

Unions Innovation & Sustainable Development

A New Zealand Council of Trade Unions publication



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Foreword

People are our most important resource. If we are to achieve growth and innovation, we need to invest in people, and ensure that everyone can participate, in a meaningful way, in our country's development.

For many years the New Zealand Council of Trade Unions has advocated a "high wage, high skill, high trust, quality export economy". This publication builds on CTU submissions and advocacy over many years supporting a set of industry policies and an industrial relations framework appropriate for a modern and progressive economy.

In addition, the CTU has been an active participant in numerous events over the last few years such as the Knowledge Wave Conference and the Innovate NZ Conference. We support the *Growing an Innovative New Zealand* Framework. And we have much in common with business representatives and other stakeholders who want to see New Zealand lift its sustainable growth rate.

But we also have our distinctly union perspective on these issues. We do not support policies which will reduce the ability of the State to fulfil the range of social and economic requirements of a modern society. We believe that any economic strategy aimed at improving economic growth must be inclusive and not just imposed on workers. We argue strongly that "industry" is not just "business". Workers in their industries have experience, knowledge, insights and innovative ideas on how to improve productivity, create investment opportunities, and improve workplace relations. And we do not want an economic growth strategy which increases income disparities, simply allows profits to flow offshore, and increases social tensions. We support a social development approach.

With almost 300,000 affiliated members the CTU is the largest democratic organisation in New Zealand. On behalf of union members the CTU engages with central and local government, business, and non-governmental organisations. But we also practice "social movement" unionism and we reach out and work with other community organisations on key social and community issues.



Ross Wilson
CTU PRESIDENT

FOR MANY
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NEW ZEALAND
COUNCIL OF
TRADE UNIONS
HAS ADVOCATED
A "HIGH WAGE,
HIGH SKILL,
HIGH TRUST,
QUALITY EXPORT
ECONOMY"

In adopting a modern social partnership model of unionism the CTU has entered the 21st century ready and willing to work with Government and business on all issues affecting the working people we represent. This does not mean that unions will not assert their rights to get the best possible deal in negotiations on behalf of members. We will continue to be an active, campaigning, union movement. We will continue to seek legislation that provides for “fairness at work”. The new Employment Relations Act provides an excellent framework for the innovative workplace because it encourages co-operation, mediation, and good-faith relationships.

We will also work with other organisations on growth and sustainable development. Employment security and wage levels will be improved and sustained by investment in relevant skills. Economic development policies are required to ensure that there is adequate investment in physical infrastructure and industry strategies for example. And environmental factors must be taken into account.

Just as unions should be recognised as social partners, we also acknowledge the fundamental partnership in this country under Te Tiriti o Waitangi. It is vital that we address Treaty of Waitangi obligations and recognise the fundamental importance of economic development that is shaped around the needs and aspirations of Maori.

Under the International Labour Organisation (ILO) Decent Work agenda New Zealand is committed to policies that will promote life-long learning, employability, decent work, and access and equality of opportunity for all workers to education and training. It will also promote qualification frameworks which include provisions for prior learning, and build the capacity of unions and employers for partnerships on education and training. We have made some good progress in these areas already. But there is much more to be done.

The Council of Trade Unions is interested in dialogue with all sections of society in Aotearoa/New Zealand. We meet with many people to discuss common issues of concern. This publication is part of that dialogue and you are welcome to contact us with your comments.

EMPLOYMENT
SECURITY AND
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INVESTMENT
IN RELEVANT
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Summary of key points

- ▶ Innovation, design and creativity come from people. So we need to invest in all workers, and improve their work environment and quality of life to underpin constant innovation
- ▶ The union movement has a vital interest in innovation and sustainable development
- ▶ The union movement is a large democratic organisation with nearly 300,000 members and needs to be recognised as a social partner
- ▶ Unions support economic growth. But the policy development needs to be inclusive, not imposed by an élite
- ▶ Unions are representative of the diversity in modern Aotearoa/ New Zealand
- ▶ The CTU supports balanced growth that includes economic, social, environmental and institutional dimensions
- ▶ Maximising the combination of technology, skill development, and workplace organisation will greatly assist productivity and unions are a vital part of this process
- ▶ Innovation and the application of knowledge is relevant to all workers – not just a few
- ▶ For workers, their employability, job security, and wage level will increasingly rely on them having a relevant skill
- ▶ Unions have been working with employers and Government on sector strategies
- ▶ The CTU supports an active role for a revitalised state sector in economic development
- ▶ Unions will continue to argue for the fair distribution of today's wealth. But we will also support policies that invest in people and opportunities to improve growth and development and generate higher levels of wealth.

