Added Pressure: Exploring the Impacts of Covid-19 on Workers and Labour Laws in Aotearoa New Zealand

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- I. Introduction
- II. The current state of the pandemic in Aotearoa New Zealand
- III. Overview of impacts on workers
- IV. Pressure on existing legal protections
- V. Conclusion

I. Introduction

In many ways the experience of workers in Aotearoa New Zealand (ANZ) has differed from those in other English-speaking countries. Due to the previous success of the elimination strategy pursued by the Government ANZ is only now seeing widespread community transmission of the virus and has so far enjoyed a very low infection and death rate. To date, the most significant negative effects on workers have come from the containment measures rather than the disease itself. However, this all looks set to change. The more infectious delta variant (Delta) and the omicron variant (Omicron) have prompted a significant change in strategy, constituting a new phase in the pandemic response, the implications of which are yet to emerge. This paper provides a brief review of the impacts of the Covid-19 pandemic on workers in ANZ as of mid-February 2022. The paper will briefly outline the relevant Government strategies, policies, and key interventions. It will then outline some of the key consequences for working people and highlight some of the areas of labour law under greatest strain.

II. The current state of the pandemic in Aotearoa New Zealand

From February 2020, ANZ pursued a "go hard, go early" strategy focussed on eliminating the virus completely. "Go hard, go early" is a phrase sometimes used in rugby, ANZ's national sport, and refers to a team making a big effort early in the game to obtain a tactical advantage over the other side. This strategy involved closing the borders and imposing strict national and regional lockdowns as soon as the disease is detected in the community, supported by widespread wage subsidies and business grants and loans. These measures were unprecedented, with ANZ having never closed its borders before or imposed such restrictions on its citizens. The Government's elimination strategy involved four levels of restrictions, with lockdowns imposed at level three and four. Anyone entering the country was required to stay in a Government Managed Isolation and Quarantine (MIQ) facility. The country also ran a successful tracing programme, with all businesses and locations required to display a QR code and a high level of public use of the Government's Covid Tracer smart phone application. This strategy was remarkably successful, with the virus eliminated from the community by May 2020 and any

^{1.} For earlier updates on the Aotearoa New Zealand Covid-19 response and its impact on working people, see: Duncan, Dawn. 2020. "COVID-19 and Labour Law: New Zealand." *Italian Labour Law E-Journal* 13 (1S). https://doi.org/10.6092/issn.1561-8048/10956, and Duncan, D. 2021. "The impacts of Covid-19 on Aotearoa/New Zealand's working people: A report 12 months on," *Noticias Cielo* (Número 3), http://www.cielolaboral.com/wp-content/uploads/2021/04/duncan_noticias_cielo_n3_2021.pdf. For earlier discussion of the impacts of Covid-19 on employment law in Aotearoa New Zealand, see Special Covid-19 issue of the *New Zealand Journal of Employment Relations*, https://ojs.aut.ac.nz/nzjer/issue/view/2.

^{2.} See above at n 1.

^{3.} Information about the MIQ facilities can be accessed on the MIQ website, https://www.miq.govt.nz.

^{4.} Information on the Covid Tracer App and its use can be accessed at https://tracing.covid19.govt.nz.

new outbreaks quickly stamped-out, allowing long stretches of relative normality and very low rates of infection and death.⁵ The Government received high levels of public support for its response and the Labour Party was re-elected with a substantial majority in the 2020 general election.

Delta outbreak and Auckland lockdown

However, in August 2021 Delta escaped MIQ facilities resulting in an outbreak in Auckland (ANZ's largest city). Delta resulted in a three-week national lockdown and then a further three months of lockdown in Auckland, ending in mid-December 2021. Cases of Delta emerged in neighbouring regions resulting in lockdowns in those regions also. With Delta proving more difficult to eliminate, the Government began to aggressively promote vaccination. ANZ's vaccination campaign began in mid-2021, with limited initial availability. This increased from September, as additional supplies were sought in response to the Delta outbreak. As of 15 February, ANZ has about 95% of the adult population (aged 12+) fully vaccinated and is rapidly rolling out a campaign of booster shots for adults (18+) and paediatric doses for children aged 5–11.6

