



tourism
INDUSTRY
ASSOCIATION NEW ZEALAND

**Submission to the
Transport and Industrial Relations Select Committee
on the
Employment Relations Amendment Bill (No 2)
13 September 2010**

Comment

1. This submission from the Tourism Industry Association New Zealand (TIA) comments on the Employment Relations Amendment Bill (No 2) being considered by the Transport and Industrial Relations Select Committee. On this occasion, TIA is happy for its written submission to be acknowledged by the Committee and it will not need to appear in person.
2. TIA broadly supports the purpose of this Bill as stated in the Explanatory note to *“provide more flexibility, greater choice, and ensure a balance of fairness for both employers and employees in the principal Act while improving its overall operation and efficiency”*. The Association’s main comments relate to the extension of the probationary period to include workplaces of more than 20 people and issues relating to union access and collective bargaining.
3. At a general level, TIA believes the proposals in this bill will bring positive changes to tourism workplaces. Every incentive is needed for employers to take on workers who might not otherwise be employed. These include younger people, mature workers wanting to re-enter the workforce and the many disenfranchised workers who may not otherwise gain employment. Meanwhile, the rules around union access and collective bargaining introduce a further level of good faith to the negotiating process.

Probationary employment periods

4. TIA supports the proposals in this bill to extend the 90 day trial period to employers with more than 20 people, just as it supported earlier legislation to apply the trial periods to businesses of less than 20 people. The Association knows that some of its members have used the existing provision to take on new staff with many going on to become permanent employees. Conversely, it is not aware from either employers or employees of arrangements that haven’t worked. This would appear to back up the Department of Labour’s evaluation of the first year under the new law showing that more than 75% of workers taken on under the trial period have continued in their roles.
5. The tourism industry in New Zealand is highly labour-intensive consisting of more than 10,000 small and medium sized enterprises. As one TIA member puts it, *“tourism in NZ is small business territory”*. This means that an employee not performing to a required level can threaten the viability of a business. While tourism operators take the greatest care in recruiting staff, and are on the whole successful, very occasionally businesses need a mechanism for the exit of non-performers which the new trial period has provided.
6. TIA stresses that a probationary period is not a reason to dismiss an employee. In fact, a *“revolving door”* of employees is actually costly and time consuming for businesses. Investment in training and resources as well as lost efficiency from ever

changing staff is untenable for businesses. This reinforces the need for employers to provide the best possible support and training during an employee's first weeks and months in the job.

7. The trial periods, as well as giving employers legal options and preventing lengthy employment proceedings, have some advantages for employees as well. It means an employee can exit a difficult or uncomfortable working arrangement without a blemish on their employment record.
8. Extending the 90 day trial period to workplaces with more than 20 people will ensure the proven benefits of the scheme are enjoyed by all employers. It will give these employers the incentive to take on staff at a time when New Zealand is working its way out of the recession. It will also bring New Zealand more into line with its OECD partners who have probationary periods in their employment legislation for longer than New Zealand. "The sky hasn't fallen in" in these countries where the laws around probationary periods are built on solid principles of natural justice and fair process.

Union access to workplaces

9. Due to the diverse nature of the tourism industry and predominance of small businesses, the workforce is not unionised to the same extent as other sectors. Where the workforce is unionised is mainly in the hotel sector and TIA would welcome a strengthening of provisions in this area. While there are generally few problems with union access in hotel workplaces, any provisions that strengthen the rules around access would be supported by TIA. Giving more discretion to employers over when unions can access workplaces would certainly improve the relationship between employers and unions as well as providing clarity for employees.

Collective bargaining

10. TIA again welcomes the proposed changes in this area. The proposals in this Bill would appear to offer clarity in this area and permit employers to talk with their workers as long as good faith obligations apply. The Association, however, believes the Bill may not go far enough in removing the union monopoly on collective bargaining. In unionised settings, TIA thinks that individuals should have the choice of whether they are covered by an individual or collective contract.

Conclusion

11. TIA largely supports this Bill and believes it should proceed. It continues the incentives in employment legislation that the government introduced more than a year ago to get the economy on a growth path. The Association believes the vast majority of employers in the tourism industry are fair and reasonable and will take all practicable steps to make an employment situation work. If there is a clear set of

guidelines governing the probationary process and the right balance is struck between employers and employees, then this legislation extends the opportunity that has already been created for more New Zealanders to gain long-term meaningful work.

