

Fair Pay Agreements Bill

Submission to the Education and Workforce Select Committee

19th May 2022

1. Summary

- 1.1. The Salvation Army *Te Ope Whakaora* supports the objectives of this Bill to enable employers and employees to negotiate collectively for industry or sector-wide minimum employment terms.
- 1.2. Workers who employed in sectors and occupations with irregular and precarious work and/or limited opportunity to negotiate their employment conditions are among the people that The Salvation Army works with, and the additional protection of Fair Pay Agreements (FPA) would help improve their lives.
- 1.3. We submit that priority be given to progressing work on the rights of workers who are not classified as employees for the purposes of this Bill.
- 1.4. Clarity is needed about the situation for non-for-profit and non-government organisations that may be included in an FPA and impacts on funding and services.

2. Background

- 2.1. The mission of The Salvation Army *Te Ope Whakaora* is to care for people, transform lives and reform society by God's power. The Salvation Army is a Christian church and social services organisation that has worked in New Zealand for over one hundred and thirty years. It provides a wide range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
- 2.2. The Salvation Army employs almost 2,000 people in New Zealand, and the combined services support around 140,000 people annually. In the year to June 2021, these services included 70 centres providing around 88,000 food parcels including more than 33,000 families and individuals as well 19,000 to other agencies, 4,000 people with transitional housing, almost 600 in social housing, over around 4,000 families and individuals were supported with whanau support/social work, around 7,600 people received help with addiction services, over 800 assisted with prison reintegration services, almost 4,400 families and individuals were helped with financial mentoring.
- 2.3. This submission has been prepared by the Social Policy and Parliamentary Unit (SPPU) of The Salvation Army. The SPPU works towards the eradication of poverty by advocating for policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Mark Campbell, Territorial Commander of The Salvation Army's Aotearoa New Zealand Fiji Tonga and Samoa Territory.
- 2.4. The Salvation Army works for a fair and just society founded on faith in God's compassionate love and justice. This includes seeking change to the national level policy and structural issues that cause poverty and exclusion. The social and economic system should be able to provide a

modest but decent standard of living for everyone who is able and prepared to work while income support and labour market policies should provide the means for people outside the workforce to find employment or an adequate income when they cannot.

- 2.5. We approach this submission with our focus on the people The Salvation Army works with. They include low-paid workers struggling with rising living costs and who often work in multiple jobs with precarious employment conditions and who have limited capacity to bargain for better wages and conditions.

3. Objectives of the Bill (Part 1 Clause 3)

- 3.1. The objective of the Bill is to create a framework to enable employers and employees to negotiate collectively for industry or sector-wide minimum employment terms.
- 3.2. We see this bill as a helpful step to improve the situation for the lowest income earners in this country. It complements other key action to lift the lowest incomes such as lifting the minimum wage and increasing welfare support.
- 3.3. The impacts of the Covid-19 pandemic over the past two years have meant people have been having to turn to The Salvation Army for help who have never had to engage with our support before. Some of these people had employment of various kinds but often limited and irregular hours with few rights. Sometimes people are holding down multiple part-time jobs and they are stressed simply getting through their day. Opportunities for negotiation or bargaining for people in these situations are very limited. The result is community organisations like ours having to provide food and other welfare assistance to help fill gaps in both the poor wages and conditions for lower paid workers as well as gaps in the welfare support they need. Around 15% of our Community Ministries clients reported some earnings from employment in the year to March 2022.
- 3.4. The impacts on lower paid workers are significant. They have been at the frontline of the health crisis working as cleaners, security guards, in retail and transport. They have often living in communities most impacted by Covid while trying to continue to earn a living. For example, in our Manukau Community Ministries volumes of assistance rose during the initial pandemic and have not returned to pre-pandemic levels, as the waves of pandemic restrictions and illness have swept across the communities of South Auckland.
- 3.5. Workers needing the additional protections are the people employed in sectors where lower wages and poorer working conditions apply. This group is disproportionately younger, women and Pacific and Māori, meaning fairer pay and conditions would contribute to reducing long-standing income disparities.

4. Contractors (Part 2 Clause 21)

- 4.1. Exclusion of contractors from coverage in this Bill is a significant issue and raises the question whether the legislation can be effective when there is a significant portion of the workforce who work as contractors. We note the good faith requirements in Clause 21 and associated penalties and statements from the Minister that further work is intended to address the situation of independent contractors, but until that work is done, the question is whether the protection provided under Clause 21 is sufficient?

5. Social Sector Employers (Part 3 Clause 46(2)(f))

- 5.1. We note the sections of the Bill requiring “private employers” that receive government funding to provide regular updates to the departments funding them. The Bill has no specific reference to non-government organisations that are charities or social service organisations.
- 5.2. As a social sector employer of nearly 2,000 people, The Salvation Army would likely be affected by Fair Pay Agreements reaching into our sector or occupations of people working with us such as social workers, medial/nursing staff, care givers. We support the clear intention of this Bill to improve working conditions, especially for workers in precarious and low-paid occupations. Should Fair Pay Agreements apply in our sector, there is the issue of how government funding contacts would need to be amended to ensure government-funded service providers can comply with the legislation.