Current Omicron outbreak

ANZ is presently in the early stages of an outbreak of Omicron, which was first detected in the community on 23 January 2022, having escaped MIQ. The Government's strategy has changed from "elimination" to one of "management" resulting in a new three-tiered "traffic light system" to replace the previous four-level lockdown-based system. Under the traffic light system there are no lockdowns or restrictions on domestic travel, but there are limits on events and gatherings, restrictions on the freedoms of the unvaccinated, tracing, self-isolation and mask requirements. There are three phases in the Government's Omicron outbreak response plan, with the second phase coming into operation when the country reaches 1,000 new infections per day, and the third phase when the country reaches approximately 5,000 new infections per day. The new system also allows for the phased reopening of the borders. The country is currently operating under "red level," the most restrictive level of the traffic light system. As of 15 February, ANZ has had 21,573 infections and 53 deaths, (the population is just over 5 million people) with most of the infections occurring in the current Omicron outbreak. Omicron is predicted to result in a rapid acceleration of cases.

III. Overview of impacts on workers

While Omicron looks set to change things, the previous success of the elimination strategy means workers in ANZ have enjoyed a relatively "normal" life, with comparably low rates of infection and death. As such, the primary impacts on working people so far, have come from the measures to eliminate or contain the virus, rather than the virus itself. The most significant impacts have come from the border closures, restrictions on domestic travel and the strict lockdowns. Impacts have been both economic and personal, with worker mental health and rates of burn-out particularly an issue. Impacts have been unevenly felt, with the most vulnerable workers

^{5.} A detailed timeline of New Zealand's Covid-19 epidemic is available on the Radio New Zealand website, https://www.rnz.co.nz/news/national/437359/timeline-the-year-of-covid-19-in-new-zealand.

ANZ vaccination data is available on the Ministry of Health website: https://www.health.govt.nz/covid-19-novel-coronavirus/covid-19-data-and-statistics/covid-19-vaccine-data.

^{7.} Information on the "traffic-light" system can be accessed on the Government's Covid-19 website, https://covid19.govt.nz/traffic-lights/covid-19-protection-framework/.

^{8.} Details of the three phases can be accessed on the Government's Covid-19 website, https://covid19.govt.nz/news-and-data/latest-news/government-announces-three-phase-public-health-response-to-omicron/.

^{9.} Dates for when the borders will be reopened can be found on the New Zealand Government's website, https://covid19.govt.nz/international-travel/travel-to-new-zealand/when-new-zealand-borders-open/.

^{10.} Information on infection and death rates can be accessed on the Ministry of Health website: https://www.health.govt.nz/covid-19-novel-coronavirus/covid-19-data-and-statistics/covid-19-current-cases.

suffering the most.11

Lockdowns and wage subsidies

National lockdowns were imposed from 24 March to 13 May, with people required to stay in their homes, and avoid contact with anyone not from their household 'bubble.' Non-essential businesses were required to close their premises but could continue to have people working from home where possible. The list of "essential services" included hospitals and medical services, life-line utilities, supermarkets and petrol stations. The lockdown was strictly enforced, with wide-spread economic consequences, but received high levels of public support. In March 2020, a national wage subsidy scheme was established to prevent mass redundancies occurring. Employers that suffered a loss of expected revenue could apply for the subsidy on the condition they continued to retain their staff and pay at least 80% of their wages. By mid-April 2020, over 40% of ANZ's workforce was being supported by the scheme, protecting 1.65 million jobs and costing NZ\$9.9 billion (more than 10% of total core Crown revenue for the previous year). The wage subsidy scheme was extended until September 2020, and then also made available again to cover the resurgence lockdowns in Auckland. In response to Omicron and the move to the traffic-light settings a different set of wage subsidies have now been introduced, which are available to business that have been negatively affected by the pandemic despite being able to trade.

While the wage subsidy scheme was successful in preventing mass redundancies, there were job losses in the early part of the pandemic, especially in sectors such as travel and tourism, hospitality and international education. The economy was heavily reliant on tourism prior to the pandemic making up 16.2% of export earnings and employing 8% of total workforce. Some opportunistic employers made staff redundant in the first few weeks of the pandemic and a large number of legal cases emerged (resolved mostly in the lower-level tribunal, the Employment Relations Authority). The impacts of those early pandemic job losses were not evenly felt, with 9 out of 10 jobs lost being previously held by women, reflecting both occupational differences and labour market patterns. Between the pandemic patterns are patterns.

