

**ARTICLE 22 OF THE CONSTITUTION OF THE ILO**

Report for the period 1 June 2008 to 31 May 2010  
made by the Government of New Zealand

on the

**EMPLOYMENT POLICY CONVENTION, 1964 (No. 122)**

***I Please give a list of the legislation and administrative regulations, etc., which apply the provisions of the Convention. Where this has not already been done, please forward copies of the said legislation, etc., to the International Labour Organisation with this report.***

***Please give any available information concerning the extent to which these laws and regulations have been enacted or modified to permit of, or as a result of, ratification.***

Please see the Government's previous report on Convention 122 for a full list of legislation that applies the provisions of the Convention.

The following legislation relevant to the Convention was passed during the reporting period:

- Employment Relations (Breaks, Infant Feeding, and Other Matters) Amendment Act 2008:
  - Employment Relations Amendment Act 2008
  - Holidays (Transfer of Public Holidays) Amendment Act 2008
- Immigration Act 2009<sup>1</sup>
- Remuneration Authority Amendment Act 2009.

Online versions of this legislation are available at [www.legislation.govt.nz](http://www.legislation.govt.nz).

***II Please indicate in detail for each of the following Articles of the Convention the provisions of the above-mentioned legislation and administrative regulations, etc. or other measures under which each article is applied.***

***If the Committee of Experts or the Conference Committee on the Application of Conventions and Recommendations has requested additional information or has made an observation on the measures adopted to apply the Convention, please supply the information asked for or indicate the action taken by your Government to settle the points in question.***

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<sup>1</sup> An Immigration Bill to replace the Immigration Act 1987 received Royal Assent on 16 November 2009, becoming the Immigration Act 2009. The provisions of the Act are expected to come into force in late 2010. Until this time, the provisions of the Immigration Act 1987 apply. The new Act has implications for employers. The Government will support employers to develop a 'best practice' guide (including robust processes for checking immigration status and eligibility to work in New Zealand) for the recruitment of potential employees. Further information can be found online at: [www.dol.govt.nz/actreview/](http://www.dol.govt.nz/actreview/).

## Article 1

1. *With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.*
2. *The said policy shall aim at ensuring that-*
  - (a) *there is work for all who are available for and seeking work;*
  - (b) *such work is as productive as possible;*
  - (c) *there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.*
3. *The said policy shall take due account of the stage and level of economic development and the mutual relationships between employment objectives and other economic and social objectives, and shall be pursued by methods that are appropriate to national conditions and practices.*

***Please indicate how the active policy designed to promote full, productive and freely chosen employment has been declared in your country. Please indicate, in particular, on what occasions this policy was introduced and specify the texts by which it was defined.***

Following New Zealand's general election in November 2008, there was a change of government. The Labour Market and Employment Strategy 'Better Work, Working Better', as reported on in previous reports on Convention 122, is no longer in place.

New Zealand went into economic recession in early 2008 (for further information, please refer to the section entitled 'The New Zealand Economy and Labour Market 2008- 2010' on page 5). The Government's focus during this time has been on efforts to minimise the negative effects of the recession (in particular stemming the loss of jobs), maximising employment opportunities for those most affected by the recession, and implementing a plan for sustained economic growth.

Policy initiatives aimed at achieving economic growth and development, raising the levels of living, and meeting manpower requirements are outlined in the section entitled 'The Medium Term Economic Agenda' (for further information, refer to page 7). Means for overcoming unemployment and underemployment are discussed below.

### **Recession response: Keeping people in employment**

In response to the economic recession, government agencies are working closely with businesses and agencies to help maximise the potential for economic development across sectors and regions. In addition to investment in infrastructure, planned approaches to activate the labour market include working with industries and sectors to develop 'skills plans' for industries that provide opportunities for growth over the next 12 to 18 months in employment; for example those of infrastructure, aged care and dairy.

In late February 2009, the New Zealand Prime Minister hosted a Summit on Employment to investigate how best to maintain the highest possible levels of employment during the economic down-turn. Business and industry leaders,

along with key players in trade unions, training provision, Māori groups and local and central government agencies attended the Summit. Further details and the full list of proposed initiatives are available at [www.beehive.govt.nz/feature/summit](http://www.beehive.govt.nz/feature/summit).

The Summit participants agreed on a list of 20 proposed initiatives including several time-limited schemes to alleviate the effects of the economic crisis on those made redundant and at a higher risk of long term unemployment due to the recession. These time-limited schemes are:

- the ReStart assistance package
- the Job Support Scheme (nine-day fortnight scheme)
- the Youth Opportunities package
- the Small business relief package.

#### **ReStart assistance package**

The ReStart assistance package is an initiative providing job search and additional financial assistance for people who have been made redundant. Available since 1 January 2009, ReStart provides temporary assistance for up to sixteen weeks, or until the recipient finds another full time position (whichever occurs first). ReStart has three elements:

- ReCover: allows families previously receiving an in work child tax credit to receive an equivalent payment.
- RePlace: additional accommodation assistance above the standard accommodation support.
- ReConnect: help in finding new employment.

Applicants are assessed for their eligibility to ReCover and RePlace based on their individual circumstances, and may qualify for one or both payments. ReConnect is part of the government provided job search service which is available to all New Zealand jobseekers.

#### **Job Support Scheme (nine-day fortnight scheme)**

The Job Support Scheme is designed to assist businesses facing temporary difficulties due to the recession and to reduce the number of employees facing redundancy. The scheme provides a government allowance for the tenth day to supplement the income of employees who have accepted reduced work hours to retain jobs put at risk due to the economic downturn. Employees can agree to reduce their working hours by up to ten hours a fortnight, for a maximum of six months. A government allowance is paid directly to the employer to supplement the income of those employees who have accepted reduced working hours. The employer agrees not to make redundancies in the areas covered by the Job Support Scheme. The Job Support Scheme was initially made available to employers with more than 100 staff, but was extended in April 2009 to cover employers with 50 to 100 employees.

The Job Support Scheme allowance can be used by for a maximum of six months until the scheme expires in December 2010. The government allowance is paid at the adult minimum wage for up to five hours a fortnight.

#### **Youth Opportunities package**

The Youth Opportunities package is a \$152 million package announced in August 2009, targeted to those more at risk of long-term unemployment because of the recession. A suite of initiatives provides employment and training opportunities for 16 to 24 year olds up to the end of 2010. These initiatives include Job Ops and Community Max.

Job Ops is a programme designed as a six month subsidised job placement for young people with limited work experience and low skill levels to help them build confidence at work and demonstrate their ability to work. Community Max is designed to support the completion of projects that benefit the community or the environment, while creating jobs for young people (for further information on the Job Ops and Community Max initiatives, refer to page 17).

Many of the initiatives in the Youth Opportunities package aim to foster confidence and discipline, connect young people into their communities, provide appropriate and relevant training, and develop work skills (Youth Opportunities are also referred to on page 17 of this report). For further information on measures to meet the needs of young people refer to pages 13-15.

### **Small business relief package**

The Government also introduced a small business relief package, designed to help small and medium-sized businesses. The package is aimed at improving the business environment by reducing the impact of taxes and firms' cashflow, improving firms' access to credit, and reducing business compliance costs. The package has five parts: a suite of 11 tax changes, an expansion to the export credit scheme, extended jurisdiction for the Disputes Tribunal, expansion of business advice services, and a prompt-payment requirement for government agencies.

