

Understanding Fair Pay Agreements: A quick guide for employees

What Fair Pay Agreements are

Fair Pay Agreements (FPA) bring together unions and employer associations within a sector to bargain for minimum employment terms for all covered employees in an industry or occupation. This means that employee and employer representatives will meet to discuss and agree on a set of employment terms for the work being done.

A Fair Pay Agreement must include who is covered by the FPA; standard hours; minimum pay rates, including overtime and penalty rates; training and development; how much leave an employee can have; and how long the FPA applies for.

The Fair Pay Agreement process



Initiation: The FPA process begins when a union gathers the required evidence and provides that information in an application to the Ministry of Business, Innovation & Employment (MBIE). If approved, bargaining sides start to form.



Bargaining: It will take time for both sides to come to an agreement on a set of employment terms they are both happy with.



Vote (also known as ratification): Once bargaining sides agree, eligible employees and employers will be able to vote on whether they agree with the terms or not.



Finalising a Fair Pay Agreement: If a majority agrees on both sides, the FPA will be finalised and set as law.

Employees, employers and their bargaining sides all have different roles and responsibilities in the process.

Who represents who during bargaining

- › Employee bargaining side: Eligible union(s) bargain for an FPA for all employees covered by a proposed FPA. You do not have to be a member of a union.
- › Employer bargaining side: Eligible employer associations, including industry associations, may bargain on the employer side.
- › The bargaining sides must use their best efforts to represent Māori in the bargaining process. This includes getting and considering feedback from representatives of Māori employees/employers and whether Māori representatives should be involved in bargaining.

Employees covered by a proposed Fair Pay Agreement have rights throughout the FPA process. This includes being updated on bargaining, having your say, or voting. You also have the right to not take part in the process.

YES, I WANT TO GET INVOLVED:

Support to start an FPA

- ✓ A union wants to show 10% or 1,000 employees support a proposed FPA when they apply. They may contact you and ask for your contact information & job details.

Application for an FPA is approved

- ✓ You will receive information from your employer that there is a proposed FPA that covers your work.
- ✓ Unless you opt out, your employer will give your contact details at work to the union so that they can keep you up to date with what is happening.
- ✓ You do not have to join a union.
- ✓ Your details will only be used for these updates.

Bargaining terms and conditions

- ✓ You will receive information during the process, can choose to attend 2 x 2hour paid meetings, a union member may be in touch.

Vote once bargaining sides agree on employment terms

- ✓ Eligible employees vote on terms of the FPA. So do eligible employers.
- ✓ If you decide to not be involved or not vote at this stage, you can fill out the opt out form and give it to your employer. They ask the union to remove your contact details.

NO, I DON'T WANT TO TAKE PART:

Choosing not to be involved in the process

- ✓ You do not need to allow your contact details to be given to the employee bargaining side.

Application for an FPA is approved

- ✓ Your employer needs to let you know that there is a proposed FPA that covers your work. You will receive an email.
- ✓ Your employer will provide you with an 'opt out' form. If you don't want to be part of the process, you can 'opt out' of receiving information or voting on the terms and conditions.
- ✓ Your employer keeps a record of 'opt out' forms. Your details are not shared.

Bargaining terms and conditions

- ✓ Even if you do not wish to take part, you will be represented by an employee bargaining side who bargains on behalf of all employees covered.

Vote once bargaining sides agree on employment terms

- ✓ All eligible employees may vote on terms of the FPA even if not involved in the FPA process earlier.

When a Fair Pay Agreement is finalised, the FPA applies to all employees covered

Even if you choose not to take part in the process, if enough of the work you do is covered by the FPA and it is finalised and made into law you will still get the terms outlined in the FPA.

All employers covered under the FPA must make sure the employment agreements of all their covered employees have terms that are the same as or better than those in the FPA.

More information:

For more information about Fair Pay Agreements and other employment related information please visit www.employment.govt.nz/fair-pay-agreements

Disclaimer: This information is guidance only, is not legally binding, and should not be substituted for legal advice or for the wording of the Fair Pay Agreements Act 2022. MBIE does not accept any responsibility or liability for error of fact, omission, interpretation or opinion that may be present, nor for the consequences of any decisions based on this information.