

# BRIEFING TO THE **INCOMING GOVERNMENT**

NOVEMBER 2023

# THE CTU'S VISION FOR NEW ZEALAND

**We all want New Zealand to be the best country that it can be, and, in many ways, Aotearoa is the envy of the world. This is a beautiful country, filled with smart, enterprising people. We celebrate those who endeavour and achieve despite the challenges that are placed before them. At the same time, we support the most vulnerable in our society, and New Zealanders are united in a wish to leave a better country for our children and future generations.**

## IN SUMMARY

### CTU'S PRIORITIES FOR THE INCOMING GOVERNMENT

- Work to eliminate the barriers that disadvantage kaimahi Māori
- Increase the minimum wage to the living wage
- Continue working to improve pay equity
- Reform the Holidays Act
- Criminalise wage theft
- Introduce corporate manslaughter legislation
- Eliminate migrant labour exploitation
- Ratify all International Labour Organization fundamental conventions
- Increase the capacity of New Zealand's labour and health and safety regulators
- Support vocational education and workforce development
- Continue to plan for just transitions
- Rebalance the tax system
- Increase the supply of affordable housing
- Establish a Ministry of Green Works to close our infrastructure gap
- Improve competition in key sectors

### WHERE WE NEED FRESH IDEAS

- Properly honouring Te Tiriti o Waitangi
- Sector-wide minimum standards
- 90-day trials
- Protections for contractors
- Social income insurance
- Sustainably funding public services
- Managing inflation

The outgoing government sought to make Aotearoa the best country in the world to be a child. This was a noble aspiration, and if achieved would be something we could all celebrate. But for too many families across New Zealand, this aspiration is far from reality. We have long hours, low pay, and exploited workers trying simply to keep food on the table and a roof over their family's head. This results in families facing stress, poverty, and having fewer and fewer choices. New Zealand can and should do better.

A big part of 'doing better' is changing our view of what economic success looks like. We need to move away from New Zealand's model of an exploitative economy, where growth comes at the cost of the environment, workers, and the nation's future. We need to build a more productive, sustainable, and inclusive economy – where the rewards of growth are shared more equitably, and where high-quality, sustainably funded public services provide better outcomes for all New Zealanders.

Doing better also means tackling the big problems facing New Zealand. Too many New Zealanders face enormous difficulties in the housing market, with high rents and unaffordable mortgages. We have damaged our environment and our image overseas with polluted rivers and high emissions. Many New Zealanders live in energy poverty while energy companies make record profits. Growing inequality increasingly divides our society.

To do better, we need a better vision. New Zealand is already one of the best countries in the world to do business. We welcome trade with the rest of the world. We are a wealthy country. But we need to shift our focus so that alongside being the best country in the world to be in business, we are also the best country in the world to be a worker. Achieving that goal will create stronger families, more cohesive communities, and a better New Zealand.

Achieving that goal will also mean the Crown working as a true Treaty partner, honouring both the spirit and the words of Te Tiriti. That means more engagement with Māori communities rather than less. It means recognising that treating the problems Māori face differently isn't the same thing as treating others unequally. It means listening to Māori workers more, and delivering the necessary resources to realise the solutions that they create.

The CTU is proud of the workers of New Zealand, and proud of the rich heritage of the trade union movement. We represent more than 300,000 workers across the country, and a diverse range of industries and backgrounds. It is this diversity that gives us our strength and our unique insight into the problems facing Aotearoa. We hope that the incoming government recognises that strength and insight and works with us to help make New Zealand the best country in the world to be a worker.

Richard Wagstaff  
NZCTU President

# RECENT PROGRESS

**Since 2017, New Zealand has made significant progress on a range of economic and social issues. Child poverty has fallen. Unemployment reached record lows. The minimum wage increased by 44 percent. Benefits were increased and linked to wages rather than inflation. Paid parental leave was extended to 26 weeks, and sick leave was doubled. All of these changes helped to deliver a more equitable Aotearoa and helped to ensure that some of the poorest New Zealanders had a real boost in their quality of life. We hope that the progress made to date continues under this new government.**

For workforces, one of the transformational changes delivered was the introduction of the [Fair Pay Agreements Act 2022](#). This enabled industry minimum standards for wages and conditions to be set. This is common practice in many of the countries that we like to compare ourselves to, and supports better paying jobs, more successful businesses, and higher levels of productivity. In Australia, for example, National Awards are one of the reasons why Australians are paid more, work fewer hours, and have better conditions at work than New Zealanders.