### **Job Search Service**

In 2009, Work and Income implemented an enhanced Job Search Service (also for information on Job Connect refer to page 17). The Job Search Service is a 13 week job search support programme for Unemployment Benefit clients and people receiving other benefits who chose to take part. The goal of the Job Search Service is to keep people in work or get more people back to work, as quickly as possible.

The enhanced Job Search Service includes a greater upfront investment in job seekers by providing more intensive support within the first 28 days that they make contact with Work and Income.

There are two main services that are provided to job seekers dependent on the level of support they require as follows:

- Self Directed – a service provided by Job Connect (a specialised service within the contact centre) for more skilled, qualified and experienced job seekers who can undertake independent job searching (for further information on Job Connect, refer to page 17).
- Central Service – a service that gives job seekers access to employment related activities such as one to one case management and group supported job search activities such as Employment Seminars.

### **Redundancy and Employment Transition Advisory Group**

The Redundancy and Employment Transition Advisory Group provides an avenue for government agencies to consult with business and union groups on policy development and service delivery of employment-related initiatives aimed at preventing, or responding to, redundancy events. This includes initiatives to prevent redundancies and support people who are made redundant. The Group is an open forum for members to raise employment-related issues of concern or interest, initiate specific actions and/or develop and progress joint initiatives. Core members of the Group include the New Zealand Council of Trade Unions, Business New Zealand, New Zealand

Chambers of Commerce, the Ministry of Social Development and the Department of Labour.

***Please supply information on the situation, level and trends of employment, unemployment and underemployment in your country, both in the aggregate and as they affect particular categories of workers such as women, young persons, older workers and disabled workers.***

### **The New Zealand economy and labour market 2008-2010**

The New Zealand economy went into recession in early 2008 due to domestic factors such as drought conditions, high interest rates, falling house prices, and rising fuel prices. This saw real Gross Domestic Product (GDP) fall throughout 2008. The New Zealand economy then entered the second phase of the recession as a result of global events. The onset of the global financial crisis in September 2008 resulted in large contractions in many major economies and caused further weakening in the domestic economy in late 2008 – early 2009.

The deterioration in the economy filtered through to the labour market causing employment and participation to fall and the unemployment rate to rise. Between December 2007 and December 2009, the unemployment rate rose by 3.6 percentage points reaching 7.1% in the December 2009 quarter. The New Zealand economy officially exited recession in June 2009, however the labour market lagged the economic recovery.

In the March 2010 quarter, the unemployment rate fell from 7.1% to 6.0% while employment increased by 1.0%, its largest rise since June 2008. The strong result, as well as high business and consumer confidence, and rising employment intentions indicate that the labour market has reached a turning point and is beginning to recover.

Nevertheless, it is likely that the unemployment rate will remain elevated into 2011 given a modest recovery in employment is expected. Continued high rates of labour force participation and strong population growth, on the back of above average net migration inflows, will contribute to keeping the unemployment rate high.

### **The labour force**

The labour force participation rate remained relatively elevated throughout the labour market downturn perhaps due to deterioration in workers' savings forcing them to remain in the labour force. At 68.1%, the labour force participation rate is only 0.3 percentage points lower than in the December 2007 quarter, before the recession hit.

### **Employment**

The number of people employed rose by 1.0%, or 22,000 people, over the March 2010 quarter and now stands at 2,177,000. The rise in employment is consistent with what job advertisement data, opinion surveys and anecdotal evidence have been telling us in recent months. It also confirms that the economic recovery that began in the June 2009 quarter has filtered through to the labour market and that the rise in employment intentions since late last year has led to actual hiring by firms. Employment is now only 1.4% below its December 2008 peak.

### **Women's labour market outcomes**

Women have been relatively less affected than men throughout the labour market downturn. A significant reason for this is the different industries that

men and women work in and how much these industries are exposed to the economic cycle. Manufacturing and construction are typically prone to changes in economic conditions and employ a high proportion of men. These two industries have shed a significant number of workers over the labour market downturn.

In contrast, a higher proportion of women tend to be employed in publicly funded sectors such as education and health. These sectors have grown considerably in New Zealand in the last decade and are less affected by changes in economic conditions.

In addition, women are more likely to be employed in part-time positions and may be less vulnerable to being laid off when business is slow, or more flexible in adjusting their hours. Approximately one third of women in employment work part-time, compared with one in ten men.

Between December 2007 and December 2009, female employment declined by 9,000. This compares to a fall of 23,000 for men over the same period. The women's labour force participation rate increased from 62.0% in December 2007 to 62.1% in March 2010. This compares to a fall in men's participation rate over the same period of 0.8 percentage points to reach 74.4% in March 2010.

#### **Youth labour market outcomes**

Youth (those aged 15-24 years) are typically one of the most affected groups during labour market downturns, and this recession is no different. This group is of particular concern because their long-term labour market outcomes may suffer from not being able to enter the labour market easily given limited job opportunities during a recession. In the last two years, there have been a substantial number of job losses for youth in New Zealand. Some young people who have lost their jobs have continued to look for work, causing the youth unemployment rate to increase.

There have been significant job losses for youth as they are more likely to be laid off (due to their low level of experience and skills), compared with older workers and because youth are heavily employed in industries that have been particularly affected in the recession. These industries are hospitality, retail trade, communication services and construction.

Between March 2008 and March 2010, employment of 15-19 year olds declined by 23,300, while employment for the rest of the population (20 years and older) increased by 37,000.

While there has been a strong rise in youth unemployment over the recession, many 15-24 year olds who have lost their jobs have entered into, or remained in, education. The number of 15-24 year olds who were not employed but were engaged in formal study has risen by 20% over the two years to March 2010. As a result, the percentage of youth who are Not in Employment, Education or Training (NEET) has increased from 7.4% for the March 2008 year to 10.8% for the March 2010 year. While this group is of particular concern given that they are neither working nor training, the rise in NEET has been smaller than the rise in the youth unemployment rate (11.6% to 17.2% between March 2008 and March 2010).

#### **Older worker's labour market outcomes**

Labour market outcomes for older workers (defined as those 55 and over) have notably improved over the past five years. The labour force participation rate

for older workers rose from 38.9% in the year to March 2005, to 43.7% in the year to December 2009, an increase of about one percentage point per year.

Of the older workers in the labour force, 97.2% are employed. There has been considerable employment growth for older workers, averaging 5.2% per annum since March 2005 and 3.8% in the year to March 2010. These growth rates are well above the national averages of 1.1% per annum for the past five years and -1.4% in the year to March 2010. The strong increase in employment of older workers has accounted for nearly 80% of the total increase in employment since March 2005.

The unemployment rate for older workers was 3.0% in the year to March 2010, below the national average of 6.3%. Along with the increase in the overall unemployment rate, rates for older people also increased over the past year, up from 2.1% in the year to March 2009.

### **Underemployment**

The percentage of people who work part-time but want to work more hours (the underemployed) was 21.1% in the March 2010 quarter. This compares with 22.9% in the December 2009 quarter and 21.2% in the March 2009 quarter. The number of underemployed has shown a marked increase over the downturn and highlights the degree of labour underutilisation in the economy.

