



PAY EQUITY TOOLS AND RESOURCES

Reviewing and Maintaining Pay Equity

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Manatū Wāhine
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Contents

- Purpose**..... 3
- The legislation** 3
- Reviewing is not redoing** 3
- Gathering information** 4
 - Price indexes 4
 - Treasury forecasts 4
 - Up to date comparator data 4
- The drivers of the gender pay gap**..... 4
 - What are the drivers of the gender pay gap? 4
 - Why are drivers of the gender pay gap relevant?..... 5
- Gender Pay Principles – a framework**..... 6
- Action on gender – the how**..... 6
 - Sample of how the guidance may assist in a pay equity review..... 7
- Potential clauses for settlement agreement**..... 8
 - Example clause for a union raised claim in organisation without existing Pay Gap Action Plan 8
 - Example clause for a union raised claim in Public Service with existing Pay Gap Action Plan 8
 - Example clause for an Individual claim 8

These tools and resources do not constitute legal advice. It is recommended that parties seek their own legal advice if required.

Email pay.equity@publicservice.govt.nz if you would like a Word version of this document.

Purpose

The reviewing and maintaining pay equity guide provides some practical guidance on how parties to a claim can ensure that pay equity is maintained. This is both a requirement of the Equal Pay Act 1972 (the Act) and an important tool to ensure that pay inequities do not re-emerge over time.

A meaningful review of pay equity may look slightly different in practice depending on the size, complexity, and context of the claim. This guide provides helpful parameters, ideas, and resources to support parties with this review work.

The legislation

One of the components of a pay equity settlement (section 13ZH (3)(viii) of the Act) is the inclusion of a process to review remuneration to ensure that pay equity is maintained. This section of the Act specifies that this process may include reconsideration of the undervaluation factors, assessment of the work and assessment of comparators.

The review of pay equity must be aligned with collective bargaining rounds or, if no collective bargaining applies, at least every three years (section 13ZH(3)(ix) of the Act).

If you have a claim which involves multiple collectives which expire at different times, then a pragmatic approach to “aligning with collective bargaining rounds” will need to be agreed. This could be:

- agreeing a review date which falls in between the expiry dates of all collectives, but is able to usefully inform each round of bargaining
- aligning the expiry of the different collectives in post settlement bargaining
- aligning the review with the largest collective expiry date
- negotiate a multi-employer collective agreement

Reviewing is not redoing

A pay equity claims process can be time and resource intensive. Reviewing and maintaining pay equity is not intended to require the process to be repeated in its entirety. It is a commitment that once established, the pay equity rate should not be eroded by any form of continuing or emerging sex-based undervaluation. No one wants a scenario in which pay inequality re-emerges over time and progress on closing gender and ethnic pay gaps is reversed or stalled.

This does not mean that parts of the work undertaken in the pay equity process cannot be reconsidered as appropriate, such as the comparators’ remuneration, to support analysis of whether pay equity has been maintained. On its own, however, this kind of analysis is likely to be problematic. For example, what happens if the comparators’ work has undergone a restructure or significant change since it was assessed? How will the parties know the impact of this on comparability?

The review process is an opportunity to gather relevant remuneration information from multiple sources *and* look at the broader drivers of the gender pay gap in the organisation or workforce as a whole.¹

¹ The review process will be limited when the claim is raised and settled with an individual claimant.

Gathering information

Price indexes

Price indexes measure the change in price for a fixed 'basket' of goods and services between two time periods. This change is often called inflation. Understanding shifts in price indexes such as the consumer price index, the household living-costs price index, the food price index and the business price index can help provide context for analysing remuneration. If inflation is high and pay increases low, this could be an indication of a risk to the equitable remuneration rate that has been established because the real value or purchasing power of the pay rate will have decreased.

The most recent data on price indexes can be found on the [Statistics New Zealand website](#).

Treasury forecasts

Treasury provides regular updates on economic trends as well as forecasts for changes to indexes such as the labour costs index and the consumer price index. These can be a useful source of information to have for a review of pay equity as they give some broader context and anticipated trajectory. These can be found on the [Treasury website](#).

Up to date comparator data

Seeking up to date remuneration information from comparators used in the pay equity process can also be a useful touchstone. It is recommended that you seek the updated information in the same or a similar format to how the original data (including terms and conditions) was obtained to retain a full picture. Ensuring you ask for the relevant context which may impact the remuneration update is also important. Consider the following.

