

**Report on  
public submissions to**

***Next Steps  
Towards Pay Equity***

***A Discussion Document***

**Ministry of Women's Affairs**

**May 2003**

ISBN 0-478-25209-9

Published May 2003

By the Ministry of Women's Affairs

48 Mulgrave Street, PO Box 10 049

Wellington, New Zealand

Ph: (04) 473 4112, Fax: (04) 472 0961

Email: [mwa@mwa.govt.nz](mailto:mwa@mwa.govt.nz)

## **Acknowledgements**

In *Next Steps Towards Pay Equity: A discussion document* the Ministry of Women's Affairs signalled the need to rejuvenate discussion and debate about how gender pay discrimination could be addressed and, in particular, how equal pay for work of equal value might be achieved. The public was asked to contribute their experience, knowledge and opinions to that discussion.

The Ministry of Women's Affairs wishes to acknowledge with thanks the individuals, groups and organisations who gave of their time and expertise in responding to this request. The views expressed in the submissions will contribute towards developing recommendations to government on the next steps towards pay equity.

The Ministry also thanks the National Advisory Council on the Employment of Women (NACEW) for the contribution it has made to the debate on pay equity through its response to *Next Steps Towards Pay Equity: A discussion document*.



## Contents

<b>1.</b>	<b>INTRODUCTION</b>	<b>7</b>
	Structure of the report.....	7
<b>2.</b>	<b>THE CONTRIBUTORS</b>	<b>8</b>
<b>3.</b>	<b>OVERVIEW OF PERSPECTIVES IN SUBMISSIONS</b>	<b>10</b>
<b>4.</b>	<b>THE BROAD DEBATE ON PAY EQUITY</b>	<b>11</b>
	The importance of closing the gender pay gap.....	11
	The need for government intervention.....	12
	Strategies to reduce the gender pay gap.....	14
<b>5.</b>	<b>EQUAL PAY FOR WORK OF EQUAL VALUE</b>	<b>16</b>
	Examples of occupations in which skills are undervalued.....	16
	Contributing factors.....	18
	Pay equity and Māori women.....	19
	Pay equity and Pacific women.....	19
<b>6.</b>	<b>POSSIBLE POLICY DIRECTIONS</b>	<b>21</b>
	The role of government and government agencies.....	21
	Public Sector leadership.....	21
	Legislation.....	23
	Pay equity in the private sector.....	25
	Role of the Human Rights Commission.....	25
	An independent agency.....	25
	Role of unions.....	27
	Employers' duties and responsibilities.....	28
	Policy mechanisms.....	29
	Complaints-based enforcement procedures.....	29
	Access to information.....	30
	Pay reviews/audits.....	31
	Gender neutral job evaluations.....	32
	Occupational comparisons across the labour market.....	34
	Implementation.....	35
	Costs and benefits of pay equity.....	36
	Compliance Costs.....	36
	Other Costs.....	36
	Benefits.....	37
	Progressing the development of policy.....	37
	<b>APPENDIX 1</b>	<b>39</b>
	<b>APPENDIX 2</b>	<b>41</b>
	<b>APPENDIX 3</b>	<b>42</b>
	<b>APPENDIX 4</b>	<b>43</b>



# 1. INTRODUCTION

On 8 July 2002, the Minister of Women's Affairs launched a government discussion document entitled *Next Steps Towards Pay Equity: a discussion document* ("Discussion Document"). This was supported by the distribution of a booklet, *Mahi Ōrite, Utu Tōkeke*, addressed to Māori audiences and by the publication of a fully referenced background paper on the Ministry's website [www.mwa.govt.nz](http://www.mwa.govt.nz).

The public was invited to make submissions on the issues raised in the Discussion Document by 30 November 2002. This report summarises the views and suggestions contributed in those submissions.

## Structure of the report

*Next Steps Towards Pay Equity* offered some broad open-ended questions to prompt discussion<sup>1</sup>. These are reproduced in Appendix 2 of this paper. Submitters were invited to respond to these questions, but need not have been limited by them. Section 8 of the Discussion Document identified some "possible features of an effective policy"<sup>2</sup>, which are reproduced in Appendix 3 of this report. Some submitters used one or both of these to frame their responses; others did not. This report follows the discussion that emerged from the submissions, rather than closely following the questions at the end of the Discussion Document.

**Section 2** of the report provides brief information about the contributors.

**Section 3** discusses the range and nature of the submissions. It identifies shared views within categories of submitters and critical points of difference between the views.

**Section 4** covers areas of broad discussion identified from the submissions: the importance of the gender pay gap; the role of market forces in setting women's wages; and the range of policies that are or might be used to address the gender pay gap experienced by women in the labour market.

**Section 5** summarises the examples submitters have given of undervalued occupations employing mainly women and of women receiving less pay than male colleagues in the same occupation. It also summarises submitters' views of the reasons for the undervaluing of work done by women.

**Section 6** covers suggestions on the directions policy could take to address equal pay for work of equal value within the current human rights and employment relations context. It summarises responses to some of the mechanisms mentioned in the Discussion Document, as well as other suggestions. Submitters' comments and suggestions are organised into subsections on the role of government, the roles of unions and employers, possible policy mechanisms, and costs and benefits of different options.

**Section 7** covers suggestions for the next stages of policy development and stakeholder involvement.

---

<sup>1</sup> Ministry of Women's Affairs (July 2002). *Next Steps Towards Pay Equity: a discussion document*. p.31.

<sup>2</sup> Ibid. p.30.

## 2. THE CONTRIBUTORS

A total of eighty-three submissions were received from a range of submitters.

### *Individual submissions*

Twenty-six submissions came from individuals or groups of individuals. Six individuals had academic expertise in the area of women's labour market and labour relations issues and a submission was also received from an academic with particular research interests in the areas of employment law and human rights law. Three submissions were written jointly by groups of students: two of these were groups of nursing students. Other submissions came from individuals with a general interest in the topic.

### *Organisations and groups*

Thirty-eight submissions came from organisations other than employer, union or state sector organisations. These included submissions from groups affiliated with churches; from political groups and voluntary sector organisations providing resources for women in the community; from women's service clubs and NGOs, such as the Family Planning Association of New Zealand. DPA (New Zealand) Inc made a submission on pay equity issues relating to disabled women.

A number of submitters had specialist knowledge and a long time involvement with pay equity issues. National Council of Women (NCW), Wellington enclosed with their submission four previous submissions on the same topic. The Coalition for Equal Value Equal Pay, (CEVEP) made a submission, as did the Women's Studies Association and the Status of Women Committee at Massey University.

Submissions were received from organisations representing women who might expect to experience pay inequities in their working lives. These included the New Zealand Federation of Graduate Women and the New Zealand University Students Association (NZUSA); the Women's Consultative Group of the New Zealand Law Society; and the Association for Women in the Sciences. Submissions from the Association of Administrative Professionals New Zealand Inc. and the School Library Association of New Zealand Aotearoa both identified their members as working in occupations where women's skills were undervalued. Other female occupation groups were represented by their unions.

One individual submitter identified as being Māori and submissions were also received from the Patuharakeke Trust Board, which discussed the impacts of pay equity on women Board and hapu members and from the Manurewa Branch of Te Rōpu Wahine Māori Toko I te Ora, Tatau Tatau (Māori Women's Welfare League). Pasifika organisations also expressed their views through submissions from Pacifica Inc. and from the Christchurch branch of Pacifica.

Submissions from the International Men's Network and from the New Zealand Equality Equity Education Foundation expressed views from the male perspective.

### *Public sector agencies*

Submissions were received from a range of organisations operating in the public sector including, the Office of the Commissioner of Children; the Policy Monitoring Group of Te Ora o Manukau – Manukau; the Health Promotion Unit of Taranaki Health, as well as two government departments, Te Puni Kōkiri and the Ministry of Youth Affairs.



### *Employer and business interests*

The NZ Business Roundtable made a submission and provided four documents as input into the policy review process. Business Roundtable members represent most of the largest business interests in New Zealand and are drawn from all parts of the business sector. A submission was also received from Business New Zealand, an organisation that encompasses five regional employer organisations and, through its Affiliated Industries Group, links with many New Zealand's national industry associations. The Human Resources Institute of NZ, an association of human resources professionals and Federated Farmers which represents the agricultural sector, also made submissions.

### *Unions and industrial organisations*

Ten submissions were received from unions and union organisations, including a submission from the NZ Council of Trade Unions (NZCTU). A submission was also received from the Women's Committee of the Canterbury Council of Trade Unions, which comprises organisers and women union activists from a number of unions. Two unions, the Service and Food Workers Union (SFWU) and the National Distribution Union identified themselves as having 70 and 50 percent female membership respectively. The New Zealand Amalgamated Engineering, Printing and Manufacturing Union, with 5 percent female and 3 percent non-European membership, considered all its members were directly or indirectly interested in the outcomes of pay equity policies. Submissions also came from the Public Service Association (PSA), New Zealand Educational Institute (NZEI), New Zealand Post Primary Teachers' Association, the Association of University Staff of New Zealand (AUS), and from New Zealand Nurses Organisation (NZNO).

Appendix 1 of this report presents a list of submitters. The names of individual submitters have been withheld where this was requested.

### 3. OVERVIEW OF PERSPECTIVES IN SUBMISSIONS

A large majority of submitters supported further steps towards pay equity and called for government action to address equal pay for work of equal value. A wide ranging set of policies was supported to address all components of the gender pay gap. The focus of these submissions was on the need to make equal pay policies effective and to address the policy gap on equal pay for work of equal value through legislation and other policy mechanisms. Many submissions supporting government action expressed concern about the ethnicity/gender pay gap experienced by Māori and Pacific women, and emphasised that policy to address pay equity must be effective for women in low paid occupations. Several submitters named female occupations that were, in their view, undervalued or gave specific instances of pay discrimination. A number of organisations included endorsements of recommendations made in submissions from CEVEP. Some individual submissions and most organisations' submissions supported various mechanisms through which pay inequality might be addressed by government, including legislative changes and job comparisons. Suggestions were also made on which agency should be responsible for implementing proposed pay equity policies.

Four individual submitters rejected the idea of policy on equal pay for work of equal value. In the view of one, policy to promote pay equity would imply that women were incapable of competing alongside men. Another took the opposite view, suggesting that men's and women's skills were inherently different, and that any well-intentioned policy would merely display their different value. Three individual submissions took equivocal positions, acknowledging pay inequality for women or the importance of Equal Employment Opportunities, but strongly rejecting gender neutral job evaluations as "wrong headed" or "authoritarian". Two further submissions offered suggestions that could help improve equality for women. These suggestions were, however, outside the parameters of the Discussion Document.

Five submissions from business and employer organisations, including those from the NZ Business Roundtable and Business New Zealand also opposed policy action on equal pay for work of equal value. These submitters supported current policies such as anti-discrimination laws and voluntary initiatives by employers in respect of Equal Employment Opportunities but debated the gender pay gap and the reasons for occupational pay difference. Submitters favoured, in particular, allowing market forces to determine pay rates for men and women. The submitters focused their discussion on employer costs, including compliance costs, and suggested increased female unemployment would result from pay equity policies.