Other Government support

In addition to wage subsidies, the Government introduced small increases to welfare benefit levels, an additional payment for winter heating costs, an increase in the minimum wage, and additional protections for tenants to prevent evictions.¹⁹ It is important to note that not all workers in ANZ enjoyed the same access to Government support. Workers on temporary work visas who found themselves effectively stranded in ANZ during lockdowns were not able to access social welfare benefits. Although the Government did introduce a

^{11.} See Masselot, Annick and Maria Hayes "Exposing Gender Inequalities: Impacts of Covid-19 on Aotearoa New Zealand Employment" 2020. New Zealand Journal of Employment Relations 45(2): 57–69; also Duncan, above, at n 1.

¹² The subsidy was initially available for 12 weeks and comprised a flat rate payment of NZ\$585.50 for employees working over 20 hours per week, and NZ\$350 for those working less than 20 hours.

^{13.} Minister on Finance speaking on Radio New Zealand available at https://www.rnz.co.nz/national/programmes/checkpoint/audio/2018743103/covid-19-wage-subsidy-bill-nears-10b-govt-starts-auditing.

^{14.} Details of the wage subsidy scheme and eligibility criteria can be found on the Government's Covid-19 website here: https://covid19.govt.nz/business-work-and-money/.

^{15.} For the latest information on the range of wage subsidies available, see https://www.workandincome.govt.nz/about-work-and-income/news/2020/covid-19-financial-support-for-businesses.html.

^{16.} New Zealand-Aotearoa Government Tourism Strategy (May 2019), available at https://www.mbie.govt.nz/immigration-and-tourism/tourism/new-zealand-aotearoa-government-tourism-strategy/.

^{17.} Early cases included Sandhu v Gate Gourmet NZ Ltd [2020] NZERA 259 (subsequently appealed to the Employment Court and Court of Appeal); Raggett v Eastern Bays Hospice Trust t/a Dove Hospice [2020] NZERA 266; Aviation Workers United v Gate Gourmet NZ Ltd [2020] NZERA 275.

^{18.} See Masselot and Hayes, above at n 11.

^{19.} The rates were increased to NZ\$40.91 per week for single people and NZ\$63.64 per week for couples and those with children. More information can be accessed at https://www.workandincome.govt.nz/products/a-z-benefits/winter-energy-payment.html. Protections for tenants were added through a new Schedule 5 to the Residential Tenancies Act 1986.

support package for migrant workers in response to union and media pressure, it wasn't equivalent, and these workers were at greater risk of exploitation.²⁰ It was reported that there were approximately 350,000 temporary visa holders onshore, including 70,000 students and 56,000 on visitor visas when the borders were closed.²¹

The current labour market

Although there were early job losses in certain sectors and an initial increase in unemployment, the labour market bounced back very quickly, with an increase in jobs and a decrease in unemployment compared to prepandemic position.²² The unemployment rate for the December 2021 quarter was 3.2% (with labour force participation at 68.8% and the underutilisation rate at 9.2%).²³ Labour shortages are a significant problem, with persistent understaffing exacerbating the stress levels of workers, heightening health and safety risks, and making sick leave and required self-isolation periods more difficult to manage. While ANZ had labour shortages prior to the pandemic, this had previously been ameliorated by relatively high rates of immigration over several decades. Border restrictions, the limited capacity of the MIQ system and the limited issue of visas have been blamed for the severity of current labour shortages.

As in other countries, workers are responding to their relative increase in market power, with more than half of the surveyed workforce intending to change jobs in 2022, leading to claims of a "great resignation." Union density increased over the pandemic and workers in a number of sectors are pursuing wage increases through collective bargaining and industrial action. Strike action by workers in health and essential services has increased. While wage rates in ANZ have increased, so has inflation, peaking at 6.3% in January 2022 (inflation has been relatively flat at around 2% for decades). Inflation and record high house prices, on top of ongoing supply chain issues look set to increase the cost of living, with the worst impacts to be felt by those at the bottom of the labour market.