As the economy recovers and labour demand picks up, we expect that the number of underemployed people will continue to decline over coming quarters.

***Please describe the principal policies pursued and measures taken with a view to ensuring that there is work for all who are available for and seeking work, with particular reference to the following matters, in so far as they are relevant to conditions in your country:***

#### ***1. Over-all and sectoral development policies:***

***Measures in such fields as investment policy; fiscal and monetary policies; trade policy ; prices, incomes and wages policies.***

***Policies and measures concerning balanced regional development, development of the infrastructure, rural development with reference both to agriculture and non-agricultural activities, and industrial development.***

#### **The Medium Term Economic Agenda**

The Government has set two aspirational goals for New Zealand to achieve by 2025: to catch up with Australia's GDP per capita (the New Zealand figure is currently 76% of Australia's) and for exports to be 40% of our GDP (currently 31%). The Government's economic plan focuses on six main policy drivers:

- a growth-enhancing tax system
- better public services
- innovation and business support
- better regulation, including regulations around natural resources
- investment in infrastructure
- improved education and skills.

The Government has made progress across the six drivers of the agenda, with significant actions taken in some areas:

- The Government is committed to a progressive tax reform that is simpler and fairer and enhances economic growth. Personal tax cuts were introduced in April 2009 and a Tax Working Group was established. This working group has reported and further significant tax changes will be announced in Budget 2010.
- To improve public services the Government has established a strong focus on savings and debt management through Budget 2009. The Government has also carried out legislative and policy reforms to enhance the affordability and sustainability of the Accident Compensation Corporation. The Government is focusing on the Crown's balance sheet, encompassing how the Crown's assets and liabilities are managed and the overall investment strategy.
- The Government is also implementing an action plan that addresses issues that are both cross-cutting across sectors and specific to particular industries. Recent initiatives include:
  - incentives for research and development & technology transfer agreed
  - a Food Innovation Network has been agreed, launched and is underway
  - an action plan for petroleum has been agreed, launched and as is underway.
- Reviews of major regulation/legislation have been carried out by the Government, particularly within the Building Act 2004 and the Resource Management Act (RMA) 1991. The first tranche of RMA amendments have been passed by Government.
- A National Infrastructure Plan was released in March 2010 as an initiative under the skills and education policy driver. An Infrastructure Bill has been introduced with the intention to remove regulatory barriers to investment. Furthermore, the Government is continuing to invest in school improvements, state housing upgrades and roading.
- To ensure New Zealand has the skills needed to support economic growth the Government has introduced National Standards in schools for literacy and numeracy. The first steps taken towards new tertiary funding and planning policy have been agreed to. Future effort and attention will be given to raising school sector performance and to ensuring the tertiary education system becomes more responsive to students and employers (for further information, refer to the section 'Education and Training Policies' on page 15).

### **Refreshing regional policy**

Lifting the economic performance of New Zealand is a key goal for the New Zealand Government.

For the labour market elements of the programme, the Government's Economic Growth Agenda (EGA) identifies the key industries to New Zealand's future growth and prosperity. These include: high value manufacturing and business services as well as petroleum and minerals. Thus a sectoral, rather than regional, policy approach is evident.

The Department of Labour has realigned its work programme and resources to support the cross cutting skills and labour components of the EGA high priority sectors. The regional labour market knowledge function previously undertaken by the Department of Labour was disestablished on 1 July 2009. Since the inception of this function in 2004, there has been a significant increase in regional capability to undertake and lead work around labour market planning and implementation, enabling engagement on sectoral issues.

As a result most regions have developed a labour market strategy as part of their overall economic strategy. Furthermore, there is a great deal of local

capability in regions through, for example, the Economic Development Agencies.

The Department of Labour has developed information resources designed to support regional decision-makers, and will continue to support regional activities both through the release of tailored information and input of national office experts, for example, the Mayors Taskforce for Jobs (for further information, please refer to page 14).

### **Government Urban and Economic Development Office**

The Government Urban and Economic Development Office (GUEDO) is a cross-government initiative led by the Ministry of Economic Development to improve the focus on Auckland-related policy development.

The Auckland region represents over a third of the economy, has one third of the population, a third of New Zealand businesses, and contributes a third of the GDP.

The Department of Building and Housing, Department of Internal Affairs, Department of Labour, Department of the Prime Minister and Cabinet, Ministry of Economic Development, Ministry for the Environment, Ministry of Transport, State Services Commission and the Treasury work across government to focus on sustainable and economic development issues of relevance to Auckland. Further information on GUEDO can be found online at: [www.guedo.govt.nz](http://www.guedo.govt.nz).

### **Recognised Seasonal Employer policy**

The Recognised Seasonal Employer (RSE) temporary work policy was introduced in October 2006. It was developed in close consultation with Pacific governments, New Zealand employers and unions. It was designed to support the sustainable transformation of key export industries and provide durable benefits to the Pacific.

The horticulture and viticulture industries are important to New Zealand and can be affected by seasonal staff shortages. RSE policy facilitates the temporary entry of foreign workers to plant, maintain, harvest and pack crops in the horticulture and viticulture industries, to meet these labour shortages in order for these industries to remain competitive. Pacific workers, in turn, can be sure that their own governments, the New Zealand Government and their New Zealand employer will all take an active interest in promoting their interests and welfare.

The RSE Work Policy is currently capped at 8,000 places per year. The actual number of workers employed in a particular year/season – and for how long – varies depending on the number of suitable New Zealander workers available for work and overall industry labour demand. Workers under the RSE Work Policy may return to work in New Zealand in subsequent seasons provided they have a continued job offer, seasonal shortages are ongoing, and they have not previously breached the conditions of their RSE work permit conditions.

## ***2. Labour market policies:***

***Measures to ensure the matching of labour supply and demand, on both an occupational and geographical basis, including measures for the adjustment of labour to structural change resulting from, for example, changes in international trade or technology.***

The Government provides relevant and usable labour market information to help job seekers make informed decisions about the labour market options available to them. This information can be found online at the Ministry of Social Development's Work and Income website ([www.workandincome.govt.nz](http://www.workandincome.govt.nz)) and on the Career Services website ([www.careers.govt.nz](http://www.careers.govt.nz)).

The Department of Labour's Skills Insight Tool and Regional Industry Tool (outlined below) provide useful labour market measures. For information about the range of tools for labour market analysis, please see [www.dol.govt.nz/services/LMI/tools/index.asp](http://www.dol.govt.nz/services/LMI/tools/index.asp).

### **Skills Insight Tool**

The Skills Insight Tool has been designed to provide quantitative evidence about the supply of, and demand for, labour in New Zealand. In addition to supply and demand indicators, the tool displays demographic characteristics and industry compositions for all 96 three-digit occupation groups. The tool can be found online at: [www.dol.govt.nz/services/LMI/tools/skillsinsight-tool.asp](http://www.dol.govt.nz/services/LMI/tools/skillsinsight-tool.asp).

### **Regional Industry Tool**

The Regional Industry Tool is an interactive labour market analysis tool allowing the selection and viewing of key facts about selected regions or industry in terms of the number of employees. Various measures are presented in the tool to analyse features of a regional labour market and industry presence across regions. The tool can be found online at: [www.dol.govt.nz/services/LMI/tools/regional-industry-tool.asp](http://www.dol.govt.nz/services/LMI/tools/regional-industry-tool.asp).