Human Resources Institute of New Zealand (HRINZ) reported varied views from members, and did not take a position as an organisation. The Federation of Business & Professional Women (BPW), whose members include small employers, supported policy on equal pay for work of equal value "because it addresses a basic inequity in the way women are valued for the work that they perform".

The union submissions strongly supported government action on equal pay for work of equal value, including a positive duty on all employers to ensure equitable pay systems. The PSA supported state sector progress on equal pay for work of equal value under its Partnership Agreement with government. NZCTU identified ways in which the Employment Relations Act 2000 needed to be strengthened to enable effective collective bargaining for equal pay for work of equal value. It supported a "tripartite" approach to policy development on occupational comparisons across organisations and on implementation strategies, with government agencies, unions and employers working together. The majority of union submissions endorsed the views expressed by NZCTU, and also raised issues specific to their members.

## 4. THE BROAD DEBATE ON PAY EQUITY

While the Discussion Document focused mainly on issues relating to equal pay for work of equal value, many submitters commented on broader issues relating to pay equity, including the gender pay gap and the need, or otherwise, of government intervention to reduce the gap.

### The importance of closing the gender pay gap

Many individual submissions made strong statements about the need for policy action to address slow progress in closing the gender pay gap:

I am concerned about the extremely slow rate of reduction in the gender pay gap and the low priority which has been accorded to addressing this by the Labour government. [48]

When the Black Death resulted in an extreme labour shortage across Western Europe, women's wages rose to equal 75 percent of men's wages...From the 14th Century to the present, women's wages have risen to just over 84 percent of the male wage. It certainly puts the notion of 'women's progress' into perspective. 9 percent in 700 years. Truly meteoric. [43]

A number of submissions supported in particular the need for further work to address pay equity:

The National Council of Women has been committed to pay equity since its formation in 1986.... The response to the Ministry of Women's Affairs' latest discussion document Next Steps Towards Pay Equity from the NCWNZ membership was considerable, indicating that women still regard this as extremely important issue... There is no doubt that women still support equal pay and equal pay for work of equal value. [37]

CEVEP welcomed the re-emergence of pay equity/equal pay for work of equal value. The organisation pointed out that it had "been active for many years in attempting to advance the case and push for action". [29]

Many submissions expressed concern about women in the lowest paying jobs, particularly Māori and Pacific women, and called for policies and mechanisms to address equal pay for work of equal value that would function for these women, and would apply across all sectors and segments of the labour market. Māori Women's Welfare League, Nga Wāhine o Manurewa Branch, said:

The impact of pay inequalities for Māori women on Māori communities is enormous. Māori families are traditionally communal people, therefore what impacts on families flows on to Māori communities. [54]

Pacifica Inc., Porirua were of the view that:

Structural discrimination [affecting Pacific women] is a human rights issue. It is more than a challenge for government and employers to make sure any structural discrimination is remedied or avoided. If it is not recognised as a legal requirement at this point, it needs to be. [59]

Submissions expressed concern about women's lower average hourly pay, not just in terms of equity for women, but also in terms of impacts on family incomes, particularly for sole mothers and their children, and also on planning for retirement. The North Shore Women's Centre stated:

A combination of lower income when in paid employment and a reduction in hours worked... during childbearing years results in women being financially disadvantaged during their lifetime... restricting the choices of older women and often increasing their dependence on welfare assistance. [17]

NZNO considered equal pay for work of equal value was important for professional women:

Women should not have to do men's work to get men's pay. Women and men should not have to compromise their parenting or caregiving tasks to receive incomes commensurate with the training, skill and responsibility. [85]

The Office of the Commissioner of Children commented on the issue of pay equity from the perspective of the UN convention on the Rights of the Child, ratified by New Zealand in 1993. In the view of the Commissioner's Office, socio-economic factors have major impacts on the lives and well-being of children, with "child poverty tied for many sole earning families to the lower rates of pay available to mothers". Moreover:

Those components of women's wages that can be attributed to occupational segregation and to discrimination are in effect modelling future discrimination to both girls and boys. They demonstrate... the lower returns... that girls can expect in the future. They also maintain the perception for boys that 'women's work' will be of lower value than that undertaken traditionally by men. [64]

### **The need for government intervention**

The employers' organisations suggested that, since the ratio of women's average earnings to men's has been improving, intervention was not needed. The NZ Business Roundtable suggested:

Pay equity is a policy whose time has passed. The evidence... shows that existing mechanisms are working – there has been good progress over time in reducing pay gaps between men and women, both within and between age cohorts. [63]

The NZ Business Roundtable also stated that lower pay, in predominantly female occupations, simply reflects women's job preferences, and men and women's generally differing approaches to paid work.

Other submissions from employers and organisations opposed to policy intervention put forward women's part-time employment as an explanation for the gender pay gap. They debated the Department of Labour's analysis of contributing factors<sup>3</sup> and questioned whether the "unexplained" component of the gender pay gap really indicated discrimination. The NZ Business Roundtable's background paper, *Occupational and Industry Effects on Women's Average Pay*, offered an explanation of a portion of the gender pay gap. A number of the organisations that did not favour policy intervention shared the view of Business NZ:

The Discussion Document is trying to fix something that is not broken. ...to solve a perceived problem in ways that are more likely than not to damage women's interests. [65]

A central argument against intervention to achieve equal pay for work of equal value, advanced by employer and other organisations, was that current rates, including lower pay in jobs commonly done by women, were the result of market forces. Submissions which thought market supply and demand were the best mechanisms for setting wage rates, opposed government intervention on pay equity and emphasised the need for the market to be left to determine wage levels. The NZ Business Roundtable supported markets as:

... the best mechanism for determining the relative pay rates of New Zealand workers. In our view, a deregulated and flexible labour market is most likely to lead to better labour market outcomes for all New Zealanders. [63]

---

<sup>3</sup> pp.8-9 of *Next Steps Towards Pay Equity*, summarising S.Dixon (2000) *Pay Inequality between Men and Women in NZ*. Department of Labour. Occasional Paper 2000/1. September.

Business NZ rejected analyses, cited in the Discussion Document, that pay discrimination distorts labour markets, resulting in misallocation of human resources and efficiency losses. In their view, policy intervention would have this effect:

...some sort of evaluation system to re-evaluate such jobs could only be distortionary since the outcome of market forces at any point in time will not conform to any pre-conceived hierarchy of job worth...By contrast, markets have a natural tendency to ameliorate any effects of discrimination over time but can be hampered by government interferences that benefit the have at the expense of the have-nots. [65]

Federated Farmers opposed intervention to achieve equal pay for work of equal value as contrary to market principles:

This concept flies in the face of actual market conditions. Employers pay market rates. Excluding the experience and skill level of an employee, the job attributes and its location as well as the ability of the business to pay are key factors that determine these rates.... job evaluation... would greatly hinder the natural workings of the labour market and create a misallocation of market resources. [45]

While supporting current regulation and policies against discrimination, Business NZ thought there would be justifiable reasons for variations in pay between male and female dominated occupations:

There will be occasions when labour market dynamics will make pay differentials unavoidable. If it is harder to find individuals willing and trained to work as zookeepers than it is to find childcare workers, it will inevitably be necessary to entice zookeepers with wages higher than those paid to their childcare counterparts, however comparable their tasks might be considered. [65]

One university-based individual submitter thought employers should have to show that their pay systems were equitable, but that legitimate reasons for pay differentials would include labour market supply and demand, as well as the "demonstrable monetary value of women's work". [7]

Another university-based submitter described the New Zealand labour market as segmented into primary (high wage, good conditions) and secondary (low wage, often casualised) labour markets and, since the Employment Contracts Act 1991, cross-segmented by whether workers were on individual or collective employment agreements. The submission suggested that, while high waged employees on collective agreements could achieve equal pay for work of equal value through bargaining with the least policy intervention, low waged women on individual employment agreements – disproportionately in part-time, casualised, non-unionised employment – were most unlikely to do so. [47]

One submission drew attention to "[t]he inherent contradiction between equal pay and a free labour market in a market economy..." which, the submitter suggested:

...is bound to be at the heart of the case against pay equity which will be made by many groups. In my view, facing up to this contradiction now will enhance debate and clear the way for creative and widely accepted means to establish pay equity in New Zealand. [8]

A wide range of submitters, however, disagreed with the view that intervention in a deregulated labour market was unnecessary. Submitters commented:

Pay equity will not happen by accident, or by patiently waiting for the market to deliver equal pay for work of equal value. The government has a key role in setting in place a culture in which pay equity is the norm, and in developing the institutional mechanisms to make this a reality. [73]

That fact that it took equal pay legislation in New Zealand, Australia, Britain, Canada and the USA to remove lower rates for women doing the same jobs as men prove the fallacy of any advice that women should patiently wait for pay equity to arrive naturally. [74]

The single greatest obstacle to achieving pay equity will be an unwillingness to intervene in the labour market, and yet that is exactly what will be required. [85]

Unions supported policy action to address all reasons for the gender pay gap, including equal pay and equal pay for work of equal value, as did many other submissions from individuals and organisations. NZCTU considered occupational and industry differences, by sex and ethnicity, to be a key part of the low pay problem. PSA expressed concern that progress on closing the public sector gender pay gap appeared to have stalled. PSA pointed out that the gap had narrowed only 3 percent since 1990, most of which could be attributed to pay parity for teachers and increases in the minimum wage. AUS reported that related international organisations were currently developing policies and campaigns on this issue as was the International Labour Organisation.

### **Strategies to reduce the gender pay gap**

The Discussion Document reviewed the range of current government policies that could help reduce the gender pay gap. In this context, submitters were asked what else could be done, and why they thought it might help. Although submissions focused on 'equal pay for work of equal value' as the policy gap identified in the Discussion Document, a range of other comments and suggestions were also offered.

A number of submitters suggested strongly that existing equal pay laws were not being complied with or adequately enforced. As well as discussing the undervaluing of women's skills, the examples and stories provided by contributors included many examples of unequal pay for work in the same job, as well as equal pay for work of equal value. One submission, from a person with considerable historic expertise in this area, suggested strategies that might help progress equal value and equal value for work of equal value under the current Equal Pay Act 1972.

The submissions from organisations opposing direct intervention to achieve pay equity supported the implementation of other policies to minimise the gender pay gap. The NZ Business Roundtable, for example, suggested:

There are better ways of achieving the goals being sought through pay equity – including flexible labour markets, sound anti-discrimination laws and well-designed education policies that promote efficient investment in human capital. [63]

The majority of supporting submissions, however, stressed the need for a range of policies to address all factors contributing to the gender and gender/ethnicity pay gaps. For example, AUS considered that:

....a range of appropriate policies are needed to address those differences and strongly support current Government initiatives in that respect, including those related to paid parental leave. [71]

Most frequently mentioned, among broader policy strategies, was the need for affordable childcare facilities (or earnings high enough to cover childcare costs). Several submissions mentioned the need for there to be 'real choices' about balancing work and family. In this context, submitters referred to improved paid parental leave policy, more flexible leave provisions and access to car parking. Equal employment opportunity policies were also supported.