Rising inequality

While the relative economic prosperity of ANZ through the pandemic is much lauded, it hides a massive increase in economic inequality. "[The] Covid-19 period has seen the greatest increase in inequality in the history of Aotearoa New Zealand." The official national accounts figures released for the September Quarter highlight that the Government policies introduced to prevent job losses and to stimulate and support the economy have resulted in a significant wealth transfer to businesses and the wealthy. This wealth transfer sits alongside a substantial increase in asset prices, with house prices soaring as much as 25% per year over the pandemic. At the other end, people on benefits, workers on low incomes and those in rental accommodation got significantly

^{20.} Details of this package can be found on the Government's Covid-19 website, https://covid19.govt.nz/business-work-and-money/financial-support/financial-support-foreign-nationals/.

^{21.} Figures provided in the Government press release that accompanied the passage of the amending legislation, https://www.beehive.govt.nz/release/pragmatic-changes-immigration-act-respond-covid-19-passed.

^{22.} For a fuller labour market analysis see Blumenfeld, Stephen "Covid-19 and the Labour Market," https://www.wgtn.ac.nz/clew/news/covid-19-and-the-labour-market.

^{23.} Official Statistics New Zealand figures December 2021 Quarter: https://www.stats.govt.nz/indicators/unemployment-rate.

^{24.} See results of the Employee Sentiment Index research released by HR software provider ELMO and a study by Jarrod Haar, discussed at https://news.aut.ac.nz/news/the-great-resignation,-nz-style; and https://www.newshub.co.nz/home/money/2022/01/more-than-half-of-new-zealand-workers-considering-changing-jobs-in-2022.html.

^{25.} Union membership rates can be accessed at https://www.companiesoffice.govt.nz/all-registers/registered-unions/annual-return-membership-reports/.

^{26.} See the New Zealand Reserve Bank for information on inflation, https://www.rbnz.govt.nz/monetary-policy/inflation.

^{27.} Hickey, Bernard "Covid's big winners and losers revealed" *The Kākā* (newsletter), 26 January 2022.

^{28.} Statistics New Zealand, September Quarter National Accounts data available at https://www.stats.govt.nz/experimental/national-accounts-income-saving-assets-and-liabilities-september-2021-quarter.

^{29.} Latest figures discussed in Bell, Miriam "New Zealand's runaway housing market not unique globally," *Stuff*, 23 January 2022, https://www.stuff.co.nz/life-style/homed/real-estate/127530138/new-zealands-runaway-housing-market-not-unique-globally.

poorer over the same period.³⁰ For example, rental prices increased by 6% per annum, with only around 2% wage growth. "The poorest are now NZ\$400 million more in debt and need twice as many food parcels as before Covid."³¹ This pattern of rising economic inequality looks set to result in a K-shaped recovery, with long-term negative consequences for those at the bottom.

IV. Pressure on existing legal protections

The Covid-19 pandemic has highlighted pre-existing weaknesses in ANZ's social policies and legal protections. The inadequate protections for migrant workers, those in non-standard working arrangements and those on low incomes have resulted in the most vulnerable members of society being the most negatively affected.

Minimum standards

The inadequacy of the minimum paid sick leave entitlement became apparent early in the pandemic, with many workers lacking sufficient paid leave to isolate or recover from Covid-19.³² The Government introduced a specific subsidy for sick leave in March 2020, and then amended the law to double the minimum paid sick leave entitlement for all employees in July 2021.³³ ANZ also lacks a minimum statutory entitlement to redundancy compensation, leaving some workers without financial support. This was initially responded to with the introduction of a new welfare benefit at a higher rate for those who lost their jobs due to the pandemic. The Government is now proposing to introduce a new state-run income insurance scheme that will be paid by employer and worker levies and provide compensation at 80% of the workers' previous income for about seven months.³⁴ While this proposal is supported by both unions and employer groups it has come under criticism for offering greater support to middle-class men than to other groups in greater economic need.³⁵ The Government is yet to show any willingness to tackle the major problems in the social welfare system.

Health and safety

The Government's strong use of mandatory public health measures required employers take specific actions to control infections (including closing many businesses down during lockdowns). As such, there was relatively limited business decision-making on how to respond to the infectious disease hazards of the pandemic. The new traffic light system allows more workplaces to operate during an outbreak, leaving daily decision making on health and safety measures to employers to a much greater extent. It remains to be seen how ANZ's health and safety regime will hold up in these circumstances.

