
BACKGROUND

1. This is a submission from the Canterbury Employers' Chamber of Commerce ("The Chamber") on the Fair Pay Agreements Bill ("the Bill".)
2. The Chamber is a not-for-profit membership-based service organisation that has been the home and voice of business in Waitaha Canterbury since 1859. Comprised of over 2,700 members, The Chamber's purpose is to create a thriving Canterbury business community by advocating, connecting, inspiring, and empowering people. This is done through providing advisory and consultancy support in employment relations, human resources, health and safety, international trade, migrant support, manufacturing, research and development grants, training and development, and events to inspire, inform and educate our members. In the Covid-19 environment, this has included providing support to all businesses in the South Island through our 0800 50 50 96 Covid-19 Business Helpline and our dedicated Covid-19 Response Team.
3. The Chamber provides a voice for the local business community and advocates for policies that will help shape and enable a local and national business environment that promotes innovation, productivity and economic growth as critical success factors underpinning a thriving economy and community. We are committed to responsible business behaviour and proactively encourage our members to engage in best business practices in relation to positive social and environmental outcomes.
4. The Canterbury Employers' Chamber of Commerce is a founding member of BusinessNZ and the New Zealand Chamber of Commerce and Industry network.
5. The contents of this submission are based on insights from issues raised by members of the Canterbury Employers' Chamber of Commerce and the wider Canterbury business community.

COMMENTARY

6. The intent of the Fair Pay Agreements Bill is to improve the wages and conditions of employment in New Zealand and address productivity issues. In attempting to do so, it introduces a complex system that forces compulsory bargaining across entire industries, a one-size-fits-all approach that will negatively impact both business and employees, damages the economy and does nothing to address productivity.
7. The Fair Pay Agreements Bill will enforce the same pay and conditions for all employees regardless of their circumstances and those of the employer. The legislation takes a blanket approach that has the potential to **remove or diminish existing flexibility and autonomy**.
8. The Fair Pay Agreements Bill is inconsistent with a New Zealand economy that is flexible, innovative, and competitive. At a time when businesses are facing mounting pressures from every direction, now is not the time to be adding a further layer of bureaucracy that is both cumbersome, out of date, costly for business and not in line with modern-day work practices.
9. For the employee, individuals will no longer have the choice to negotiate their own working conditions that suit both them and their employer. Instead, they will be forced to partake in collective bargaining initiated by a minority.
10. New Zealand is made up of small businesses, with 97% of businesses in New Zealand employing fewer than 20 staff. The Fair Pay Agreements Bill will have a disproportionate impact on small businesses. Fair Pay Agreements, by definition, need to be affordable for most if not all affected employers. Settlements that are affordable only by the largest employers will have a significant impact and be yet another blow to small businesses that have already faced the brunt of COVID-19 restrictions and the rising cost of doing business.
11. Fair Pay Agreements are also unworkable in practice. The Bill proposes a system of enormous complexity which would add another significant layer of burden, and cost of compliance on business – as detailed in the BusinessNZ submission.

12. By and large, businesses in New Zealand are already providing adequate working conditions compared to other countries. Any notion that the majority of businesses in New Zealand are exploitative and do not strive for a high wage, productive environment that has their workers at the forefront of their minds is incorrect.
13. As detailed in the BusinessNZ submission, the introduction of Fair Pay Agreements could potentially breach the Right to Organise and Collective Bargaining Convention 194, to which New Zealand is bound. It requires bargaining systems to be consistent with the principle of free and voluntary negotiation.
14. With the exception of a handful of increasingly irrelevant organisations, there is no evidence of a national appetite for Fair Pay Agreements nor have any occupations or industries been identified where this proposed system would directly address the wage and productivity concerns that the Fair Pay Agreements Bill attempts to address.
15. We are concerned about the potential for Fair Pay Agreements to trigger increased disputes and litigation at a time when employers across the country are facing significant labour market constraints and significant economic challenges. This goes against the very core of one of the objectives of the proposed Fair Pay Agreements to lift productivity.
16. We remain unconvinced that there is a clear and compelling case for Fair Pay Agreements when considering the detrimental effects they will have on both employers and employees.

RECOMMENDATIONS

17. It is the recommendation of the Canterbury Employers' Chamber of Commerce that the Fair Pay Agreement Bill does not proceed. It is a regressive piece of legislation that will dictate terms of employment regardless of the circumstances of both the employer and the employee. It creates a one size fits all approach that removes flexibility and autonomy.

18. If it were to proceed, we suggest three recommendations that will improve the palatability of the legislation:

- a. **Remove compulsion** and allow individual employers and employees to opt-out of any collective bargaining should they choose to do so.
- b. Instead of forcing Fair Pay Agreements across all industries, **narrow the scope** and target only those that have been identified with clear and significant labour market problems.
- c. **Strengthen current enforcement mechanisms** and increase the number of labour inspectors to enforce minimum labour standards, cracking down on poor employers.

CONCLUSION

19. The Canterbury Employers' Chamber of Commerce does not support the Fair Pay Agreement Bill for the reasons outlined above and strongly believe that if this were to proceed it would cause irreparable damage to New Zealand's business environment.

20. We endorse the submission made by BusinessNZ.

CONTACT

Leeann Watson
Canterbury Employers' Chamber of Commerce
Chief Executive
03 366 5096
027 447 7775
leeannw@cecc.org.nz