

# Pay equity in Aotearoa New Zealand



Te Kāwanatanga o Aotearoa  
New Zealand Government

## History/Context and Principles

**Pay equity** is about ensuring that female-dominated and male-dominated occupations receive similar pay for jobs that are different, but of equal value (that is, work that requires the **same or similar degrees of skills, responsibility and effort**).

Achieving pay equity for work predominantly performed by women presents a substantial structural shift to the labour market as we know it. It challenges long-held, deeply embedded bias we all have about what female-dominated work is worth. Investigating and resolving pay equity claims provides the opportunity to rectify long-standing undervaluation, with far-reaching impacts for:

- employees' economic, mental and physical wellbeing, and that of their whanau
- the mana and perception of the work for employees, employers and wider society
- the ability for employers to attract and retain a diverse range of employees to sectors that experience shortages and are in high demand and
- the people and communities who use or benefit from the work that is performed.

### How do we address pay equity in Aotearoa?

There are a range of New Zealand laws which form the statutory framework for pay equity. The most significant of these is the [Equal Pay Act 1972](#). New Zealand is also a signatory to several international commitments, such as International Labour Organisation [C100 – Equal Remuneration Convention, 1951 \(No.100\) \(ILO C100\)](#), which provide a broader imperative for the achievement of pay equity.

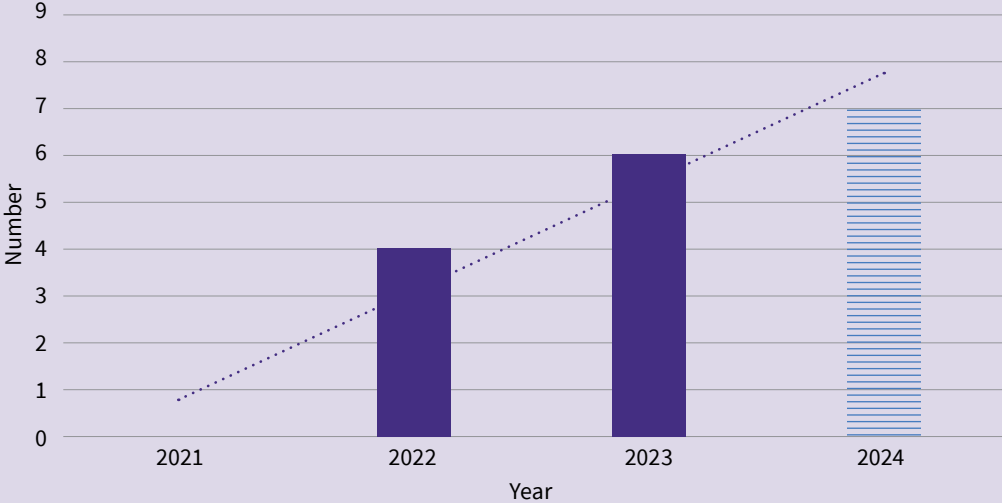
The Equal Pay Act prohibits discrimination in remuneration on the basis of sex. The Act covers both equal pay and pay equity as distinct issues, which require different processes to correct any undervaluation found. Amendments to the Equal Pay Act 1972 passed in 2020 created a new process for employees to raise and resolve pay equity claims with their employers outside the courts. The amendments were based on a set of principles jointly developed and recommended by business, union and government representatives.

## Key events timeline

The below timeline highlights key events and developments that have shaped the pay equity journey in Aotearoa New Zealand.