Unions, innovation and skill development

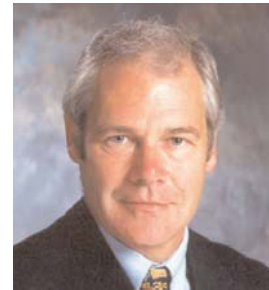
Involving workers is crucial in any innovation strategy. Innovation, design and investment are fundamental to creating jobs. That is why unions have such a strong interest in innovation. But there is more to it than that. The OECD in numerous publications has noted that the relationship between skill development, investment in technology, and workplace organisation is vital to improving productivity. Workers and their unions can have input on all these issues. For instance we make a strong contribution in the whole area of skill development. But unions have also made major contributions in the area of workplace organisation.

With flatter management structures, workers are making more and more decisions. In exercising that responsibility, they will need to have a higher level of involvement in strategic issues in the workplace and sector.

Key to the whole issue of workplace organisation is the connection between workplace relationships and productivity. As unions we are focussing on each of the three limbs of productivity – technology/innovation, skill development and workplace organisation. We believe that the necessary productivity lifts in NZ will flow from maximising the potential of each of these limbs and in particular focussing on where they all come together – be it at the level of the workplace, enterprise or industry.

Unions have a deep and continuing interest in these factors and through our various levels of engagement with employers and government we are looking to strengthen the country's performance in a way that reflects the reality of workplaces, enterprises and industries along with the rights of those who work there.

The Employment Contracts Act focussed on narrow contractual issues whereas the Employment Relations Act is more about the nature of employment relationships. There is no doubt that a key aspect of that relationship is the worker's desire to receive training, and the employer's wish to see productive application of knowledge and skills. As the knowledge component of workplace activity increases, so will workplaces have to change.



Paul Goulter
CTU SECRETARY

AS UNIONS WE ARE
FOCUSSING ON THE
THREE LIMBS OF
PRODUCTIVITY –
TECHNOLOGY AND
INNOVATION, SKILL
DEVELOPMENT
AND WORKPLACE
ORGANISATION

Employers will have to ask themselves “How do I get the best from my staff, when I cannot really supervise the creative application of knowledge?” Employers can purchase labour, but they cannot really buy the employee’s tacit knowledge. For instance, that willingness to go the extra mile which is a form of social capital.

This has a number of implications. For instance, there are increasing difficulties in attempting to pay workers based on readily identifiable outputs. The creativity and innovation of workers cannot really be measured in regular units of output. So it makes more sense to recognise the inputs – such as the skill the worker possesses.

The CTU supports a much greater industry focus in skill development. Of course, for individual employers there will always be an issue about just how much of industry-based qualification they need an employee to have on any given day. But we argue this is a shortsighted approach. Workers will move on. But they will also move towards employers with a strong focus on training and skill-development.

Far too many workers in the labour market either have no formal qualifications, or their “trade” training was many years ago. One of the key points of the reforms to tertiary education is to ensure that more and more workers complete qualifications, and are regularly retrained. As the CTU has said on numerous occasions, 80% of the workforce of 2010 is in the workforce of today. We can’t build an economy which is based more

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WORKPLACE

CTU AND BUSINESS NEW ZEALAND CO-OPERATE ON SKILL DEVELOPMENT ISSUES

An example of where the central organisations of workers and employers are increasingly co-operating is in relation to skill development and workplace training. The CTU and Business New Zealand were partners in a major Conference *Work in Progress: An International Vocational and Training Conference* along with Skill New Zealand.

In addition the CTU and Business New Zealand are discussing a number of projects aimed at improving literacy and numeracy, increasing the level of formal industry training in small and medium enterprises and supporting stronger linkages between senior secondary education and workplace and life-long learning.

and more around “knowledge” if we ignore the vast number of workers already in the workplace.

Put simply, workers need to be seen as an investment, not solely as a cost. We are starting to detect a change in attitude. A training culture is emerging. Many employers from the late 1980s had been able to source skilled labour from those displaced through state sector restructuring, the privatisation process, and the closure of the so-called protected manufacturing sectors. But that is no longer possible and there is now an acute awareness of not only current skill shortages but also the fact that the age profile of those formally trained has risen. In the past, many of the government owned operations provided a high level of staff and trade training with positive spillover effects throughout the economy. Privatisation has drastically affected this process, particularly when parcels of work have been contracted out to smaller and smaller firms with no inclination or budget for training.