Many submitters (including employer organisations) noted the effect of hours of work and employment insecurity on women's incomes, and, therefore, the importance of the above policies. Others noted that women's lower hourly earnings shaped the allocation of responsibilities within families, and, therefore, women's availability for full time employment. It was asserted that the typically lower earnings of women mean:

Parents do not have a genuine choice about who might take a more significant care role in the family... Swedish research found the single most important factor influencing men to take extended parental leave is the income of the mother....one of the barriers to children's relationships with their father's was the father's work time. [64]

A substantial raise in the minimum wage, or a "living wage" minimum, was mentioned in seven submissions as a way of reducing the gender pay gap. Two submissions suggested minimum wage rates by occupation. One suggested registration of caregivers with minimum wages and conditions. One submission mentioned disadvantage arising from the way taxes are deducted for part-time or multiple jobs. CEVEP saw pay equity legislation as "an opportunity to start tackling low pay more generally". SFWU expanded on this view and provided examples from cleaning work typically done by women. As well as focusing on pay equity for low paid women, SFWU supported access to training and qualifications, provided it involved no cost or loss of paid time for the workers.

Concern was expressed in NCW, Wellington and other submissions about the casualisation and multiple job-holding disproportionately affecting women, particularly in areas of employment with low rates of pay. Encouraging unionisation was mentioned as important in several individual and organisation submissions, as well as those from unions. NCW, Wellington was concerned about the lower average hourly pay among part-time workers, and noted that part-time jobs used to attract a 10 percent surcharge on top of usual hourly pay rates.<sup>4</sup>

Many submissions linked lower pay and undervalued skills in the occupations they discussed and women's unpaid work in families. There was "lack of recognition of women's home based skills". [10] Several submissions said that recognition of the skills involved in some typically female jobs would be greatly assisted if ways were found of recognising and valuing caring and domestic work in the home. There were some suggestions of remuneration, the old family benefit being cited as one example. The Health Promotion Unit of Taranaki Health suggested:

If unpaid work in the home (and out of it) was included in the GDP, that might give this work some status and 'economic' value in the community. [41]

Submissions in support of pay equity placed policy action to address equal pay for work of equal value alongside the above issues and suggestions. For example, the Labour Women's Council:

...sees the promotion of pay equity as fitting within the context of a philosophical commitment to an inclusive, skills-based society characterised by equitable, family-friendly workplaces and an awareness of the importance of work-life balance. [74]

---

<sup>4</sup> Negotiated in several wage awards for predominantly female occupations, continuing until the Employment Contracts Act 1991.

## 5. EQUAL PAY FOR WORK OF EQUAL VALUE

The Ministry invited the public to express views and make suggestions that could contribute the development of policies to achieve equal pay for work of equal value.

In particular, the public was invited to provide examples of jobs or occupations in which New Zealand women are paid less than men for the same or equivalent skills, and to consider specific policy approaches and mechanisms that may be included in possible comparable worth policies.

### Examples of occupations in which skills are undervalued

Many submissions from individuals and organisations discussed or listed occupations which, in their experience, were underpaid for the skills involved. Others provided stories of specific instances of pay inequity, including some of unequal pay in the same job.

Discussion of women's jobs, undervalued skills and occupational segregation showed these concepts were well understood by many submitters supporting policy action, and that they caused concern. For example, the Churches' Agency on Social Issues supported legislation to require equal pay for work of equal value because:

The undervaluing of work traditionally viewed as 'women's work' continues. Exploitation exists in a system that uses women to underpin the economy and gives inadequate acknowledgement. [70]

Nurses, childcare workers and homecare workers were frequently mentioned as examples of predominantly female occupations where skills were undervalued and, therefore, under-remunerated. Other examples of undervalued skills included: teacher management roles [19]; school and university librarians, and library assistants [24, 71]; social workers [31,37]; community service workers; health care assistants [81, 85]; "invisible" farm women [69]; waiting, catering, cleaning workers [37, 80]; clerical workers and medical secretaries [37, 80, 67]; teacher aides, school administration and support staff [79]; women's jobs in processing work [80]; and sports women [80, 81, 63]. Specific comparisons were provided of the pay, qualification and work conditions of nurses and police, and of social workers and police [51, 31]. The recent pay parity negotiations, benefiting kindergarten and primary teachers, were mentioned in several submissions.

Caring skills, whether involving children, old or sick people in homes or in hospitals, were frequently mentioned as being undervalued, while being "the most valuable work anyone can do". [50]. NZNO noted that health care assistants share many of the same characteristics as the homecare workers researched by the Ministry of Women's Affairs.<sup>5</sup> Manukau City's Policy Monitoring Group noted that the practice of moving frail elderly people from hospitals to home-based care had resulted in an increase in both low paid and unpaid work undertaken by women. The Policy Monitoring Group's submission commended recent developments to bring early childhood teachers closer to the goal of equal pay for work of equal value. Examples of undervalued human relations, communication and organisational skills were provided by the Association of Administrative Professionals NZ:

The receptionist who is touted as the 'first port of call for the company', the 'front line' or the 'make or break person for the company'... is often rewarded at the lowest level in the company... This role calls heavily on the often considered female qualities of being pleasant, aiming to please, always smiling, friendly, conciliatory, etc. [56]

---

<sup>5</sup> Cited in the Discussion Document, p.18. See also MWA (1999) *Homecare workers: A case study of a female occupation*. March.



The Association also reported the common occurrence of job titles being reduced or increased depending on the gender of the person given the position. State restructuring over the past 15 years had led to some work formerly done by middle managers going upwards to senior management, but a larger portion going downwards to administrative staff:

By giving the task to a woman, the task is automatically downgraded. This is the result of the pervading attitude that women, and jobs that women do, are paid less regardless of the actual work content. [56]

PSA believed many women in the public service would benefit from a pay equity analysis. Lower pay, they suggested, could be a result of their occupation being female dominated (as in the cases of social work, nursing and education) and being seen as technical rather than professional (technicians, field workers and call centre workers); or as an extension of women's domestic role (homecare workers).

Nursing was frequently mentioned as an undervalued typically female occupation [2, 3, 85], and linked to staff shortages. For example, a submission from third year nursing students said:

Nursing is publicly viewed as a nurturing and caring profession which contributes to the social fabric... Yet the skills and qualities inherent in nursing are too often dismissed as feminine and 'vocational'. This is clearly illustrated by the current gender pay gap. [2]

NZNO provided a detailed account of how nurses' educational qualifications have greatly increased but pay has fallen as a result of fragmented bargaining, budgetary constraints and staff casualisation. "Not only has there been no general measured improvement in pay since 1990, but there is no space within existing pay scales for recognition of higher qualifications". [85] NZNO reported that a third of those with current certificates were not presently working as nurses. Pay levels and unsocial hours, as well as family commitments, were the reasons given for this.

The Churches' Agency on Social Issues referred to discussion in *Next Steps Towards Pay Equity* about gender differences in years of workforce experience being an important factor in the gender pay gap. The Agency reported that, in the experience of their members, in many jobs, years of experience and loyalty did not have enough influence on women's pay rates.

Examples were also given of women not getting equal pay in the same job as male workmates. Many submitters thought the equal pay and anti-discrimination laws were not working well. The Law Society Women's Consultative Group cited mid-1990s research showing that women lawyers were being underpaid for their qualifications and experience, yet no action had been taken. AUS cited research evidence that some academic women were disadvantaged in terms of equal pay for equal work. Other examples were given to show how, within occupations, work tasks may be organised - or positions re-titled - as men's jobs or women's jobs at different rates of pay [56]. SFWU, for example, reported that occupational segregation occurs between industry, within industries and even within worksites in the sectors they cover.

The Disabled People's Assembly highlighted inequalities between disabled and non-disabled women, including differential pay rates "based on some perceived lack of worthiness". They have received reports of disabled women being used to do the same work as non-disabled at

lower rates of pay, or being refused full-time employment because they are perceived to be "not well enough".<sup>6</sup>

The NZ Business Roundtable did not see skills in typically female jobs as undervalued. Rather, they stated that the current movement of women, from lower paying occupations and industries into higher paying ones, might be slowed by equal pay for work of equal value policies. The NZ Business Roundtable considered that, if pay equity policies led to artificially higher wages in low value areas, the signals around the most profitable careers would be distorted, which could be detrimental for women's long-term career progression.

### **Contributing factors**

The NZ Business Roundtable's background paper discussed whether the portion of women's lower pay linked to occupational and industry differences should be viewed as structural discrimination or the result of women's own choices and level of investment in education. Comparing the pay of police with that of nurses and teachers also ignored the most important determinant of wages: supply of and demand for workers. Business NZ considered it would be better to explore "why many women choose the kinds of jobs they opt for", and saw this as a matter for increased education (including different fields of study) and for equal employment opportunity policies – "provided these operate on a voluntary basis". [65].

Several submissions stated that women's education and skill level was not a sufficient explanation for gender pay differences. NCW, Wellington stated:

A lack of skills cannot be used as a reason why, within 6 months of graduating, women earn less than men in almost all sectors. This indicates systematic discrimination. [37]

NZUSA and NZNO provided extensive information showing that women's investment in education was not working:

Those who have said for years that, if only women were better educated, the pay gap would disappear have been proved clearly wrong by the relationship between qualifications and wage movements over the past decade. ... There is for nurses... a falling rate of return from education. [85]

NZUSA and NZNO both suggested that the cost of education adds to the gender pay gap experienced by women with tertiary education. NZUSA provided evidence to show women take longer than men to repay student loans. NZNO was concerned that a lower proportion of Māori women among registered nurses reflected inequality in access to education and training.

Many submissions linked lower pay and undervalued skills in the occupations they discussed to women's unpaid work in families:

Many of the skills used in these occupations involved nurturing or caring skills [which] society has traditionally undervalued. [15]

There is no credible explanation for the current lack of parity between the so-called male and female professions... Caring is something given freely in day-to-day life; that is, it usually has no discernable market value... it may have the unintended consequence of appearing too ordinary and of limited value in a biomedical context. [4]

---

<sup>6</sup> Disabled women are more likely to have low incomes than men or non-disabled women. Seventy-one percent of women with long-term impairments report an annual personal income of less than \$15,000 from all sources (NZ Disability Strategy, 2001) The Income and Quarterly Employment Surveys from which average hourly gender pay gap data are derived do not provide data by disability.