- Has there been any significant change in the work since assessment (restructure, change in depth or breadth of role etc)?
- Have there been any significant changes to the remuneration system or structure? (rolling up of allowances into base salary, changes to progression i.e. from service based to performance etc?), steps add/removed to the scale, new relevant allowances etc)?
- Are there any environmental or contextual considerations (pay freeze within organisation, recruitment and retention issues, ongoing industrial action etc)?

The drivers of the gender pay gap

What are the drivers of the gender pay gap?

Research indicates that there are multiple drivers, or underlying causes, of the gender pay gap. These include:

- ✓ the uneven distribution of unpaid caring and domestic work
- ✓ a concentration of women in lower-paid occupations and in part-time work
- ✓ a lack of women in leadership
- ✓ limited options for flexible work in higher-paid roles
- ✓ undervaluation of work which is largely performed by women
- ✓ lack of unionisation.



Gender bias and discrimination also play a significant role. Recent Aotearoa New Zealand [research](#) on the nation-wide gender pay gap shows the gap is mostly driven by hard to see and measure factors, including conscious and unconscious bias.

Our thinking about women and men is still deeply influenced by beliefs about appropriate female and male behaviour. This includes the types of work that men and women should do, the importance and value of jobs where women and men traditionally dominate, and who should do unpaid work.

Many women experience multiple workplace barriers associated with the combined effects of gender, ethnicity and disability. Māori and Pacific women are more concentrated in lower paid occupations than other women and are more likely to be paid less than their non-Māori and Pacific counterparts even at high levels in the organisation.

Why are drivers of the gender pay gap relevant?

The drivers of the gender pay gap may appear, at first glance, to be outside the scope of reviewing and maintaining pay equity. However, it is important to consider that while the undervaluation of work that is largely performed by women, may have been resolved by a pay equity settlement, other workplace drivers may remain unaddressed and/or require maintenance over time.

If a narrow approach is taken to the review process which focuses solely on pay rates in relation to price indexes and comparator rates, inequities may emerge which then require additional investment and resourcing to identify and correct.

Committing as part of a settlement to develop a plan to identify, understand and address the drivers of gender pay gaps in your workforce or organisation is a powerful method to ensure that pay equity is maintained and the workplace is overall more equitable and engaging.

Beyond fairness, and the legal right to equality and non-discrimination, there is a strong business case for addressing all the drivers of workplace inequity. It leads to better employee engagement and satisfaction, better employee attraction and retention, more diverse leadership, and better organisational performance.

Gender Pay Principles - a framework

The [Gender Pay Principles](#) (the Principles) provide a framework for creating working environments free of gender-based inequalities, based on collaborative action between employers, employees and unions. Eliminating gender pay gaps is the key aim of the Principles.

The Principles can support the review and maintenance of pay equity by helping to identify the areas and practices which can contribute to inequality. The five Principles are listed below.

- Freedom from bias and discrimination: Employment and pay practices are free from the effects of conscious and unconscious bias and assumptions based on gender.
- Transparency and accessibility: Employment and pay practices, pay rates, and systems are transparent. Information is readily accessible and understandable.
- Relationship between paid and unpaid work: Employment and pay practices recognise and account for different patterns of labour force participation by workers who are undertaking unpaid and/or caring work.
- Sustainability: Interventions and solutions are collectively developed and agreed, sustainable and enduring.
- Participation and engagement: Employees, their unions and agencies work collaboratively to achieve mutually agreed outcomes.

Action on gender – the how

Gender pay gap action plans began in the Public Service as a way to ensure that the Principles were enacted. While this work has its origins in the Public Service much of it is transportable and can assist in thinking in all parts of the economy about how parties may review and maintain pay equity. Organisations and unions outside the Public Service are able to draw on the existing guidance and resources, while adapting elements of it where needed for the context in which they operate.

Gender pay action plans are designed to ensure that each organisation can identify and target the drivers of the gender pay gap specific to their context. As the name suggests the action plans are the place where the actions needed by a particular organisation are identified, developed and monitored.

Now called [Kia Toipoto | The Public Service Pay Gaps Action Plan](#) the plans are also designed to support organisations to take action to close Māori, Pacific and ethnic pay gaps.

The Equal Pay Taskforce (the Taskforce) in collaboration with unions, has produced significant guidance to support the development of action plans and help organisations make progress. The core areas covered by guidance are:

- flexible work by default
- ensuring gender is not a factor in setting starting salaries
- ensuring gender is not a factor in salaries for the same or similar roles
- implementing the Gender Pay Principles and removing gender bias in recruitment processes
- career progression, breaks and leave
- remuneration
- measuring and beginning to address Māori and ethnic-pay gaps

Any business or organisation can contact the Equal Pay Taskforce for information and support on using this guidance if required.