### ***Measures to meet the needs of particular categories of workers such as: women, young people, older workers, and disabled workers***

#### ***Measures to meet the needs of women***

##### **The gender pay gap**

The legislative basis for equal pay in New Zealand is the Equal Pay Act 1972 and the Government Services Equal Pay Act 1960. These Acts legislate against gender discrimination in pay rates.

Research indicates that a wide range of factors influence the gender pay gap, such as career choices, work experience, taking time out of the workforce to raise families, and 'unexplained factors' (such as discrimination). The current work programme at the Ministry of Women's Affairs is focused on identifying and examining these factors. Projects at the Ministry of Women's Affairs include promoting the trades as a career option for young women, promoting career pathways for women in low-paid occupations, investigating the graduate income gap<sup>2</sup>, and examining the business case for flexible work in the accounting profession.

##### **Men's participation in unpaid care: A review of the literature**

In 2008, the Department of Labour and the Ministry of Women's Affairs commissioned this review to find out more about men's involvement in unpaid caring.<sup>3</sup> The research indicated that increasing fathers' participation in caring would: have positive outcomes for children; increase women's participation in

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<sup>2</sup> Further information can be found online at: [www.mwa.govt.nz/news-and-pubs/publications/graduate-income-data](http://www.mwa.govt.nz/news-and-pubs/publications/graduate-income-data).

<sup>3</sup> Further information can be found online at: [www.dol.govt.nz/publications/research/mens-participation-in-unpaid-care/index.asp](http://www.dol.govt.nz/publications/research/mens-participation-in-unpaid-care/index.asp).

the labour force, resulting in greater economic productivity, reduce women's poverty rates, and improve all work-life balance for all workers. The review also identified barriers to men undertaking greater caring responsibilities, such as workplace culture and perceptions of men as peripheral to caring, and considered a number of policy solutions.

### **Trading Choices: Young people's career decisions and gender segregation in the trades**

In 2008, the Ministry of Women's Affairs commissioned this research as part of its plan to decrease gender segregation in the workforce.<sup>4</sup> The study examines the role of gender in young people's decisions whether or not to take up trades. It found that gender stereotypes continue to have a major influence on young people's choices, making some career paths and identities more – or less – accessible to young women.

The study made several recommendations. The first set of recommendations centred on widening the skill sets taught in educational programmes to include general technical and practical skills that are applicable to a variety of occupations. This, it was argued, would not only make the trades more attractive to women but provide students with skills that will be necessary for the future.

### **Indicators for Change: Tracking the Progress of New Zealand Women**

In 2008, the Ministry of Women's Affairs published 'Indicators for Change: Tracking the Progress of New Zealand Women', which provides information on the current social and economic status of women. The purpose of the report is to provide government policy makers and planners with a way to track progress for women to identify where efforts should best be directed to meet the needs of women in the labour market.

The 2008 report sets a baseline against which progress can be measured in the future, and the 2009 report was recently released.<sup>5</sup>

### **Women on Boards**

The Ministry of Women's Affairs is working to improve numbers of women in leadership positions. In December 2008, 42.3% of ministerial appointees to state sector boards and committees were women (up from 41.5% in December 2007), while 8.7% of board directorships of companies listed on the New Zealand stock market in 2007 were women (up from 7.1% in 2006).<sup>6</sup> The Ministry of Women's Affairs runs a Nominations Service that promotes the benefits of including women on public and private sector boards and nominates women for public sector boards and committees.

Furthermore, the Ministry of Women's Affairs has developed a 'Women on Boards' initiative with Business New Zealand and the Institute of Directors in New Zealand.<sup>7</sup> The key achievement for this partnership in the first year has been promoting the business case for appointing women to boards to

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<sup>4</sup> Further information can be found online at: [www.mwa.govt.nz/news-and-pubs/publications/trading-choices](http://www.mwa.govt.nz/news-and-pubs/publications/trading-choices).

<sup>5</sup> Further information can be found online at: [www.mwa.govt.nz/news-and-pubs/publications/indicators-for-change-2009-1/indicators-for-change-2009](http://www.mwa.govt.nz/news-and-pubs/publications/indicators-for-change-2009-1/indicators-for-change-2009).

<sup>6</sup> A copy of the Human Rights Commission's 'New Zealand Census of Women's Participation' (2008) can be found online at: [www.hrc.co.nz/hrc\\_new/hrc/cms/files/documents/28-Mar-2008\\_12-59-39\\_2008\\_Census\\_of\\_Womens\\_Participation.pdf](http://www.hrc.co.nz/hrc_new/hrc/cms/files/documents/28-Mar-2008_12-59-39_2008_Census_of_Womens_Participation.pdf).

<sup>7</sup> Further information can be found online at: [www.mwa.govt.nz/women-on-boards/women-on-boards-why-women-on-company-boards-are-good-for-business-1](http://www.mwa.govt.nz/women-on-boards/women-on-boards-why-women-on-company-boards-are-good-for-business-1).

governance and business networks. The business case indicates that the participation of women on boards can improve the bottom line for companies.

### **Parental Leave and Employment Protection**

The Parental Leave and Employment Protection Act 1987 (PLEPA) provides eligible employees (those who have worked continuously with the same employer for an average of at least 10 hours a week, including at least one hour in every week or 40 hours in every month, for 12 months or more) up to 52 weeks of employment protected unpaid parental leave, less any maternity leave taken. In addition, unpaid leave of one week is available to spouse/partners with six months eligible service and two weeks of unpaid leave is available to spouse/partners with 12 months eligible service. Unpaid leave must be taken continuously and can be shared between parents where they are both eligible. Both parents can take their leave at the same time or consecutively with each other.

The PLEPA also entitles eligible parents to fourteen weeks of job protected paid parental leave. To be eligible for paid parental leave, employees must have worked continuously with the same employer for the six or 12 months immediately before the baby's expected due date or the date the employee has first assumed the care of a child they intend to adopt

As noted in the previous report on Convention 122, the most recent amendment to the PLEPA was the extension in 2006 of paid parental leave provisions to self employed parents.

A 2005/06 evaluation of the parental leave scheme by the Department of Labour found considerable support for paid parental leave with an 80% take-up rate by eligible employed mothers; most mothers returning to the same employer following parental leave; and employers often accommodating part-time and flexible work arrangements for mothers on their return to paid work. Parents, however, are not using the full entitlement of leave available and want to take leave for twice as long as they actually do; fathers are not using the unpaid partner/paternity leave; some workers are not eligible, especially seasonal and casual workers; and employers find it difficult to manage work flows whilst staff are on leave.

### **Minimum wage increase**

From 1 April 2010, the minimum wage for employees aged 16 years and over rose to \$12.75 an hour before tax, except for new entrants and employees subject to the minimum training wage, which is \$10.20 an hour. This increase is expected to benefit around 96,400 adult workers, most of whom are women, youth, Māori or Pacific Islanders.

There are many benefits to women from increasing the minimum wage, especially given that a higher proportion of adult women are on lower incomes than adult men. Work-life balance benefits and better conditions for women in precarious employment are also considered to be positive outcomes of increasing the minimum wage.