## Pay equity and Māori women

Submissions received from Māori women saw the gender/ethnicity pay gap as an important issue:

Gender/ethnic pay gaps have always impacted on Māori women. Employers have long dictated the terms of employment, with the underlying threat of 'you are lucky to have this job'. [54]

Pay inequalities for Māori women do impact on Māori communities. I think that we as a nation need to acknowledge it, and develop serious blanket policies that will address this inequality in all employment of Māori women. It has got to happen for democracy. [30]

Many submissions stressed the importance of pay equity policies that would also address gender/ethnicity pay gaps effectively. Such views were expressed not only by unions representing low paid retail and service workers, but organisations such as NZUSA, Federation of Graduate Women branches, Women's Studies Association and Zonta.

As a way of benefiting Māori and Pacific women, many of these organisations thought priority should be given to undervalued skills and responsibilities in the most common low paid occupations for women and occupations in which Māori and Pacific women are concentrated. Nga Wāhine o Manurewa, the Māori Women's Welfare League, noted that Pakeha still dominated in middle and high management positions and jobs like banking, while Māori women were primarily in "the bottom layer" as clerks, cleaners and caregivers:

Māori women are extremely proficient caregivers of the elderly, physically and mentally challenged people in our society. However, caregiver employment is largely unrecognised fiscally in the competitive market for limited health dollars. [54]

NCW, Wellington and the Federation of Graduate Women suggested that another way of ensuring pay equity worked for Māori women was job evaluations that recognised and valued their skills in te reo and tikanga Māori. These are an important part of many jobs in the public, health and community sectors.

## Pay equity and Pacific women

Pacifica Inc reported that in paid employment Pacific women frequently drew on skills gained from their cultural experience as people managers, communicators and event organisers. Their skills, languages and cultural knowledge enabled them to work more effectively with Pacific clients than non-Pacific co-workers. Networking and supporting these clients often went beyond normal work hours, however, particularly for part-timers. They were frequently asked to carry out culturally-related duties which were not part of their job description, or called on to be mediators and advocates for minorities, not necessarily of Pacific origin. These tasks benefited the employer, but there was rarely a monetary reward and the extra duties might be to the detriment of performance in other areas:

This cultural expertise is seen as 'natural' for Pacific women rather than a skill developed through practice or training... Regardless of the position the employee may hold...the single criteria for being asked to carry out these duties will be ethnicity... An additional irony is that their skills and expertise are often used to give legitimacy to organisations and companies as good 'EEO employers'. [59]

Pacific women bring value into the workforce through their community networks. [34]

Pacifica Inc noted that job segregation and low pay impacted on the health and well-being of Pacific women, their families and their communities. It recommended job evaluations consider the skills, knowledge and other resources that Pacific women bring to their jobs in order to work

effectively with Pacific clientele. Pacifica Inc supported legislation focusing on the accountability of employers. It was noted that advocacy was a concept familiar to Pacific women and more appropriate than individual complaints procedures. This, they suggested, could take the form of a portfolio within the Human Rights Commission, field workers in unions, or liaison officers within companies.

## 6. POSSIBLE POLICY DIRECTIONS

The central question of the Discussion Document was how to deliver effective policy on equal pay for work of equal value under the current human rights and employment relations frameworks, in order to meet our international obligations. The majority of submissions supported policy action on this, and offered many comments and suggestions on policy directions and possible mechanisms. Some called for specific new pay equity legislation.

Submissions from the employer organisations focused on explanations for the gender pay gap and whether government action was needed, with fewer comments on policy approaches or mechanisms. The NZ Business Roundtable attached its 1988 and 1990 publications on pay equity<sup>7</sup> to its submission on the grounds that "the arguments presented... remain valid". In the view of Business NZ, "none of the interventions contemplated are necessary".

NZCTU and other union submissions supported policy action. The NZCTU submission offered a number of principles to guide policy development towards pay equity which identified key matters to be addressed in pay equity policy and suggested minor legislative changes that could support union initiatives to address equal pay for work of equal value through collective bargaining.

### **The role of government and government agencies**

Submitters expressed different views of the government's responsibility for equity in the public and private sectors. Some submissions also made comments on the possible role of the Human Rights Commissioner and its new EEO Commissioner in respect of pay equity. A number of submissions addressed the issue of whether the establishment a new independent expert agency with responsibilities for pay equity should be considered.

Submissions which supported or opposed policy action on equal pay for work of equal value also took different views of government's responsibility for equity in the labour market. Submitters who suggested that pay rates were responsive to supply and demand in the market saw no role for government in promoting pay equity. Business NZ, for example, suggested that intervention by government:

... would seem to imply the kind of third party wage setting which in the past prevented employers from paying wage and salary rates appropriate for their own enterprises...Third party wage fixing... reached its use by date more than a decade ago. It should not be returned in the guise of an equitable solution to a non-existent problem. [65]

### **Public sector leadership**

Many submissions supporting policy to ensure equal pay for work of equal value considered government should take the lead by implementing pay equity policies in the public sector. For example:

The government as the largest employer of women should lead the way. It must ensure that it complies with its obligations as a signatory to various UN and ILO Conventions, that it complies with the Equal Pay Act 1972 and acts as a good employer. It must set up a process for gender neutral job evaluation... once established this process can be introduced to the private sector. [37]

---

<sup>7</sup> NZBRT (1998) *Employment Equity: Issues of competition and regulation*. October; NZBRT (1990) *The Pursuit of Fairness: A critique of the Employment Equity Bill*. February.

We feel there needs to be a systematic attack on the problem, in which the government takes the lead... and sets a constructive example by modelling the behaviour it is regulating. [62]

The Government can play a leading role by declaring itself to be an Equal Value Equal Pay Employer. [71]

PSA noted the significant role the state had played historically, in both New Zealand and elsewhere, in shaping market rates for women's work as a leading – and usually the largest – employer of women. PSA was of the view that, along with the policy gap on equal pay for work of equal value; there was also a 'consistency gap' across current legislation and policy mechanisms which needed to be addressed. Under its Partnership Agreement with the government, PSA saw an opportunity to take a strategic approach to pay equity across the whole state sector. PSA also suggested a Taskforce to provide advice to government on a New Zealand pay and employment equity system. Its submission included a framework offering a matrix of strategies and suggestions for policy development. The framework suggested the development of policies building on the existing infrastructure of minimum wage, EEO, equal pay policies, legislative instruments and state sector agencies framed by high level principles, values and international obligations.

NZNO pointed out that the majority of nurses are employed in the state sector, and many of those who are not employed in the state sector, are employed by providers funded from Vote: Health. They suggested that, if fragmented bargaining was a barrier to achieving equal pay for work of equal value, the government could address this through contract compliance, the size and structure of the vote and Ministerial direction.

Many submissions defined the government's employer responsibility for the state sector very widely. They mentioned not only health and education, but Crown agencies, contractors and partially funded organisations. The National Council of Women, NZ Business & Professional Women, CEVEP and others suggested compliance on pay equity, and other terms of employment, should be included as part of accountability requirements for government contracts and grants. NZCTU noted that the Ministerial EEO Advisory Committee had recommended this approach to ensure that state sector good employer obligations were met even when service provision was sub-contracted.

Mt Albert Labour Party Women's Branch referred to the government's role in developing budgets and revenue streams that govern pay in thousands of public sector jobs, including those employing primarily women for hourly rates at the lower end of the pay scale. The submission also suggested the contracting out of public services had contributed to low rates of pay, particularly in jobs often done by Māori and Pacific women. NZNO reviewed the effects of state sector restructuring and competitive contracting on the wages of nurses and health sector workers. Both NZNO and the NZ Educational Institute called for government to allocate separate additional funding to meet pay equity claims, so that equity adjustments for some did not mean lower wage budgets for others in a competitive environment. NZNO commented:

It is unacceptable for nurses and other women workers to be in a position where they are competing for public service funds. [85]

NCW, Wellington called on the government to demonstrate commitment to pay equity by undertaking a comprehensive review to ensure that employees across the whole public sector were receiving equal pay and equal employment opportunities. This could also begin the work of addressing ILO 100 and CEDAW obligations on equal pay for work of equal value. Some members thought legislative amendments would be needed before this was addressed in the public sector, as well as being required for the private sector.

The Association of Administrative Professionals provided several examples of poor pay equity practices in government departments and suggested:

If in the future government is going to require changes in the pay equity status of women in all employment, they will have far greater chance of success if their 'own house is in order'.  
[56]

Several submitters thought the government should and could begin to address pay equity in the public sector at once, by asking the State Services Commission (SSC) to include the equal pay for work of equal value principle in public service pay reviews, then extending State Sector Act reporting requirements beyond government departments. Submitters suggested work could also begin at once on developing occupational comparison methods for later use with private sector employers. The Federation of Graduate Women recommended the SSC begin working with Chief Executive Officers in the core public service, and establish a Job Evaluation Unit which would also monitor compliance with the State Services Act amended to cover equal pay for work of equal value. Other submissions saw this evaluation work as the role of an independent agency.

Manukau City's Policy Monitoring Group believed the government needed "to model respect and support for women's work". For example, the government could fund district health boards generously enough to cover pay equity rates for nurses and contracts covering homecare workers. Submissions by the NZ Federation of Graduate Women and SFWU mentioned lack of response from the Ministry of Health to increase funding for homecare workers despite service provider lobbying and the recommendations of the Ministry of Women's Affairs' research report<sup>8</sup>. A whole-of-government approach was needed, in their view.

### **Legislation**

Nearly all submissions in support of equal pay for work of equal value stated that legislation would be needed to underpin policies relating to pay equity. Many supporting organisations and unions saw equal pay and equal pay for work of equal value as requiring legislative change in both human rights and employment law. The PSA saw pay and employment equity as also being a social policy issue, citing the Ministry of Social Development's *Living Standards of New Zealanders* reports in relation to the importance of adequate income for women and their families. The Federation of Business & Professional Women considered equal pay for work of equal value as more of an employment issue than a human rights issue, and thought employment law was more appropriate for ensuring compliance and improving pay equity than processes for complaints by individuals. BPW Hamilton branch stated:

This is an issue that needs addressing and, in the current employment environment, this is not likely to occur unless there is legislation to ensure that it does. [13]

Many submissions said that in the private sector progress would not be achieved without legislation. For example, there was 'strong support' from NCW, Wellington member organisations for legislation to enforce equal pay for work of equal value, and for employment and human rights legislation to work together:

The [Auckland Women's Health] Council believes that legislation is needed because it is patently clear that pay equity will not be achieved without it. [61]

Legislation provisions with regard to pay equity would help women to feel confident of their rights. [56]

---

<sup>8</sup> MWA(1999) *Homecare workers: A case study of a female occupation*. March.

The legislative principles of the Canadian Human Rights Commission, quoted in the Discussion Document, were specifically mentioned and supported in thirteen submissions. Three submissions thought that policy on equal pay for work of equal value should be 'encouraged' or 'promoted' rather than required by law, and two of those said legislation would be needed "if the common-sense approach does not work".<sup>[58]</sup> The employer organisations did not comment on legislation or suggest other non-regulatory means of implementation. Their submissions opposed intervention by government in wage setting and rejected equal pay for work of equal value as a concept.