There has been much progress made on pay equity settlements. Workers in the healthcare and education sectors have seen their incomes lift by thousands of dollars. This has helped to reduce gender-based pay discrimination. However, the gender and ethnic pay gaps are still too wide, and there is much more to do. It is more than 50 years since the passing of the Equal Pay Act, and these gaps should have closed by

now. Work also needs to continue on establishing pay transparency.

Progress has been made on developing better protections for contractors, such as with the [Screen Industry Workers Act 2022](#). Significant progress was made by the Employment Court when a number of Uber drivers were recognised as employees and not as self-employed contractors. Ending zero-hour contracts in 2016 was a big step and should continue to be celebrated. But further progress needs to be made to help ensure that employment and income security is the norm for workers and their families.

Significant steps forward have been taken in honouring Te Tiriti o Waitangi, the founding document of this country. This has included work to address the drivers of the poor employment and wellbeing outcomes that Māori experience relative to other New Zealanders. Government has also worked with iwi and kaimahi Māori to co-design and co-govern the solutions to New

Zealand's challenges in infrastructure, health, and elsewhere. Institutions have been established to discuss the issues that are important to Māori and promote Māori-led solutions. And there has been progress in embedding te reo Māori in New Zealand public life and culture. The Crown still has a long way to travel to fully ensure it is honouring its commitments under Te Tiriti, but these have been welcome steps in the right direction.

Our carbon emissions as a country are falling, and the latest data from MBIE shows that our emissions are lower than at any time since 2000. This is despite a much larger population, a larger economy, and a rebound from the COVID closure. Continuing this progress will be essential if we are to meet our Paris Agreement goals and fulfil our global role in helping to reduce carbon emissions. The recent weather events in

New Zealand show the impact of global warming, and what we will face if we do not fully play our part in tackling the climate crisis.

Progress has also been made in getting better outcomes for workers in New Zealand's trade relationships. The recently concluded free trade agreement with the European Union has established a new 'gold standard' for labour rights and standards in New Zealand's trade deals. Commitments made as part of the UK and EU trade agreements mean that New Zealand is fully committed to ratifying the fundamental conventions of the International Labour Organization. This progress is as welcome as the ratification is overdue.

In the rest of this briefing, we outline the work we think government should prioritise to keep moving in this direction.



# CTU'S PRIORITIES FOR THE INCOMING GOVERNMENT

**New Zealand needs to become the best country in the world to be a worker, by building a more productive, sustainable, and inclusive economy. The government should prioritise the following actions during this parliamentary term.**

## Work to eliminate the barriers that disadvantage kaimahi Māori

Te Tiriti o Waitangi is the founding document of Aotearoa New Zealand, and government has a responsibility to honour Te Tiriti. In the world of work, this means taking concerted action to eliminate the systemic barriers that disadvantage Māori workers and communities and create inequitable outcomes. Māori continue to face higher rates of unemployment, lower job security, and poorer pay and conditions compared to the general population. Government should focus on working in partnership with Māori to co-design solutions and properly fund interventions that work. Many of the other recommended actions below will also improve employment outcomes and wellbeing for kaimahi Māori by lifting wages in low-paid sectors, increasing job security, and reducing the cost of living.

## Increase the minimum wage to the living wage

The [living wage](#) ensures that workers have the income they need to pay for the necessities of life and can fully participate in society. By aligning the minimum wage to the living wage, government would significantly improve the wellbeing of hundreds-of-thousands of New Zealand workers and households. There is no downside to this, as [research](#) shows that increases to the minimum wage do not negatively affect employment

levels and have little impact on inflation. Additionally, to support a consistent approach to setting the minimum wage, an independent body, comprised of both worker and business representatives, should be tasked with making an annual recommendation on the appropriate level. This could be modelled on the UK's [Low Pay Commission](#).

