

13 February 2024

9(2)(a)

OFFICIAL INFORMATION ACT REQUEST

I refer to your official information request of 9 January 2024 for:

- *all MfW advice for recent reforms of Fair Pay Agreements Legislation – including benefits, risks and likely impacts on the current and future gender and ethnic pay gaps for Maori and Pacific women.*

The information you have requested is enclosed (see Appendix One).

Manatū Wāhine Ministry for Women provided a memo to Hon Nicola Grigg, the Minister for Women for her information on 7 December 2024. This memo was provided to supplement the information the Minister received in the Briefing to the Incoming Minister.

Official Information Act responses

Please note that this response, with your personal details redacted, may be published on the Ministry's website. If you have any concerns or comments related to this, please let us know by emailing ministerialservicing@women.govt.nz, within two weeks of the date of this letter.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā



Maxine Shortland
Director, Corporate Services (Acting)

Hon Nicola Grigg
Minister for Women

MEMO: Impacts of the repeal of the Fair Pay Agreement Act

Date: 7 December 2023

Contact: Deborah Malcolm, Deputy Secretary Policy

Purpose

- 1 This briefing provides you with background information on the Fair Pay Agreement system and its potential impact on women.
- 2 The *Fair Pay Agreement Act 2022* (Act) is administered by the Ministry of Business, Innovation, and Employment (MBIE) on behalf of the Minister for Workplace Relations and Safety.

Fair Pay Agreements are industrial or occupational collective agreements

- 1 The purpose of the Act is to enable employment terms to be improved for workers by providing:
 - a framework for bargaining that specifies industry or occupation-wide minimum employment terms; or
 - for the Employment Relations Authority (ERA) to determine the minimum terms in certain circumstances.
- 2 When a Fair Pay Agreement comes into force, it must include terms that are better than, or the same as, relevant minimum entitlements set out in law.
- 3 As at 6 November 2023, no industries or occupations have fully completed the Fair Pay Agreement process.
- 4 There are seven applications in the Fair Pay Agreement system; one is being assessed (waterside workers) and six are in bargaining. They are:
 - Interurban, rural, and urban bus transport – Bus drivers, coach drivers, and cleaners;
 - Hospitality industry;
 - Security officers and guards;
 - Commercial cleaner;
 - Early childhood education industry; and
 - Grocery supermarket industry.

Repeal will impact women and other population groups

- 5 The Fair Pay Agreement system was developed to help address the systemic weakness of the labour market (e.g., low real wages, low labour productivity despite relatively long hours worked, wage increases not keeping up with productivity increases), and persistently poor outcomes for particular population groups and regions.
- 6 The repeal of the Fair Pay Agreement Act 2022 is expected to impact women, Māori and Pacific peoples, young people and disabled people as they tend to be disproportionately on minimum wages.
- 7 Census 2018 data show us that education professionals, hospitality workers, sales support workers, and cleaners and laundry workers are predominantly female dominated occupations. These sectors tend to be lower-paid (refer Table One).

Table One: Occupation (sub-major group) by sex for the employed census usually resident population count aged 15 years and over, Census 2018

Occupation (sub-major group)	Male	Female
Education Professionals	27,657 (22.7%)	94,395 (77.3%)
Hospitality Workers	15,189 (28.1%)	38,940 (71.9%)
Protective Service Workers	25,695 (78.8%)	6,909 (21.2%)
Sales Support Workers	5,946 (24.2%)	18,633 (75.8%)
Road and Rail Drivers	56,199 (91.3%)	5,385 (8.7%)
Cleaners and Laundry Workers	16,839 (31.9%)	36,024 (68.1%)

- 8 Māori women are more likely to be earning the minimum wage (3.9%) compared to non-Māori women (3.4%) and to Māori men (2.8%).
- 9 Disabled people experience significant disadvantage in the labour market, which includes earning less than non-disabled workers (by more than \$3 per hour at the mean).
- 10 People who fall within more than one of these groups (e.g. disabled young Māori women) are more likely to experience barriers to fair pay as the different forms of discrimination/bias intersect and compound. For example, women can experience poor working conditions, including the inability to access flexible working hours, inappropriate staffing levels in occupations where isolated women are more vulnerable (e.g., security), and lack of access to toilet facilities (e.g., transport and construction).

Next step

- 11 Officials are available to discuss the impact of Fair Pay Agreements with you and can provide further information if needed.



Deborah Malcolm
Deputy Secretary Policy