CEVEP called for specific new legislation on pay equity replacing the Equal Pay Act 1972. The Coalition suggested the new legislation would establish pay equity as an employment right, although this would not preclude the complementary use of human rights mechanisms, would impose a duty on employers to identify and redress any pay inequity and would establish an agency with responsibilities for progressing pay equity in the private sector.

The unions saw pay equity as more of an employment issue than a human rights issue. NZCTU saw a need for clarity on the respective roles of human rights legislation and employment relations legislation, and thought it would be useful to develop specific expertise around each Act and its related institutions, along the following lines:

Human rights legislation and [an] EEO Commissioner: With a strong focus on education and pay equity. The Commissioner would have an overview role. An expert team would be required to undertake any equal pay for work of equal value assessments and/or produce pay audit guidelines.

In its pay equity policy principles, NZCTU called for any reviews of existing legislation to be undertaken within a pay equity strategy that addresses both equal pay and equal pay for work of equal value. For example, the Employment Relations Act 2000 would need amendment so that equal pay for work of equal value could be addressed in negotiations:

The legislative framework in which bargaining currently takes place does not and cannot deliver pay equity for thousands of women in the service and food sectors we represent. Our experience is that the market will not deliver pay equity, but rather has acted in concert with deregulation and oppression of unions to cause further and greater disparities between men and women, and more acutely again, between different ethnic groups. <sup>[80]</sup>

One university-based submitter thought that the wider legislative environment for employment relations should be emphasised as much as pay equity. NZNO also referred to the broader employment relations context and said:

Where fragmentation of bargaining restricts the implementation of equal pay for work of equal value, it needs to be challenged. The alternative is to tolerate a pay fixing system with the knowledge that its outcomes are discriminatory. <sup>[85]</sup>

Several submissions said that for legislation to be accepted and successful there would need to be public education about how the skills involved women's traditional roles and jobs contribute to the workplace and the community. The NZ Educational Institute thought a public education campaign, demonstrating that the justness of pay equity is supported by government, would contribute to policy success. The Labour Women's Council thought this should focus on the benefits.

Any legislative decisions regarding mechanisms to be put in place to promote equal pay for work of equal value should be accompanied by a public education campaign emphasising the holistic benefits of the decisions within the wider social context of employment rights and human rights. Emphasis should be put on the fact that Pay Equity delivers social good, while not adversely affecting business or employment growth, or the macro-economy. <sup>[74]</sup>



### ***Pay equity in the private sector***

Many submitters who supported pay equity considered that it was a government responsibility to implement equal pay for work of equal value in the private sector as well as the public sector. Most thought any policy or legislation should apply to both sectors at once, and supported starting with key occupations. Some submitters who stressed a leadership role for government thought equal pay for work of equal value could begin, or be trialled, in the public sector first, then extended to the private sector. One submitter opposed any delay in private sector implementation, recalling that women in the private sector did not get equal pay until 12 years after women in the public sector. She noted that private sector progress on equal pay, and also on paid parental leave, had been very limited until it was required by legislation. [8]. In the view of CEVEP:

While some public sector leadership should be expected, it would be grossly inadequate for only the public sector to be covered. [29]

### ***Role of the Human Rights Commission***

A number of submissions saw an important role for the new Human Rights Commissioner on EEO in the promotion of equal pay for work of equal value, including providing education and undertaking a monitoring and overview role. NZCTU believed the independence of the Commission, required under the Paris principles for agency operation<sup>9</sup>, placed it in a good position to play a strategic role in pay equity through the functions of its new EEO Commissioner. The National Plan of Action on human rights currently being developed by the Human Rights Commission could build greater awareness of pay equity rights and issues. Few saw the Commissioner as being directly involved in or responsible for equal pay for work of equal value comparisons, but many of those who supported the establishment of an independent agency for such tasks thought it would be well placed under the new Commissioner.

There was repeated mention in submissions of the need to monitor any future policy, and that this could be part of the Commissioner's overview role. Enforcement and/or sanctions were usually also recommended. Two submissions noted that the Ministerial Advisory Group on EEO had recommended that the EEO Commissioner should have the authority to support and/or fund class action legal cases of strategic importance relating both to equal pay and to equal pay for work of equal value<sup>10</sup>

### ***An independent agency***

The Discussion Document asked who should be responsible for assessing the equal value of jobs done predominantly by women or by men under any future policy. A number of submitters stated that 'government' or 'everyone' had a responsibility for ensuring equal pay for work of equal value. On the issue of assessments and comparisons, however, there was wide support from individuals, organisations and unions for a centralised specialist agency to undertake or ensure the quality of these. While many suggested this could come under the Human Rights Commission or the Commissioner on EEO, NZCTU and CEVEP thought there were also strong arguments for a stand-alone, specialist pay equity agency.

A specialist agency was frequently mentioned in responding to the question on how to reduce compliance costs, particularly for small employers. It was also frequently mentioned in regard to

---

<sup>9</sup> Commission of Human Rights (1992) *Principles Relating to the Status and Functioning of National Institutions for Protection and Promotion of Human Rights (Paris Principles)*.

<sup>10</sup> Department of Labour (2001) *Report of the Ministerial Advisory Group on Equal Employment Opportunity*. Wellington.

ensuring assessments were undertaken for the largest occupations for women, and the jobs in which Māori and Pacific women were most commonly employed:

We support the proposal that 'an independent agency' undertakes the evaluation process adopting a realistic approach on what is affordable and fair. [13]

Centralising responsibility for making occupational comparisons with a statutory independent agency is likely to be more effective and cost-efficient (covering the whole labour market, not just individual enterprises)... Such an agency could best establish true market rates. [20]

New Zealand's unsatisfactory experience with using existing industrial relations institutions to further women's employment rights provides strong evidence for setting up independent agencies tailored to the particular problem or problems being addressed... an agency would assist employers in meeting their obligations and assist employees and unions in requiring employers to meet their obligations. [58]

CEVEP provided detailed suggestions on the role and responsibilities a central agency would assume. The Coalition suggested the agency could provide guidelines and other tools to assist employers carry out reviews/audits and action plans, could undertake cross-industry job evaluations and could also provide education in relation to pay equity.

NZCTU, as well as other union submissions, supported a role for a centralised agency as 'best placed' to undertake job evaluation comparisons for key predominantly female occupations. These could be developed in consultation with key stakeholders including unions. Although pay equity could be addressed in collective negotiations, NZCTU recognised that work by an independent agency would be needed to ensure pay equity for the many low paid women who were no longer covered by union agreements. It was suggested that the agency could also develop guidelines and advise on any issues arising from any legislative requirements placed on employers.

AUS suggested that, if occupational comparisons were also undertaken by large or state employers or unions, this agency could:

...play a key role in promoting the informed use of job evaluation and provide assistance, through training and advice, in ensuring that schemes are free of bias and appropriately designed and adapted to suit the particular workforce. [71]

The Federation of Graduate Women, North Shore branch, recommended a 'truly independent' Pay Equity Unit within the Human Rights Commission that would guide development of an overall pay equity strategy for government, as well as undertaking cross-organisational occupational comparisons. It should have sufficient funding to ensure well-researched data, technical expertise and public reporting on all pay equity activities.

NCW, Wellington members considered a better understanding of women's employment in the private sector would be needed, and thought government should undertake the necessary research. They suggested that this should include building on the Council's survey on casual and part-time work. Submissions from unions and some women's organisations also saw a role for an expert agency in researching and reporting on "female casualisation within the NZ workforce and its role in hampering the pay equity debate". [74]

Few submitters addressed how the outcomes of work by the agency might be taken up by employers. NZCTU and AUS identified this as a gap on which further policy debate was needed:

There are clearly potential benefits to be gained from charging an independent centralised agency with the responsibility for undertaking job comparisons. There is a need for further policy development work around how such a standard might be taken up by employers. [71]

## **Role of unions**

A number of submitters saw unions playing an important role in the achievement of pay equity. NCW, Wellington stressed the importance of providing information about employee rights. A public awareness campaign (along the lines of the anti-smoking campaign) was suggested. Among its members:

There was a strong feeling that unions had a role to play in establishing criteria for job evaluations, in advocating for women and in setting collective wage agreements based on the outcome of the evaluations. Unions were seen as providing support for women if/when needed. [37]

Several other submissions thought it would be important, to achieve pay equity, to encourage women employees to join unions and negotiate collectively. For example, the Churches' Agency on Social Issues stated:

Involvement of unions should be promoted as they are in a position to monitor wage discrepancies and protect workers. [70]

The submission from NZCTU noted the recent Human Rights Amendment Act 2000, which provides for a new Commissioner for EEO and the Human Rights Commission's proposal for a National Plan of Action, have potential to address pay inequities. The submission therefore focused on collective bargaining under the employment relations legislation.

NZCTU considered that unions' ability to take up pay equity in collective bargaining was limited under the Employment Relations Act 2000, because the Act gave no profile to pay equity. 'Good faith' in bargaining did not require agreement on any particular issue. It provided no benchmarks or mechanisms for establishing 'value'. Section 34 of the Act limited union access to the information it would need to make equal pay for work of equal value claims.

NZCTU called for a clearer role and greater ability for unions to address pay inequalities. It noted international evidence that centralised bargaining contributes to narrower gender pay gaps. In order to instigate pay equity claims in collective bargaining "as not simply a task for women, but for men and women within the collective agreement", NZCTU proposed amendments to the Employment Relations Act 2000 to enhance the ability of unions to address pay equity issues within the context of collective bargaining and to progress pay equity claims on behalf of members. NZCTU favoured allowing access to arbitration to facilitate agreement on a range of issues, including on pay equity claims. The Campaign for Equal Value Equal Pay and the Labour Women's Council also thought access to arbitration by the Employment Relations Authority might sometimes be needed on pay equity claims.

In addition to human rights complaints and personal grievances by individuals, NZCTU considered that unions needed to be able to take equal pay for work of equal value claims, including class actions for groups of women, and to make complaints about the process and/or content of any pay audits and subsequent action plans. They submitted:

None of these changes are great in terms of amendments to the Act and nor would they require a large increase in financial resourcing of the Authority. They would, however, provide a significant improvement in the ability of unions to move forward on the issue of pay equity. [86]

The NZ Amalgamated Engineering, Printing & Manufacturing Union (Engineers Union) considered that pay equity was an important issue for its members:

Approximately a fifth of our members are women. However, all our members experience weekly the negative results of gender-based pay discrimination in their family incomes.