1960	<p><b>The Government Service Equal Pay Act comes into force</b></p> <p>This Act aimed to ensure women in the public sector were to be paid the same as men for doing the same work under the same conditions.</p>
1972	<p><b>The Equal Pay Act is passed</b></p> <p>The Equal Pay Act passed in 1972 was the culmination of a long journey of activism and lobbying from unions, academics and human rights advocates dating back to the 19th century.</p>
2012 -2015	<p><b>Kristine Bartlett: Equal Pay Act 1972 tested in the Courts</b></p> <p>Kristine Bartlett, a care and support worker, and her union E Tū (the Service and Food Workers Union) filed a claim against the TerraNova rest home company with the Employment Relations Authority in 2012. The case argued that the type of work Kristine performed was underpaid – not in relation to male support workers but because the whole workforce was subject to sex-based undervaluation. In 2015 the Court of Appeal’s judgement held that the Equal Pay Act required equal pay for work of equal value (pay equity), not simply the same pay for the same work (equal pay).</p>
2015 -2016	<p><b>Joint Working Group on Pay Equity Principles</b></p> <p>The Joint Working Group on Pay Equity Principles (JWG) was established following the Court of Appeal decision to develop and recommend a set of principles for raising and resolving pay equity claims. The JWG comprised government, employer and union representatives from the private and public sectors. The recommended Principles provided practical guidance for employers, unions and employees to progress pay equity claims as a joint exercise, utilising the existing employment relations bargaining framework, rather than relying on the courts. At the same time a number of unions filed pay equity claims for public sector workforces.</p>
2017	<p><b>Pay Equity claims in the Public sector progress</b></p> <p>In early 2017 the Public Service Commission (the then State Services Commission) and the New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU) agreed to apply the recommended Pay Equity Principles to claims in the public sector in advance of amendments to the Equal Pay Act 1972. This provided the opportunity to test the application of the Principles and apply any lessons learned to the development of the legislation. The JWG recommendations also highlighted the need for bespoke tools, guidance and support to assist parties through the process.<sup>1</sup></p>
2018	<p><b>First pay equity claims settled ahead of legislation</b></p> <p>Two pay equity claims in the public sector, for Oranga Tamariki social workers and education support workers, were settled in 2018, using the Principles.</p>

<sup>1</sup> [Recommendations from the Joint Working Group on Pay Equity Principles 2016.](#)

<p><b>2017-2018</b></p>	<p><b>Reconvened Joint Working Group (RJWG)</b></p> <p>The Joint Working Group was reconvened in 2017 following the change of government to reconfirm the Principles and propose changes to Principle 2 to clarify and simplify the process for initiating a pay equity claim. The recommendations also reiterated the need for targeted tools, guidance and system support drawing on the experience of the Care and Support Worker pay equity settlement, as well as the claims being progressed using the Principles.<sup>2</sup> Cabinet agreed to the recommendations in late 2017 and drafting on a new version of the Equal Pay Act Amendment Bill commenced.</p>										
<p><b>2020</b></p>	<p><b>Equal Pay Act 1972 amended to include the pay equity Principles process</b></p> <p>The Equal Pay Amendment Bill was introduced in September 2018 on Suffrage Day, passed in late July 2020 and came into force on 6 November 2020. The amendments provide for an accessible, collaborative process for employees and employers to progress and resolve pay equity claims for female-dominated work, aligned with New Zealand’s existing bargaining framework.</p>										
<p><b>2021-present</b></p>	<p><b>Over 100,000 employees have had their pay corrected over multiple settlements in the public and publicly-funded sectors</b></p> <p style="text-align: center;"><b>Pay equity settlements since Equal Pay Act Amendment Nov 2020</b></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Number of Settlements</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0</td> </tr> <tr> <td>2022</td> <td>4</td> </tr> <tr> <td>2023</td> <td>6</td> </tr> <tr> <td>2024</td> <td>7</td> </tr> </tbody> </table> <p>*Te Kawa Mataaho settlement data 2021-2024</p>	Year	Number of Settlements	2021	0	2022	4	2023	6	2024	7
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### The Pay Equity Taskforce has continued to support progress

Post Equal Pay Act amendments there has been a growing volume of claims in the public and publicly funded sectors. The Taskforce was strengthened to enable the system to respond to claims consistently, efficiently and in line with the Act.