### **Pay and employment equity**

The Pay and Employment Equity Unit and the Pay and Employment Equity Contestable Fund was disestablished by the Government in February 2009. As part of Budget 2009 the Ministry of Women's Affairs was allocated \$2 million over five years to conduct research and provide policy advice around gender and employment issues in New Zealand. The Department of Labour continues to provide the pay and employment equity toolkits online at: [www.dol.govt.nz](http://www.dol.govt.nz)

(for further information on the pay an employment equity tool kit, please refer to page 20).

### **National Advisory Council on the Employment of Women**

The National Advisory Council on the Employment of Women (NACEW) is an advisory body which provides advice to the Minister of Labour on matters related to the employment of women. Key work NACEW completed during the reporting period includes:

- Commissioning two reports to identify the current status of part-time workers in New Zealand and clarify where there are gaps, priorities and barriers, and how the Council can best add value. The first report provided a stock-take of women in part-time work and focused on the quality of work for part-time workers compared to full-time workers. The second report focused on pay and progression of women in part-time work. This report identified characteristics, pay and working issues for female employees aged between 25 and 54 years, who work in retail, cleaning and residential care.
- A stock-take of initiatives and statistics on transitions from secondary schooling to tertiary study or employment for Māori and Pacific women was completed. This aligned with the Council's focus on Māori and Pacific women's economic sustainability and improving younger women's participation in employment and earning.
- Providing advice to the Minister of Labour on the proposed review of the Parental Leave and Employment Protection Act and the gender pay gap.

### ***Measures to meet the needs of parents and people with other caring responsibilities***

#### **Choices for Living, Caring and Working**

The Choices for Living, Caring and Working programme, reported on in the previous report, is no longer in place.

#### **New Zealand Carers' Strategy and Five Year Action Plan**

The New Zealand Carers' Strategy and Five-Year Action Plan was introduced in April 2008. The Strategy was developed through a partnership between the Ministry of Social Development and the New Zealand Carers Alliance. Please refer to the Government's previous report for a description of the New Zealand Carers' Strategy and Five-Year Action Plan.

Highlights for the New Zealand Carers' Strategy and Five-year Action Plan during the reporting period include:

- developing an information guide and a dedicated website for carers. There has been a very positive reception from carers and health professionals to the information guides
- an outreach strategy to promote financial support to carers who are 'hard to reach'
- work with medical practitioners to encourage the right carers to get financial support
- developing age-appropriate respite care for people with physical, sensory and intellectual disabilities
- developing a wellbeing and learning programme for informal carers.

#### **Parental Leave and Employment Protection**

For information on Parental Leave and Employment Protection, please refer to page 11.

## ***Measures to meet the needs of young people***

### **Youth Opportunities package**

For information on the Youth Opportunities package, please refer to page 3

### **Youth Guarantee**

The Government announced the first phase of the Youth Guarantee in August 2009. The Youth Guarantee will provide a range of student centred and fees free learning opportunities towards school level qualifications for all 16 and 17 year olds, and represents a significant change in the management of transitions from school to tertiary education (16 and 17 year old students studying school-level qualifications in a tertiary setting currently generally pay fees). The first phase involves a limited number of fees free tertiary places in a limited range of courses for 2010.

The aim of the Youth Guarantee is to improve retention and achievement of young people in education by providing a wider range of learning opportunities in both secondary schools and in tertiary education. Young people will be able to enter the workforce alongside continuing to participate in education and training. New education and training pathways for young people of 17-18 years of age will be phased in.

Employers and Industry Training Organisations are likely to have a major role to play in offering practical work experience and training opportunities to young people still attached to secondary schools or tertiary organisations, such as polytechnics or private training establishments. The Youth Guarantee will require strong partnerships between schools, employers and tertiary organisations.

### **Mayors Taskforce for Jobs**

In response to concerns about the high number of young people on an Unemployment Benefit or NEET, the Mayors Taskforce for Jobs (MTfJ) and the Government reaffirmed their commitment in April 2009 to a shared goal that 'all young people under 25 be engaged in appropriate education, training, work, or other activities which will lead to long-term economic independence and wellbeing'.

An annual action plan is developed between MTfJ and government agencies that have an interest in youth education, training and employment. For 2009-2010, this plan also included specific joint projects in direct response to the impacts of the recession on youth employment. Most jobs lost during the downturn were held by young people.

From December 2007 – December 2009, the employment number for 15-24 year olds was down by 55,700 while up 13,200 for the rest of the population. Ethnic groups were also disproportionately represented in employment figures, so focus was also given to addressing Māori and Pacific education and employment issues. The partnership between MTfJ and the Government has been instrumental in the operation of youth programmes such as Youth Transition Services.

### **Modern Apprenticeships programme**

The Modern Apprenticeships programme is a workplace-based tertiary education initiative for young people to work toward nationally recognised vocational qualifications. The Modern Apprenticeships programme is a key initiative that increases the participation of young employees, aged primarily between 16 and 21 years old, in workplace-based tertiary education. Modern

Apprentices are supported by a Modern Apprenticeships Coordinator, who assists the apprentice to progress through their training programme.

As at 30 September 2009, there were 12,854 active Modern Apprentices in the programme, either in training or completed. Baseline funding for the programme can support approximately 14,000 active Modern Apprentices at any one time.

### ***Measures to meet the needs of older people***

Please see the Government's previous report on Convention 122 for measures to meet the needs of older people.

### ***Measures to meet the needs of workers with disabilities***

New Zealand signed the United Nations Convention on the Rights of Persons with Disabilities on 30 March 2007. New Zealand ratified the Convention in September 2008. Article 33 of the Convention requires a focal point in Government with responsibility for implementation of the Convention and facilitating action. The Article requires that States should maintain, strengthen, designate or establish a framework, including one or more independent mechanisms to promote, protect and monitor implementation of the Convention. Additionally, Article 33 requires civil society (principally disabled people's organisations) to participate in the monitoring process, and the involvement of independent public human rights agencies is also expected.

Accordingly, the New Zealand Disability Strategy was developed in consultation with disabled people and the wider disability sector, and reflects many individuals' experiences of disability. The Strategy presents a long-term plan for changing New Zealand from a disabling to an inclusive society.

A range of policies to increase employment opportunities for disabled people are being developed in relation to the Strategy, including:

- the launch of the Employers' Disability Network (an employer-led organisation aimed at driving employer change and creating a barrier-free employment and business sector) in March 2010
- the production of a practical best practice guide 'Enabling Ability – meeting the Employment Requirements of People with Disabilities in the Public Service'
- providing employment and work place experience opportunities
- an interagency transition from school to work project
- the review of the Employment Relations (Flexible Working Arrangements) Amendment Act 2007
- the production of a resource booklet explaining 'reasonable accommodations' in the workplace.

The Office for Disability Issues has been the Government focal point on disability since its establishment in 2002. The Office is developing options for the framework, in consultation with disabled people's organisations. The Office is to provide these options for the framework to the Minister for Disability Issues in 2010.

The Office for Disability Issues also implements a programme of actions to challenge negative attitudes towards disabled people, including negative attitudes towards disabled people in the workplace.