## Continue working to improve pay equity

The [Equal Pay Act 1972](#) contains a longstanding prohibition on pay disparity on the grounds of sex. The purpose of the Act is to ensure that occupations and industries dominated by women are not disadvantaged in terms of pay in comparison to the same or substantially similar work performed in occupations and industries dominated by men. Pay equity settlements are the statutory mechanism for ensuring that this legal requirement is met, responding to structural issues that have prevented equal pay from becoming a reality. Pay equity settlements could also be used to address instances of wage discrimination on the basis of ethnicity, such as addressing the wage gaps experienced by Māori and Pasifika. This can be achieved by amending the Equal Pay Act to include ethnicity. The incoming government should prioritise the settlement of pay equity claims and ensure that such settlements become widespread features of New Zealand's industrial landscape. This can be further supported by progressing pay transparency legislation. Together, these



actions will promote workplace equality, regardless of gender and ethnicity, ensuring that all workers in New Zealand receive fair compensation for their mahi.

## Reform the Holidays Act

The [Holidays Act 2003](#) is in dire need of reform and a large amount of work has already gone into identifying the necessary changes. The lack of clarity in the current legislation has meant that many workers have not benefitted from basic and important statutory requirements with respect to statutory holidays. The need for legislative reform has been agreed on in [tripartite forums](#). It is necessary to ensure that the provisions in the Holiday Act are easy to understand, with employers and workers having certainty as to their rights and obligations. A 'Holidays Amendment Act' can be quickly drafted and enacted and should be a priority for the incoming government.

## Criminalise wage theft

Wage theft is an ongoing problem in New Zealand, which is widely under-reported, and disproportionately impacts low-income workers. Working people have a natural right to the ownership of their wages and minimum entitlements. However, while New Zealand law clearly criminalises theft committed by workers against their employers, the same legal accountability is not accorded to instances of employers unlawfully taking from workers the wages and

monies they are entitled to. The incoming government can eliminate this problem by passing the [Crimes \(Theft by Employer\) Amendment Bill](#) that is currently before select committee and ensuring it is properly enforced.

## Introduce corporate manslaughter legislation

All workers have the right to return home safe at the end of the day. However, on average at least one worker is killed at work [every week](#) in New Zealand, and hundreds of workers die every year from [work-related ill-health](#). In contrast to Australia, the UK, and many other countries, there is no legislation in New Zealand that enables corporations to be held accountable for negligence that leads to a person being killed at work. The incoming government should move to criminalise corporate manslaughter and increase the law's ability to provide penalties against CEOs, directors, and officers of a corporation found guilty of manslaughter. This will help to ensure that the health and wellbeing of workers is a top priority for New Zealand employers, and that all workers can return home safe to their families.

## Eliminate migrant labour exploitation

Migrant worker exploitation is a systemic problem in New Zealand. The Recognised Seasonal Employer (RSE) scheme is a particular and longstanding area of concern. As



the [Human Rights Commission](#) has identified, 'Due to a lack of oversight, regulation, enforcement, and human rights protections within the RSE scheme, employers are able to exploit workers with few consequences if they wish'. To address issues with the RSE scheme and eliminate migrant worker exploitation, the government should adopt a comprehensive approach. This includes strengthening labour regulations, ensuring regular inspections of businesses that employ migrant workers, promoting transparent recruitment practices, providing accessible information in multiple languages, implementing cultural awareness training, and ensuring migrant workers can access legal aid, trade unions, and social support. The wellbeing of migrant workers should be placed at the heart of the RSE scheme. The National-ACT coalition agreement's provision to remove median wage requirements from the Skilled Migrant Category is likely to make exploitation worse, and should be reviewed.

