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WAYS TO FIX KIWISAVER PROBLEMS There are ways that employers' KiwiSaver problem could be fixed, Business NZ's Phil O'Reilly said in select committee today. Salary sacrifice – with employer contributions treated as part of an employee's pay – would work. A tax cut, to offset extra costs, would also be worth considering. O'Reilly said the Budget day 'surprise' of compulsory employer contributions was the worst political ambush in 20 years. *'There had been significant consultation and it was understood that no compulsion would be applied to employers, but on Budget day there was an ambush, and employers were suddenly lumbered with compulsory monetary contributions as well as the compliance and risk of administering the scheme.'* He said employers were still prepared to engage to try and fix the scheme.

HOW TO HELP THE LOWER PAID?

The plight of the lower paid will be an election issue next year. It's something the Govt has been keen to address, in its 'vulnerable worker protections' in the ERA and elsewhere. It's also been behind much recent union activity in the fast food and other industries. What hasn't been clearly addressed is the question: **How do you help lower paid workers get more money?**

Answer 1: Help them get better skills so they can get better-paying jobs.

Answer 2: Forget the skills, just pay more.

More skills? Answer 1. is the right one. For a high wage economy, you need high skills. As you get more skills, you can move into higher-paying jobs, and the more you upskill, the better it is for you and the economy generally.

Forget the skills, just pay more! But for many in the labour movement, the answer is no. 2 – *forget the skills, just pay more!* That's the thinking behind recent strikes against Progressive Enterprises and Spotless Services. The same mentality is also alive and well in a looming stand-off between rest home proprietors and DHBs.

DHB power play in rest homes There are strange events unfolding in old folks' homes all round the country, in a power play involving the Health Minister, District Health Boards and the Service & Food Workers' Union. At issue is about \$15 million set aside by Health Minister Pete Hodgson for DHBs to pass on to workers in rest homes, but the money comes with definite strings attached for their employers. Rest homes are being required to sign up to a DHB contract forcing them to pay certain staff at arbitrary levels - whether affordable or not, and regardless of the problems for pay relativities - and creates collective bargaining obligations that go even beyond the ERA.

KiwiSaver could be fixed

Ambush on Budget day

Low paid election issue

More skills or just more money?

Strange events in old folks homes

DHB power play good for unions, Govt This rather heavy handed approach is a problem for enterprises that deliver aged care services. If they don't sign, they stand to lose all DHB funding, even that unrelated to wages. If they do sign, they'll have to pay wages higher than they can afford and will have staffing problems from upsetting pay relativities. This is great for the Govt and the unions however. It will let the Govt campaign on its 'care for the low paid'; during the election campaign. And it will deliver lots more money to unions, in bargaining fees delivered on the back of the collective agreements forced on the rest home operators. The industry association that represents the aged care sector, Health Care Providers NZ, is going after a High Court judgment on the legality of the DHB contract. *Business Update* will keep you posted on the progress of that court case.

Manufacturing group good for NZ Inc. Business NZ's Phil O'Reilly will co-chair the new multi-party Manufacturing Advisory Group. Facilitating best practice, getting better connection with research institutions and creating added value are big issues. *'Manufacturers are real heroes, creating innovation and value, often in the face of difficult operating circumstances. While this group may not be able to solve the sector's short-term issues, we will address medium and longer term issues for manufacturing.'*

Flexible hours Bill – the employer view Thanks to those who've written to MPs re the flexible hours Bill – keep those letters coming....

- *'We have been in business for twenty years and as yet, no request for flexible work hours has been declined...'*
- *'We always go out of our way to assist whenever we can – and we do this voluntarily, we do not need a law to tell us to do this!!!'*
- *'This will only encourage the ratbags out there to find new ways of bringing cases against good employers, while the vast majority of good employees will gain no benefit at all...'*
- *'In small town NZ, the information on whether a person has children or not or is responsible for looking after relatives, is common knowledge and I can see employers opting for employees who are not encumbered with either...'*

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Manufacturing heroes

Employers speak out on flexible hours Bill