### **3. Educational and training policies:**

#### ***Policies with regard to vocational training, retraining and further training; and measures to co-ordinate education and training policies with prospective employment opportunities.***

The New Zealand Government has an ongoing commitment to raising workforce literacy, language and numeracy skills which supports productive employment. People with better literacy, language and numeracy skills are more likely to be employed and to earn more than those with poorer literacy, language and numeracy skills. As well as that, for people who are working, improving these skills can lead to improvements in effectiveness and efficiency and so can broaden opportunities for more productive work. Building employer awareness of the impacts of low workforce literacy, language and numeracy skills and stimulating workplace responses are therefore part of Government's approach.

#### **Tertiary Education Strategy**

The Government's recently published Tertiary Education Strategy 2010-15 (TES) presents a long-term view of the Government's investment in tertiary education, including both institutionally and workplace based education. The Tertiary Education Strategy is aimed at lifting the performance of the tertiary education sector resulting in an increase in graduates' employment opportunities.

As the major funder of tertiary education in New Zealand, the Government sets the priorities that it wants to achieve through the TES<sup>8</sup>. The Government's tertiary education priorities for the period from 2010 to 2015 are:

- increasing the number of young people (aged under 25) achieving qualifications at levels four and above, particularly degrees
- increasing the number of Māori students enjoying success at higher levels
- increasing the number of Pasifika students achieving at higher levels
- increasing the number of young people moving successfully from school into tertiary education
- improving literacy, language, and numeracy and skills outcomes from levels one to three study
- improving the educational and financial performance of providers
- strengthening research outcomes.

#### **New Zealand Qualifications Framework**

Following a targeted review of New Zealand tertiary qualifications (from levels 1 to 6), the unified New Zealand Qualifications Framework will be implemented from July 2010. The new framework will reduce the duplication and proliferation of qualifications, improve their relevance, and thereby create better employment outcomes for employers and employees. Further information on the New Zealand Qualifications Framework can be found online at: [www.nzqa.govt.nz/qualifications/review/questions.html](http://www.nzqa.govt.nz/qualifications/review/questions.html).

#### **Industry Training System and Modern Apprenticeships**

For information on Industry Training System and Modern Apprenticeships, please refer to page 14 of this report and the Government's previous report on Convention 122.

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<sup>8</sup> Please see [www.minedu.govt.nz/TertiaryEducationStrategy](http://www.minedu.govt.nz/TertiaryEducationStrategy) for further information on the Tertiary Education Strategy 2010-15.

### **Gateway**

The Gateway programme integrates schools-based learning with structured work-based learning continues to be rolled out in New Zealand schools. Further information on the Gateway programme can be found online at: [www.tec.govt.nz/Funding/Fund-finder/Gateway/](http://www.tec.govt.nz/Funding/Fund-finder/Gateway/).

### **Job Ops**

Job Ops provides a \$5,000 subsidy to employers to take on young people (16-24 yr olds) for six months work experience in entry-level jobs. The scheme is aimed at the most disadvantaged young people (those with the lowest levels of skills and qualifications). Employers do not have to guarantee that they will provide employment beyond the six months. The Youth Opportunities package included funding for 4,000 Job Ops (for further information on the Youth Opportunities package, refer to page 3).

As at 12 March 2010, 4,728 Job Ops places had been listed and 3,990 young people had been placed with employers:

- to meet employer demand, in November 2009, Cabinet agreed to fund an additional 2,000 Job Ops places
- as at 5 March 2010, of the 131 people who finished a Job Ops placement, 108 had secured a full or part-time job and nine had gone into further training.

### **Community Max**

Community Max provides full wage subsidies, training and supervision expenses for disadvantaged young people to participate in six-month community and environmental projects. The Youth Opportunities package included funding for 3,000 Community Max places (for further information on the Youth Opportunities package, refer to page 3).

As at 12 March 2010, 3,273 Community Max places had been listed and 3,077 young people had been placed onto community projects. Community Max has had a particularly high uptake among Māori; as at 12 March close to 60% of Community Max participants were Māori.

### **Job Connect**

Changes have also been made to the Job Search Service of Work and Income to better reflect the abilities of some job seekers (for further information on the Job Search Service, please refer to page 4). Job Connect allows self-motivated job seekers to maintain contact with Work and Income through the contact centre, rather than face to face appointments, provides enhanced job matching, screening and referral services for employers and job seekers.

### ***Please indicate what measures have been adopted to ensure that work is as productive as possible.***

Please refer to the final section: 'Responses to comments made by the Committee of Experts on the Application of Conventions and Recommendations', question 3, on workplace productivity (page 23).

### ***Please indicate what provisions ensure that there is freedom of choice of employment and that each worker shall have the fullest possible opportunity to qualify for and to use his skills, in the conditions set out in paragraph 2(c).***

There have been no further developments since the previous report in addition to material covered elsewhere in this report.

***Please state whether special difficulties have been encountered in attaining the objectives of full, productive and freely chosen employment, and indicate how far these difficulties have been overcome.***

As outlined previously under Article 1, keeping people in employment continues to be a key government focus in response to the economic recession, and the recovery from the recession. The Department of Labour has conducted work on identifying concentrations of workers at an industry level who are at risk of facing difficulty in finding new employment when faced with sudden job losses. These groups include people with low skills, youth, and older workers, those with longer job tenure, Māori, and Pacific people. For further information on efforts to overcome the risk of loss of employment for these groups, please refer to the final section: 'Responses to comments made by the Committee of Experts on the Application of Conventions and Recommendations' for further information (page 22).

For measures taken specifically to address youth employment issues (such as the risk of long-term unemployment) please refer to earlier response on under Article 1, 'Measures to meet the needs of young people' on page 13.

***Please describe briefly how the employment policy objectives are related to other economic and social objectives.***

Please refer to the earlier response provided under Article 1.

## Article 2

*Each Member shall, by such methods and to such extent as may be appropriate under national conditions-*

- (a) decide on and keep under review, within the framework of a co-ordinated economic and social policy, the measures to be adopted for attaining the objectives specified in Article 1 ;*
- (b) take such steps as may be needed, including when appropriate the establishment of programmes, for the application of these measures.*

***Please describe the measures taken to collect and analyse statistical and other data concerning: the size and distribution of the labour force, the nature and extent of unemployment and underemployment and trends therein, as a basis for deciding on measures of employment policy.***

Please see the Government's previous report on Convention 122 and the earlier response provided on page 10 for a description of the measures taken to collect and analyse statistical and other data.

***Please describe the procedures adopted to ensure that the effects on employment of measures taken to promote economic development or other economic and social objectives receive due consideration, at both the planning and the implementation stages, and that the principal measures of employment policy are decided on and kept under periodical review within the framework of a co-ordinated economic and social policy.***

Please refer to the earlier response provided under Article 1.

### Article 3

*In the application of this Convention, representatives of the persons affected by the measures to be taken, and in particular representatives of employers and workers, shall be consulted concerning employment policies, with a view to taking fully into account their experience and views and securing their full co-operation in formulating and enlisting support for such policies.*

***Please indicate the manner in which representatives of the persons affected are consulted concerning employment policies, with reference both to consultations with representatives of employers' and workers' organisations and to consultations with representatives of other sectors of the economically active population such as those working in the rural sector and the informal sector. Please also indicate whether formal consultative procedures have been established for this purpose.***

The Government's principle of consulting and engaging with those affected by employment-related policies continues. This includes actively seeking the views of employers' and workers' representatives on issues that affect New Zealand workplaces in order to take fully into account their experience and views and secure their cooperation where possible in formulating and supporting employment-related policies (please refer to the final section: 'Responses to comments made by the Committee of Experts on the Application of Conventions and Recommendations', question 4, on seeking the views of employers' and workers' representatives for further information). Examples of collaboration and commitment to social partnership are discussed below.