12. Finally, this submission is endorsed and supported by the New Zealand Hotel Council, a full member of TIA.

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Tourism Industry Association New Zealand
13 September 2010

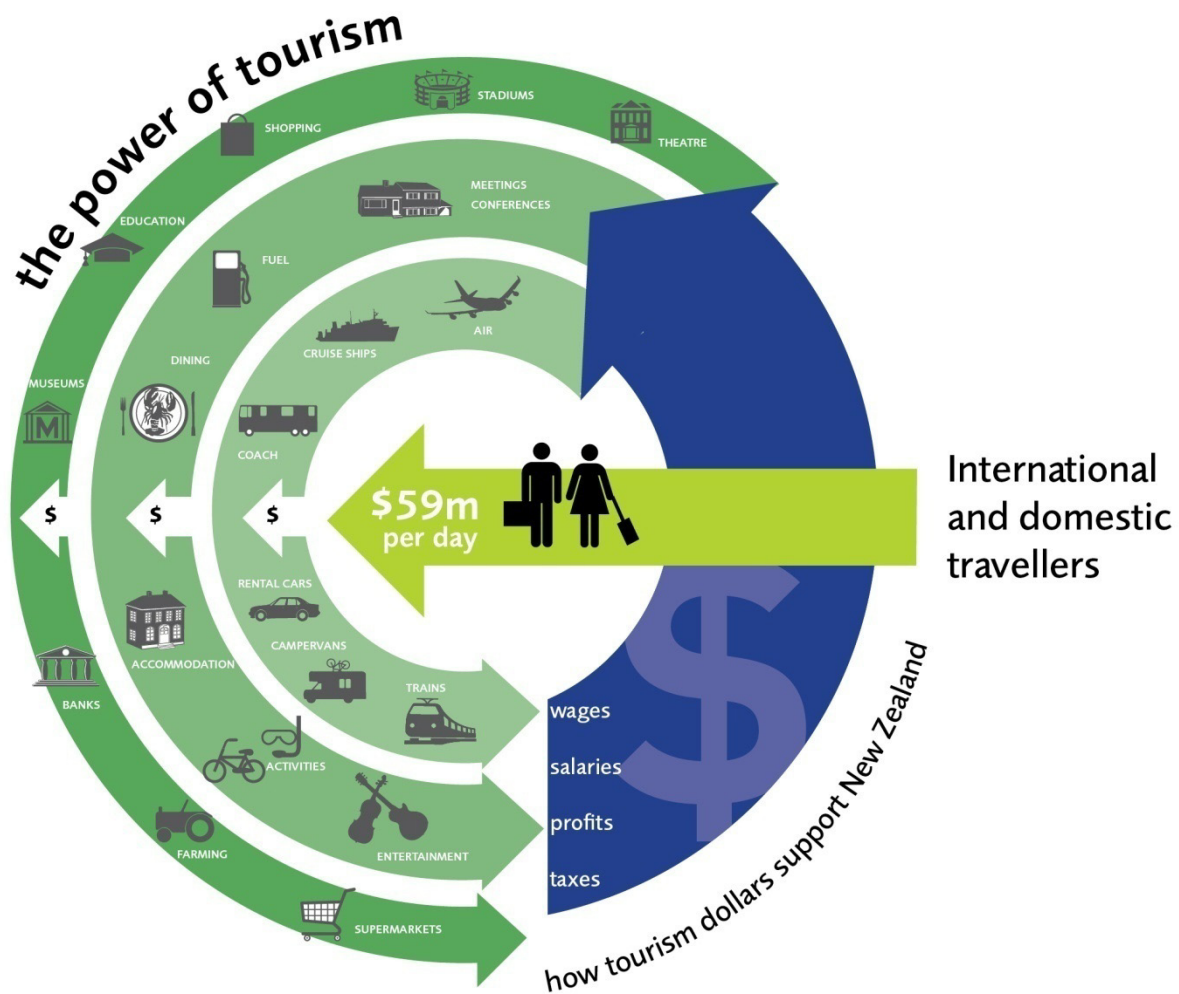
Background

A bed-rock of New Zealand's economy

13. Tourism is a major contributor to the New Zealand economy that will always be here – and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. Thanks to our 100% pure positioning, New Zealand is recognised as one of the most beautiful, unspoiled and scenic places on earth. 100% Pure signifies pride in our country, pride in our people and culture, and pride in the unique environment and experiences that New Zealand offers.
14. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean, green, pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.
15. If New Zealand Inc. is to continue to prosper, to attract investment and to raise its position in OECD rankings, then it is vital the tourism industry, and the positive image it projects, remain strong.

Delivering Value

16. Below is a snapshot of the economic value provided by tourism to the New Zealand economy.
 - Tourism contributes more than 9.1% of gross domestic product (GDP) for New Zealand as well as directly and indirectly employing one in ten New Zealanders.
 - Tourism in New Zealand is a \$59 million per day industry. The New Zealand tourism industry delivers \$25 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$34 million in economic activity every day.
 - Tourism expenditure reached \$21.7 billion for the year ended March 2009. International visitor expenditure accounted for \$9.3 billion or 16.4% of New Zealand's foreign exchange earnings, with tourism second only to agriculture as the country's largest export industry.
 - Importantly, and despite more challenging times in the past two years, tourism remains one of New Zealand's largest foreign exchange earners and its contribution is felt at national, regional and local levels.



About TIA

17. TIA has been the lead association that represents the interests of about 1,700 tourism businesses in New Zealand. The Association was first established in 1955 and the businesses TIA represent cover a range of tourism-related activities – hospitality, transport, accommodation, adventure and activities, attractions and retail as well as related tourism services.
18. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events and membership and business services. The TIA team is based in Wellington and led by Chief Executive, Tim Cossar.

Main Industry Associations in the Tourism Sector