## Ratify all International Labour Organization fundamental conventions

New Zealand is yet to ratify the International Labour Organization's [fundamental conventions](#) 87 (Freedom of Association), 138 (Minimum Age), and 187 (Promotional Framework for Health and Safety). This makes us an outlier among the developed world in our commitment to labour rights and standards. The recently signed [free trade agreement](#) with the European Union compels New Zealand to make 'continued and sustained efforts to ratify' these conventions. Government should prioritise bringing New Zealand up to speed with the rest of the developed world by ratifying these conventions in its first year.

## Increase the capacity of New Zealand's labour and health and safety regulators

The Labour Inspectorate is insufficiently resourced to enforce our labour laws and standards. Likewise, WorkSafe is insufficiently resourced to ensure that New Zealand's health and safety regulations are properly implemented across the country. This lack of enforcement contributes to New Zealand's high rates of migrant worker exploitation and our high rates of work-related death and illness. Government should ensure both the Labour Inspectorate and WorkSafe are sufficiently resourced to proactively enforce our labour laws and standards and help to eliminate exploitative and unsafe employment practices.

## Support vocational education and workforce development

For years, New Zealand has relied heavily on migration to address skills shortages and has not made the requisite investment in infrastructure to match population growth. To prevent future reliance on this non-strategy, ongoing investment is required in identifying and addressing New Zealand's current and future workforce development needs, and ensuring that we can, to the greatest extent possible, meet our workforce needs domestically. The Workforce

Development Councils and Regional Skills Leadership Groups play important roles in identifying workforce skills needs across sectors and regions and should be retained. In turn, workforce development decisions should be coordinated through work with unions and business in an active industrial policy that supports the future supply of good jobs.

## Continue to plan for just transitions

We know that the New Zealand economy will experience challenges in the future stemming from climate change, new technologies, and global economic shocks. Historically, New Zealand has not managed economic change well, and this has come to the detriment of working people and their communities. The incoming government should continue to actively plan for just transitions in industries and regions that face economic change and disruption. The Industry Transformation Plans and the Just Transitions Partnerships in Taranaki and Southland are examples of the value of tripartite planning that enables workers to have a say in shaping their future. Ensuring that these institutions are sufficiently resourced to drive positive change should be a priority for the government.

## Rebalance the tax system

Government does not currently generate enough revenue to sustain the investments New Zealand requires



in infrastructure, housing, health, and climate change, among other areas. Government's fiscal challenges will only become more acute as our population ages. New Zealand also has growing levels of wealth inequality, which undermines our economic resilience and social cohesion. The incoming government should bring New Zealand in line with other wealthy countries by delivering a more balanced tax system that ensures all sources of income, including capital, are properly taxed. This will ensure government has the resources to sustainably invest in New Zealand's future prosperity and will help to reduce inequality.

## Increase the supply of affordable housing

New Zealand's housing problems are well known. We have failed to build enough houses for our growing population. Combined with tax settings that incentivise investment in property instead of productive enterprise, this has made housing unaffordable for many New Zealanders. This is driving many young people overseas, depriving the New Zealand economy of the skills it needs to thrive. In addition, much of our existing housing stock is cold and damp, which

contributes to poor health outcomes for working families, particularly for Māori and Pasifika children. This costs government and the economy billions of dollars every year in healthcare and lost workdays. Indeed, as UN Special Rapporteur Leilani Farha has noted, New Zealand's housing crisis is a human rights crisis. The incoming government should rapidly expand the supply of affordable housing, including state housing, act to reduce rent price inflation, and ensure that the healthy homes standards are proactively enforced.

## Establish a Ministry of Green Works to close our infrastructure gap

For decades, New Zealand has underinvested in its public infrastructure. As of 2021, we had accumulated an infrastructure deficit of \$104 billion. It is estimated that, if we keep investing at the current rate, we will be a further \$106 billion in deficit by 2050. Additionally, there is no single agency responsible for delivering the housing and infrastructure outcomes that we need, and this prevents the level of coordination required across both the public and private sectors. To address these issues, the government should establish a Ministry of Green

Works that is responsible for construction, urban design, and infrastructure planning and policy. If sufficiently resourced, this Ministry can be the central agency for delivering on New Zealand's water, transport, energy, and housing needs and closing our infrastructure deficit.