So we have to get a higher level of investment into training. I have yet to meet a worker who doesn’t want to learn more. But, the structures, incentives and funding are not yet in place to ensure that quality lifelong learning is a reality for New Zealand workers.

The CTU includes a number of affiliated unions who represent members in the broader education sector. This includes workers at early childhood, primary, secondary and tertiary levels. They have a vital and professional interest in all education and related issues. For instance, the allocation of resources in relation to innovation, science, research and development and the need for high quality public institutions are major issues in the tertiary sector. Economic development needs to be underpinned by basic research in the public sector, not just by highly specialised research for a defined commercial purpose. The inclusion of unions in the strategic considerations on innovation and sustainable development is crucial.

The CTU advocates education as a public good. Although vocational training is vital, the CTU sees this as adding to the intrinsic value of a broad education for all, not replacing it. Education is a fundamental right, and also underpins a knowledge society.

These are some of the key issues for unions. The CTU asserts that workers and unions make a valuable but often unrecognised contribution on industry issues and the wider economy. This is true also of the modern, innovative economy.

I HAVE YET TO
MEET A WORKER
WHO DOESN'T
WANT TO
LEARN MORE

Unions and social development

The CTU in the new millennium reflects the diversity of our modern society. We are proud of the diversity of membership and leadership among CTU affiliate unions. Our members have families, communities and customs that weave a rich tapestry of our way of life in Aotearoa New Zealand today. Around half of us are women, a significant proportion are Maori and a growing number are Pacific peoples. We are working people with diverse origins, languages, sexual orientation, cultures, belief systems and abilities – but with the same goal – to be treated fairly and with respect.

Our occupational diversity in industries and sectors of the New Zealand economy gives us a broad base of strength, enabling us to stand up for the opportunities, the security, and the improvements we deserve. What brings us together is that we share the common goals of organising to improve the lives of working people and fighting for economic and social justice for all peoples of our country.

The strength of our union movement depends on respect for each other – and tolerance for and celebration of our differences.

For instance, women continue to earn 84 cents for every \$1 that men earn. Only 20% of industry trainees are women. Maori continue to predominate in statistics of poverty and inequality. Low pay and job insecurity continue to be the predominant work for Pacific Island peoples. These facts stand in stark contrast to our union beliefs in social justice and fairness for everyone, regardless of colour, background, ethnicity or gender.

The CTU provides the vehicle for the many and rich voices of working people to participate, not just at work, but in our society. The CTU builds on our diversity to create unity of purpose around key issues. One of those is to ensure that we focus on social development. From 1984 to 1999, we heard often about the need to create the conditions for private firms to be profitable and then everything would “trickle down” to



Darien Fenton
CTU VICE PRESIDENT

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workers, communities and small business. In fact, the profits didn't trickle down – they flowed out of the country. Massive social disparities were created. Poverty and infectious diseases emerged. This approach not only was divisive – it wasn't good for the economy either. So it is important that we build a society where the economy serves the needs of people, not the other way around. This means that building our social capacity, and addressing social deficits are an important part of achieving sustainable economic development.

There are signs that a new approach is emerging. Terms such as economic transformation, inclusive economy, innovation economy, knowledge economy, knowledge society, social development, sustainable economic

THIS MEANS THAT BUILDING OUR SOCIAL CAPACITY, AND ADDRESSING SOCIAL DEFICITS ARE AN IMPORTANT PART OF ACHIEVING SUSTAINABLE ECONOMIC DEVELOPMENT

FAIRNESS AT WORK

The union movement led campaigns to achieve workplace rights, for instance, sick leave and protection against sexual harassment. At the time these campaigns were controversial. But now such rights are accepted by all reasonable employers. The CTU believes that there needs to be a set of reasonable minimum standards that apply to all workplaces. This applies to minimum wages, holidays, health and safety, sick leave, bereavement leave, paid parental leave, employee protection when a business is sold or work is contracted out, and other areas. During the 1990s many of these rights were eroded. It is therefore important to re-establish modern and relevant minimum standards for the workplace. These standards are scarcely relevant to best-practice employers who already apply standards far in excess of these minima.

The employment relations framework is an important component of balanced policies to ensure that the benefits of growth and innovation are shared.