The largest gap in ANZ's health and safety response is in relation to the mental health consequences of the pandemic and the measures introduced to combat it. While the Government's required measures to stop the spread of disease were clear and comprehensive, guidance on how to respond to psychosocial hazards and stress were notably absent. ANZ's health and safety system has long neglected worker mental health and chronic illness, with regulation and enforcement instead focusing on preventing accidental physical injuries. As such, the law has struggled to cope with the increase in worker mental health issues and burn-out. On top of the

^{30.} Hickey, above at n 27; and Statistics New Zealand, above at n 28.

^{31.} Hickey, above at n 27.

^{32.} The previous minimum paid entitlement was only 5 days per annum.

^{33.} Holidays (Increasing Sick Leave) Amendment Act 2021.

^{34.} For the new Income Insurance Scheme proposal see the Ministry of Business, Innovation and Employment website at https://www.mbie.govt.nz/have-your-say/income-insurance/.

^{35.} See for example, Duff, Michelle "Where are the women in the social insurance scheme? On the benefit," *Stuff*, 5 February 2022, https://www.stuff.co.nz/opinion/300511079/where-are-women-in-the-social-insurance-scheme-on-the-benefit.

^{36.} Duncan, Dawn. 2018. "A Battle for Hearts and Minds: New Zealand's Legal Response to Work-Stress-Related Depression and Cardiovascular Disease." New Zealand Journal of Employment Relations 43(3): 3–17.

increased anxiety generated by the pandemic and lockdown measures, widespread working-from-home arrangements during lockdowns exposed many workers to isolation, role-conflict and hyper-connectivity, increasing worker stress levels and resulting mental health problems. Essential workers, such as those working in healthcare, retail and law enforcement also experienced an increase in workplace violence and harassment. New guidelines and a new specialist mental health team in the inspectorate have been established and enforcement action in these areas is starting to appear.³⁷ Despite this, the law continues to have significant deficiencies and an alliance of NGOs is currently calling for the Government to improve the law in this area and ratify ILO Convention 190.³⁸

Workers' compensation

Worker mental health is also a significant gap in the workers' compensation coverage. In ANZ the Accident Compensation Corporation (ACC) scheme performs the primary workers' compensation functions alongside the compensation of victims of non-work "accidents" (e.g. injuries as a result of traffic collisions, medical negligence, criminal victimisation or injuries while at home or playing sports). While the ACC scheme has a wide scope and generous entitlements, it also has significant gaps in cover that impact on workers. The scheme excludes most work-related mental health problems and stress-related illnesses. This leaves workers suffering from stress-related health problems due to their working conditions during the pandemic without suitable income compensation, treatment, rehabilitation and other support. This gap may be filled by the new income insurance scheme, which is proposed to provide cover to those forced to leave employment due to disability or long-term illness. However, the proposed requirement for six months of prior contributions in order to be eligible will likely still result in many workers affected by the pandemic being left outside the scheme.

The ACC scheme also excludes most infectious diseases and chronic health problems that fall outside of its narrow "occupational" test. ⁴¹ The ACC scheme is currently choosing to provide cover to some health practitioners and border workers that contracted Covid-19 in the early stage of the pandemic. It is unclear how the scheme will behave when the disease is circulating in the community and cannot be easily attributed to a workplace exposure. With the current Omicron outbreak being allowed to circulate around the community this is a potential gap, leaving those workers who develop severe or long-term health consequences without that additional support. As above, the proposed income insurance scheme may provide cover to sufferers of a range of "long-Covid" type health conditions, assuming they fall within the eligibility requirements of the new scheme once established.

Vaccination mandates in workplaces

In mid-2021 the Government introduced vaccination mandates for workers in border security and MIQ facilities. ⁴² Mandates were then extended to the health and education sectors, with all healthcare workers and teachers required to be vaccinated. There were legal challenges to these mandates, but these were unsuccessful. ⁴³ The first case to rule in favour of workers challenging mandates was released in February 2022 and the implications of this are yet to be seen. ⁴⁴ It is likely further cases will follow. In November 2021, the Covid-19 Response (Vaccinations) Legislation Act 2021 was passed, permitting employers to require their workers to be

^{37.} Information on WorkSafe NZ's new mental health guidelines can be found on the WorkSafe NZ website, https://www.worksafe.govt.nz/topic-and-industry/work-related-health/mental-health/.

