



What is pay equity?

Pay equity is about women and men receiving the same pay for doing work that is different but of equal value, that is for doing work that requires the **same or similar degree of skills, responsibility and effort**.

Pay Equity means that a woman and a man doing different work in different industries should be paid similarly if the work is of equal value. It's not just a matter of fairness – correcting pay inequities can positively impact businesses, employees and society as a whole. Pay equity is an essential piece of the puzzle for creating workplaces where everyone has the opportunity to thrive and succeed, regardless of who they are or where they come from. It's a fundamental principle that helps to build a more just and balanced society for all.

The Equal Pay Act

Pay Equity in Aotearoa New Zealand is underpinned by the [Equal Pay Act 1972](#) (the Act). It was passed to address the issue of gender pay discrimination, making it unlawful for any employer to discriminate based on sex.

This means that employers are required to pay male and female employees equally for jobs that are of the same value, and also must not treat people differently based on their sex when considering any other terms and conditions.

The Act also provides pathways for people who believe they have experienced pay discrimination based on gender.

In 2020 an amendment was made to the Act which sets out a process for individual employees, or unions on behalf of a group of employees, to raise and resolve pay equity claims with their employers outside the courts. The pay equity claims process is designed for all parties, both the employer and the claimant/s, to work together to investigate if the work has been subject to gender discrimination, and if a pay correction is needed.

Common terms

These common terms often get confused, or are used interchangeably, when they are in fact different concepts.

Pay Equity – the same or similar pay for work that is different but of equal value.

Example: a hairdresser getting paid the same as a plumber because their work has similar levels of skills responsibilities and effort.

Pay Parity – aligning the pay of the same or similar workforces across different organisations.

Example: a community organisation who employs project managers deciding to align their pay with the pay of project managers working for a government ministry.

Equal pay – the same pay for a man and a woman doing the same/similar work, at the same organisation, with the same/similar level of experience.

Example: the same pay for a male and female security guard, both with 3 years' experience, working for the same organisation.



Pay equity and equal pay are both supported by the Act, however there is currently no legal right to pay parity. Pay parity usually comes about through policy change or collective bargaining, where an individual organisation decides to match the pay of a same/similar workforce from a different organisation.

Here are some other terms that you might hear when having discussions about pay equity and the pay equity process:

Gender pay gap – refers to the difference in earnings between men and women, and also used to measure the differences in pay for different ethnicities and minority groups.

[Measuring the pay gap | Ministry for Women](#)

Comparability – the concept of examining the skill, effort, responsibility, and working conditions in different types of work to ensure that jobs traditionally held by women are not undervalued when assessed beside similar sized jobs traditionally held by men.

Job evaluation – the process of assessing the value of work in a methodical way based on things like skill, effort, responsibility and effort. Job evaluation requires periodic review and maintenance to ensure its relevance over time.

Job evaluation tool – a job evaluation tool is built to help assess work. It gathers data and gives a framework for understanding how work operates, using specific criteria. A good evaluation tool promotes transparency and consistency and helps minimise bias to support the process of getting fair compensation for employees.

Factors – the term ‘factors’ will often be used to talk about all the different parts of work, so that we can understand all the elements of work better. For example, knowledge, problem solving and emotional effort are examples of factors in a gender-neutral job evaluation tool.

Pay transparency – the practice of openly communicating information about pay practices, including salary ranges, pay structures and criteria for determining pay, to promote fairness and accountability.

[Pay transparency | Ministry for Women](#)

Collective bargaining – collective bargaining is when employees, represented by a union, negotiate with their employer as a group rather than individually about things like wages, hours of work and working conditions.



Why is female-dominated work undervalued?

In the past, work that has mostly been carried out by women (female dominated) has been paid less than work that is male dominated.

This is mainly due to society placing low value on certain skills and failing to recognise others as skills at all. Skills and responsibilities usually associated with women, such as caring, teaching, administration or domestic work like cleaning, fall into the category of unrecognised or undervalued skills in our society. These essential skills have been undervalued in favour of skills more often associated with men, such as building, mathematics or technical knowledge.

This undervaluation has continued so that today many people still believe that female-dominated work requires less skill than male-dominated work. Pay equity corrects current and/or past undervaluation of female-dominated work.

Trends in undervaluation

Many people think that jobs dominated by women are paid less because they require a lower level of skill, however there is research that shows a different story...

According to one of the largest studies conducted on [female-dominated occupations using United States census data over 50 years \(1950-2000\)](#), when a workforce switches from male-dominated to female-dominated, the pay drops.

When women became the majority in the following jobs, we can see a significant drop in the pay:

- designers – wages fell 34 percentage points
- housekeepers – wages fell 21 percentage points
- biologists – wages fell 18 percentage points
- park rangers – wages fell 57 percentage points
- ticket agents – wages fell before percentage points

However, the reverse was true when a job attracted more men. Computer programming, for instance, used to be considered a relatively menial role and was done mainly by women. But when the significance of programming became better understood and more men came into the work, the job not only began paying more, but it also gained more prestige.

This study shows us that there is a level of bias and discrimination present in how wages are set which needs addressing for pay to be equitable.



Pay equity and the gender pay gap

Although handled through separate processes, achieving pay equity and equal pay are both essential for closing gender and ethnic pay gaps. Pay equity settlements for people employed in the New Zealand public service in 2018 were a key contributor to the largest reduction in the public service gender pay gap since measurement began.

In the longer term, addressing all sources of inequality is important to ensure achievements in pay equity are sustainable and not eroded over time.

Pay equity claim process

The 2020 amendments to the Equal Pay Act 1972 introduced a process to raise, progress and resolve pay equity claims. A critical part of the pay equity process is to assess work in a gender-neutral way. Assessment is required to understand the work and challenge bias and assumptions.

Pay equity claims are an evidence-based process. They are designed to be an investigation into parties' shared view that there is potential for 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.

Anyone can raise a pay equity claim but only for the work they are doing themselves. This is called an individual claim. A union can raise a claim on behalf of a group of employees. In this situation, the union acts on behalf of all employees affected by the claim, whether they are union members or not.

Key events of the 21st century – shaping the current pay equity landscape

Kristine Bartlett and her union make a claim under the Equal Pay Act against her employer, TerraNova, to say her pay had been subject to sex-based discrimination

Care and Support Workers receive pay equity settlement

NZ Council of Trade Unions and the then State Services Commission agree to apply the Pay Equity Principles to state sector pay equity claims

Amendments to the Equal Pay Act 1972 are passed to incorporate the Pay Equity Principles into law.

2012

2015

2017

2016-18

2017

2018

2020

Court of Appeal rules that the Equal Pay Act does allow for pay equity as well as equal pay, finding in favour of Kristine Bartlett

Joint Working Group develop the Pay Equity Principles

Pay equity settlements are agreed using the Pay Equity Principles