimum standards.



Labour will:

- reform wage-setting and collective bargaining, following a Commission of Inquiry.

### ***Commission of Inquiry***

The largely deregulated nature of our labour market means there is little data on workplace practices, the nature and extent of unconventional employment arrangements and the extent of unmet demand for collective bargaining. All of this makes understanding the practical impact of policy changes hard to assess. We need a process by which we can gather relevant information on these questions.

A Commission of Inquiry will be charged with investigating wage setting and other workplace practices and reporting on how to best implement industry standard agreements, tailored as needed to meet New Zealand conditions. This will involve a three-person panel supported by appropriate staff, including investigative staff.

The objective of the exercise will be to gather reliable information on workers' and employers' experiences and look at management practices with a view to developing labour market regulation, including wage-setting, that promotes workers' independent

voice, fair wage-setting and quality and productive workplace relationships.

To be effective, the commission may need powers not currently available under the Inquiries Act such as access to workplaces and the ability to take evidence confidentially.

### ***Other issues***

The Commission will also consider:

- the recommendations of the 2008 Ministerial Advisory Group report on redundancy and restructuring, with a view to increasing redundancy protection for workers affected by restructuring;
- measures to 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;
- legal rights for dependent contractors, including minimum wage protection, the right to organise and collectively bargain and an effective and cheap disputes resolution procedure.

## **Reform of the Productivity Commission**



Growing productivity is key to growing wages. Labour supports policies that drive productivity and wage growth in our economy.

Labour will:

- **extend the role of the current Commission - renamed as the Performance and Productivity Commission**
- **require the Commission to address explicitly the development of appropriate high performance measures and behaviours for New Zealand.**

The Commission will also be required to liaise with other government agencies responsible for supporting regional and sectoral development.

## **Showing leadership in the public sector**



Labour believes the Government should lead by example in its employment practices.

Labour will:

- **put in place a requirement that all state agencies ensure that all organisations bidding for service contracts comply with good employer practices, including a history of adhering to employment legislation, and respecting the right of their employees to join a union and bargain collectively.**
- **initiate the development and implementation of social partnership (dialogue) arrangements in both public and private sectors.**
- **seek to use the purchasing power of the state to create incentives for private sector employers who can become certified Living Wage employers.**

## Health and safety

Labour believes that all our workplaces should be healthy and safe.



Labour will review the 2014 health and safety laws to ensure that:

- the board of Worksafe is tripartite and that worker participation systems in health and safety are clearly regulated;
- all key recommendations of the Taskforce and Pike River Inquiry are included, and
- in particular, that adequate resources are available to Worksafe NZ.

## Pay Equity

Labour supports the principle of equal pay for equal work.



Labour will develop legislative and policy responses that:

- recognise the right to equal pay.
- require a positive duty to advance equality.
- provide the mechanism to determine work of equal value.
- identify what we can learn from the work of the Pay and Employment Equity Unit to advance pay equity. We will seek solutions for all sectors of the economy (public and private).
- ensure that information about pay rates is made available so that comparisons can be made and unfair inequalities in pay rates between men and women are revealed.
- consider the introduction of a requirement that job vacancies have a minimum start rate advertised.

## Living Wage

Labour supports the Living Wage campaign for New Zealanders.



Labour will:

- take the lead by ensuring that all core public servants are paid a Living Wage.
- over time and as funding permits, extend the Living Wage and seek to use the purchasing power of the Crown to assist in moving the wages of the lowest paid, commencing with core public service contracting.
- progressively address inequities in the pay of the publicly-funded aged care and disability care workforce and non-teaching staff in state and integrated primary and secondary schools.

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