



BRIEFING

Final Cabinet paper 'Fair Pay Agreements: Approval to draft'

| | | | |
|---------------------------------|--------------------|-------------------------|-----------|
| Date: | 7 April 2021 | Priority: | Urgent |
| Security classification: | Budget - Sensitive | Tracking number: | 2021-3118 |

| Action sought | | |
|--|---|--------------|
| | Action sought | Deadline |
| Hon Michael Wood Minister for Workplace Relations & Safety | Agree to lodge the DEV cabinet paper 'Fair Pay Agreements: Approval to draft' on 8 April 2021 for consideration on 14 April 2021. | 8 April 2021 |

| Contact for telephone discussion (if required) | | | | |
|--|--|-------------|--|-------------|
| Name | Position | Telephone | | 1st contact |
| Tracy Mears | Manager, Employment Relations Policy | 04 901 8438 | | ✓ |
| Hannah Adams | Senior Policy Advisor, Employment Relations Policy | 04 896 5262 | | |

| The following departments/agencies have been consulted |
|---|
| The following agencies were consulted on the Cabinet paper: the Department of Prime Minister and Cabinet, the Ministry of Foreign Affairs and Trade, the Treasury, Te Kawa Mataaho Public Service Commission, Te Puni Kōkiri, the Ministries of Justice, Transport, Health, Education, and Social Development, Ministries for Women and Pacific Peoples, Department of Corrections and Inland Revenue Department. |

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



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Purpose

To provide you with the Cabinet paper 'Fair Pay Agreements: Approval to draft' and associated Regulatory Impact Statement for lodging on 8 April 2021 for consideration at the Cabinet Economic Development (DEV) Committee meeting on 14 April 2021.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** to lodge the attached Cabinet paper 'Fair Pay Agreements: Approval to draft' and Regulatory Impact Statement on 8 April 2021 for consideration by the Cabinet Economic Development Committee on 14 April 2021.

Agree / Disagree

Tracy Mears
Manager, Employment Relations Policy
Labour, Science and Enterprise, MBIE

07 / 04 / 2021

Hon Michael Woods
Minister for Workplace Relations and Safety

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Background

1. We have prepared a Cabinet paper for you to seek full policy decisions and approval to draft a Bill to implement a Fair Pay Agreements (FPA) system.
2. On 26 March 2021 we provided you with a copy of the draft Cabinet paper for Ministerial consultation and requested any feedback on the draft Cabinet paper by 6 April 2021. The covering briefing provided a summary of the key matters raised by other government departments in relation to the proposed design of the FPA system and its implications [refer briefing 2021-2519].

We have updated the FPA Cabinet paper

3. We have updated the draft FPA Cabinet paper to reflect:
 - a. Recent Budget decisions
 - b. Feedback provided by your office
 - c. Additional comments provided by other government agencies
 - d. Our further internal review of the paper, including where we have suggested and obtained your approval for a change in policy.
4. Please note we are seeking to confirm a minor change to a policy decision as a result of a misalignment between the proposal in the body of a report about funding for the Screen sector and the wording of relevant recommendation. It was proposed that there be an additional funding contribution of up to \$25,000 to each bargaining side for occupational-level collective contracts under the SIWB, if less than 20% of those in coverage on their side is a member of a union or industry group [briefing 2021-2007 refers]. This recommendation was made in the body of briefing 2021-2007 to provide consistency with FPA bargaining support, and funding is included for this purpose in the FPA Budget allocation. Your agreement to the text in the Cabinet paper will be considered confirmation of your agreement to the clarification of the recommendation.
5. A version of the final Cabinet paper with these changes shown as track changes, and 'comments' providing explanations for the main changes, is attached in Annex One. A clean version with all changes accepted is attached as Annex Two.
6. The Regulatory Impact Statement prepared by MBIE is attached in Annex Three.
7. We will provide your office with talking points for the DEV Committee meeting by Tuesday 13 April 2021.

Next steps

8. The table below outlines the key timeframes for the project. The 'FPA – regular project update' in the weekly report provides a more detailed breakdown of the steps.

| Action | Date |
|--|---------------|
| Cabinet paper and Regulatory Impact Statement lodged | 8 April 2021 |
| Paper considered by Cabinet Economic Development Committee | 14 April 2021 |
| Paper considered by Cabinet | 19 April 2021 |

| | |
|---------------------------------------|-----------------------|
| Your announcement of policy decisions | TBC (late April) |
| Draft instructions complete | 19 May 2021 |
| Bill drafted | Late October 2021 |
| LEG Cabinet Committee | October/November 2021 |
| Bill introduced | November 2021 |

Annexes

Annex One: Track changed version of final Cabinet paper – ‘Fair Pay Agreements: Approval to draft’

Annex Two: Clean version of final Cabinet paper – ‘Fair Pay Agreements: Approval to draft’

Annex Three: Regulatory Impact Statement

Final version of Cabinet paper available here: <https://www.mbie.govt.nz/dmsdocument/14297-fair-pay-agreements-approval-to-draft-proactiverelease-pdf>

Annex Three: Regulatory Impact Statement is available as part of this release.