The CTU advocates a framework in this period which includes:

- ▶ a reasonable set of minimum standards for all employers
- ▶ a fair employment relations law that recognises worker and union rights and promotes collective bargaining
- ▶ a recognition of the importance of union involvement in skill development and workplace and industry training
- ▶ measures to address labour market issues such as casualisation, work/life balance, contracting and sub-contracting

We cannot turn the clock back, but many have forgotten just how far we have slipped in terms of pay and conditions for many workers. Our

<p>economic growth rate has slipped at the same time.</p> <p>An example is the minimum wage. It is currently only 44% of the average wage even though it has been regularly increased since 1999. In 1947 the minimum wage was 83% of the average wage. In 1973, another year of almost zero unemployment, the minimum wage was set at two-thirds of the average wage. By 1984, it had declined to a mere 30% of the average wage but a strong national award system provided minimum wages and conditions for about 880,000 workers depending on their occupation or industry.</p> <p>Setting a minimum wage addresses a question of social justice. It addresses</p>	<p>the question “what is the minimum people should work for, and below which employers should not be allowed to pay?” The CTU accepts that we cannot legislate for high wages. But we can set minimum standards that should apply to all firms. This is the case with other minimum standards. They simply set a safety net at the bottom of the labour market.</p> <p>So there needs to be recognition that minimum standards are required to ensure labour market quality and equity. However, what is equally important is the need for policies and workplace entitlements that exhibit best-practice by employers at the leading edge of the innovation economy.</p>
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THE BEST WAY OF ENSURING THAT THERE IS A HIGH-PERFORMANCE WORKPLACE IS TO NOT ONLY PAY GOOD WAGES AND ADOPT GOOD WORKPLACE PRACTICES BUT CREATE AN ATMOSPHERE OF TRUST

development, triple-bottom-line – represent a critique of the view that least-cost competitive conditions would create private profits and investment which would trickle down to and through society as a whole.

A social development approach says that the future of this country depends on improving the well-being of people and making sure that we all have a fair chance to achieve our potential. It is about improving the quality of life for people and their communities. It is a vision of an inclusive society where people have the skills and resources needed both to participate in and benefit from sustainable development.

So a social development approach is one that says we need to invest in people, in their communities, in quality public services, and include all people of diverse cultures and circumstances if we are to build a strong society that can underpin a modern and equitable economy.

So the CTU is positive about the new direction – even though much remains to be done.

High wage, high skill, high trust, quality export economy

The Council of Trade Unions supports a high wage, high skill, high trust, quality export economy.

Higher wages will come from more investment in skill. We also know that higher wages are more likely to occur from greater progress in moving up the value chain. This is a constant process. Investment in skill development is crucial. This involves building greater foundation skills such as literacy, numeracy, and familiarity with information, communication and technology. It means greater recognition of prior learning and current competencies. But it also means that we have to ensure that more and more workers are involved in achieving formal industry-based qualifications.

The CTU believes that talent must be attracted to New Zealand by the same sorts of policies and work environment that keep people here. That means better pay, better conditions, an attractive life-style. Immigration can only be a small part of the answer and needs to be balanced against investment in training, assistance for the unemployed to be part of the paid workforce, and other measures to resolve skill shortages.

High trust is also of crucial importance. Employers are increasingly operating in a period where the quality of the work environment will contribute to the application of knowledge already invested in their employees. So it is not enough just to ensure there is training. Application of knowledge and full use of skills will not happen in a negative work environment. The best way of ensuring that there is a high-performance workplace is to not only pay good wages and adopt good workplace practices but create an atmosphere of trust. It is this social capital that will become more and more necessary to ensure that workers feel valued as people, not units of labour, and therefore give their best on the basis of that relationship in addition to the more customary factors of pay and conditions.

THE MOST
PRODUCTIVE
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WERE UNIONISED
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WITH MODERN
WORK PRACTICES

The ILO¹ has noted that “education and training improve individuals’ productivity and income-earning opportunities”.

An OECD Report² on Technology, Productivity and Job Creation noted that:

“High performance workplaces are strongly associated with higher labour productivity, better wage performance (due to the premium placed on skilled workers), and satisfactory unit cost performance due to enhanced productivity and improved quality of outputs, particularly when a range of organisational innovations are adopted (based on high skills, high levels of training, distributed responsibilities, innovative pay systems and, often, quality-based practices”

The same report argues (OECD 1998:2727) that the high performance workplace is based on not only “high skill’ but also “high trust”.

Research by Sandra Black of the Federal Reserve Bank of New York and Lisa Lynch of Tufts University also examined the impact of high-performance workplace practices on business outcomes. They found that simply introducing high-performance practices was not enough to increase productivity. The key was effective employee participation. The most productive workplaces were unionised workplaces with modern work practices.

