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## NZ's workplace rules will change again with each new government – unless we do this

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### **Bernard Walker**

Associate Professor in Organisations and Leadership, University of Canterbury

### **Danaë Anderson**

Research Lecturer, Te Herenga Waka — Victoria University of Wellington

### **Julienne Molineaux**

Senior Lecturer, School of Social Sciences and Public Policy, Auckland University of Technology

Whether you are a worker or an employer, the office or factory floor is likely to move under your feet over the next three years.

Every change of government sees a policy turnaround in New Zealand's workplace relations. This see-saw pattern looks set to continue with the election of a National-led coalition in 2023.

Commentators are already speculating about the axing of fair pay agreements and the return of 90-day trials. Lawyers, businesses and unions will soon be offering law-change updates. Workers and employers will begin amending their day-to-day processes.

But the bigger question is what drives these constant changes – and ultimately whether they benefit the country's productivity in the long term.

### **Coalition uncertainties**

Ultimately, political ideology shapes employment law and workplace relations. Governments of the left and right both assert a desire to “build productive employment relationships” that benefit workers, employers and the economy. But each has a different perspective on the best way to achieve this.

For the left, the government’s role is to address an unequal balance of power between workers and employers. This includes establishing legislated minimum standards to protect workers’ interests, as well as supporting workers’ ability to act collectively.

The right emphasises the needs of business owners, enabling workers to negotiate individual workplace arrangements, with workers and employers finding outcomes that fit both sides.

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While these principles are well known, it’s not so easy to gauge the likely outcomes from this current election, particularly since National chose to release very little workplace relations policy during the election campaign.

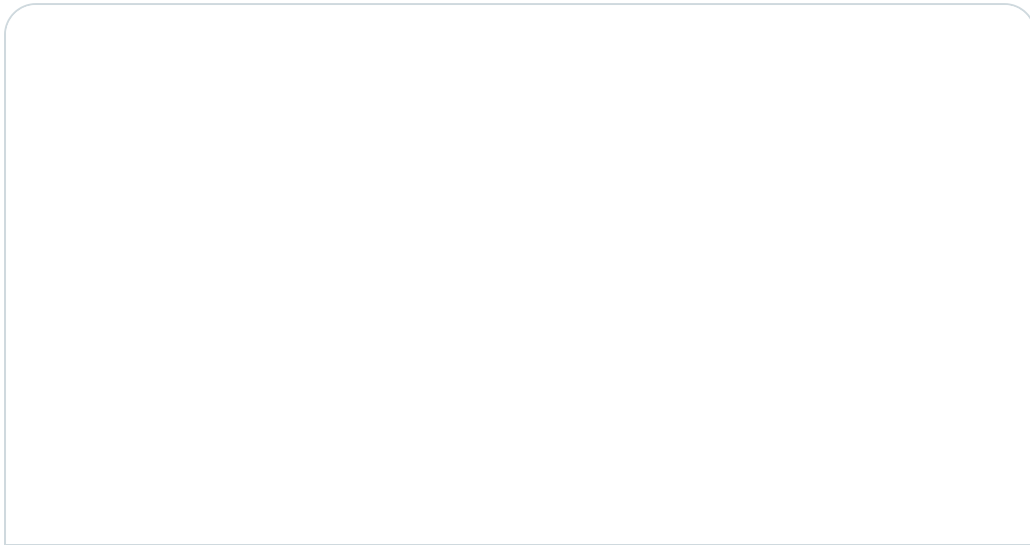
But it seems National will need the libertarian ACT Party to form a government, and possibly also the centrist but conservative NZ First. Coalition or support agreements will come down to how much priority each party places on workplace policy, and how much power they have in eventual governing arrangements.

Those parties’ policies often conflict. NZ First wants the minimum wage to rise, while ACT wants it frozen. It’s also unlikely the economically nationalist NZ First will welcome ACT’s proposed changes to migration settings to meet worker shortages and solve tertiary sector underfunding by boosting study visas for international students.

If ACT sees the workplace relations portfolio as a priority, what concessions might NZ First negotiate? And how far is National prepared to go in accepting ACT’s more extreme policies?



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### Political footballs

As we outlined in a recent article for the New Zealand Journal of Employment Relations, there are multiple “political footballs” in play, which move backwards and forwards depending on who is in power.

All three potential coalition parties propose reviving 90-day trial periods for all businesses. Other possible areas to be reversed again include rest and meal breaks, the “30-day rule” for new employees’ contract conditions, the requirement to settle collective negotiations, plus a range of union rights.

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The outgoing Labour-led government operated tactically by improving entitlements for large numbers of workers. This reduced the likelihood that these entitlements would become political footballs. The minimum wage increased, paid parental leave was extended, Matariki became an additional public holiday, and the sick leave entitlement increased.

For workers, these were significant gains, and attempts to wind them back would potentially provoke real discontent – and that could create a conundrum for National.

National has said it won't reverse the changes to Matariki or sick leave, conflicting with ACT's proposal to scrap a public holiday.

## **Unproductive change**

Aside from the policy detail, there is a much larger question about just how helpful this ongoing cycle of action and reaction is. New Zealand urgently needs to improve its productivity and innovation to be internationally competitive.

But the highly politicised approach to workplace relations is framed in terms of ideologies rather than evidence-based assessment. This means New Zealand workplaces are constantly disrupted, instead of progressing towards more strategic long-term goals.

Finding a solution is not easy. But recent governments have used a tripartite (three-party) approach, bringing together worker, business, and government representatives to address larger issues, such as gender pay equity and the Holidays Act.

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This means key stakeholders have buy-in to the resulting workplace systems, reducing the likelihood of upheavals with inevitable changes of government.

That approach is an example of the longer-term thinking needed to ready New Zealand for massive disruptions already underway. These disruptions include accelerating impacts of artificial intelligence and other technologies; the growing influence of China, India and other emerging economies; and increasing flows of capital, people and trade across borders.

As the pace of change increases, the consequences for economies that cannot keep up are becoming more serious.

Given the supposedly bipartisan aim of creating a more productive workforce, the upheavals that accompany each change of government raise real questions about how well New Zealand is meeting those challenges.