

Fixing the catch-22 for unemployed

Phil O'Reilly

A Bill seeking a probation period for new workers passed its first reading in Parliament last month.

It's a practical Bill that will do a lot for people trying to get into employment.

If you don't have a work history you may find it hard to get a job, because employers tend to prefer experienced workers.

It's a catch-22 situation - how do you break into employment if you've never had the opportunity to get that experience?

Employers tell me they would like to take a chance with an untried worker, but are put off by the possibility of costly and time-consuming personal grievance procedures if the employment relationship doesn't work out.

As a result, unemployed people don't get the chance to get their foot in the door.

The proposed law would work in the same way as in other countries, allowing for a probation period where an untried worker can get the chance to prove they can do the job.

It doesn't mean that their rights are suspended during that period. They get the normal employee rights relating to pay, leave provisions and the usual human rights protections.

And it doesn't mean that employers would use the law to hire then fire a series of workers, as claimed by some. This is a bizarre claim. The cost of hiring, training and settling in a series of new workers would far outweigh any gain from such a move.

Bringing in a probation period as envisaged in this Bill is not some kind of attack on employee rights. It would in fact help people into employment – people who are currently denied that chance.

The easier it is for willing partners to make (and change) employment agreements, the easier it is for everyone to make a living, and for the economy to grow.

That's why nearly all developed countries, including the UK, US, Australia and many European countries, have probation periods.

The odd man out is France, where extreme job protection law virtually gives employment for life for those already in employment (while making it harder for those without a job to get one). Recent protests showed middle class fears about being denied entry to a job for life, in a situation of racial tension and huge unemployment in poorer immigrant suburbs. Fortunately that situation is not relevant to us.

Here in New Zealand we can improve the job prospects of those currently unemployed through a relatively minor change to employment law.

A probationary period without recourse to personal grievance claims would help balance the risks faced by employers and employees during the first 90 days of employment.

This would be more practical than the current probationary arrangements in the Employment Relations Act, which retain the grievance risk for the employer in a situation where the employment relationship doesn't work out. It's that grievance risk which is holding many employers back when they really want to give an unemployed person a chance.

Young people would gain most from this proposed legislation - the unemployment rate for young people is currently 12%, more than three times higher than the rest of the population.

The Employment Relations (Probationary Periods) Amendment Bill is a sensible change that would assist unemployed people into work and help our economy grow.

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