A QUALITY FUTURE	
In 1992, the New Zealand Council of Trade Unions published a booklet entitled <i>A Quality Future : Working Together for Growth in New Zealand</i> . This publication promoted a policy framework for long term sustainable growth with a priority for job growth. The report identified the following commonalities in successful nations and enterprises:	<ul style="list-style-type: none"> ▶ Recognising competition and change as a challenge ▶ Changing technology ▶ Quality at all levels ▶ Less hierarchical management ▶ Flexibility in the face of a constantly changing world ▶ An educated and engaged workforce ▶ Innovation and creativity at all levels.
<ul style="list-style-type: none"> ▶ An emphasis on co-operation and consensus 	The report stated that the CTU wanted to “work with others in the community

1 ILO (2002) *Learning and training for work in the knowledge society*. Report IV(1). Geneva.
 2 See OECD Jobs Strategy, 1998 Edition note (OECD, 1998:271) in the Chapter on High Performance Workplaces and Intangible Investment

to build an economy which is environmentally sustainable and in which respect for people, their cultures and their rights can be guaranteed". The CTU at that time, 10 years ago, argued for better monetary policy, positive measures to stimulate economic growth such as research and development, more industry training, improved work practices, and setting new quality standards. The CTU advocated an industry policy (similar to the economic development programme implemented since 2000) and for social policies based on fairness and personal security. The CTU argued at that time that economic growth would be led by industries with highly skilled workers making high quality products. Overall the CTU stated that there needed to be a change in direction for New Zealand and that the economy needed to be based on "skills and quality, not cheap labour; the strategic development of sectors and industries, not short-term cost cutting, and; co-operation and engagement in the development of policy at all levels, not

adversarial confrontation". We knew that if these policies were not followed we would lose high-skilled workers as they emigrated to other countries, particularly Australia, and our economic performance would suffer. The net loss of people to Australia grew every year since 1990, peaked at over 30,000 and started to trend down from 2001. So ten years on – a lot has changed. But the point is that the CTU was advocating these policies at a time when the approach of Government and business was extremely damaging to the productive base of our economy. There were other reports also at that time that supported a different approach.³ Our support for policies which can sustain a high wage, high skill, high trust quality export economy have been developed over many years. Although such a policy approach needs to take account of new circumstances, it can be seen as a sound basis for improving the economy and quality of life in Aotearoa/New Zealand.

The CTU also supports an export focus. This does not diminish the importance of the domestic sector or of import substitution. We support "Buy New Zealand Made" and arrangements such as the Industrial Supplies Office. But as a small trading nation, it is important that we develop more our export potential. Exports will grow through a combination of greater volume, premium prices, a wider diversity

³ See Easton, B. (1990). "Open growth: a response to the Report of the Ministerial Task Force on International Competitiveness" and also Enderwick, P. (1993). *Industry Policy in New Zealand: A Review of the Issues*. Engineers Union, Wellington

of exports and destinations, greater access for NZ based services, and tourism.

But the CTU does not support trade at any price. We have been critical of some trade proposals (for example some closer economic partnerships) because of numerous problems including a failure to apply rigorous cost-benefit analysis, inadequate recognition of labour standards, and concerns about public services being undermined.

The CTU has been an advocate for many years of a policy mix based on achieving a “high wage, high skill, high trust, quality export economy”. We are seeing the beginnings of such a policy mix, and it is our hope that the momentum for such policies will continue to grow.

Economic growth comes from firms of all sizes

The CTU is concerned that some policy discussion assumes that we will build a quality export economy based mainly on small firms. Perhaps all New Zealand firms are considered small in an international context but there is often a degree of misrepresentation of the figures on firm size.

There is no doubt that the average size of employer is low at 4.04 full-time-equivalent employees. However we note that the Department of Labour Briefing Papers to the incoming Government in 1999 showed that although we have many small firms, we have a significant proportion of the workforce in larger firms.

The Labour Department report observed that there was at that time a total of about 260,000 businesses in New Zealand. However if we combine subsidiaries and divisions rather than use geographic units, the number of businesses falls to 160,000. Of the 260,000 business units (at that time) 225,000 or over 85% employed 332,000 workers at an average of fewer than 5 people. However there were 1,264 businesses which employed 542,000 full-time-equivalent employees at an average of over 430 per enterprise.

So in fact there are many more (about 210,000 more) employees in New Zealand who work for larger firms that average 430 employees than there are who work for small firms that average below 5 employees. In addition, if we regard an employer as an enterprise rather than a geographically located business unit, the number of firms is reduced by 100,000 which makes a lot of difference to the average firm size quoted in many statistics. It should also be noted that small business size is not peculiar to New Zealand. Some critics of improved regulation try to distinguish New Zealand from Europe. In fact, of the 15 million businesses in the EU, 92% have fewer than 10 employees and 99% fewer than 500.

