

South Canterbury Chamber of Commerce



B u s i n e s s V i t a l i t y

Submission to the

Education and Workforce Select Committee

on the

Employment Relations Amendment Bill

27.3.18

Submitted on behalf of the SC Chamber of Commerce by:

Wendy Smith CE

P.O.Box 919

Timaru

Ph: 03 687 2733

Mob: 027 229 2949

Introduction:

The South Canterbury Chamber of Commerce represents 520 member businesses across South Canterbury from the largest corporate organisations to a wide range of SME's and sole traders. This Chamber has served the business communities of the Waimate, Mackenzie and Timaru Districts for 112 years looking after member and non-member business interests.

The South Canterbury Chamber of Commerce appreciates the opportunity to provide input through a submission. The South Canterbury Chamber of Commerce does not support this Bill, however it is accepted that the Bill does represent the views of the government and will proceed in some form.

The South Canterbury Chamber of Commerce believes that implementation of this Bill conflicts with the Government's objectives of a high performing and high wage economy. With increased compliance and less ability from employers/businesses to respond to opportunities in the market place this will limit growth and have a negative impact on the economy.

Concerns and remedies:

Specific concerns in relation to the proposed changes to the Employment Relations Act 2000 are as follows:

Restriction of the 90 day trial period to SME's who employ fewer than 20 workers.

It is unclear if this relates to 20 FTE's or 20 actual employees, if this is employee's by number it will impact on a wider number of businesses.

Recent advice from Chamber members shows that this trial period enabled employers to give a chance to potentially higher risk employees including younger people, those returning to work and disabled workers.

This change accompanied by a removal of the youth rates and an increase in the minimum wage is likely to have a negative unintended impact on those it may be perceived to be assisting.

It is proposed that if this is introduced it is lifted to employers who have over 50 full time equivalent employees or reduced to a 60 day trial.

The Hon Iain Lees- Galloway requested evidence that the 90 day trial encouraged and enabled businesses to take on employees that they would not otherwise have employed or taken a chance with. As evidence of this three local businesses have confirmed this to be the case: Hilton Haulage, Breen Plumbing & Thompson's all of Timaru.

Reinstatement of meal and rest breaks

The exemptions that are noted are for essential services, however with a wide range of SME's, 24/7 manufacturing and processing businesses and hospitality and tourism businesses the Chamber has received serious concerns about the necessary flexibility of business operations.

Set meal and rest breaks fail to recognize the fluidity of standard business operations and will seriously compromise productivity.

This clause should be deleted or an addition of “where reasonable and practical” included.

Reinstatement as the primary remedy for dismissal

In most circumstances most dismissals end in a breakdown of trust by both employers and employees and hence most employees would prefer to move to a new workplace. Timeframes can also be extensive including the 90 day period, plus mediation and could lead to an 18 month period for the process to be complete. For SME’s it would not be sustainable to hold a vacancy for anything like that period of time and hence reinstatement would be unable to occur. Due to these factors there is unlikely to be any change with this proposal.

Restoration of the 30 day rule for new employees

This seeks to reinstate that new workers be covered by an applicable collective agreement for the first 30 days of employment and inserts clauses into both collective agreements and individual agreements. By doing this it may limit what an employer agrees with an employee who decides not to join the union and the collective agreement.

Due to the proposed collective coverage where an employee chooses not to join the union in the workplace they will not be able to negotiate terms that are not aligned with the collective agreement.

Feedback also raises concerns that when employees are covered by the CEA for 30 days and then wish to change to an IEA this leads to an extra burden of administration and lengthy and drawn out period of instability for new employees particularly those on shift work and not office based.

Information to new employees and unions

These changes will see information provided to the union about new and prospective employees to the union irrespective of the new employees’ wishes, this is a privacy issue and appears designed to recruit union membership.

Restoration of union access without prior consent

The current requirement to seek employers’ permission to enter the workplace has worked effectively. Enabling unions to go into a workplace without the employers’ knowledge due to their lack of availability could lead to disruption in the workplace and potential health and safety risks. This change should not proceed.

Removal of the Multi- Employer Collective Agreement (MECA) opt out

This change will see all employers cited by the relevant union as potential parties to a MECA and they must participate in bargaining. This does not recognize the widely varying size of employers, their profitability and ability to pay or their geographic location all of which have a significant impact on ability to pay.

Conclusion

The South Canterbury Chamber of Commerce strongly recommends that the bill does not proceed, however if it is to proceed that the information provided in good faith is considered thoroughly and amendments are made to the proposed legislative changes.