## Improve competition in key sectors

New Zealand workers have faced a steep rise in the cost of living over the past two years. One driver of this is the lack of competition in the grocery, electricity, and banking sectors. The Commerce Commission's inquiry into the grocery sector found that the supermarket duopoly is a major factor

behind high food prices in New Zealand. An expert panel has found that a lack of competition in the electricity sector is contributing to high costs for consumers, resulting in hundreds-of-thousands of households not being able to adequately heat their home. And the Reserve Bank has shown that our big banks are among the most profitable in the world, earning record returns while working families around the country struggle to pay their mortgages. Government should take concerted action to improve competition across these sectors. This will help reduce the cost of living for working people and support a more dynamic economy. The National–New Zealand First coalition agreement has highlighted the importance of this to New Zealand.



# WHERE WE NEED FRESH IDEAS

The incoming government has announced it intends to take a number of actions that the CTU thinks will move New Zealand in the wrong direction: reversing progress on honouring Te Tiriti o Waitangi; repealing the Fair Pay Agreements Act; reinstating 90-day trials for all businesses; continuing to misclassify employees as contractors; stopping further work on social income insurance; cutting public sector funding; and repealing the Reserve Bank's employment mandate.

If implemented, these policies will take New Zealand backwards. They represent outdated ideas that have been proven not to work. Fresh thinking is needed if we are to become the best country in the world to be a worker. The CTU is keen to work with government to find a better way forward on the following issues.

## Properly honouring Te Tiriti o Waitangi

The incoming government has announced that it plans to remove co-governance from the delivery of public services, abolish the Māori Health Authority, renounce New Zealand's recognition of the United Nation's [Declaration on the Rights of Indigenous People](#), and introduce a Treaty Principles Bill that would propose fundamentally altering the meaning and force of Te Tiriti o Waitangi as a founding constitutional document of Aotearoa. These policies will take us further away from establishing equity and fairness in New Zealand. They will contribute to worse employment and wellbeing outcomes for kaimahi Māori and their whanau. They will do nothing to make New Zealand a better place in which to be a worker, to run a business, or to raise a family.

## Sector-wide minimum standards

The incoming government has announced it will get rid of Fair Pay Agreements (FPAs), which would represent a large step backwards for New Zealand. FPAs stem from a tripartite recognition that some sectors of the economy have not seen workers' wages and conditions increase in line with their productivity. FPAs provide a means of overcoming this low-wage equilibrium by setting bespoke minimum standards for sections of the labour market that need them. FPAs reflect similar

minimum-standard-setting mechanisms throughout the developed world and give workers and employers an opportunity to agree to the standards they would be bound by.

Because they prevent businesses having to 'race to the bottom' on wages to stay competitive, sector-wide minimum standards enable firms to compete on other issues, such as efficiency, quality, and product innovation; this is shown to [improve productivity](#). Additionally, FPAs provide a powerful mechanism for improving the wellbeing of disadvantaged communities, such as Māori and Pasifika, who are over-represented in low-paid sectors. Repealing the [Fair Pay Agreements Act 2022](#) will make it harder to address these issues, and will encourage New Zealanders to leave the country to seek better pay and conditions abroad.

Government should instead work with unions and business to implement sector-wide agreements that establish minimum standards and conditions in low-paid sectors of our economy.

## 90-day trials

The incoming government has announced it will reinstate 90-day trial periods for businesses of all sizes, on the basis that they provide a pathway to employment for people on the margins of the labour market. However, there is no evidence that 90-day trials generate better outcomes for workers. [Research](#) commissioned by the Treasury finds that the only quantifiable





impact of 90-day trials is a reduction in dismissal costs for employers. By contrast, there is ‘no evidence that the ability to use trial periods significantly increases firms’ overall hiring’ and ‘no evidence that the policy increased the probability that a new hire by a firm was a disadvantaged Jobseeker’.