^{38.} Coalition for a Safe World of Work website, https://www.together.org.nz/ratify_c190.

^{39.} For more information on the ACC scheme, see ACC's website, https://www.acc.co.nz.

^{40.} Accident Compensation Act 2001, section 30(5) excludes worker-related conditions caused by "non-physical stress." Cover is available under section 21B for a narrow range of single-incident trauma conditions.

^{41.} Accident Compensation Act 2001, s 30 provides the test for the cover of occupational diseases.

^{42.} Covid-19 Public Health Response (Vaccinations) Order 2021.

^{43.} GF v New Zealand Customs Service [2021] NZERA 382.

^{44.} Yardley v Minister for Workplace Relations and Safety [2022] NZHC 291.

vaccinated, ensuring paid time-off was provided to workers to be vaccinated or recover from vaccination side-effects, and to allow an employer to dismiss workers who refused. While the previous law did allow employers to require staff to be vaccinated, the legal position was complicated and uncertain. Many employers sought a clarification from the Government, and the legislation was enacted to clarify employer rights.

As a result, many workplaces across the public and private sectors have introduced their own vaccination requirements. There are no figures yet on the number of workers who have been dismissed for refusing to be vaccinated as the mandates are still being implemented. Vaccination mandates also apply to people entering workplaces as customers or students (other than essential services). At Red Level a vaccination pass is required for bars and cafes and can be used voluntarily in other types of businesses. For example, the commercial airlines operating within ANZ are requiring a pass to fly. Tertiary education providers have also required anyone attending campus or living in student accommodation to be vaccinated. This has an impact on workers that choose not to be vaccinated, as well as those required to enforce the mandates, with workers in hospitality reporting greater incidence of hostility by unvaccinated customers refused service.

While the Government's response to the Covid-19 pandemic has enjoyed high levels of public support, the introduction of vaccination mandates has seen more vocal opposition and protest action.⁴⁵ Groups of protesters have held small rallies and an occupation of the grounds in front of Parliament. Some protest groups seem to be heavily influenced by overseas "anti-vaccination" groups and "alt-right" media.⁴⁶ A number of Government and NGO organisations are worried about the effects of "overseas disinformation" spread by social media.⁴⁷ It is difficult to know how large the opposition to vaccination mandates in New Zealand is, with recent surveys and polling putting opposition to the mandates as high as 30%.⁴⁸

V. Conclusion

The impacts of the pandemic have not been evenly felt, with the most vulnerable groups in society hit the hardest. As Omicron cases increase, it is only now that ANZ is seeing large numbers of infections in the community, and it is these groups at most risk of poor health outcomes. For those people already under pressure, that pressure has increased. It also remains to be seen how our social policies and legal protections cope given the shift from elimination to "living with the virus." The pandemic has highlighted significant gaps in our labour laws. Some of these, such as inadequate sick leave and redundancy compensation look to be filled. Others, such as ANZ's poor health and safety and workers' compensation response to mental health problems still urgently need to be addressed. ANZ has already seen a rise in worker mental health problems and burnout, with the coming wave of Omicron infections, staff shortages and heightened stress likely to add to this further. In some ways, the pandemic is really only just beginning in ANZ and the true impacts are yet to fully emerge.



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^{45.} Public polling has seen support drop from 90% approval in mid-2020, to only 70% approval in February 2022.

^{46.} See Manhire, Toby "Figureheads and factions: the key people at the Parliament occupation," Spinoff, 18 February 2022, https://thespinoff.co.nz/politics/18-02-2022/figureheads-and-factions-the-key-people-at-parliament-occupation.

^{47.} See the Disinformation Project, Te Pūnaha Matatini "Mis- and disinformation in Aotearoa New Zealand," https://www.tepunahamatatini.ac.nz/2021/11/09/mis-and-disinformation/.

^{48.} Malpass, Luke "Parliament protest: New poll shows 30 per cent of Kiwis support anti-mandate protest," Stuff, 18 February 2022, https://www.stuff.co.nz/national/politics/127808790/parliament-protest-new-poll-shows-30-per-cent-of-kiwis-support-antimandate-protest.