

Survey reveals employers hold concerns with all aspects of the Fair Pay Agreements Bill

Our recent client survey indicates that employers hold concerns with all aspects of the Fair Pay Agreements Bill and believe it's a step backwards in fostering a "fair" employer-employee relationship

In April 2022 we ran a survey on the pending Fair Pay Agreements Bill of our employer clients, asking them about their views on the Bill.

Respondents were invited to express their views on the Bill and whether they were in support of it. The findings show an overwhelming dissatisfaction with the proposed Bill, with a multitude of problems in all areas of the proposed process.

Top issues

With **81%** of respondents saying their business will be impacted by the Fair Pay Agreements Bill (the Bill), and three quarters of employers surveyed (**73%**) saying they are not in favour of the Bill (only 10% were in favour with the remainder being 'undecided'), the findings of our survey covered such a wide range of issues that it's hard to know where to start. As one large employer simply commented: "Let the nightmare begin".

The most common themes throughout the survey were the respondents' trepidation over the immense administrative workload and financial impact the Bill will create and the over-simplification of the employment market (which will detrimentally affect an employer's ability to maintain managerial prerogative and competitive advantage in the market). This not only affects employers, but will ultimately impact employees too.

A respondent commented:

"The workplace relation system in NZ is already complex. The Government's goal should be to simplify the system, not make it more complex and difficult to navigate for businesses and employees."

Another respondent commented:

"As a good employer, we pride ourselves in offering a great place to work with excellent benefits and wage rates. Along with our culture, this means we stand out against our competitors and have a competitive advantage compared to others in our industry... It seems a step backwards rather than forwards in employment legislation, freedom of choice (for employees and employers) and the ability to increase productivity as a business and nation."

Another respondent commented:

"I don't believe the agreements will do anything more than create a cumbersome and expensive process for employers – which ultimately will impact employees and small employers."

It's no surprise that respondents are feeling this way. With forced participation, likely ambiguity in coverage and scope of FPAs, and the potential financial impact for employers if they are not aware of coverage for their employees (possible back pay for up to six years), employers will of course want a seat at the bargaining table. But with the introduction of "employer associations", it's unlikely that most employers will have their voice heard. Nearly **half** of respondents said they are not in favour of employer associations acting as the bargaining party for employers (with a further 29.33% of respondents being 'undecided').

A respondent commented:

"Employer associations do not have the company data intelligence to make such decisions on behalf of a wide range of employers. Other companies make specific terms and conditions part of their value proposition and off set other benefits..."

Another respondent said:

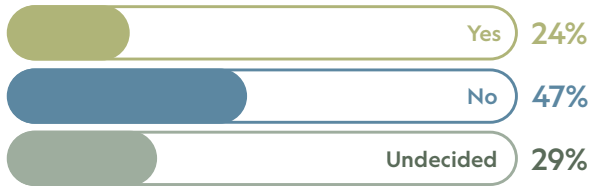
"Many smaller businesses are and will continue to find the current trading environment very challenging without adding to their woes and my concern is that Fair Pay Agreements may force many people to reduce staff and services just to survive."

Other key issues

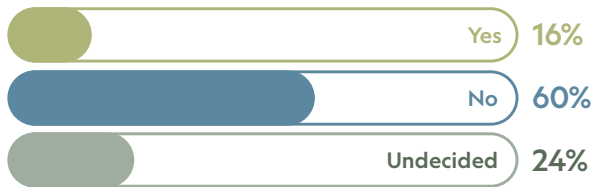
Respondents also noted the lack of consideration on different costs of living and organisational relativities in different areas of New Zealand, payroll complexities, and made reference to the Australian Modern Award system as a comparator, which was perceived not to bring the flexibility and privity that both parties seek, nor does it respond to the current pressures of the workplace.

In addition, **60%** of respondents believe that the Employment Relations Authority should not have the ability to determine terms of FPAs (with only 16% in favour of this). Not only did respondents raise the issue of the Authority's already overflowing workload, but respondents also commented on the Authority's lack of expertise and commercial understanding of businesses within each industry, as well as the specialist legal expertise to handle such a task.

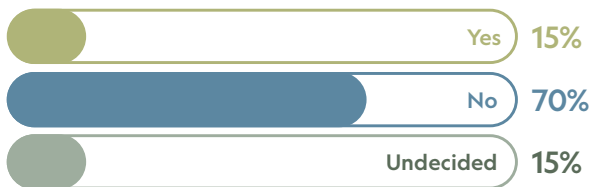
Q9. Are you in favour of employer associations acting as the 'bargaining party' for employers?



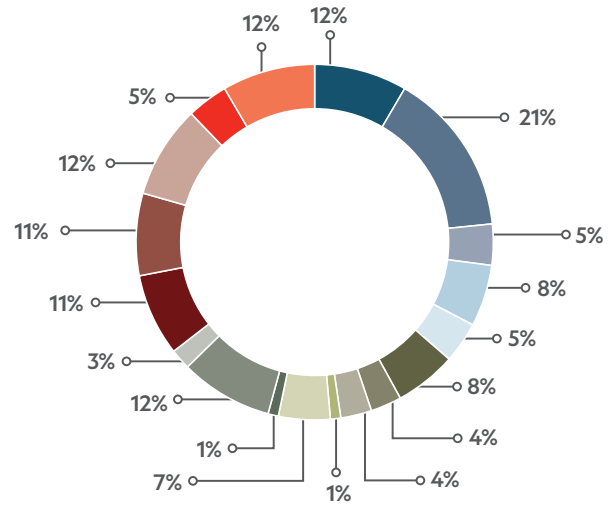
Q10. Should the Employment Relations Authority have the ability to determine terms of Fair Pay Agreements (currently with only limited appeal rights)?



Q11. Should Fair Pay Agreements be extended to include some contractors?



Q12. What industry does your business operate in?



- Agriculture, forestry, and fishing
- Manufacturing
- Electricity, gas, water, and waste services
- Construction
- Wholesale trade
- Retail trade
- Accommodation and food services
- Transport, postal, and warehousing
- Information media and telecommunications
- Financial and insurance services
- Rental, hiring, and real estate services
- Professional, scientific, and technical services
- Administrative and support services
- Public administration and safety
- Education and training
- Health care and social assistance
- Arts and recreation
- Other services

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