

Terms of reference for the Fair Pay Agreement Working Group

Purpose

- 1 The Fair Pay Agreement Working Group has been established to make independent recommendations to the Government on the scope and design of a system of bargaining to set minimum terms and conditions of employment across industries or occupations.

Background

- 2 This Government has a vision for a highly skilled and innovative economy that delivers good jobs, decent work conditions and fair wages while boosting economic growth and productivity. When we lift the conditions of New Zealand workers, businesses benefit through improved worker engagement, productivity and better workplaces.
- 3 The Government's vision of the employment relations framework is a level playing field where good employers are not disadvantaged by paying reasonable, industry-standard wages. New Zealand must have a highly skilled and innovative economy that provides well-paid, decent jobs, and delivers broad-based gains from economic growth and productivity.
- 4 In addition, the Government intends to promote the setting of terms and conditions of employment by way of collective bargaining between workers, worker's representatives, employers and their representatives.

Objectives

- 5 The objective of the Fair Pay Working Group is to make independent recommendations to the Government on the scope and design of a legislative system of industry or occupation-wide bargaining.
- 6 In achieving these objectives, it will be important to ensure that the Working Group's recommendations manage and where possible mitigate the following risks:
 - 6.1 slower productivity growth if a Fair Pay Agreement locks in inefficient or anti-competitive businesses models or market structures
 - 6.2 a "two-speed" labour market structure with a greater disparity in terms and conditions and job security between workers covered by Fair Pay Agreements and those who are not
 - 6.3 unreasonable price rises for some goods and services if increased labour costs are not offset by productivity gains and profit margins are held at existing levels
 - 6.4 undermining of union membership through the reduction of the value of enterprise bargaining by way of the pass on of collectively negotiated terms and conditions to non-union members, and

- 6.5 possible job losses, particularly in industries exposed to international competition which are unable to pass on higher labour costs to consumers of those goods and services.

Parameters and scope

- 7 The Fair Pay Agreement Working Group's recommendations must address:
 - 7.1 the process and criteria for initiating Fair Pay Agreement bargaining (including bargaining thresholds or public interest tests)
 - 7.2 identification and selection of bargaining participants including any mechanisms for managing the views of workers without union representation
 - 7.3 how to determine the scope of agreement coverage, including demarcating the boundaries of the industry or occupation and whether the Fair Pay Agreement system would apply to employees only, or a broader class of workers
 - 7.4 whether Fair Pay Agreements should apply to industries or occupations, or both
 - 7.5 the scope of matters that may be included in an agreement, including whether regional variations are permitted
 - 7.6 rules or third party intervention to resolve disputes, including whether the third party's role is facilitative, determinative or both
 - 7.7 the mechanism for giving effect to an agreement, including any ratification process for employers and workers within the coverage of an agreement
 - 7.8 how the terms of an agreement should be enforced
 - 7.9 duration and process for renewing or varying an agreement
 - 7.10 whether there are circumstances in which an employer can seek an exemption from a relevant agreement and the process for doing so
- 8 Any model proposed by the Fair Pay Agreement Working Group must:
 - 8.1 operate effectively as a component part of the overall employment relations and standards system, including existing single- and multi-employer collective bargaining and minimum employment standards, and
 - 8.2 manage and where possible mitigate the risks in paragraph 6.
- 9 The Fair Pay Agreement Working Group's recommendations must be within the following parameters:
 - 9.1 Industrial action is not permitted as part of bargaining over a Fair Pay Agreement.

- 9.2 It will be up to the workers and employers in each in each industry to make use of the system to improve the productivity and working conditions in the industry.

Membership

- 10 The Fair Pay Agreement Working Group will be chaired by the Rt Hon Jim Bolger.
- 11 The Fair Pay Agreement Working Group will comprise the following members:

Dr Stephen Blumenfeld	Director of the Centre for Labour, Employment and Work at Victoria University
Steph Dyhrberg	Partner, Dyhrberg Drayton Employment Law
Anthony Hargood	Chief Executive of Wairarapa-Bush Rugby Union
Kirk Hope	Chief Executive of BusinessNZ
Vicki Lee	Chief Executive of Hospitality NZ
Caroline Mareko	Senior Manager Communities & Participation at He Whānau Manaaki o Tararua Free Kindergarten Association
John Ryall	National Secretary of E tū
Dr Isabelle Sin	Fellow at MOTU Economic and Public Policy Research
Richard Wagstaff	President of the New Zealand Council of Trade Unions

- 12 The chair and members of the Fair Pay Agreement Working Group will be entitled to a fee in accordance with the Cabinet fees framework for members appointed to bodies in which the Crown has an interest.
- 13 Officials from the Ministry of Business, Innovation and Employment will support the Working Group as secretariat. The Working Group will be able to seek independent advice and analysis on any matter within the scope of these terms of reference.

Timeframes

- 14 It is anticipated that the Fair Pay Agreement Working Group will:
- 14.1 commence discussions in June 2018
- 14.2 make recommendations to the Minister for Workplace Relations and Safety by November 2018.
- 15 These dates may be varied with the consent of the Minister for Workplace Relations and Safety.