[insert company letterhead]

Date

Education and Workforce Committee

Parliament Buildings

Wellington

via email: ew@parliament.govt.nz

Tenā koe,

**RE: FAIR PAY AGREEMENTS – SELECT COMMITTEE SUBMISSION**

I am writing to oppose the Fair Pay Agreements Bill and the introduction of Fair Pay Agreements Act 2022.

Hospitality is a vital sector in New Zealand. In pre-Covid terms, the hospitality sector contributes 137,000 jobs and $6.8b in GDP. It plays a key role in providing career opportunities, and hospitality venues are core members of communities throughout the country.

As for my business, I own [business name] in [town/city], a [food and beverage/accommodation] operation.

The so-called ‘fair pay’ system will see us to return to the national awards system abolished by the introduction of the Employment Contracts Act in 1991. It is my view that this is a serious backwards step for employment relations in New Zealand. My reasons include:

* I believe that the name “Fair Pay Agreements” is misleading. It is coloured language, because no one wants to say they disagree with fair agreements. However, I do not believe it is “fair” to impose an arrangement on employers and employees that they did not agree to, and I don’t believe it is accurate to describe this an “agreement”.
* Fair Pay Agreements will be compulsory for businesses covered by a Fair Pay Agreements process. This is taking away the freedom of businesses and employees to make an agreement for themselves. Freedom is valuable and important.
* The so-called Fair Pay Agreements regime would technically not amount to compulsory unionism, but in real terms would make New Zealand workers beholden to trade unions. It would seriously erode New Zealand workers’ right to freedom of association.
* Fair Pay Agreements will take much more “one size fits all” approach to the employer / employee relationships. It will ignore unique benefits that some businesses provide some workers. It will ignore the unique circumstances of many workers and businesses that play an important role in the businesses and the workers reaching a unique deal that works for them.
* I am worried that many workers will lose jobs that they value, possibly because they provide unique benefits to them, because the employer will not be able to meet all the other “one size fits all” requirements of a so-called fair pay agreement.
* I am concerned that the Fair Pay Agreements Act will drive up unemployment.
* I do not believe the Government has properly considered the implications for a business like mine. Many businesses will feel disengaged from the process. Many businesses are unsure how to have their say in a decision that has the potential to significantly impact them and their most important asset, their people.
* The new system will have a considerable impact on my bottom line, in terms of both increased compliance and direct employee costs. Many businesses like mine will close, and the direct and indirect value they provide to the economy and to the community will be lost. I believe that the Fair Pay Agreements Act would have a hugely detrimental effect on New Zealand’s productivity, peoples’ prosperity and the growth of the economy.
* As a country, we can (and mostly already do) deal with unfair employment practices and outcomes through minimum wage, minimum statutory conditions and a generally robust employment law system. If it’s not broken, don’t try to fix it. We don’t need the Fair Pay Agreements Act 2022.
* Perhaps the hospitality industry does need to pay more. However, sustainable healthy change takes time. Market conditions, resulting from labour shortages caused by immigration disputation, have already driven hospitability industry wages up beyond what many businesses can afford. Many small hospitality businesses have already closed, or are operating reduced days/hours only, and they simply can’t pay more. The Fair Pay Agreements Act 2022 would represent further change that would go too far to fast, with damaging consequences.
* Businesses like mine having to close will also result in the loss of the non-monetary value they provide to the community. Hospitality is more than just dollars and cents, especially in rural communities.
* A regime like this will not adequately recognise the need for important and major differences between regions (although I acknowledge that proposed regime says that there can be differences between employees located in different regions).
* The regime that would exist under the Fair Pay Agreements Act is slow and cumbersome and inflexible. Businesses would be locked into employment models, and would not be able to negotiate variations with their own workers and quickly pivot when times changed (and we have leant from the Covid-19 pandemic how important it is to be able to do that).
* I am concerned that the Fair Pay Agreements Act will drive up inflation. Inflation in 2022 is already at a 30-year high.
* I am concerned that a fair pay agreements regime will erode productivity. Productivity is already a significant issue for the New Zealand economy. In real world terms, under a FPA system, rewarding individual excellence in the workplace will be less common.
* Many small employers display a social conscience by offering a chance for work experience to disadvantaged members of the community. A “one size fits all” so-called fair pay agreements regime will make these special employment relationships unaffordable for most small employers. The Fair Pay Agreements Act will hurt our community’s most vulnerable workers.
* The last two years have been very hard for many small to medium sized businesses, especially because we have been battling through the direct and indirect impact of the Covid-19 pandemic. We have had to deal with labour market shortages caused by disruption and changes to immigration, two minimum wage increases, accelerating inflation, Covid-19 related compliance costs, lock-downs, increased sick leave obligations, increased statutory holiday obligations (Matariki). Many small businesses have only battled through because their owners have worked for less than minimum wage and/or poured in their own private savings (or re-mortgaged their homes). This is not the right time to add significant further cost onto businesses by to introducing this new legislation.
* Government officials (including from MBIE) have described the introduction of Fair Pay Agreements Act 2022 as the biggest change to employment law in New Zealand since the Employment Contracts Act in 1991 (i.e. bigger that the Employment Relations Act 2000). This is also how the regime has been widely reported in the media. Until recently, the proposed Fair Pay Agreements regime has not been well understood by most New Zealanders. It is unfair and undemocratic for the Government to now try to drive this Bill through before the next election. It should be a 2023 election issue.
* It is unfortunate to make such a major change to employment relations in New Zealand when it is going to get up and running in an election year, and when the major opposition parties are committed to repealing it. It would be better to try and find some compromise and consensus, so we ended up with a regime that both major parties could live with. What we are doing is a recipe for major and ongoing disruption and unnecessarily turning New Zealanders against each other.
* I believe that procedural compliance for the Fair Pay Agreements regime would be expensive, and involve significant and unnecessary cost to New Zealand taxpayers, workers and businesses.

I do not oppose fair pay, but I do not think that the so-called Fair Pay Agreements Act will improve outcomes for New Zealanders.

Thank you for considering my submission.

I wish to appear before the Select Committee.

Kind regards,

[submitter

Include your contact details]

C.C. [local MP]