The Taskforce developed fit-for-purpose guidance, tools and resources, and training in conjunction with unions and public service agency practitioners to support parties progressing claims. A key part of this was the development of a world-leading work-assessment tool, Te Orowaru, that specifically enables employers and employees to ensure work assessment is undertaken in a way that is free from bias.

This support has had a positive impact across the system, including:

- a significant acceleration of the number of claims that have reached settlement
- providing a trusted source of advice and guidance to parties in line with the Equal Pay Act
- embedding expertise across the system by providing over 300 hours of expert, bespoke education to support claims
- setting clear best practice expectations for a both employer and employee parties
- contributing to the evidence base for evaluating the impacts of pay equity settlements in Aotearoa New Zealand by commissioning research on the impact of the NGO social worker pay equity settlement
- building a network of practitioners across the system to share ideas, challenges and lessons.

## The Pay Equity Principles and the Equal Pay Act 1972

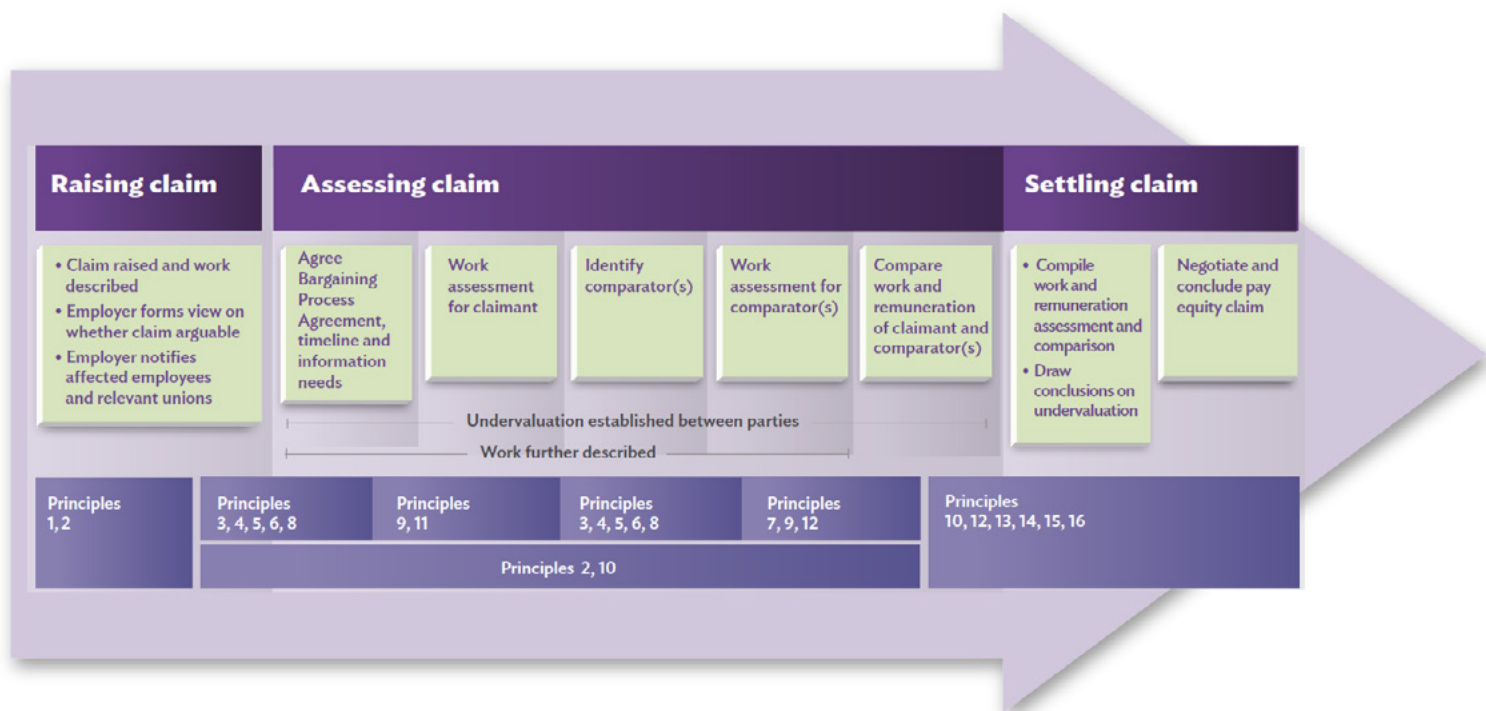
The Pay Equity Principles are a key part of the pay equity landscape in New Zealand, as they represent a consensus-based approach to addressing the economy-wide undervaluation of women's work that has now been enshrined in the Act. They are a set of values-based statements that lay out the expectations for the process they recommend. This approach emphasises:

- a low threshold for entry into the claim process
- a collaborative, evidence-based approach between the parties for assessing and correcting for any undervaluation found and
- ensuring that pay equity is maintained to prevent new or recurring undervaluation.

The 2020 amendments to the Act are underpinned by the Pay Equity Principles, and the process provides the practical steps that need to be taken in order for the principles to be upheld.

This approach is the first of its kind worldwide and the process, along with the tools developed to support that process, are recognised internationally as significant developments towards effectively addressing the undervaluation of female-dominated work.

The diagram below demonstrates the steps involved when working through the pay equity process and the relevant Principles that have informed this process.



While the stages of the process look linear and distinct in the arrow diagram format, based on the experience of parties to date, the process is flexible enough for some steps to be done in parallel or slightly overlapping as appropriate.

Pay equity claims are an evidence-based process. They are designed to be an investigation of potential undervaluation and rely on the collaboration of all parties involved. The process ensures that all work is valued for the skills, responsibilities and effort required.

The pay equity process utilises a bargaining framework as recommended by the Joint Working Group. The Equal Pay Act 1972 shares some bargaining provisions with the Employment Relations Act 2000, including good faith conduct provisions, the right of unions to represent members and the ability to consolidate claims within multiple employers. However, pay equity is distinct from collective bargaining in that:

- affordability is not a factor for consideration under the Act in settling a claim
- parties do not enter a claim process with pre-determined positions as they may do in collective bargaining. The intention is to come to an evidence-based determination regarding the presence and nature of any sex-based undervaluation of the work. Negotiation, or more traditional ‘bargaining’ of the implementation of this outcome, occurs at the end of the process.

A pay equity settlement does not represent a pay ‘increase’ as understood in traditional employment relations. Rather pay equity settlements remove existing systemic sex-based undervaluation and corrects remuneration to where it should be if undervaluation was not present. The intention is to utilise the collaborative and good faith aspects of the employment relations bargaining framework to address a rights-based issue. This is what makes the approach Aotearoa New Zealand has taken so unique and effective.

For detailed guidance on raising and progressing a pay equity claim see [The Pay Equity Process Guide](#).

## Appendix A: The Pay Equity Principles

Raising a claim	
<b>Principle 1</b>	Any employee or group of employees can make a claim
<b>Principle 2</b>	The process to raise a claim as a pay equity claim should be simple and accessible to all parties
	<b>A.</b> To determine whether to proceed with the claim as a pay equity claim the work must be predominantly performed by women
	In addition, it should be arguable that: <b>B.</b> The work is currently or has been historically undervalued due to, for example: <ul style="list-style-type: none"> <li>i. Any relevant origins and history of the work and the wage setting for it</li> <li>ii. Any social, cultural or historical factors which may have led to undervaluing or devaluing of the work and the remuneration paid for it</li> <li>iii. There is or has been some characterisation of the work as “women’s work”</li> <li>iv. Any social, cultural or historical phenomena whereby women are considered to have “natural” or “inherent” qualities not required to be accounted for in wages paid</li> </ul>
	<b>C.</b> Consideration may also be given to whether gender-based systemic undervaluation has affected the remuneration for the work due to: <ul style="list-style-type: none"> <li>i. Features of the market, industry or sector or occupation which may have resulted in continued under-valuation of the work, including but not limited to: <ul style="list-style-type: none"> <li>a. a dominant source of funding across the market, industry or sector</li> <li>b. the lack of effective bargaining</li> </ul> </li> <li>ii. The failure by the parties to properly assess or consider the remuneration that should be paid to properly account for the nature of the work, the levels or responsibility associated with the work, the conditions under which the work is performed, and the degree of effort required to perform the work</li> <li>iii. Areas where remuneration for this work may have been affected by any occupational segregation and/or any occupational segmentation</li> <li>iv. Any other relevant features</li> </ul>
<b>D.</b> Agreeing to proceed with a pay equity claim does not in and of itself predetermine a pay equity outcome	