About a third are non-European, so a significant number also experience the negative effect of occupational segregation based on ethnicity for both men and women. [84]

The Engineers Union saw collective bargaining as fundamental to a pay equity strategy but, like NZCTU, it also saw a central agency as critical to the process. It supported a role for a centralised agency undertaking occupational comparisons because of the difficulties there would be in some sectors for unions trying to achieve pay equity through collective agreements with single employers:

...if they have collective coverage at all... In the sectors we represent, union density is still small, particularly in relation to young workers and migrants workers. There are huge areas, such as restaurants and cafes, clerical, fast food and cleaning, that have been almost completely deunionised over the last 12 years. Addressing issues of pay equity must go hand in hand with addressing issues of deunionisation. [80]

SFWU emphasised that job security was an underlying issue in these areas. In their industries, legislative protection for employees affected by contracting changes was needed to underpin increased unionisation, collective bargaining and progress towards pay equity.

The Post Primary Teachers Association's (PPTA) Women's Advisory Council stated that the PPTA had long been committed to equal pay for work of equal value as part of the Working Women's Charter. The Council's work over the next five years would be the wider exploration of pay equity, the collection of evidence from members and school communities, and the development of recommendations about closing the gender pay gap for teachers and other school staff:

It is important to move beyond assertions that 'equal pay was achieved for teachers decades ago'...Council members have identified a number of areas of inequity that have an unfavourable impact on the employment conditions of PPTA women. [77]

PSA proposed a specific Pay and Employment Equity Advisory Service to provide expertise. Some unions thought that the Mediation Service might require additional resourcing and staffing to ensure appropriate expertise on pay equity issues. NZCTU mentioned that the UK government has allocated funding to build union and employer capacity to implement equal pay for work of equal value.

### ***Employers' duties and responsibilities***

There was strong support, among submissions in favour of policy on equal pay for work of equal value, for placing a legal onus on employers to ensure pay equity for their employees. This was variously expressed as a positive duty on employers; a requirement for employers to do pay reviews or audits; the inclusion of equal pay for work of equal value in state sector EEO requirements; and the extension of similar requirements to the private sector. Three submissions noted that in 13 out of 14 jurisdictions, Canadian imposed a positive duty on employers.

HRINZ included a member's comment that "the best thing in the Discussion Document" was the proposed requirement on employers to ensure their remuneration systems did not discriminate. [42] The current occupational safety and health legislation, the Health and Safety in Employment Act 1992 and the Health and Safety in Employment Amendment Act 2002, were cited as an example of this approach.

The Law Society's Women's Consultative Group thought women lawyers and other law firm employees could benefit if legislative requirements prompted:

...a shift in thinking from employers using fee-earning targets to assess performance, to

looking at overall contribution to the firm when considering rates of pay. [76]

Although supporting submissions thought policy on equal pay for work of equal value should apply to all employers, a number thought actual requirements might be varied by size of employer:

Small firms operate differently to large employers and may require a different approach. [70]

This policy needs to be flexible so it can be applied fairly to employers regardless of the size or type of their business. [15]

We agree there would need to be a framework of compliance taking into account the size of the organisation. We would support industry wide models to overcome issues relating to organisational capability. [84]

Enforcement mechanisms and/or sanctions were mentioned in several submissions, and included in NZCTU's list of policy principles:

There is a need for effective enforcement and sanctions – to ensure that whatever positive duty is placed on employers is enforced consistently, so that employers cannot benefit from ignoring these responsibilities. [86]

CEVEP recommended random monitoring of employers by the centralised agency, rather than requiring all employers to register, or report on, its compliance activities. This would reduce bureaucratic and compliance costs. CEVEP discussed briefly whether enforcement mechanisms (including complaints) might come under an amended Employment Relations Act.

Enforcement and disputes procedures already in the Act would apply to collective bargaining for pay equity, as outlined by the unions, and could also apply to a positive duty on employers if this was added to the Employment Relations Act or was in separate pay equity legislation. The Engineers' Union saw the enforcement role of the Employment Relations Authority as:

...the relevant specialist employment institution...as part of a cross-government strategic approach to resolving gender and ethnic pay inequalities. [80]

The need for employers to comply with pay equity requirements within set timeframes was also raised as an issue. In discussing possible new pay equity legislation, CEVEP also addressed possible incentives to encourage this:

One possibility is that genuine compliance with the provisions of the new legislation could operate as a defence to back pay from any discrimination claims bought under other legislation. A failure to comply, on the other hand, would see employers liable to up to 6 years back pay in any individual case. [29]

## **Policy mechanisms**

Submitters also made comments and suggestions on possible mechanisms which could be part of a policy on equal pay for work of equal value, particularly pay reviews or audits by employers and gender neutral job evaluations. Submitters commented on current procedures for pay discrimination complaints by individuals, and raised a related issue about information on wage rates. Suggestions were also made about policy implementation.

### ***Complaints-based enforcement procedures***

Only one submission advocated a human rights complaints-based approach to pay equity. The submitter suggested human rights legislation should be amended to include "equal pay" and "equal pay for work of equal value" as forms of discrimination. This was proposed on the grounds that any policy action should involve "as little disruption to existing marketplace and

institutional arrangements and as few additional compliance costs for employers as possible". [7]. The submitter considered the burden of proof should rest on employers and not complainants as it does at present.

Many other submitters considered that the current complaints procedures (under both human rights and employment legislation), which place the onus on the individual to prove discrimination, were not working for equal pay and would not work for equal pay for work of equal value:

The policy and legislation should include provision for enforcement by the government, not left up to individuals to lodge complaints, as the majority will not do so. [46]

Individual complaints alone are not effective... The limitations of the current legislative mechanisms can be seen in the fact that no cases were taken under the Equal Pay Act or the Employment Relations Act in the two years ending 30 June 2002, and only four complaints of gender based pay discrimination were taken to the Human Rights Commission. [86]

This view was expressed strongly by Pacifica Inc, who supported legislation to require accountability by employers in both private and public sectors:

Historically, in New Zealand, Pacific women do not have a voice. Where our Māori sisters have the leverage of the Treaty of Waitangi to keep the government mindful of its accountability to Māori, Pacific women must rely on other forms of legislation against discrimination. The difficulty has been reliance on individual complaint... This system serves only to re-victimise Pacific women and is rarely an option they would choose. [59]

CEVEP suggested that current complaints procedures could supplement requirements for employers to be proactive and claims in collective bargaining (where this was possible). This should be a back-up to enforce compliance, however, not the primary mechanism for addressing discrimination.

Most submissions supported a more fully developed regulatory approach, in many cases discussed in terms of occupations and group claims, not individuals. In supporting policy strategies based on occupational groups rather than individuals the Wellington Federation of Graduate Women referred to the landmark Ocean Beach Freezing Works and Air NZ stewardesses cases, which benefited claimants but did "little to advance pay equity" for all.

Any need to bring costly individual cases will in reality deny women access to pay equity. Similarly, if progress depends on unions to bring cases, predominantly female unions are at a disadvantage because their members are relatively low paid - the very reason that pay equity moves are needed from the government. [35]

### ***Access to information***

In discussing individual complaints procedures, the importance of access to information about pay rates in workplaces and in the labour market was raised in a number of submissions. Submissions gave lack of pay information as a reason why the Equal Pay Act 1972 did not work well. Lack of access to pay information was also given an argument against relying on a complaints-based mechanism to deliver equal pay for work of equal value. Business NZ's submission said that in the private sector there is a predominance of individual employment agreements that are "almost invariably confidential to the individual employee".

A number of submitters, however, emphasised the need to ensure that information about pay rates was readily available in the context of establishing pay equity. CEVEP suggested:

If inequity in remuneration is to be reduced and preferably eliminated, it is necessary to

make earnings policies and practices more transparent. Privacy can be used as a screen to hide inequalities and inequity. [29]

The Association of Administrative Professionals New Zealand Inc. expressed the view that:

Salaries to be advertised and not hidden would provide women with knowledge of their rights. Knowledge of what is appropriate in salary scales for the roles being undertaken would assist women to be confident and able to ask for appropriate salaries – knowledge is empowering. [56]

NZCTU and AUS raised this issue in regard to unions' role in pay equity under the Employment Relations Act 2000. They called for changes to the Act to allow unions increased access to pay information in situations outside the current scope of the legislative provisions. They suggested the current restriction on information was not consistent with women's right to equal pay under the Equal Pay Act 1972, their right to union representation and protection, or their right to equal pay and equal pay for work of equal value under ILO Convention 100 and CEDAW.

### ***Pay reviews/audits***

If a positive duty were placed on employers to ensure equitable pay systems, CEVEP recommended that employers be required to conduct a pay audit, and then develop an action plan to address any pay inequalities identified. They suggested audits should be based on guidelines developed by the central agency, and could draw on any relevant occupational comparisons already available:

This might include an initial scan of the remuneration system to indicate any problems, followed by a more detailed audit if any employees or their union or the employer felt there was a reason for concern. The purpose of pay audits is to identify discrimination in pay including discrimination arising from a failure to pay women 'equal pay for work of equal value'. The relevant trades unions would be full participants in the pay audit process. [29]

Several submissions emphasised the need for pay audits to cover all types of remuneration. They contended that pay should be defined to include, for example, benefits and 'accessories' such as cars or health insurance. CEVEP proposed that the results of pay audits would be provided to staff and their unions; making the organisation's policies and pay practices more transparent was an important purpose of pay audits. Subsequent pay audits would be less complex than initial ones, in CEVEP's view.

This approach was supported by the North Shore Women's Centre, who considered that:

A formal set of criteria that outlines what constitutes a valid review, and how the review is to be conducted, needs for be formally outlined and available to the public. [An] independent review body... could have the authority/discretion to dismiss cases that do not fit the criteria... [17]

Three submitters thought that a gender neutral job evaluation manual produced in 1991 would be "a valuable starting point" [37] if it were updated to cover caring and human relations skills. They suggested this be made available to employers.<sup>11</sup>

The next step proposed by CEVEP was an action plan to address any inequities, with the possibility of pay adjustments being phased in. Action plans could be developed in consultation with employees or their union, and on advice available from the central agency if required.

---

<sup>11</sup> Burns Janice and Martha Coleman (1991) *Equity at Work: an approach to gender neutral job evaluation*. SSC/Dept of Labour.

Employers should not be permitted to use contracting out to avoid their responsibilities at any stage of this process, CEVEP cautioned.

NZNO called for pay audits within the public sector without further delay. These would be a driver for ongoing work to achieve pay equity, both through collective bargaining and regulation.

Several submissions, including PSA's, suggested that the 'good employer' concept in the State Sector Act 1988 needed to be extended to the private sector, as well as the wider state sector. All employers could be encouraged to be 'EEO Employers' and 'Equal Worth Employers'. Three submitters mentioned encouraging all employers to include social auditing in their annual reporting. One suggested that those employers who had undertaken pay audits and completed any indicated equity adjustments to pay rates could be accredited as "Equal Value Employers".

While CEVEP's proposals for pay audits and action plans appear to be for all employers, many other submissions had some reservations about what could reasonably be required of small businesses and organisations. In supporting a proactive requirement for all private and public sector employers to address equal pay for work of equal value, the Labour Women's Council considered that:

Pay reviews within organisations is not an ideal mechanism for NZ conditions since, even if standardised materials were available, most NZ firms are too small to have this exercise required of them, and voluntary compliance is likely to be very low. [74]

### ***Gender neutral job evaluations***

The policy mechanism that received most comment from submissions opposing policy action was gender neutral job evaluations, as a means of comparing the skills, responsibilities and other aspects of predominantly female and predominantly male occupations.