Reinstating 90-day trials for all businesses will only serve to diminish workers’ job security and their ability to negotiate fair wages. This will have particularly negative impacts on disadvantaged groups of workers, such as Māori, Pasifika, disabled workers, and gender diverse workers, who already experience low rates of job security and are vulnerable to discrimination. For example, members of the disability community have experienced the use of 90-day trials as legal cover to [dismiss a person](#) based on their ‘fit’ for the organisation, instead of the organisation making reasonable adjustments required under the [Human Rights Act 1993](#). Additionally, as a disproportionate percentage of

those seeking employment, people with disabilities were found not to have benefited in any way from the previous 90-day trial legislation.

Instead of reinstating 90-day trials for all businesses, government should work with unions and business on improving hiring processes and supporting lasting employment relationships in New Zealand workplaces.

## Protections for contractors

The incoming government has announced that, in New Zealand, people who have signed up for a contracting arrangement won’t be able to challenge their employment status in the Employment Court. This policy will entrench the widespread problem of employees in low-paid and precarious industries being misclassified as contractors. The effect of misclassification leaves many vulnerable workers, who, in terms of the ‘real nature’ of their work, are employees,

without the rights and protections that they ought to have under the law.

There is [tripartite agreement](#) on the need for a clearer statutory test that distinguishes employees from genuine contractors who are in business on their own account. Government should work with unions and business to establish legal clarification on the employment status of contractors so that they receive full protection under the law.

## Social income insurance

Our lack of an income insurance system makes New Zealand an [outlier](#) in the developed world and contributes to our comparatively high levels of job insecurity, wage scarring, and skills mismatching. Despite this, the incoming government has pledged to stop any further work on implementing the New Zealand Income Insurance Scheme (NZIIS). The NZIIS would ensure that most workers in New Zealand are provided with financial protection when they need it most: in the event of job loss. This would reduce wage scarring, provide working people a sense of financial security, and enable people displaced from the labour market to upskill and retrain.

Government should continue working with unions and business to implement a mechanism for protecting working peoples’ incomes in the event of redundancy. In a fast-changing world, this will benefit all sectors of the economy.

## Sustainably funding public services

The incoming government has signalled it will significantly reduce public service investment. Yet public services are under greater pressure than ever before, due in part to a rising population, rising need, and higher intensity of need. Now is not the time to cut public services, but to make sure that they are placed on a sustainable footing, with long-term investment in capacity and capability. Funding cuts will simply increase the problems faced by those in need of public services – which is every New Zealander.

As a proportion of our economy, we spend less on public services than many of the countries that we compare ourselves against. Indeed, the problem is often one of long-term underinvestment. Aotearoa’s public services are noted internationally for their transparency, honesty, and delivery. Making sure that we are adequately investing in public services will give all New Zealanders the best start, and will help to tackle many of the problems set out in this document.

## Managing inflation

The incoming government has pledged to remove the Reserve Bank’s [employment mandate](#), to get the Bank ‘focused’ on reducing inflation. However, there is no evidence that the addition of the employment mandate in 2019 has contributed to the higher levels of inflation we have experienced over the

past two years. Inflation has been a global challenge, and, in response, the Reserve Bank has raised interest rates higher and faster than most other central banks. Indeed, this approach to managing inflation involves deliberately increasing the unemployment rate to reduce workers' bargaining power over wages. Removing the Reserve Bank's mandate to support maximum sustainable employment would only further entrench

this bias. It would also mean that the Reserve Bank wouldn't be required to show how it had thought about employment in its decision-making.

Government should instead work together with unions and business to develop additional tools for managing inflation that support household incomes and ensure the costs of reducing inflation do not fall disproportionately on working people.



# WORKING TOGETHER TO DELIVER CHANGE

**This briefing is just the start of the work that the incoming government will need to complete. There is much to do, and every day that action is delayed in these areas real workers and families suffer across New Zealand.**

The New Zealand Council of Trade Unions Te Kauae Kaimahi wants to engage with government urgently on these issues and more.

We passionately believe in making New Zealand the best country in the world to be a worker. Regardless of the differences between the trade union movement and the political parties that comprise the new government, we stand ready to work constructively with government, delivering positive policies that will make this aspiration a reality.



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