

What Are Fair Pay Agreements?



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Fair Pay Agreements are a way of deciding the fair way to do business - pay, hours, leave and other terms and conditions of work. They'll set a minimum bar for a whole industry.

The recent equal pay settlement for all care and support workers in aged, disability and home support is a good example. Following negotiation between employers, government and unions, it set better minimum pay for an underpaid and undervalued workforce.

Other countries, including Australia, have 'sector bargaining' where working people - represented by their unions - set minimum industry standards with employers. It will look a little different in New Zealand. Nor will it look like the national awards New Zealand used to have. It will be a system for the future, designed for and by working people.

Working people and employers will still be able to bargain collectively, and everyone will have a choice whether to join their union. People will also be able to negotiate individually if they want. It will mainly mean there will be a new, better minimum standard that employers can't undercut - just like the minimum wage or minimum leave entitlements we already have, but with specific rules for different industries. These minimums will cover both union members and non-members.

Under collective agreements working people have a legally protected right to take industrial action, including going on strike, while the agreement is being negotiated. Employers have the right to stop them working with a lockout. But the Government has said these won't be options when negotiating a Fair Pay Agreement. But the current rights of working people and employers to industrial action won't be affected either.

Sometimes, if no agreement can be found, there will be an arbitrator who decides what's fair. Representatives will always try to talk through the issues first.

Why do we need FPAs?

Kiwis are working longer and longer hours, but our pay isn't keeping up with the profit our work creates. That's not fair. Part of the problem is that some businesses compete to screw wages down to the lowest possible level, to make it harder for good operators to stay in business.

When we create a level playing field, nobody can undercut by paying unacceptable wages or forcing unfair conditions of work. Fair Pay Agreements will reign in the cowboys and encourage competition on being a good employer, quality and innovation. They will set the rules for what's acceptable in New Zealand industries and stop the race to the bottom.



What kinds of industries will have FPAs?

The Working Group has recommended a minimum number of employees must ask for an FPA in an industry to start the process. Fair Pay Agreements need to be led by working people in unions to become a reality – and agreed upon through negotiation with business representatives.

Some sectors experiencing unethical competition on wages or conditions that could benefit from an FPA include: transport, particularly bus networks and other public transport; forestry; supermarkets; security guards; construction and other retail work.

How do FPAs protect Kiwi businesses, especially small and medium enterprises?

It can be difficult to start up an innovative and ethical business in New Zealand when large firms, including multinationals, are able to compete on size. Some use their high product volume, low wage business models to drive out local competition and take money out of our communities.

It's also getting harder and harder to find, retain and upskill staff. Our young people leave regional communities because the only available work is low wage with long hours. Fair Pay Agreements will help the industries that should be the backbone of our communities pay more money, invest in local people's skills, and help that go back into local economies.

By raising the bar for employment conditions, good small firms don't have to trade off attracting the best people to work for them with decent wages and being profitable.

How can we make sure Fair Pay Agreements are strong and effective for working people?

For Fair Pay Agreements to work, they need to be just that – fair. This means all businesses need to be covered in an industry so no one can dodge the minimum agreed rules. They have to be water-tight for any businesses trying to sneak around the edges and compete unfairly.

This means no exceptions to being covered by an FPA, whether you are large and powerful business, or a small local firm, whether you have full or part time employees, young or old, or use independent contractors who currently don't have the same employment rights.

Together, we can make Fair Pay Agreements truly fair. You can sign up to the Working People's Charter for Fair Pay to ask the Coalition Government to make good law that protects working people and good local business. www.together.org.nz/fair-pay-charter

We'll keep you up-to-date on the progress of the draft law, and actions you can take to make work better in New Zealand.