



Pernod Ricard Winemakers

21 April 2022

PERNOD RICARD WINEMAKERS NZ LIMITED'S RESPONSE TO THE NEW ZEALAND INCOME INSURANCE SCHEME

As one of the largest producers of wine in New Zealand, with iconic brands including Brancott Estate, Montana, Stoneleigh and Church Road, and an importer of premium wine, spirits and Champagne, Pernod Ricard Winemakers NZ Ltd ('Pernod Ricard') employs 450 people in New Zealand.

Pernod Ricard does not agree that New Zealand should introduce an income insurance scheme at this time, and this response will answer the first question of the consultation document only, *Do you agree New Zealand should introduce an income insurance scheme for displacement and loss of work due to health conditions or disabilities?*

As discussed in the submission by The New Zealand Initiative, prepared by Dr Oliver Hartwich, there is no pressing need for unemployment insurance in New Zealand. New Zealand does not have a problem with high and persistent levels of unemployment. We are seeing low rates of unemployment and a market where employees should be able to find new employment quickly. Long-term unemployment in New Zealand, as an average annual share of total unemployment, was 11.8% between 2000 and 2020, compared to 29.4% in the OECD and 44.7% in the EU.

Unemployment insurance incentivises and therefore prolongs unemployment. The New Zealand Initiative provides studies to prove this. We do not believe this would be healthy for the New Zealand labour market or economy.

Pernod Ricard's experience is of not being able to find sufficient employees, particularly at our winery in Marlborough. Despite providing attractive remuneration, and other benefits, we have struggled through this year's harvest with the minimum number of employees possible.

Most of all, the timing and current circumstances are not right for this. Businesses cannot afford the additional cost of this at this time. With the tight labour market conditions we are experiencing, we would expect employers to carry more of the burden of the cost of this policy than employees. This comes at a time when businesses are paying more for almost all of their inputs. We are currently contributing to other government consultations adding significant costs to our business as well. All of these added costs are contributing to high inflation hitting our consumers in the pocket and making our products less competitive internationally.

If you would like to discuss any of the above with us, I am happy to be contacted at

Privacy of natural persons

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KEVIN MAPSON
Commercial Managing Director, Pacific