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# Former Prime Minister Jim Bolger to lead fair pay working group

BusinessDesk

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The 10-member group will be led by former Prime Minister Jim Bolger. Photo / NZME

The government announced the creation of a Fair Pay Agreement working group that will make recommendations on the design of a sector-level bargaining system before the end of the year.

The 10-member group will be led by former Prime Minister Jim Bolger.

"Workers and employers know their sector best. By working together through effective engagement and bargaining cooperatively, workers and employers can set standards that are relevant to their sector and



support productivity and growth," said Workplace Relations and Safety Minister Iain Lees-Galloway.

"The aim of FPAs is to prevent a race to the bottom, where some employers are undercut by others who reduce costs through low wages and poor conditions of employment," he said.

The group also includes Kirk Hope, chief executive of BusinessNZ and Richard Wagstaff, president of the New Zealand Council of Trade Unions.

"This announcement is the turning point from 30 years of struggle for working people, for home-grown business, and small communities sustained by Kiwi industries," said Wagstaff in a statement.

"The last government said low wages were our 'competitive advantage'. Fair Pay Agreements put New Zealanders first and show our real competitive advantages are the Kiwi values of dignity, opportunity and respect."

According to the terms of reference, the working group will look at the criteria and process to initiate bargaining on a Fair Pay Agreement, how bargaining participants should be identified and selected, what the agreements should cover in terms of scope and bargaining rules and dispute resolution processes, and ratification and enforcement of Fair Pay Agreements.

It will also seek to manage or mitigate slower productivity growth if a deal locks in inefficient or anti-competitive businesses models or market structures; a possible disparity in terms and conditions and job security between workers covered by Fair Pay Agreements and those who are not; 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; the possible undermining of union membership and 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.

The Fair Pay Agreement differ from existing minimum employment standards in that they are industry specific. They also differ from existing collective bargaining in that they apply to all workers in an entire industry or occupation without the need to bargain with every employer individually. Industrial action - strikes and lockouts - will not be permitted in negotiations for a Fair Pay Agreement.

According to Lees-Galloway, the Fair Pay Agreement working group is expected to make recommendations to the minister by the end of 2018. Cabinet will then consider the recommendations.

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