#### **Public Advisory Group on Restructuring and Redundancy**

The Public Advisory Group on Restructuring and Redundancy ('the Group') consisting of business, union and public sector representatives was appointed by the Minister of Labour to examine the adequacy of New Zealand's redundancy laws and provisions and to recommend options to address any gaps or issues with the existing laws and provisions.

The Group submitted a report including ten recommendations to the Ministers of Labour, Social Development and Employment, and Economic Development on the adequacy of New Zealand's redundancy laws in June 2008.

#### **Flexible work**

The Employment Relations (Flexible Working Arrangements) Amendment Act 2007 was passed in Parliament in November 2007 and came into force on 1 July 2008. The Act provides certain employees with the right to request a variation to their hours of work, days of work, or place of work. To be eligible for the 'right to request' an employee must have the care of any person and have been employed by their employer for six months prior to making the request. When making the request, the employee must explain how the variation will help the employee provide better care for the person concerned.

The Act requires employers to consider the request for flexible working arrangements and provides the only grounds upon which they can refuse a request. The Act also provides a process for how requests are to be made and responded to. Employers and employees may seek assistance from the Department of Labour about requests for flexible working arrangements under the Act. A formal resolution process is provided should a disagreement arise regarding a request for flexible work.

A review of the operation and effects of the new legislation is required two years after commencement and will include recommendations on whether the provisions should be extended to all employees. This review will begin after July 2010.

#### **Gender-inclusive Job Evaluation Standard**

In December 2006 the Department of Labour released guidelines to eliminate gender bias in jobs. The Gender-inclusive Job Evaluation Standard (the Standard) is an international first to help ensure all employees have fair pay, treatment and employment opportunities - regardless of gender. This was followed by the development and implementation of the pay and employment equity toolkit which included the following tools:

- the Equitable Job Evaluation System
- the New Zealand Gender-inclusive Job Evaluation Standard
- Spotlight: A Skills Recognition Tool.

The pay and employment equity toolkit gives employers and human resources staff practical tools to aid them in evaluating their hiring, recruitment and remuneration processes to ensure that these processes are equitable and unbiased from a gender perspective. The toolkit is available online through the Department of Labour's website ([www.dol.govt.nz](http://www.dol.govt.nz)).

#### **Consultation on legislation and regulation**

The regular consultation processes for ongoing policy decisions such as the Annual Minimum Wage review continue to be in place.

The formal parliamentary and other processes involving consultation on draft legislation and regulations in previous reports continue to apply. For example, the Department of Labour recently conducted wide consultation and received a significant number of submissions for the Holidays Act 2003 Review and the review of some specific parts of the Employment Relations Act 2000.

**III. *Please state to what authority or authorities the application of the above-mentioned legislation and administrative regulations, etc., is entrusted, and by what methods application is supervised and enforced. In particular, please supply information on the organisation and working of inspection.***

There are no further developments since the last report.

**IV. *Please state whether courts of law or other tribunals have given decisions involving questions of principle relating to the application of the Convention. If so, please supply the text of these decisions.***

No such decisions have been given.

**V. *If your country has received any assistance or advice under the World Employment Programme or under other ILO technical cooperation projects, please indicate the action taken as a result. Please also indicate any factors which may have prevented or delayed such action.***

No such assistance has been sought or received.

- VI. In so far as such information has not been supplied in reply to previous questions please forward copies or extracts of reports studies and inquiries statistical data etc. covering such matters as: the size and distribution of the labour force; the nature extent and trends of unemployment and underemployment; manpower projections; income and poverty; technological change; and the impact on employment of economic and social policy measures.**

Reports on New Zealand's labour market can be found at: [www.dol.govt.nz/publications/lmr/index.asp](http://www.dol.govt.nz/publications/lmr/index.asp). Further relevant reports can be accessed at: [www.socialreport.msd.govt.nz](http://www.socialreport.msd.govt.nz).

Copies of legislation can be accessed at [www.legislation.govt.nz](http://www.legislation.govt.nz).

- VII. Please indicate the representative organisations of employers and workers to which copies of the present report have been communicated in accordance with article 23, paragraph 2, of the Constitution of the International Labour Organisation.<sup>1</sup> If copies of the report have not been communicated to representative organisations of employers and/or workers, or if they have been communicated to bodies other than such organisations, please supply information on any particular circumstances existing in your country which explain the procedure followed.**

**Please indicate whether you have received from the organisations of employers or workers concerned any observations, either of a general kind or in connection with the present or the previous report, regarding the practical application of the provisions of the Convention or the application of the legislation or other measures implementing the Convention. If so, please communicate the observations received, together with any comments that you consider useful.**

Business New Zealand and the New Zealand Council of Trade Unions.

## **Responses to comments made by the Committee of Experts on the Application of Conventions and Recommendations in 2008**

In response to the Committee's comments on the New Zealand Government's previous report for the period ended 31 May 2008, please note the following replies.

***1. The Committee asks the Government to keep providing in its next report information on the Better Work Working Better (BWWB) as well as the Work-Life Balance work programme. In particular, it notes with interest the use of social and economic indicators, included in the BWWB, and asks to be kept informed of the results of its new employment strategy.***

The Better Work Working Better – Labour Market and Employment Strategy, established under the previous Government, is no longer in place. The Work Life Balance programme has been replaced with Flexible Work (please refer to page 19 for more details on the Flexible Work programme). The Department of Labour's website ([www.dol.govt.nz/worklife/flexible/index.asp](http://www.dol.govt.nz/worklife/flexible/index.asp)) has further information on Flexible Work and The Employment Relations (Flexible Working Arrangements) Amendment Act 2007 which came into force in July 2008.

***2. The Committee asks the Government to continue providing it with information on the measures it has taken in the area of education and training policies and their relation to employment policies. It also requests the Government to provide more information on initiatives taken to increase employment opportunities for Māori and Pacific peoples and new immigrants and the impact they have on had on bridging the gap between the employment opportunities of these groups and the general population.***

### **Education and training policies**

For information on education and training policies, please refer to page 15.

### **Employment opportunities**

An example of the Government's efforts in the areas of employment opportunities currently involves an assessment of sectors and industries at risk of difficulty in finding new employment.

As a result of the economic recession, since early 2009 Government efforts have been focused on helping those faced with job losses to find new employment. The Department of Labour has conducted work on identifying concentrations of workers at an industry level who are at risk of facing difficulty in finding new employment when faced with sudden job losses. These groups include people with low skills, youth, and older workers, those with longer job tenure, Māori, and Pacific people. The characteristics of these groups are measurable at an industry level and are unevenly distributed across industries.

Taking this work forward will involve looking at particular at-risk sectors and industries such as manufacturing, and will provide:

- information about skills-sets of workforces at risk of job loss and about opportunities in likely growth sector (e.g. service sector, aged care work) and extending this analysis to cover other sectors – this will help improve job matching
- information on working with sectors, industries and firms to develop and target retraining initiatives
- information on vulnerable workforces and possible alternative occupations to help agencies deliver assistance, such as coaching, job training.

