

New Zealand Government announce Fair Pay Agreement Working Group

June 2018

On Tuesday 5 June 2018 Workplace Relations and Safety Minister Iain Lees-Galloway announced the establishment of the Fair Pay Agreement Working Group.

The Working Group will make recommendations on the design of Fair Pay Agreements, a key plank of the Labour Party's Workplace Relations manifesto.

A Fair Pay Agreement is an arrangement negotiated between employers and unions that applies minimum standards of remuneration and conditions to workers in specific industries/occupations. Fair Pay Agreements remove the requirement to bargain with employers individually, applying sector-wide agreements.

The reforms aim to avoid employers competing on labour costs, and instead encourage firms to drive productivity gains by competing on innovation, quality and customer service.

Minister Lees-Galloway stated that a constructive approach to industrial negotiations between employers and unions is required to achieve healthy wage growth and in turn wage growth will provide productivity gains, while stimulating aggregate demand and increasing confidence in the economy.

Fair Pay Agreements will not be mandated across the entire economy, but will instead need to be initiated by unions or employers in each industry.

Industrial action – in the form of strikes and lockouts – will not be permitted in negotiations for a Fair Pay Agreement, unlike under existing collective bargaining negotiations.

Sector-wide bargaining systems are used widely across the developed world, including in Australia where the Modern Awards system is in place.

Working Group

The Group will be chaired by former National Party Prime Minister, Rt Hon Jim Bolger. The Group of nine members will develop recommendations on the design of the Fair Pay Agreement framework and is expected to report to the Minister by the end of 2018. The Group will consult with business, workers and relevant organisations.

The Cabinet paper and terms of reference are available [here](#).

The Group is made up of business and worker representatives with practical experience and expertise in law, economics and industrial relations. Members include:

- **Dr Stephen Blumenfeld** – Director, Centre for Labour, Employment and Work at Victoria University.
- **Steph Dyhrberg** – Partner, Dyhrberg Drayton Employment Law.
- **Tony Hargood** – Chief Executive, Wairarapa-Bush Rugby Union.
- **Kirk Hope** – Chief Executive, BusinessNZ.
- **Vicki Lee** – Chief Executive, Hospitality NZ.



- **Caroline Mareko** – Senior Manager, Communities and Participation, Wellington Region Free Kindergarten Association.
- **John Ryall** – Assistant National Secretary, E tū.
- **Dr Isabelle Sin** – Fellow, Motu Economic and Public Policy Research, and Adjunct Senior Lecturer at Victoria University of Wellington.
- **Richard Wagstaff** – President, New Zealand Council of Trade Unions.

Timeframe

It is anticipated that the Fair Pay Agreement Working Group will make recommendations to the Minister for Workplace Relations and Safety by November 2018.

Further information

For more information, please contact Hawker Britton consultant [Neale Jones](#) on +64 27 529 1079 or [Simon Banks](#) on +61 419 638 587.