



NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

CTU comments for 27 July 2020 Future of Work Tripartite Forum

Below are notes that form the basis of our comments on the agenda items at the Forum.

1. COVID-19 experience

- We found the frequent meetings with Ministers and Kirk Hope very useful. Similarly the meetings with Worksafe were a significant step forward.
- The wage subsidy was very successful in providing immediate relief to both firms and workers, maintaining the employment relationship between them, and avoiding the high unemployment seen in other countries. But both it and the COVID-19 Income Relief Payment also had problems and highlighted how the gaps in our social infrastructure that are needed to deal with crises and with disruptions to employment such as in the Future of Work.
- We agree it is appropriate to refresh the industry strategy – we now need to see it getting underway, tripartite and adequately resourced.
- We now need to look to the future: what we want New Zealand to look like as we rebuild. We don't want to repeat the mistakes of the past. It is an opportunity to make things better. Future government programmes such as funding and subsidies should have the desired future state of things firmly in mind their design, conditions and incentives.
- This includes skills – there have been good initiatives in education, training and apprenticeships, but need to get them onto a permanent footing and work towards our goal of much better access to education and training throughout people's working lives: lifelong learning.
- Progress of the Forum: it is good to see work progressing on its four priorities, some faster than others. We would like to see a new priority in its next phase: the impact of digitisation on work. An example is the impacts of Artificial Intelligence, where we would aim to get agreement on the rules around its use in order to give workers, consumers and business confidence about their privacy, use of monitoring and surveillance, and that there are no inbuilt biases in the use of AI.

2. Support for displaced workers

- We continue to strongly emphasise need for both income support and effective practical support in the form of active labour market programmes including education and training opportunities.
- Whether it is income support or practical support, the spirit of the support is very important: it should be to recognise that people need support through change and that society has a responsibility to provide it in a way that respects their dignity and needs. Recipients should return that respect by actively looking for employment, engaging in active labour market programmes, or engaging in education and training.
- The main emphasis today is on the design of income support in the form of social insurance. We and Business NZ put forward a common position to the Forum in March. There is considerable detail that will need to be worked through, but essential elements include:
 - o It should be universal, covering all workers including the self-employed,

- It should be run by a public agency: we do not consider that a market-based system can provide the features that are needed.
 - Entitlements should be to the individual workers, not means-tested, and should not be dependent on their ability to pay (so not based on individual accounts)
 - The rate of income replacement should ensure they can reasonably maintain their standard of living (like the 80% for ACC's weekly compensation)
 - It should be available long enough to allow a reasonable opportunity to find a job that matches the person's skills and experience (including in downturns like the present), or to retrain. Twelve months is reasonable and affordable.
 - The design should ensure equity between different groups (such as by income, gender and ethnicity) and employment relationships (such as permanent, temporary and self-employed)
- Most of these features are similar to our Accident Compensation system, and expanding ACC's responsibilities to include cover of displaced workers would reduce complexity, administrative and compliance costs. Some changes to ACC would be necessary, including tripartite governance.
 - The work done so far, presented to this Forum, shows that such a scheme is not only affordable, but is strongly cost-justified by the income and employment losses workers experience under the status quo – a loss to employers in skills and productivity as well – let alone the human distress, productivity losses and resistance to change that the status quo embeds.
 - We do not accept that the more extreme displacement rates presented represent a true reflection of New Zealand's situation. We understand they include for example workers voluntarily resigning or changing jobs. A 9.7% rate is much higher than unemployment rates in normal times, and 16.5% is much higher than peak unemployment rates New Zealand has experienced since the 1930s, or is expected to experience. Both are out of step with comparable OECD rates: for example Denmark, which has similar average job tenure to New Zealand, has a displacement rate of around 2% in normal times and 4% during the GFC as the graphic from the OECD shows. Research by Motu and the OECD suggest our rate in normal times is less than 2%. There will be peaks in exceptional times like the present.
 - We are aware of international evidence that allowing people more time to search for jobs or train improves medium to long term job outcomes.¹ An important condition for people to be able to take more time is to make it affordable, which is what well designed social unemployment insurance does. We will be interested to see rigorous evidence from MSD on this matter but understand their preliminary work is unable to distinguish between the many situations workers who are laid off will be in.
 - We emphasise too that any such system can be complemented with redundancy compensation and is underpinned by the welfare system and we continue to advocate that it needs to be strengthened as described by the Welfare Expert Advisory Group.

3. Skills and Training

- We support the direction of the reforms the government is undertaking, and strongly support representation of workers through their unions in the new institutions that are being created.
- However we are concerned here in particular about learning while at work throughout people's working lives: "life-long learning". We need to ensure we keep this objective in mind.

¹ E.g. Card, D., Kluve, J., & Weber, A. (2010). Active Labour Market Policy Evaluations: A Meta-Analysis. *The Economic Journal*, 120(548), F452–F477. <https://doi.org/10.1111/j.1468-0297.2010.02387.x>

- We have many views in common with Business NZ on these matters, and in the context of COVID-19 emphasise the possibilities including supporting people to engage in education and training while work is scarce, increased opportunities in apprenticeships and other learning involving quality-assured in-work training, and creation of employment through job subsidies aimed at raising the skills of the workforce.
- We appreciate the initiatives the government has already taken in these directions, but would emphasise that more can be done, with the future we are all aiming for in mind: high wage, high skill, high productivity employment and workplaces, with good jobs, making New Zealand a great place to work and live.