**3. The Committee would be interested in examining the results obtained in increasing workplace productivity and would appreciate if the Government could include data on these matters in its next report.**

### **Workplace Productivity**

The Government's priorities for its economic programme were outlined in the Prime Minister's 2010 Statement to Parliament<sup>9</sup>. The overall objective is '... lifting our country's economic performance [so we] can deliver New Zealanders the jobs, increased incomes and better living standards they aspire to ...' which will be underpinned by productivity growth.

Our capital productivity fell by an average of 0.5% over the thirty year period, 0.4% in the current decade. Essentially, New Zealand's stock of capital assets (the services provided by the capital stock) was expanding more rapidly than output.

Multi-Factor Productivity (the growth in output not explained by increase in inputs of capital and labour) grew by 1.1% over the thirty years, and 0.6% from 2000-08 – the latter also a reflection of strong employment growth.

New Zealand's labour productivity grew by 2.0% per annum between the March 1978 and 2008 years, with the GDP of the measured sector growing by 2.7%, and its labour input by only 0.7%. The measured sector includes industries for which estimates of inputs and outputs are independently derived in constant prices covering approximately 73% of GDP. Excluded are those industries for which real value-added in the national accounts is largely measured using input method – mainly government non-market industries. Further information can be found online at: [www.statisticsnz.govt.nz/browse\\_for\\_stats/economic\\_indicators/Productivity%20Statistics/ProductivityStatistics\\_HOTP1978-2006/Technical%20Notes.aspx](http://www.statisticsnz.govt.nz/browse_for_stats/economic_indicators/Productivity%20Statistics/ProductivityStatistics_HOTP1978-2006/Technical%20Notes.aspx).

However, growth was significantly slower in the current decade, averaging 1.3% per annum from 2000-08. Strong economic growth (3.4% per annum) was associated with strong employment growth, of 2.1% pa.

Growth in labour productivity is the primary source of income growth. Accordingly the slow growth of New Zealand's labour productivity compared with most other developed nations is the key reason for the decline in our relative incomes. The OECD confirms the link between low labour productivity and per capita GDP, and highlights New Zealand's low Multi-Factor Productivity growth – the second-lowest in the OECD between 1985 and 2006, and one of only two countries with negative Multi-Factor Productivity between 2001 and 2006 (however please note that the OECD uses its own multi-country productivity database, which is based on 'whole economy' rather than 'measured sector' data).

Further statistical information related to workplace productivity can be found online at: [www.stats.govt.nz/methods\\_and\\_services/information-releases/productivity-statistics.aspx](http://www.stats.govt.nz/methods_and_services/information-releases/productivity-statistics.aspx)

### **New Zealand Productivity Commission**

The Government has just announced the establishment of a New Zealand Productivity Commission, to provide independent advice on ways to improve productivity in areas identified by the Government.

The main functions of the New Zealand Productivity Commission will include:

- inquiries into productivity-related matters and reporting back to Ministers

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<sup>9</sup> New Zealand Government (2010) *Prime Minister's Statement to Parliament*, Parliamentary Paper J.8, 9 February 2010 ([www.beehive.govt.nz/feature/statement+parliament](http://www.beehive.govt.nz/feature/statement+parliament)).

- one-off reviews of existing regulations
- reviews of the efficiency and effectiveness of regulatory agencies
- regulatory impact analysis of a small number of proposed new regulations
- research into productivity-related matters, to build up its institutional knowledge
- promote public understanding of productivity-related issues.

Subject to passage of enabling legislation and appointment of Commissioners and staff, it is intended that the Commission be operating by April 2011.

### **2025 Taskforce**

In 2009 a Taskforce was set up under the chairmanship of Dr Don Brash, former Reserve Bank of New Zealand Governor, charged with recommending ways to improve productivity and close the income gap with Australia. Its report was received in November 2009, and is being considered by the Government. The Taskforce will report again on progress at the end of 2010 and 2011.

### **Workplace Productivity Agenda**

The Department of Labour has promoted productivity improvement within firms through the Workplace Productivity Agenda, under the ambit of the Workplace Productivity Reference Group which includes Business New Zealand and the New Zealand Council of Trade Unions. This Agenda has had two main streams:

- Communications resources: including case studies to raise awareness of benefits and methods of business improvement; funding workshops run by business organisations such as Chambers of Commerce; and diagnostic tools for businesses to self-assess their own workplace productivity.
- Action research projects: industry organisations were nominated as 'trusted partners', which select member firms for support from business consultants, who work with management and staff on business improvement processes. The objective of these projects is to assess both the effectiveness of this type of support, and of delivering it through 'trusted partners'. Initial assessments suggest that positive results have been achieved in many firms; and that the key factor distinguishing successful and less successful firms has been their readiness, with successful firms having positive staff relations and culture, and committed, pro-active management.

Future directions for this programme are still being developed, but are likely to involve an emphasis on disseminating and 'mainstreaming' the expertise developed, through industry organisations, other government programmes and government-industry sector engagements.

### **Partnership Resource Centre**

The Partnership Resource Centre (PRC) helps employers and unions build positive relationships and work together in partnership. One of the most important benefits of its work is that the economy as a whole, benefits from constructive relationships between employers and unions. Partnership fosters workplace innovation, growth, and productivity.

The PRC has a team of independent associates, who each have extensive knowledge and experience in industrial relations and organisational development. They can work alongside employers, unions and staff, and help them develop constructive partnerships, improve their current partnership practices, or work through a particular problem.

## **Health and safety**

Improving the health of the labour force is also important for lifting productivity given the links between work quality and productivity<sup>10</sup>. The Department of Labour continues to promote health and safety practices and the need for these to be linked and integrated into good management practices.

The Department of Labour is working extensively with industry through the Workplace Health and Safety Strategy, to support companies to improve workplace health and safety. The emphasis in this work is to support firms in establishing systems and processes to enable them to take greater responsibility for their own health and safety performance. It expects that better health and safety systems will have major benefits in improved productivity.

***4. The Work-Life Balance work programme as developed in response to key messages received through a wide range of public consultations on the matter. In this regard, the Committee would appreciate continuing to receive information on the manner in which the Government seeks the views of employers' and workers' representatives as well as of other interested groups concerning all issues related to employment policies, in order to take fully into account their experience and views to secure their full cooperation in formulating and to enlist support for such policies.***

The Government convenes regular meetings with employers' and workers' representatives (Business New Zealand and New Zealand Council of Trade Unions respectively).

Officials from the New Zealand Council of Trade Unions, Business New Zealand and the Department of Labour meet on a regular basis to discuss any topical matters of interest. Also tripartite partners are able to contact each other at any time to discuss matters. These constructive relationships are supported by the more formal meetings and regular consultation processes outlined in previous reports on Convention 144.

Please refer to the earlier response provided under Article 3 for information on consulting with other interested groups. Additionally, please refer to the Government's Article 22 Report on Tripartite Consultation Convention, 1976 (No. 144) for further information on procedures which ensure effect consultations between representatives of the government, employers and workers.

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<sup>10</sup> Further information can be found online at: [www.worklife.govt.nz/publications/research/good-sense/summary.asp](http://www.worklife.govt.nz/publications/research/good-sense/summary.asp)