## Assessing the claim

<b>Principle 3</b>	A thorough assessment of the skills, responsibilities, conditions of work and degrees of effort of the work done by the women must be undertaken
<b>Principle 4</b>	The assessment must be objective and free of assumptions based on gender
<b>Principle 5</b>	Current views, conclusions or assessments are not to be assumed to be free of assumptions based on gender
<b>Principle 6</b>	Any assessment must fully recognise the importance of skills, responsibilities, effort and conditions that are commonly overlooked or undervalued in female dominated work such as social and communication skills, responsibility for the wellbeing of others, emotional effort, cultural knowledge and sensitivity
<b>Principle 7</b>	To establish equal pay, there should be an examination of: <ul style="list-style-type: none"> <li>i. the work being performed, and the remuneration paid to those performing the work; and</li> <li>ii. the work performed by, and remuneration paid to, appropriate comparators</li> </ul>
<b>Principle 8</b>	An examination of the work being performed and that of appropriate comparators requires the identification and examination of: <ul style="list-style-type: none"> <li>• The skills required</li> <li>• The responsibilities imposed by the work</li> <li>• The conditions of work</li> <li>• The degree of effort in performing the work</li> <li>• The experience of employees</li> <li>• Any other relevant work features</li> </ul>
<b>Principle 9</b>	An examination of the work and remuneration of appropriate comparators may include: <ul style="list-style-type: none"> <li>i. male comparators performing work which is the same as or similar to the work at issue in circumstances in which the male comparators' work is not predominantly performed by females; and/or</li> <li>ii. male comparators who perform different work all of which, or aspects of which, involve skills and/or responsibilities and/or conditions and/or degrees of effort which are the same or substantially similar to the work being examined; and</li> <li>iii. any other useful and relevant comparators</li> </ul>
<b>Principle 10</b>	The work may have been historically undervalued because of: <ul style="list-style-type: none"> <li>i. any relevant origins and history of the work and the wage setting for it</li> <li>ii. any social, cultural or historical factors which may have led to undervaluing or devaluing of the work and the remuneration paid for it</li> <li>iii. there is or has been some characterisation or labelling of the work as "women's work"</li> <li>iv. any social, cultural or historical phenomena whereby women are considered to have "natural" or "inherent" qualities not required to be accounted for in wages paid</li> </ul>
<b>Principle 11</b>	A male whose remuneration is itself distorted by systemic undervaluation of "women's work" is not an appropriate comparator

## Settling the claim

<b>Principle 12</b>	Equal pay is remuneration (including but not limited to time wages, overtime payments and allowances) which has no element of gender-based differentiation
<b>Principle 13</b>	Equal pay must be free from any systemic undervaluation, that is, undervaluation derived from the effects of current, historical or structural gender-based differentiation
<b>Principle 14</b>	In establishing equal pay, other conditions of employment cannot be reduced
<b>Principle 15</b>	The process of establishing equal pay should be orderly, efficient, kept within reasonable bounds and not needlessly prolonged
<b>Principle 16</b>	Any equal pay established must be reviewed and kept current