The NZ Business Roundtable's submission quoted (and provided a copy of) a Canadian research paper which stated that "comparable worth would appear to be an unwieldy and complication regulation for a decentralised labour market".<sup>12</sup> In the NZ Business Roundtable's view, pay equity arguments are:

...essentially saying is that there is a market failure, that the wage is wrong... but comparable worth assessments ignore the context in which the job takes place...Applying a non-market value on firms that respond to market signals distorts their decisions, reduced efficiency, jeopardises their future and possibly reduced employment. [63 (background paper)]

The Canadian paper reported on policy experiences in Ontario, where equal pay for work of equal value has involved within-firm pay reviews, job comparisons and action plans (with political and legal battles over allowing cross-firm (proxy) comparisons). The authors reported substantial compliance problems with small firms, modest positive effects on women's wages in female dominated jobs in relatively complying sectors, and an apparent lack of lasting effect for some pay equity awards. Suggested improvements to legislation, to improve compliance levels, would involve centralised wage setting or imposing evaluation outcomes with, the authors suggested, an implication of disproportionate costs carried by complying employers.

Business NZ also referred to Canadian experiences, including a 'backlash' and calls for better legislation:

Although pay equity type interventions have in some places been around for a considerable

---

<sup>12</sup> M. Baker and N.M. Fortin (2000) *Does comparable worth work in a decentralised labour market?* National Bureau of Economic Research, Working Paper No.7937.



time, no one has yet discovered how to make them work fairly and effectively. If nothing else, that would suggest if there is a discrimination problem it is more apparent than real. [65]

Of submissions that supported policy action on equal pay for work of equal value, 42 specifically mentioned support for the use of gender neutral job evaluations. NCW, Wellington supported gender neutral job evaluations in principle, and considered cross-firm comparisons to be necessary since "New Zealand has a large number of small businesses in which no two people do the same thing". The Council thought points-based evaluations were most suitable for large occupations and organisations, and called for a "common sense approach" to what should be required of small businesses.

CEVEP supported gender neutral job evaluations and pay comparisons because they would allow all elements of occupations and terms of employment to be examined:

Differences in the detailed nature of similar types of work between employers, the possibility of legitimate value differences that are not gender biased, different ability to pay and positioning in the market are real concerns. However, they must not be used to hide gender and other inequities.... These evaluations would, as usual, cover the relevant components of skills, effort, responsibility and working conditions – and would evaluate fairly the skills, such as caring and human relations skills, which are important and currently undervalued in many predominantly female types of work. [29]

NZEI said that the evaluation process used in the pay parity claim between teachers<sup>13</sup> had been an effective mechanism, and was essentially the same process that could have been used with two comparable but different occupations under the 1990 legislation. Pay parity between teachers now enables NZEI to focus on "the real debate" about:

... the worth of a teacher and the importance of high quality teachers in developing our nation...to recognise the contribution that teachers and support staff make to children's learning. [79]

The Labour Women's Council supported gender neutral job evaluations:

...as a tool that could be used most effectively by a Pay Equity Unit to initiate independent cross-firm/cross occupational job comparisons. It would be inefficient in NZ... to require each employer to do job comparisons, but highly effective for an independent agency to do this work. [74]

Zonta cautioned:

Don't reinvent the wheel, if the information is available from [other] countries... then please access it... Employers and unions need to be involved in the skills assessment. [53]

The Engineers' Union supported:

...the initial usefulness of job evaluations in the context of establishing a benchmark for generic wage evaluation. This should also be seen in the context of organisational developments around, for example, skill based pay... Initial evaluations within organisations... should not replicate subjective [individual] performance appraisals. [84]

A number of submissions supported a policy focus on ensuring equal pay for work of equal value comparisons for lower paid occupations, including those in which Māori women and Pacific women were concentrated:

---

<sup>13</sup> Deloitte Touche Tohmatsu (1994) *Report of the Working Group on Primary Teachers' Pay, Performance and Accountability*; Wellington; (1997) *Job comparability between early childhood and primary teachers*. Wellington.

The priority should be for those parties most affected (i.e. on low wages)... Initiate across-the-board, gender neutral 'comparable job' assessment, using representative individuals in various industries and employment situations. [19]

In order to make a difference for the greatest number of women, the emphasis should be on the lower paid jobs in large occupational groups and large organisations. Although the difference in remuneration is often greatest in high paid jobs, the overall effect on the gender pay gap would be smaller than targeting lower paid jobs. [37]

### ***Occupational comparisons across the labour market***

There was wide agreement in the submissions supporting equal pay for work of equal value that an effective policy would involve comparisons of occupations across firms or organisations – that is, an ability to make labour market wide comparisons. NZCTU expressed this from an enterprise bargaining viewpoint in their list of policy principles, as:

Need to have mechanisms that deal with predominantly or solely women only workplaces and/or instances of no male comparator. [86]

AUS strongly agreed that:

Cross-firm comparisons are needed to fully address labour market-wide patterns of occupational segregation by gender and ethnicity. This was the approach in the Employment Equity Act 1990 and is the basis of the New South Wales model in Australia. [71]

CEVEP agreed that, despite the change in the bargaining framework, key elements of the occupational approach remained important for New Zealand. This included a recommendation that:

...the proposed central agency undertakes gender neutral work assessments/job evaluations on an occupational basis to assist in their preparation of guidelines. The results of the agency's work could be built on by employers in their own pay audits. [29]

NZNO thought the real challenge would be in implementing, rather than determining, equal pay for work of equal value. They stated that mechanisms must allow collective claims for an occupation, with pay outcomes extended to all those employed in the occupational group.

Cross-firm occupational comparisons were also supported in other submissions. Organisation submissions often supported these being undertaken by a central agency for reasons of efficiency and cost-effectiveness, given the high proportion of small employers in New Zealand. Cross-firm, cross-occupational comparisons by a centralised agency were also recommended by many organisations and unions in response to the question about ensuring policy on equal pay for work of equal value benefited the greatest number of New Zealand women. Many submissions supported starting with the most common jobs for women, including those of Māori and Pacific women. AUS suggested:

An independent agency charged with undertaking centralised occupational comparisons would be well-placed to prioritise and then conduct occupational comparisons that are likely to have the most impact on both gender and ethnicity pay gaps... [71]

While NZCTU submission focused on addressing pay equity in collective agreements through bargaining, they saw "clear potential benefits" in a more centralised approach, in consultation with key stakeholders:

An independent agency charged with undertaking centralised occupational comparisons would be well-placed to prioritise and then conduct occupational comparisons that are likely to have the most impact on both gender and ethnicity pay gaps.... The high level of women's occupational segregation means that a significant proportion of women would be covered by

a focus on the 10-15 occupations employing the largest number of women.... It would be important to ensure that any initial prioritising of occupations acknowledged the varying types and concentration of occupation segregation for different groups of women. For example, one in every four Pacific woman works as a cleaner, sales assistant, general clerk or packer. [86]

The Engineers' Union did not think the initial focus should be 'reduced' to the ten most common occupations for women. They also wanted to examine the occupations in which Māori and Pacific people work. They emphasised the significance of 'benchmarking' and suggested more debate among key stakeholders about this, after further policy development. They endorsed the need for cross-firm comparisons, and pay transparency. As well as endorsing the amendments proposed by NZCTU, the Engineers' Union suggested that an increase in multi-employer collective bargaining, in the industries they covered, could advance pay equity.

Other submissions recommended that employers negotiate and implement equal pay for work of equal value industry by industry, as well as occupation by occupation. NZCTU suggested that pay equity through collective bargaining is:

...likely to be most effective if there is an ability to work with groups of employers, for example through industry wide models or through multi-employer collective agreements. [86]

## **Implementation**

The comments and suggestions made by submitters about policy implementation mainly related to time frames.

NZNO urged the government to commit itself to a timetable for closing the gender pay gap in the public sector, and taking the required steps for the private sector, within a decade. Some submissions suggested targets for reducing the gender pay gap, citing the British experience as an example. They suggested that this would demonstrate a clear commitment by government to addressing the issue, both within its own areas of responsibility as an employer, and across the labour market.

Set timeframes were mentioned in several submissions as necessary to ensure employer compliance with requirements for positive action, and to ensure that any resulting pay adjustments were made within a reasonable period. For example, evaluations conducted over a period of time, with staggered or negotiated timeframes for pay adjustments, were considered "more realistic" by the Federation of Graduate Women, Southland, in that this could soften the impact of equity costs for employers. Most submissions that discussed timeframes mentioned both the need for implementation in stages and set dates for completion of all requirements.

NZCTU linked the need for timeframes to the possibility of different positive action requirements for different sized employers:

It would be possible to stagger the level and/or timeframe for such requirements according to the type or size of employer. However, any staggered pay equity strategy should be driven by a clear goals focused on eliminating pay discrimination within ALL workplaces. [86]

Manukau City's Policy Monitoring Group supported a generous period of notice and implementation in stages, and advised against back pay payments. Employers could then budget for pay equity adjustments and integrate them into their cost structures.

## Costs and benefits of pay equity

### **Compliance costs**

The Discussion Document asked how compliance costs for employers and small businesses could be minimised. Not all submissions addressed this issue. Business NZ, however, considered that any time spent addressing pay equity issues would be a compliance cost for employers:

Time spend dealing with pay equity claims – were these to be permissible – would be non-productive time adversely affecting an organisation's capacity to expand, to increase employee numbers and paradoxically to pay higher wages – to men or women. [65]

Submissions supporting policy on equal pay for work of equal value expressed concern about minimising compliance costs for small employers in particular. Many suggested the centralised agency would have a role in minimising costs through the provision of guidance and information to employers and by undertaking comparisons for key occupations. For example, Zonta, Wanganui, considered that:

Occupational assessments by a centralised government funded agency could spare expense of assessment for individual employers. [53]

Five submissions suggested that tax incentives could be considered as one way of reducing costs and encouraging compliance. Hamilton Business and Professional Women's Club, for example, said:

As it is likely to pose an increased financial cost to employers, there would need to be a phasing in period if differences to pay rates were to impact substantially. Small businesses... may need to be given incentives/relaxation of requirements in the way of taxation and compliance costs. [13]

### **Other costs**

Employer organisations suggested equal pay for work of equal value policies would result in wages being artificially increased. This in turn would lead to decreased labour demand and job losses. Business NZ suggested that pay equity policies in the United States might have been considered affordable by employers<sup>14</sup> because, as public sector policies, they were a cost to taxpayers. The Business Roundtable raised questions about the affordability of pay equity to the employer:

Pay equity is an interventionist notion that takes no account of employer ability to pay, pay ratcheting effects, inflationary consequences, effect on job availability and ultimately on economic growth. [63]

Who will pay? If firms are to meet the costs of comparable worth, they will pass on higher costs to consumers where possible, reduce output and employment, or move their production off shore. [63 (Background paper)]

Federated Farmers suggested pay equity policies may have adverse effects on employment rates:

The skill level that a potential employee has to offer may be valued by an employer at a rate less than the employer must now pay because of a successful equal pay for work of equal value claim. If the employer cannot see a cost effective contribution to productivity, this person will not be employed. [45]

---

<sup>14</sup> Gardener, Susan and Christopher Daniel (1998) "Implementing comparable worth/pay equity: Experiences of cutting edge states". *Public Personnel Management* 27(4): 275-489, cited in the Discussion Document.

