

28 January 2021

Committee Secretariat
Education and Workforce Select Committee
Parliament Buildings
WELLINGTON

Kia ora

TIA Submission on the Holidays (Increasing Sick Leave) Amendment Bill

Tourism Industry Aotearoa welcomes the opportunity to submit to the Education and Workforce Select Committee on the Holidays (Increasing Sick Leave) Amendment Bill.

TIA is the peak body for the tourism industry in New Zealand. With nearly 1,400 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure & other activities, attractions, retail, airports & airlines, transport, cruise, as well as related tourism services.

TIA has developed and operates the New Zealand Tourism Sustainability Commitment - He Kupu Taurangi Kia Toitū ai te Tāpoitanga - that has the vision for Aotearoa-New Zealand to be '*Leading the world in sustainable tourism.*' One of the 12 TSC Commitments is '*Employer of Choice – we attract, support and develop the workforce we need to flourish and succeed.*' This Commitment reflects the strong intent of TIA that tourism jobs are of a good quality and represent a great career choice for people in the industry.

Given this, TIA sees merit in raising the sick leave entitlement for people employed in the industry. Our reading of the material supporting the Bill raises two main areas of concern that we feel warrant detailed examination by the Select Committee:

- 1 Additional cost on those businesses that can least afford it.** We note that many of the businesses providing the current minimum sick leave entitlements are in tourism-related sectors, particularly accommodation and food service sectors. These are typically low margin businesses and the least equipped to meet the estimated \$956 million additional annual cost of moving to 10 days sick leave for all employees. We note the discussion on the net position once benefits are taken into account, but nevertheless we feel it is very important that the Select Committee examines the equity of the proposed changes and puts in place mitigating measures to alleviate the pressures on these businesses.

2 Treatment of part time employees. This is the major area of concern for TIA. We note the MBIE Coversheet paper that identifies that, as it stands, both part-time and full-time workers receive the same number of sick leave days. The paper sets out an extreme example where an employee working one day per week would be entitled to 10 days sick leave and therefore could be on-paid sick leave for 20 percent of their working year. We do not believe that this is the intent of the Bill and we request that the Select Committee addresses this matter. We also note that Hospitality New Zealand and Retail NZ have raised this as an important matter of concern.

TIA considers it important that some form of mixed model is developed so that part-time workers receive some level of fixed entitlement, and with additional sick leave then pro-rated according to the hours worked.

These are challenging times for the tourism industry in the face of the unprecedented challenge of COVID-19. While domestic tourism is doing well, this does not compensate for the loss of international demand. As such, many businesses are struggling and this will become significantly more acute over the year ahead, especially if we cannot open any aviation routes with important visitor-generating markets, such as Australia. Adding further costs to fragile businesses at this time may trigger further financial stress and a more conservative approach to bringing people onto the payroll.

We would be most happy to talk to this submission.

Ngā mihi,



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