This means that we should not ignore the tremendous gains that can be made by strengthening our medium-sized and larger businesses. Firms of all sizes will benefit from a strategic industry approach. We cannot have a model of innovation and growth that ignores the existing workforce, and ignores the vital contribution to employment and exports of larger firms. It will not just be small start-up firms with young people working unsociable hours in the new economy that will produce economic growth. It will be firms of all sizes investing in skill development, and decent pay and conditions which ensure that workers make an enthusiastic contribution to productivity on an ongoing basis.

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Knowledge and the modern workplace

There has been a lot of discussion recently about the role of knowledge in adding value in the production of goods and services. Knowledge is infinitely renewable provided we invest in it. This means lifelong learning. It means training opportunities in the home, the workplace, and the community in addition to educational institutions. And it also means that the modern workplace has to make the best use of this knowledge. For workers to apply their knowledge day after day in the

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TIME FOR LIFE

Over the last decade and more we have witnessed not only the intensification of work, but increased participation in the paid workforce. One of the results of these trends is that many sections of the workforce have less and less time for anything apart from work. Meeting family responsibilities, spending time with friends, pursuing hobbies, playing sport, and participating in community activities are all being squeezed by more and more time at work. Modern technology means some workers are more accessible and “stay in touch” with work when at home, on holiday, or out in the community. Low-income

workers sometimes have two, three or more jobs.

We cannot build a sustainable economy based on unsustainable lifestyles.

Growth and innovation cannot come from imposing even more intensive work processes and even more extensive work hours. People need balance in their lives. They need to renew their skills and keep up their energy and enthusiasm for many, many years if they are to be a productive member of the workforce.

The CTU advocates a range of measures including family-friendly policies to address this problem.

workplace, they need to be involved in key decisions, they need to be treated with respect, and they need working conditions they take account of the other pressures that they face, for instance as parents. Of course they also need decent pay.

No one is suggesting that an employer can create this sort of workplace overnight. But if an employer is willing and ready to embrace the concept of triple bottom line accounting, then social accountability includes the creation of a work environment that takes account of the social needs of employees. Unions have a role in this. Unions are keen to discuss not just the obvious issues such as remuneration, sick leave, domestic leave, holidays, but also what sort of training is provided. Other issues are, what involvement there is for employees and decisions on the workplace, superannuation and saving schemes, and how to strengthen the organisation to ensure it is sustainable.

If New Zealand is to develop new market opportunities based on design and innovation, then investment in people is vital. The increasing recognition globally of the social and environmental costs of many aspects of trade and commerce is opening up new opportunities for design of sustainable products and services. As a country, we cannot be at the forefront of these opportunities if we do not invest in people – their knowledge and skills, their workplace environment, and their quality of life.

Unions, the environment, and sustainable development

There are many reasons why the CTU is becoming more involved in issues in relation to sustainable development. There is increasing recognition of the interface between economic, environmental and social factors (for example our emphasis on 'just transition', processes in relation to any policies arising from ratification of the Kyoto Protocol on climate change). At the level of the enterprise there is growing interest in triple bottom line reporting. At the industry level, there is a need to reconcile social issues and environmental factors (such as certification of products or services that they meet environmental or triple-bottom-line standards) with the economic aspects. In addition there are policy developments in New Zealand such as work on an inclusive economy and establishing a set of social indicators. At the international level, the World Summit on Sustainable Development is providing a focus for debate at a global level on the need for balanced policies which combine economic, social, environmental and institutional factors.

The international union movement has raised a number of key issues in the context of sustainable development including:

- ▶ Poverty eradication as a key to the social dimension of sustainable development;
- ▶ Decent employment as central to the social dimension, to include "just transition";
- ▶ Worker participation to make workplace assessments, indicators and partnerships part of transition to sustainable development, and to integrate core ILO labour standards;
- ▶ Workplace agreements that build on occupational health and safety models, including both collective and "framework" agreements;
- ▶ Voluntary agreements to promote collaborative workplace action;
- ▶ Changes to personal consumption patterns linked to workplace education and action;
- ▶ Action to address the effects of globalisation and liberalisation;