The issue of possible back-pay and its cost to employers was also mentioned in two submissions. CEVEP suggested linking this to compliance within set timeframes.

### **Benefits**

Not all submitters considered the cost of equal pay for work of equal value to be high:

Even if complete resolution of the gender pay gap were to cost between 1.2% and 3.5% of the national wage bill, that would be no more than enlightened employers currently set aside for merit increments or promotions. And gender-neutral job evaluations are likely to be staged. [20]

A number of submissions supporting pay equity policies suggested the current inequalities were a cost for New Zealand society. They believed that policy changes would bring benefits as well as costs. In the view of Dunedin students:

While a great deal of discussion has developed about the cost... little or nothing is heard about the benefits. Gaining pay equity has the potential to make inroads into poverty for a number of people and to boost the economy as women have more to spend. [16]

The Federation of Graduate Women, Wellington Branch saw costs to the economy and society in not implementing pay equity. They said low wages in teaching, nursing and social work had resulted in recruitment and retention problems and an oversupply of graduates in law and accountancy, which were seen as being more highly paid. The submission identified some likely social and economic benefits of pay equity.

Pacifica Inc also saw an "obvious benefit" from pay equity in improving the quality of life for Pacific women and their families:

Pacific women have achieved success in many fields....If the contribution of a Pacific woman under such hostile conditions can be so remarkable, then assessing and rewarding her skills fairly can only enhance her capacity to have a positive impact on New Zealand society. [59]

### **Progressing the development of policy**

Few submitters who supported pay equity made suggestions as to the process that should be followed to develop and implement pay equity policy and practices. The NZCTU, however, proposed that, as a next step, a two day summit should be held at which key stakeholders from employers, employees and the government would work through the options developed as a result of inter-departmental and public consultation processes. NZCTU suggested that expert advisors from New Zealand and overseas could be available to help clarify potential barriers and possible solutions.

Given the necessity of ensuring pay equity proposals are workable within the current bargaining environment, it is important that there is a significant tripartite component to both the process and content of any such work programme... A key question now is how best to pool quite distinct bodies of knowledge in a way that creates new and innovative ways of addressing pay inequalities. [86]



## List of submitters

## APPENDIX 1

1. International Men's Organisation
2. Anne-Marie Evans, Belinda O'Rourke and Kathy Davenport, Christchurch
3. Name withheld
4. Mischa Hodge, Frances MacDonald, Liz Smith, John Taylor and Dave McKee, Christchurch
5. Diana Henderson, Hastings
6. New Zealand Equality Education Foundation
7. Dr Paul Roth
8. Myra Harpham
9. Association of Presbyterian Women
10. Name withheld
11. Archie and Mary McIntyre
12. Name withheld
13. Hamilton Business and Professional Women's Club
14. Patuharakeke Trust Board, Takahiwai Marae
15. Women's Health Information Centre, Christchurch
16. Susan Sandretto, Joyce Hlaihel, Sonya Gale, Merrin Crooks, Linda Cannan, Helen Cannan, Sharon Ferguson, Kate Price, Melanie Thrush, Alice Fraser, Leanne Young and Rachel Garrett, Dunedin
17. North Shore Women's Centre, Auckland
18. Te Puni Kokiri, Wellington
19. Association for Women in the Sciences, Wellington
20. Social and Ecumenical Action Group, St Andrews Presbyterian Church, Hamilton
21. Women's Electoral Lobby, Wellington
22. Jane Ludemann, Oamaru
23. Name withheld
24. School Library Association of New Zealand Aotearoa, Christchurch
25. Women's Studies Association, Wellington
26. Reuben Chapple, Wellington
27. Rosemary Haddon, Palmerston North
28. Judy Blakey, Palmerston North
29. Coalition for Equal Value Equal Pay, Wellington (CEVEP)
30. Status of Women Committee, Massey University
31. Annabel Taylor, Christchurch
32. National Distribution Union, Auckland
33. New Zealand Federation of Graduate Women, Southland Branch
34. Pacifica, Christchurch
35. Johanne McComish, Wellington
36. Parents Centre New Zealand, Lower Hutt
37. National Council of Women of New Zealand, Wellington (NCW)
38. Hamilton Labour Women's Branch
39. Maria Wilson, Titahi Bay
40. Auckland Women's Centre
41. Health Promotion Unit, Taranaki Health
42. Human Resources Institute of New Zealand (HRINZ)
43. Marilyn Smail, Christchurch
44. Family Planning Association of New Zealand Inc, Wellington (FPA)
45. Federated Farmers of New Zealand (Inc)
46. Zonta Club of Mana Area Inc, Porirua
47. Gay Simpkin, Auckland
48. Celia Briar, Palmerston North
49. Mary Nettle, Palmerston North
50. Tanya Jeffcoat, Dannevirke
51. New Zealand University Students' Association (Inc), Wellington (NZUSA)
52. Prue Hyman, Wellington
53. Zonta International Wanganui Club
54. Māori Women's Welfare League, Nga Wāhine o Manurewa Branch
55. New Zealand Federation of Graduate Women, Christchurch
56. Association of Administrative Professionals New Zealand Inc
57. Disabled People's Assembly (New Zealand) Incorporated, Wellington
58. New Zealand Federation of Graduate Women, Wellington Branch
59. Pacifica Inc, Porirua
60. The New Zealand Federation of Business and Professional Women Inc, Remuera
61. Auckland Women's Health Council
62. Mount Albert Labour Party Women's Branch Policy Group
63. New Zealand Business Roundtable, Wellington
64. Office of the Commissioner of Children
65. Business New Zealand, Wellington
67. Elizabeth Orr, Wellington
68. Ministry of Youth Affairs, Wellington
69. Jocelyn Reeve, Mangakino
70. Churches' Agency on Social Issues, Wellington
71. Association of University Staff of New Zealand, Wellington
73. Working Women's Resource Centre, Auckland
74. Labour Women's Council, New Zealand Labour Council
75. New Zealand Federation of Graduate Women, North Shore Branch
76. Women's Consultative Group, New Zealand Law Society
77. Women's Advisory Council, New Zealand Post Primary Teachers' Association
78. Public Service Association (PSA)
79. New Zealand Educational Institute (NZEI)
80. Service and Food Workers Union (SFWU)
81. Te Ora o Manukau – Manukau the Healthy City Policy Monitoring Group
83. Canterbury Council of Trade Union Women's Committee, Christchurch
84. NZ Amalgamated Engineering Printing & Manufacturing Union, Lower Hutt
85. The New Zealand Nurses Organisation, Wellington (incorporating submissions from Midlands Te Runganga o Aotearoa, Bay of Plenty/Tairāwhiti Regional Council and the Enrolled Nurses Section Representatives) (NZNO)
86. New Zealand Council of Trade Unions (NZCTU)

### 83 submissions were received.

Four submissions came from individuals who preferred their names not to be listed. Three numbers were misallocated to duplicates.





Questions from

***Next Steps Towards Pay Equity***

**Section 9: What responses and ideas do you have?**

1. Do you think there are jobs or occupations in which New Zealand women are paid less than men for the same or equivalent skills?
  - Can you give examples of jobs in which women's skills are relatively under-rewarded?
  - What factors do you think contribute to this?
2. The government currently does a number of things that can help reduce the gender pay gap.
  - What else do you think could be done?
  - Why do you think this could help?
3. In future policy work to address the gender pay gap, what kinds of things could government do to ensure equal pay for work of equal value?
  - What would be an effective approach to ensure equal pay for work of equal value for the greatest number of women?
  - What would be the most effective way to ensure equal pay for work of equal value will benefit Māori women?
  - What would be the most effective way to ensure equal pay for work of equal value will benefit Pacific women?
4. In implementing any future policy:
  - Who do you think should be responsible for assessing the equal value of women and men's jobs?
  - How could compliance costs for employers and small businesses be kept low?
  - If pay adjustments were indicated, how do you think these should be implemented?

## ***Next Steps Towards Pay Equity***

### **Section 8: What are possible features of an effective policy?**

To initiate discussion, some possible features of an effective policy package are suggested below, reflecting the issues and principles reviewed in this Document.

- A new Human Rights Commissioner has been made responsible for equal employment opportunity including pay equity. What should that role be with respect to pay equity?
- Employment laws and human rights laws working together. Would a human rights approach, based on individual complaints, be effective by itself? Should it also be backed by some change to employment relations or equal pay laws? How could these complement or reinforce each other?
- A requirement for positive action by employers/ what role should employers take in ensuring pay equity for their staff? Should there be different expectations of small firms, large organisations, state sector employers? What advice, tools, expertise or education would be needed?
- Gender neutral job evaluations. Ensuring equal pay for work of equal value involves comparing different types of work. Would cross-firm comparisons be needed to fully address labour market-wide patterns of occupational segregation by gender and ethnicity?
- Efficient delivery. Would it be inefficient to require job comparisons by each employer? What agency might play this role, undertaking evaluations that set a standard? How might such a standard be taken up by employers?
- Focusing gender neutral job evaluations on key predominantly female occupations. This could meet policy purposes without time-consuming re-evaluation of all jobs. How many predominantly female occupations would need to be evaluated to ensure effectiveness? Which jobs, which comparators? Who would decide?
- Participation of employees and unions. What roles would individuals and unions have? How would pay equity policy affect collective pay negotiations?

**Glossary of pay equity terms**

**Gender pay gap** is the difference between what women earn on average and what men earn on average. It is often expressed as the ratio of women's earnings to men's. For example, in June 2001 women's average hourly earnings were 84.3 percent of men's average hourly earnings.

**Equal pay** means that men and women doing the same job get the same pay rate.

**Equal pay for work of equal value** means that women get the same pay as men for doing a comparable job – that is, a job involving comparable skills, years of training, responsibility, effort and working conditions. This is a policy principle in international conventions ratified by New Zealand.

**Pay equity** means that women have the same average pay as men (once any clearly justifiable differences, say in qualifications or hours, are accounted for).

**Comparable worth** is what 'equal pay for work of equal value' is called in the USA and Canada.

**Gender neutral job evaluations** are a management tool to compare pay rates for different kinds of work. A points based scale is used to compare these skills, responsibility, effort and work conditions in each job, then pay rates are set based on this comparison.

