

# Understanding Fair Pay Agreements: A quick guide for employers

## What Fair Pay Agreements are

Fair Pay Agreements (FPA) bring together employer associations and unions 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 support for a FPA and provides that information in an application to the Ministry of Business, Innovation and 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 working conditions 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 employment terms or not.



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

Employers, employees and their bargaining parties all have different roles and responsibilities in the process.

## Who represents who during bargaining

- › Employer bargaining side: Eligible employer associations, including industry associations, bargain for all employers covered by a proposed FPA. This includes employers that are not members of an employer association or industry association.
- › Employee bargaining side: Eligible union(s) bargain for an FPA for all employees covered by a proposed FPA. This includes employees that are not members of a union.
- › 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.

Employers covered by a proposed Fair Pay Agreement have rights and responsibilities throughout the FPA process.

### **WHAT YOUR RIGHTS ARE AS AN EMPLOYER:**

#### **INITIATION: when a union applies/approval**

- ✓ If there is a public submission, you may have your say
- ✓ You should be notified directly by the union if the application to start bargaining a new FPA is approved and receive information about the proposed FPA for your employees
- ✓ Information will also be available on the initiating unions website and the approval listed on Ministry of Business, Innovation and Employment's website.

#### **BARGAINING: having employer representation at the bargaining table**

- ✓ Employer association to provide regular updates to you if you are a covered employer
- ✓ You should have the opportunity to provide feedback during the bargaining process
- ✓ All types of covered employers' interests should be considered.

#### **VOTE: once bargaining sides agree**

- ✓ Eligible employers may vote on the terms of the FPA.

### **WHAT YOUR RESPONSIBILITIES TO EMPLOYEES ARE:**

#### **INITIATION: when a union applies/approval**

- ✓ If notified that an application to initiate bargaining for a FPA has been approved, you need to inform all other unions your covered employees are members of
- ✓ You need to directly pass on a statement to covered employees which will be provided by the initiating union, which includes the name of the initiating union and how to contact them
- ✓ Provide an opt out form to employees, collect form, keep a record
- ✓ Provide contact details of employees who have not opted out to the initiating union.

#### **BARGAINING: employees represented at the bargaining table**

- ✓ You need to pass on information to employees from the employee bargaining side throughout the bargaining process
- ✓ You need to allow your employees to attend 2 x 2 hour paid meetings arranged by the employee bargaining side
- ✓ Allow a representative from an employee bargaining side access to the workplace
- ✓ If employee(s) want to opt out/opt in at any time, you should notify the initiating union of updated contact details for the employee bargaining side.

#### **VOTE: once bargaining sides agree**

- ✓ Your eligible employees may vote on the terms of the Fair Pay Agreement. This includes employees that may have opted out of receiving information about the proposed FPA earlier.

## **When a Fair Pay Agreement is in place**

Once a Fair Pay Agreement is finalised and made into law it applies to all covered employees and covered employers.

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](http://www.employment.govt.nz/fair-pay-agreements)

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