THERE IS
INCREASING
RECOGNITION OF
THE INTERFACE
BETWEEN
ECONOMIC,
ENVIRONMENTAL
AND SOCIAL
FACTORS

- ▶ Strengthening public control and management of land, water, resources and vital utilities, with a key role for local authorities and stakeholder groups in civil society;
- ▶ Focus on HIV/AIDS by linking public health with workplace health and safety;
- ▶ Plough-to-plate approach to food and agriculture, with a focus on agricultural workers;
- ▶ Technology innovation and transfer to promote decent work and capacity-building;
- ▶ Sustainable energy systems, linked to decisive action on climate change;
- ▶ Transportation patterns that ensure equitable access, sustainable energy and land use, and community planning;
- ▶ Patterns of tourism with equitable access to protect natural/social environments;
- ▶ Forest and land management that ensures environmental protection, economic viability, and socially responsible practices;
- ▶ Harmonisation and safe use of chemicals relying on the precautionary principle;
- ▶ Attention to gender and age issues, with a focus on poverty eradication;
- ▶ An end to child labour and the exploitation of other vulnerable groups.

WORKERS AND
UNIONS NEED TO
ENGAGE WITH
EMPLOYERS,
ENVIRONMENTAL
GROUPS AND
COMMUNITIES ON
A RANGE OF
SUSTAINABLE
DEVELOPMENT
ISSUES

The CTU believes that a sustainable development framework is useful in providing a more balanced set of objectives than the preoccupation with solely economic goals. It also means that workers and unions need to engage with employers, environmental groups and communities on a range of sustainable development issues. For instance, unions are seeking active involvement in the negotiated greenhouse gas (NGA) process for at risk enterprises and industries arising from climate change policies linked to the Kyoto Protocol.

Unions are promoting the OECD Guidelines for Multinational Enterprises which includes issues of environmental responsiveness as well as recognition of basic labour rights. There are many citizens, NGOs, and governments that want to ensure greater accountability by multinational enterprises. In this context it is heartening to see the development of a range of approaches by firms that address a broader

constituency than their owners and shareholders. This includes: sustainable development analysis; values audits; social audits; SA 8000 accreditation; ethical investment portfolios; and, environmental audits.

Public-interest groups like the Coalition for Environmentally Responsible Economies (CERES), a coalition of 50 international investor, environmental, religious, labour and social-justice groups, launched the Global Reporting Initiative (GRI) to set environmental benchmarks for corporate reports.

The SA 8000 is an international standard for labour and human rights established by the Social Accountability International. The Advisory Board consists mainly of representatives from corporations and NGOs, but does also include trade union representatives.

We have seen a local example of this approach when the world's fourth largest dairy company, New Zealand's Fonterra Co-operative Group Ltd (Fonterra), signed an agreement with the International Union of Food, Agricultural, etc (IUF) and the New Zealand Dairy Workers' Union Incorporated (NZDWU) to ensure minimum labour standards for all employees of Fonterra and its subsidiaries and to require consultation with employees' unions when it contemplates major changes in business activities likely to result in job losses.

The Agreement commits Fonterra to respecting the principles in various key ILO conventions. Among these principles, Fonterra shall provide for the right to freedom of association and collective bargaining for all its employees. This includes ensuring that Fonterra's employees are free to join the workers' organisation of their choice and to participate in its activities without discrimination or harassment. Where Fonterra is engaged in collective bargaining with employees, it shall continue sharing information about the business as a whole and its local operations with union representatives that is reasonably required to bargain effectively. Fonterra shall provide safe and healthy working conditions for its employees and shall not in its international operations use child labour, forced or compulsory labour or discriminate against any person in respect of their employment.

The Agreement also requires Fonterra to provide affected employees' trade unions with relevant information and to consult with these unions when it contemplates changes to business activities likely to result in a

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loss of jobs. This information includes the reason for the major changes contemplated, the number and categories of employees likely to be affected and the intended timeline for changes. CEO, Mr Norgate said Fonterra was committed to financial, environmental and social performance, and saw the Agreement as contributing to all three.

These examples indicate that many employers are ready to look beyond simple compliance cost issues. We are not naive enough to believe that this means that costs do not matter. Cost will always matter – all other things being equal. But as we know, all other things are not equal. Therefore there needs to be more focus on revenue generation, new ideas, investment in people, research and development, social factors, and the environment.

Unions and industry strategies

The CTU has for many years advocated industry and sector strategies that are a partnership between employers, unions, local and central government and other stakeholders including Maori. Since late 1999, there has been a welcome recognition that Government has a role in assisting industry development. We set out below a couple of examples where unions are involved in sector strategies.

