

## Special issue: The first 18 months of the National, ACT, NZ First Coalition Government (2023-2025)

This Special Issue deals with the first 18 months of the National, ACT, NZ First Coalition Government from October 2023 to April 2025, focusing on five different employment relations areas. A number of the key topics in the articles were presented at the AIRAANZ (Association of Industrial Relations Academics in Australia and New Zealand) conference in Wellington, in February 2025. The articles cover changes in a range of key areas: economic policies and employment relations, employment law and contracting, social welfare and benefit sanctions, immigration and migration, and vocational education and training. The main themes running through the articles are widespread public policy changes, reversals of the previous governments' policies, and unanticipated policy outcomes. Since 2019, New Zealand has gone through unprecedented government interventions during the pandemic years, and this has been followed by a series of major policy changes under the current Coalition Government.

While the focus of this Special Issue is on policy changes associated with employment relations, there have also been far-reaching and contentious issues in the broader national context. These issues are interrelated with employment relations and include, for example, the controversial Principles of the Treaty of Waitangi Bill, accompanied by policy directives “that public services should be prioritised on the basis of need, not race” (Cabinet Office, 2024), as part of a ‘colourblind’ approach (Loring et al., 2024). Critics from a range of professions and political groups allege, however, that these moves represent an attack on Māori (Tipa, 2024). The government has implemented an austerity approach with significant cuts to areas, such as public sector employment, as well as significant restructuring of sectors such as health and education sectors. Some of these changes were foreshadowed in the Coalition Agreements (New Zealand National Party & New Zealand First, 2023a; 2023b). The individual parties in the three-party coalition had widely differing policies in some areas, however the final agreement represents a series of compromises where some parties prevailed and others made concessions. As the parliamentary term has progressed, commentators have suggested there are potentially simmering disagreements between the leaders of the three parties, and this contributes to the difficulty in projecting future public policy directions (Daly, 2025).

In terms of employment relations, unions and other commentators assert that the changes proposed by the Coalition Government represent the most significant changes since the enactment of the Employment Relations Act in 2000 (Wagstaff, 2024; Shilpy, 2024). Many of these changes relate to reversals of the previous governments' policies during 2017-2023 (see below). However, the changes go beyond a mere rebalancing of employment relations. As can be seen from Table 1 in the first article on *economic policies and labour market changes*, the implemented and proposed changes will prompt a major resetting of New Zealand employment relations and labour market. The Coalition's agenda includes fundamental changes to worker rights and protections in areas such as dismissals, grievances, and strike action as well as its controversial changes to pay equity. Additionally,

the second article, on *moving beyond the binary contractor and employee classifications* assesses the changes to the legal tests for determining whether workers are classified as employees or contractors and explores the issue of increasing protections for workers involved in contracting arrangements.

Likewise, the changes to *migration* levels discussed in the third article have followed historical volatility patterns, though the actual numbers recorded have been unprecedented with a sharp decline in immigration numbers and an exodus of New Zealand citizens (mainly to Australia). With many countries having skill and labour shortages and low fertility rates, the international context has changed in the last decades, and this makes New Zealand's considerable migration ebbs and flows problematic. Finally, although the fourth and fifth articles on *benefit sanctions* and *vocational education and training* (VET) also feature major adjustments, they represent a return to key themes of the past: with beneficiaries portrayed in a negative light in need of disciplinary measures and with decentralisation and employer input seen as instrumental in improving VET outcomes. Despite these fundamental views being disputed in both articles, they are often drawn on in media and political analyses.

Reversals of the previous government's policies – often called 'flip-flopping of public policy' – have been pronounced under the current Coalition Government. It has become a common theme amongst public policy analysts and commentators that constant 'flip-flopping' is not conducive to effective and productive policy interventions. It has also started to surface amongst politicians: for example, Infrastructure Minister, Chris Bishop, has often supported that "New Zealand needs a long-term infrastructure plan that transcends political cycles" (Bishop, 2025) and seems to get some buy-in from the Labour Party (O'Sullivan, 2025). However, it does not align well with the policy reversal of other infrastructure projects – the Cook Strait ferry is a classic example – and especially with the many public policy reversal highlighted in this Issue's articles.