Sample of how the guidance may assist in a pay equity review

a) Maintaining equity for new employees

Pay equity settlements to date have tended to introduce a new equitable pay range or scale. Yet, if the placement of new recruits onto this scale happens in an inequitable or arbitrary way there is potential for inequality to be reintroduced as employees are not being placed according to their skills, responsibilities, experience and effort. The risk of such inequalities emerging can be higher post pay equity settlement if assumptions are made that the higher rates of pay at each step or band mean that new recruits can automatically be placed lower in the pay scale, regardless of their experience and seniority. Taskforce and union guidance produced on [Ensuring gender is not a factor in setting starting salaries](#) can assist organisations to ensure that starting salaries are justifiable, reasonable and consistent, and in line with gender-neutral appointment and starting salary criteria.

b) Maintaining equity in progression

A feature of some pay equity settlements to date has been the creation of new ways to progress within role and move between pay bands. Bias can affect the operation of a new system if the criteria for how employees can progress is not clear and/or is open to interpretation. Taskforce and union guidance produced on [Career progression, breaks and leave](#) can support organisations to ensure decisions about promotion, progression and performance are made on clearly defined, transparent and gender-neutral criteria which can be easily accessed and understood by both decision-makers and employees.

c) Identifying and monitoring data

Being able to identify and monitor gender equality in the workplace relies on collecting, analysing and monitoring data, reviewing policies and practices, and assessing workplace culture to identify factors contributing to gender pay gaps. Taskforce and union guidance that supports the gender pay action plans provides a range of tips and advice for gathering quantitative and qualitative data to help identify gender pay gaps and also monitor the impact of any targeted actions taken. This advice can be used to collect specific data to review a pay equity settlement and ensure that any actions agreed on have the intended impact.



Potential clauses for settlement agreement

See also our [settlement agreement template](#)

Example clause for a union raised claim in organisation without existing Pay Gap Action Plan

“The parties agree that the pay rates set out in this pay equity settlement will be reviewed to ensure that pay equity is maintained by:

1. Establishing a joint remuneration forum to inform the review of the remuneration during collective bargaining. The forum will consider a range of available information, including trends in changes to the Labour Cost Index and Consumer Price Index, Treasury forecast of labour movement and Consumer Price Index, and trends in changes to the remuneration of the core comparator workforces [insert reference to relevant comparators].
2. Creating a Pay Gap Action Plan to allow the parties to jointly identify and target wider drivers of the gender pay gap which may be impacting equitable remuneration for [name of workforce/s or organisation/s]. This work will begin [insert date] and will be reviewed annually.

The parties agree that the remuneration forum will occur every [insert number of years - maximum of 3]. The first review will occur in [insert date].”

Example clause for a union raised claim in Public Service with existing Pay Gap Action Plan

“The parties agree that the pay rates set out in this pay equity settlement will be reviewed to ensure that pay equity is maintained by:

1. Establishing a joint remuneration forum to inform the review of the remuneration during collective bargaining. The forum will consider a range of available information, including trends in changes to the Labour Cost Index and Consumer Price Index, Treasury forecast of labour movement and Consumer Price Index, and trends in changes to the remuneration of the core comparator workforces [insert reference to relevant comparators].
2. Creating a specific workstream within existing Pay Gap Action Plan work to allow the parties to jointly identify and target wider drivers of the gender pay gap which may be impacting equitable remuneration for [name of workforce/s and/ or organisation/s]. This work will begin [insert date] and will be reviewed annually and form part of the report to Te Kawa Mataaho Public Service Commission.

The parties agree that the remuneration forum will occur every [insert number of year/s.- maximum of 3]. The first review will occur in [insert date].”

Example clause for an Individual claim

“The parties agree that the pay rates set out in this pay equity settlement will be reviewed to ensure that pay equity is maintained by:

3. Establishing regular check in review points to jointly consider a range of available remuneration information, including trends in changes to the Labour Cost Index and Consumer Price Index, Treasury forecast of labour movement and Consumer Price Index, and trends in changes to the remuneration of the core comparator workforces [insert reference to relevant comparators].
4. Discuss and review any identified issues or drivers of the gender pay gap impacting the role which may require consideration.²

The parties agree that the review will occur every [insert year/s-maximum of 3]. The first review will occur in [insert date].”

²Note if the employer offers the settlement to other employees in this role, and they accept, this clause could be amended to consider the occupation rather than the role.