

Employer preferred approach to Fair Pay Agreements

The Fair Pay Agreements Working Group proposes a compulsory approach to fair pay agreements. This would require extensive investment in and development of infrastructure and processes to support it, as well as recruitment of scarce industrial relations skills to represent industry groups.

Employer members of the working group have proposed a voluntary alternative.

Employer preferred voluntary approach:

This approach would be based on codes of conduct that are not binding but provide good practice guidance to employers, workers and unions.

Codes of conduct are already provided for in the Employment Relations Act, so no law changes would be necessary. The Minister of Workplace Relations and Safety is empowered to issue codes.

Employers who wished to could voluntarily agree to be bound by a code, in which case it would take on the status of a binding collective agreement for those employers only.

This approach could include multi-employer collective agreements if more than one employer agreed voluntarily to be bound by the same document - again, existing law would apply.

No employer would be forced to be covered by a fair pay agreement, but all would have the choice of using it as a measure of good practice or agreeing to be bound by it.

Such an approach would not breach the principle of free and voluntary bargaining enshrined in international labour law (conversely, the working group recommendations do; this is a point the Fair Pay Agreements report noted as needing to be looked at further).

The employers' voluntary alternative is a pragmatic approach based on existing industry practice. It is a similar approach to the solution that the film industry review developed in the "Hobbit" case, based on existing industry practice rather than turning everything on its head by repealing the hobbit law.