



May 2022

Registered Master Builders Association of New Zealand Incorporated Submission on the Fair Pay Agreements Bill 2022

About RMBA

The RMBA represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our sector is a key contributor to the New Zealand economy, with every \$1 million spent on house building supporting \$2.6 million across the wider economy.

We are working hard to lead the change our sector needs. Ensuring we have the regulatory systems and processes which will enable us to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand's best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We are building a better New Zealand.

RMBA's position on the Fair Pay Agreements Bill 2022 (FPA Bill)

RMBA supports fair pay and conditions for all workers, however we strongly oppose the Fair Pay Agreements Bill 2022 as a mechanism for achieving this. It is our view that the Bill is not helpful to the sector and does more harm than good.

The construction industry is facing a perfect storm, and businesses across the sector are suffering. Material costs have increased by 34% in the last 12 months¹, demand through the number of consents is at a record high², and labour to complete the work is hard to come by. The businesses hit the most by this set of conditions are SMEs, which make up a significant part of the building sector. The Fair Pay Agreements Bill 2022 (FPA Bill) will only put further pressures and costs on business owners at a time when support is needed.

The FPA Bill will make it harder for SMEs to focus on productivity and profitability. Small businesses make up approximately 97% of all businesses³, and the construction sector is no different. These are businesses who are starting out and trying to get ahead. They often do not have a human resources

¹ [Spare A Thought For The Builders... Building Material Prices Predicted To Continue Rising Following 34% Increase | Scoop News](#)

² [Record number of new homes consented exceeds 50,000 | Stats NZ](#)

³ [fair-pay-agreements-thought-leadership-august-2021.pdf \(pwc.co.nz\)](#)

department and rely on costly consultants to guide them through workplace relations. Once the FPA Bill is triggered through 10% of workers initiating bargaining, *all* contracts need to be negotiated and this will detract time, focus, money, and other resources away from developing all other parts of a business. Completing contract negotiations in this way adds barriers for businesses who wish to grow, and unfairly punishes those who have good intentions and are fair to their employees through this one size fits all approach. Furthermore, for many business operators, the FPA bill could have a negative impact on their bottom line, again hindering the ability for a business to operate at its best. All of this will discourage talented and skilled workers from entering the industry as they look to alternative sectors that do not have as harsh of barriers. This will have a flow on effect onto productivity, not ideal during where housing is in short supply. RMBA believes there is a better solution to ensuring our workers are treated fairly and paid well, that works in collaboration with business, not at the expense of productivity and growth.

Although RMBA recognises that some employees may be underpaid or need to have their contract updated to acceptable working conditions, this is only a very small percentage. We do not agree that the FPA Bill is the way forward and does not present a solution that is helpful to both business operators and employees. As a sector that is already under immense pressure, we need to be collaborative, and work with business to find solutions, not put-up barriers, and enforce additional cost and strain. RMBA believes that the current market conditions, combined with the FPA Bill, could worsen the state of the building sector, and this is not desirable when our county depends on this important industry to provide the buildings New Zealand needs. We need to be supporting the people in our building industry, and this Bill is not a positive step towards achieving the best outcomes for all.

In addition, the pressures of running a business in the building industry at this time are overwhelming, and we are seeing this reflected in the mental health statistics of the industry. Research commissioned by MATES in Construction, RMBA, SiteSafe and CHASNZ in 2021 found:

- The construction industry is losing nearly one person every week to suicide
- Two in five (43%) respondents report that since COVID-19 arrived in New Zealand their mental health is worse than usual.
- In the last four months 4% of respondents (n=45) seriously thought about ending their life, 2% (n=17) made plans to end their life, and 1% (n=14) made an attempt to end their life.

These statistics are deeply concerning, and we know that stress is at a crisis level across the sector. The FPA Bill will only pile on to these existing stressors. The people in our industry clearly need support, and making legislative changes that happen to a business, rather than with business, will turn talented people away from our industry as they look for more attractive and less stressful career paths. This is not desirable for an industry which is depended on by all New Zealanders to provide the homes they live in, and the places they work.

David Kelly

CEO