

Bargaining Developments & Trends – New Zealand

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Overview

- The NZ economy in NZ
- The NZ Government's expectations for public sector bargaining
- The push for pay equity in NZ
- Expected union strategies in bargaining

NZ in 2017 – A snap shot

- **Estimated resident population** at 31 December 2016: 4.7 million
- **Net migration** March 2017 year: +71,932
- **Total employed** December 2016 quarter: 2.5 million
- **Unemployment rate:** December 2016 quarter: 5.2%
- **Average weekly earnings** December 2016 quarter: NZ\$1,130
- **Wage inflation** December 2016 quarter: 1.6%
- **Annual tourist visitor arrivals:** +10% on previous 12 months (second year in a row)
- **Sheep:** \cong 30 million
- **Cows:** \cong 10 million
- **RESULT?**

Source: Statistics NZ (mostly)

NZ in 2017 – ‘Rock Star Economy’?



Capital thinking. Globally minded.

Government expectations for public sector bargaining

“Government Priorities

*One of the Government’s priorities is to deliver better public services to the people of New Zealand, within the tight financial constraints the Government is operating under. **All decisions** about pay and employment conditions are expected to support this priority.”*

State Services Commission: July 2012

The push for pay equity



Pay equity

- Equal Pay Act 1972: ‘*Equal pay* means a rate of remuneration for work in which rate there is **no element** of differentiation between male employees and female employees based on the sex of the employees’
- *Kristine Bartlett v Terranova Homes and Care Limited* [2014]: Court of Appeal – EPA 1972 not just equal pay but also equal pay for equal value
- Result:
 - 2014 Suspended litigation
 - 2015 Govt-initiated Joint Working Group on Pay Equity Principles
 - 2016 JWG reported back its recommendations
 - April 2017 Government agrees pay settlement with caregivers – NZ\$2 billion over 5 years. More to come.

NZ industrial relations landscape

- Relatively settled for a number of years
 - Decline in collective bargaining coverage across public sector
 - Legislative amendments have restricted union power in bargaining
- Expect this to change in 2017
 - Economic pressure
 - Election year
 - Recent outcome of pay equity negotiations
 - Consolidation of unions
 - Increased activism

Expected union strategies in bargaining

- Primary focus will be on pay rates
 - A 'living wage' for all
 - Trend to \$ increases rather than %
- Bridging 'the information gap' on pay
- Seeking to enshrine rights in contract?
 - Academic freedom?
 - Flexible working arrangements?
 - Greater role in policy development / implementation?
- Revival of multi-employer collective agreements?

