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**0800 TO FIRST (0800 863 477)**

1 March 2020

Hon Carmel Sepuloni, Minister of Social Development  
Hon Grant Robertson, Minister of Finance  
Hon Phil Twyford, Minister of Economic Development  
Hon Iain Lees-Galloway, Minister of Employment Relations  
Hon Shane Jones, Minister of Forestry  
Hon Willie Jackson, Minister of Employment

Dear Ministers

I am writing as both President of FIRST Union (whose members include forest and wood processing workers) and a member of the Government's former Welfare Expert Advisory Group. I write to refer you to the WEAG Report (Whakamana Tangata) in the deliberations that you are having regarding the best way to assist workers who are laid-off due to the economic effects of the Corona Virus (Covid 19).

I also note the call from the Minister of Forestry for the removal of stand-down provisions for those attempting to get an unemployment (Job Seeker) benefit as a result of losing their jobs because of the downstream economic effects from the disruption of trade caused by the virus.

While I support the call from Hon Shane Jones, unfortunately by itself it will provide little support for those who have or are losing their jobs. This is because workers with a partner in work will be denied all or most of the benefit due to the earnings of their partner. The WEAG closely studied what is currently available and what needs to be done in these situations and I want to briefly outline them to you.

As part of its work WEAG looked at Active Labour Market Policies (ALMPs) in New Zealand including how the social security system deals with redundancy and labour market shocks. We found New Zealand well behind the OECD in dealing with such matters.

*New Zealand is among the countries with the lowest spending on ALMPs [Active Labour Market Policies] in the OECD and this spending has been falling for some time (Whakamana Tangata p 134).*

Workers First

There is certainly a need for New Zealand to have much more ALMPs than we do at present. And the need for such policies is exactly what is required for the period that we are now in.

WEAG noted in its report that:

*... assistance for people displaced from their jobs (for example, through redundancy) is limited and wider labour market protections for displaced workers are lacking. Most people experiencing redundancy generally reattach to the labour market, but they appear to pay a permanent penalty having poorer long-term outcomes and lower earnings than comparable workers who do not lose their jobs (Dickson & Mare, 2013; Hyslop & Townsend 2017). This is exacerbated by the stand-down provisions that apply before a person is eligible for a benefit, which we recommend are eliminated (see detailed recommendation table in chapter 7 on Main benefits, p 116). (pp129-130)*

As well as recommending long term Active Labour Market Policies (such as those being implemented with the establishment of Regional Skills Leadership Groups in conjunction with the reform of Vocational Education and Training (RoVE), WEAG also recommended some immediate policies that would help deal with the situation that we are in. In our commentary we said:

*Support for displaced workers is particularly weak. Compared with OECD practice New Zealand has an inadequate system for dealing with job loss, redundancy and labour market shocks (OECD, 2017). Redundancy pay is not required by law, the stand-down provisions between work and benefit entitlement see many workers and families plunged into poverty. In addition, eligibility for income support is based on family income, and workers may be ineligible for income support following job loss and redundancy if they have employed partners. This means a household can find itself losing more than half its income due to one partner losing their job but having no income support available through the benefit system. For many low wage families, two incomes are required to get by and cover rent and other living costs. To alleviate this problem, the Welfare Expert Advisory Group recommends that workers made redundant or who lose their jobs should be entitled to welfare support for 6 months without regard to their partner's income (up to some cap, so that, for example, the first \$48,000 of a partner's income is disregarded). This would help families affected by redundancy where they have no (or too little) redundancy entitlement. (p 136)*

Arising from this, our Recommendation 37 was:

*Strengthen the Ministry of Social Development's redundancy support policies to better support displaced workers.*

And in the detailed recommendations under this we called (under the heading Loss of Employment) for the Government to:

*Establish a short-term (for example, 6 months) benefit for partnered people who lose their jobs or incomes (for example, due to redundancy) through an earnings disregard of their partner's income (up to a cap) for this period (see the detailed recommendations table in chapter 7).*

*Adequately fund redundancy support programmes, which include a suite of free or subsidised training and education courses, for workers who experience redundancy.*

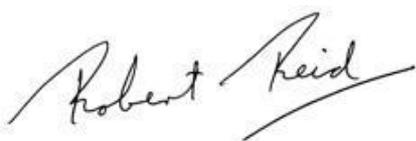
*Ensure people can resume benefits readily (to allow for unpredictable changes in income and to provide people with confidence to take up employment), including removal of income stand-down periods.*

This letter is to urge you to immediately implement the recommendation above, especially to ensure the right of workers, who contribute to the Social Welfare system by paying their tax every week, to get income support when they need it and are not denied it due to the income of their partner. This will go a long way to alleviating the poverty that forestry and other families are being plunged into at this time.

I would also suggest that Government revisit many of the recommendations that were made at the Job Summit called almost exactly 11 years ago by the then Government at the time of the Global Economic Crisis. Some ideas that were taken up like a subsidised 9 day fortnight may assist some workers and industries in the current situation. But there were many other ideas that were not proceeded with which could also be considered today.

I would be happy to discuss any of these issues with any Minister as we look to provide the best possible support for workers who are losing their jobs and income due to the ongoing economic effects caused by Covid 19.

Nga mihi

A handwritten signature in black ink that reads "Robert Reid". The signature is written in a cursive style with a long horizontal stroke at the end.

Robert Reid  
**PRESIDENT**