### *Individual articles*

The first article on economic policies and employment relations highlights the negative effects on labour markets of the pursued economic strategy. The article also indicates why it has taken the Coalition Government longer than anticipated to get the economy 'back on track'. A tight monetary policy has restrained economic activity and been less effective as the raising of interest rates is inefficient in non-tradeable sectors which are dominated by few firms. The Coalition Government has also been in a 'fiscal straitjacket' since its early decision to implement large tax cuts and with cost-of-living concerns curtailing economic activity and anticipations. The long economic recession with many business failures have had a negative impact on labour markets and job prospects which goes beyond the headline unemployment trends. Additionally, the many employment relations changes (implemented or proposed) have created widespread uncertainty and have especially hit already vulnerable employee groups.

The second article addresses the legal framework governing contractors. As with many other jurisdictions, New Zealand is encountering major questions regarding the application

of existing employment law to newer types of work. A series of high-profile court cases have tested whether arrangements, such as courier deliveries and Uber driving, constitute employment relationships rather than contracting. Under the previous Labour government, a Tripartite Working Group explored the current practices, opportunities and problems with contracting arrangements and developed a series of proposals. The Coalition Government, however, has largely bypassed these, introducing instead its own legislative amendments, including a new “gateway test” to distinguish contractors from employees, asserting that these will provide “greater certainty” (MBIE, 2024). The article outlines the likely effects of this test and goes on to propose that focus should not be confined solely to the employee-versus-contractor distinction but should go further, to address the lack of protection for those workers who are indeed contractors.

The third article on *migration flows* points to the historical shift towards a point system in the late 1980s and the subsequent large fluctuations in migration and the composition of immigrants. The large migration flows are mainly driven by New Zealand labour market trends where economic downturns coincide with low immigration flows and large outflows of New Zealand citizens. The article suggests that this volatility in flows “...raises some interesting questions about the degree to which governments can manage flows”, and this also suggests that a more holistic approach is necessary, including more emphasis on demographics and community cohesion. Recently, there has been a large shift from unusually large immigration flows to very modest intakes and, in particular, “the spike in departing New Zealand citizens has come to characterise the years of the Coalition Government.” These patterns are very disruptive socially and raise fundamental economic and political problems with the current migration approach of the major political parties.

The fourth article [forthcoming] on *benefit sanctions* stresses how, since the early 1990s, New Zealand has followed a global trend towards tying welfare benefits to specific actions or beneficiaries facing a variety of benefit sanctions. While there are detailed analyses of benefits sanctions under previous governments the article has a focus on: first, the ‘Traffic Light System’ introduced by the Coalition Government in 2024 which prescribes behavioural requirements and a number of different sanctions and second, whether these requirements and sanctions are effective. Based on research literature and New Zealand sanction trends, it is found that benefit requirements and sanctions often enhance welfare dependency as vulnerable beneficiaries are punished and marginalised. “The data consistently demonstrate that while sanctions may temporarily decrease the number of benefit recipients, they do not promote the sustainable employment and self-sufficiency that policymakers aim for.”

The fifth article [forthcoming] on *vocation education and training* (VET) shows that the 2019 Reform of Vocational Education (RoVE) was the first major break with the 1990s decentralised and market-driven model. The problems associated with the decentralised model had already resulted in several policy adjustments by various governments since the 1990s. The RoVE reform sought to address the co-ordination failures of the market approach and provide a centralised consistent approach and delivery of skill formation and qualification design. The current Coalition Government announced in 2024 the disestablishment of key RoVE structures and decentralised VET provision. This intends to

provide in the coming years for a VET system focused on enrolment cycles and financial sustainability. Although the details and implementation of such would be revealed in the second half of 2025, the article wonders whether the new system will be able to deliver suitable outcomes and avoid skill shortages.

The second part of issue 49 consists of two general articles. The first is *Managers' attitudes towards giving negative feedback in Aotearoa New Zealand* by Rafael Gonzalez-Montero and Elena Maydell. The final article, *The impact of AMO-enhancing high performance work systems perceptions on employee turnover intentions: A mediation by affective commitment*, by Narendra Prasad, Iffat Sabir Chaudhry, Raghuvar Dutt Pathak, Amanda Hinojosa, Subodh Kulkarni, and Zafar Husain, provides a different angle on the influence of ability-motivation-opportunity (AMO)-enhancing high performance work systems (HPWS) variables, assessing their influence on employee perceptions, particularly turnover intentions. The study is set in the less-researched context of Fiji, a developing economy which is of economic and cultural significance in the South Pacific region. This is published as part of the *NZJER's* welcoming of submissions on employment relations issues in the Pacific.

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