THE WOOD PROCESSING STRATEGY

An example where central government, local government, unions and employers are adopting a strategic approach is in the wood processing sector to make the best use of the “wall of wood” (the massive forest resource that has been built up over the last 15 years). This includes:

1. The development of efficient, safe and competitive transport networks and infrastructure in new forest regions that meet harvesting demands.
2. The development of world-class research, science and technology capability in wood fibre-based products and wood processing.
3. Creating a world-class bio-security framework by 2003.
4. Achieving international recognition of the sustainability of New Zealand’s plantation forests through third-party certification by 2003.
5. Establishing forest products as New Zealand’s number one merchandise export sector by 2005.
6. Creating a 20 percent increase in employment with the industry by 2005.



“The wood sector strategy has shown us a lot of the short-falls in our industry. Issues such as training, recruitment of new workers, health and safety and a better infrastructure such as improved roading are being addressed and it’s important for workers and unions to be involved.” Doug Meyrick, union delegate and wood industry worker.

7. Accelerating the move towards zero import tariffs in developed country and developing country markets ahead of the APEC Bogor deadlines of 2010/2020.
8. Creating an investment environment that attracts increased investment in wood processing industries in regional New Zealand (at least \$3 billion invested by 2010)
9. Processing in New Zealand at least 50 percent of the additional wood harvest.

Unions have played a vital role in this process. Union delegates met to review the issues and their views have been incorporated into the strategy. Unions have won acceptance of the need for a “safer forestry industry” programme to improve health and safety in the sector. Employers and unions have developed ideas to attract people to the industry. New training programmes are being developed. Social issues such as drug use are being confronted.

Progress at times seems slow and there are setbacks. But all involved agree that this is a model of how the various stakeholders in a sector can meet together and build an on-going strategy for the industry.

TEXTILE, CLOTHING AND FOOTWEAR SECTOR STRATEGY

Unions are also actively involved in the sector strategy being developed in the textile, clothing and footwear (TCF) sector.

This sector has been badly affected by tariff reductions, a massive increase of imports from China and other countries. There is a perception that at least parts of the sector need to move towards more “value-added” niche manufacturing. However, achieving that is not as easy as it sounds. The sector strategy involves employers, unions and government in a rigorous analysis of the factors affecting the sector, and recommendations on what can be done.

It is vital that workers are involved in this process.

That is why the CTU is committed to holding seminars for union delegates throughout the country so they can hear from government and



“Our union has played a major role in ensuring our employers and the government have joined us to develop an industry strategy for the textile, clothing and footwear industries. We hope that this strategy will turn our dying industry into one that will grow and provide better paying jobs for more workers in the future.” Maureen Sinclair, union delegate and worker in the clothing industry.

employers, as well as express their own views on what is needed to boost high-quality employment opportunities in the sector. This means that the knowledge and experience of workers – and their ideas – are recognised as an important part of a successful industry strategy. Unions stand ready to engage in a range of industry strategies.

State sector capacity

The CTU supports the rebuilding of the public service including the additional 900 (full-time-equivalent) employed since 1999. The CTU supports a well-resourced state sector that can ensure quality service to citizens. State sector workers and their unions play a vital role in a quality public service.

A well-resourced public sector can support not only quality services, but also important social programmes. The CTU supports policies such as the income related rents, lower costs for student loans, higher superannuation payments, and greater access to elective surgery – because they are all policies that directly benefit workers.

We also support the broad thrust of policies that will build stronger communities. Apart from the social and human considerations that motivate these policies, we know that a strong economy is built on well-functioning communities. Poor educational achievement, overcrowding, infectious diseases and crime all result from higher levels of poverty. We cannot advance as a country without facing up to those problems.

The role of government was diminished in the post-1984 period. The capacity of government to provide quality services was eroded through the sale of government assets, tax cuts instead of investment in services, and a corporate ethic with individual budgets, and individual accountabilities rather than “public service”.

The CTU supports policies that will improve state capacity. This need not be a return to the past. The Government may operate in partnership with other agencies. The CTU believes that the limits on government involvement are not now ideological but practical and financial. The role of Government in initiatives such as venture capital formation, facilitation of economic development, funding for broadband internet access can combine with public investment in modern transport, hospitals, and the modern infrastructure of education, research and science as well as core public services. This increases private sector capacity and productivity.

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More needs to be done – especially to meet the adequate recruitment and retention of workers into state-provided services and to increase levels of social investment. But a start has been made on rebuilding a modern, relevant and well-resourced public sector. Just as unions have a vital role on innovation, and workplace organisation issues in the private sector, it is no different in the public sector and there are numerous examples of such co-operation in the public service. The CTU wants to see such co-operation expand.