

Backing fair pay and conditions

After nine years of National, working people's share of the economy is falling. Less than 40 per cent of economic growth under National has gone into working people's wages. If working people's slice of the economy hadn't shrunk under National, workers' pay packets would have been \$23 billion larger.

When 40 per cent of children in poverty live in a working household and two-thirds of workers' pay fell in real terms last year, despite the economy growing, working people are not sharing in economic prosperity.

The problem is set to continue. The Budget forecasts no real growth in the average wage in 2017 or in two of the next four years.

Weak employment law has created avenues for some businesses to undercut good employers by driving down wages and minimising costs.

► Labour's workplace relations package includes:

- Increasing the minimum wage to \$16.50 an hour.
- Replacing the current National Government's 'fire at will' law with fair trial periods that provide both protection against unjustified dismissal and a simple, fair, and fast referee service.
- Introducing Fair Pay Agreements that set fair, basic employment conditions across an industry based on the employment standards that apply in that industry.
- Promoting the Living Wage by paying it to all workers in the core public service, and extending it to contractors over time.
- Doubling the number of Labour Inspectors.

(see manifesto chapter for full list of initiatives)

Working for fair pay

Labour will boost the minimum wage to \$16.50 an hour and base future increases on the real cost of living for people on low incomes. Over time, we will work towards lifting the minimum wage to two-thirds of the average wage as economic conditions allow.

Labour is committed to being a good employer in government. All core public sector employees will be paid at least the Living Wage, at a cost of \$15m, and this will be extended to contractors over time. Labour will also double the number of Labour Inspectors to 110 to help ensure working people's rights are protected. This will cost \$9m.

Fair trial periods

Labour has always supported trial periods for new employees, as a way of giving a person a chance. National's 'fire at will' law is unfair because it denies employees any recourse against unfair treatment and unjustified dismissal. This means an employer can sack an employee without a fair reason, denying that person and their family a livelihood. Treasury has found 'fire at will' has created no jobs and not increased hiring of disadvantaged jobseekers. Instead, it has allowed some bad employers to exploit employees.

Labour will replace the existing law with trial periods that include recourse for employees in the event of unjustified dismissal. Employers, particularly small businesses, have legitimate concerns that resolving employment disputes can be time-consuming and expensive. So Labour will establish a new referee service for claims of unjustified dismissal during trial periods. The referee will hold short hearings without lawyers and be able to make decisions to reinstate or award damages of up to a capped amount. This simple, fast, and fair service will be provided free for the parties involved, at a cost to the Government of \$4m.

Fair Pay Agreements

Fair Pay Agreements (FPAs) will be agreed by businesses within an industry and the unions representing workers within that industry. FPAs will set basic standards for pay and other employment conditions within an industry, according to factors including job type and experience. The recent care and support workers' settlement is an example of how employers, employees, and government can come together to create an agreement that sets base conditions across an industry.

By setting a floor, FPAs will prevent the 'race to the bottom' seen in some industries, where good employers are undercut by some bad employers who reduce labour costs through low wages and poor conditions. FPAs will create a framework for fair wage increases where good employers are not commercially disadvantaged for doing the right thing.

FPAs will cover all employees and workplaces within the relevant industry. Negotiations on FPAs will begin once a sufficient percentage of employers or employees within an industry call for one. This threshold and the precise implementation of FPAs will be developed in government in consultation with all stakeholders.