

REPORT OF THE TASKFORCE ON:

# Pay and Employment Equity in the Public Service and the Public Health and Public Education Sectors

1 March 2004



## **PREFACE**

New Zealand has a persistent and troubling gender pay gap and has employment inequity issues which should not be part of a modern competitive economy.

The scale and persistence of the gender pay gap in New Zealand reflects a failure in the “market” which is not good for the economy nor in the interests of the majority of employees or employers. There are considerable rewards for organisations that find ways to overcome barriers and constraints that currently limit the role and contribution of women. These issues affect women at all levels.

The Taskforce has developed an Action Plan for the public service and the public education and public health sectors to deal with the factors that lead to the inequity. The issue is more than a matter of equal treatment and social justice. Without action, the education and skills of women will be wasted. Moreover, closing the gender pay gap makes an important contribution towards improving income levels and raising living standards of other persistently disadvantaged groups.

It is acknowledged that the tight timeframe for the Taskforce made it necessary to use less formal research methodologies than could have been employed in a longer timeframe.

I would like to thank all involved for their hard work and their expertise. We have an opportunity to eliminate the pay and employment inequities for women over the next five years. I ask that those implementing this plan do not waste that opportunity. Social reform of this nature while supported by research and cost/benefit analysis is rarely driven by such things. Visionary and determined leadership from Government and chief executives is essential.

Diana Crossan

**Chair**

March 2004

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## Recommendations of the Taskforce

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### **Recommendation I**

The Taskforce recommends that the Government:

1. Note the contents of Part I, *Setting the scene*
2. Agree that the actions identified in Part II, *Making it happen*, be initiated promptly as a first step to demonstrate the Government's commitment to pay and employment equity
3. Agree that the Action Plan as set out in Part III be adopted
4. Note that the Taskforce did not have an opportunity to undertake a cost benefit analysis of either individual initiatives or the Action Plan as a whole. Nor has the Taskforce considered the compliance costs associated with the Action Plan.

NOTE: *The number given to each recommendation below, except the recommendations on related issues and recommendations for further work, corresponds to the part of the report from which it arises, and to the section within that part.*

### **Recommendations arising from Part II: Making it Happen**

#### **Recommendation II. 1**

That the Department of Labour oversee a project to determine what data is required, and how this data is to be gathered, to assess the results of pay and employment equity initiatives and allow results to be compared between organisations and sectors.

#### **Recommendation II. 2**

That the Department of Labour oversee the development of a gender neutral job evaluation tool suitable for use in the public service, the public health sector and the public education sector.

#### **Recommendation II. 3**

That the Department of Labour establish:

- i a dedicated Pay and Employment Equity Unit to oversee the implementation of the five year Action Plan, and
- ii a tripartite Steering Group, informed by pay and employment equity expertise, to lead and evaluate the progress and implementation of the five year Action Plan.

### **Recommendations arising from Part III: Action Plan**

#### **Recommendation III. B1(a)**

That the Government make a commitment to:

- i Steady and measurable progress towards the goal of pay equity
- ii The establishment of processes and mechanisms to address the range of employment equity factors that contribute to the gender pay gap in the public service and the public health and education sectors
- iii Ensuring that the gains made in pay and employment equity are durable and are not eroded.

**Recommendation III. B1(b)**

That the Government develop and implement a communications plan to:

- i. Raise awareness and understanding of pay and employment equity
- ii. Ensure that key stakeholders (state sector management and HR teams, employees, unions and audit specialists) are informed and committed to implementation.

**Recommendation III. B2**

That the Government require the Pay and Employment Equity Unit and Steering Group to oversee the:

- i. Design and implementation of an audit and response plan process in the public service, the public health sector and the public education sector
- ii. Development of a model for this process, through piloting it, in 2004, with several organisations drawn from across the public service, the public health sector and the public education sector.

**Recommendation III. B3(a)**

That the Government:

- i. Establish a process for remedial settlements of pay equity claims
- ii. Note that two distinct views exist within the Taskforce on what this process should be.

**Recommendation III. B3(b)**

That the Government adopt the recommendation of the Taskforce, other than Government officials, that the Employment Relations Law Reform Bill Part II be reviewed to ensure that the Bill:

- requires employers to pay equal pay for the same or substantially similar work
- enables union/employee access to pay information to determine whether equal pay is being provided
- provides a transparent and efficient process for investigating, processing and determining claims, on an individual or collective basis, and remedies for non-compliance
- enables an equal pay test of jobs performed substantially by women against male comparators performing the same or substantially similar work
- does not explicitly exclude claims that this test would allow comparisons between different jobs of the same value
- complies with New Zealand's international obligations, specifically ILO Convention 100 on Equal Remuneration and the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

**Recommendation III. B3(c)**

That the Government identify impediments to, and promote, collective bargaining, including support for multi-employer collective bargaining, through:

- i. Identifying impediments to collective bargaining including multi-employer bargaining and consider, on a tripartite basis, proposals to overcome such impediments
- ii. Actively promoting collective bargaining for public service, public health sector and public education sector employers to meet the objects of the Employment Relations Act
- iii. Actively promoting multi-employer collective agreements
- iv. Using the accountability mechanisms proposed in this report to require promotion of collective bargaining.

**Recommendation III. B3(d)**

That the Government establish a tripartite process for developing core minimum employment standards for pay and employment equity in the public service, public health sector and public education sector.

**Recommendation III. B3(e)**

That the Government, noting that increasing the minimum wage would assist with narrowing the gender pay gap, and consistent with its initiatives under way to address low income generally:

- i. consider promulgating, through a minimum code for the state sector, an increase to the minimum wage for employees in the public service, and the public health and public education sectors
- ii. in so doing, consider and attend to any perverse impacts that could result on income support thresholds, taxation, or direct employment
- iii. include gender equity as one of the five objectives to be taken into account in its annual review of the minimum wage throughout both the state and private sectors
- iv. commission additional research analysing both the nature of low paid employment and those performing this work; and the economic and social impacts of further increasing the minimum wage in the state sector and/or extending these increases to all workers.

**Recommendation III. B4**

That the Government:

- i. Strengthen the existing accountability mechanisms to deliver pay and employment equity, and develop new mechanisms where none exist at present, at each level and for each sector.
- ii. Strengthen bargaining parameters to include an explicit expectation relating to pay and employment equity.
- iii. Require chief executives to aim to eliminate any inherent or built in gender bias in pay setting methods such as use of "market rates" before relying on these methods for pay setting.

**Recommendation III. B5(a)**

That the State Services Commissioner include pay and employment equity as an active workstream in the Human Resource Framework Project.

**Recommendation III. B5(b)**

That the Government:

- i. Note the Taskforce's view that accessible, high quality, affordable childcare is an essential element in achieving pay and employment equity.
- ii. Acknowledge in early childhood education and care policies that accessible, high quality, affordable childcare is an important element in achieving pay and employment equity.

**Recommendation III. B5(c)**

That the Government:

- i. note the Taskforce's view that support for users of care for dependants is an important element in achieving pay and employment equity
- ii. consider further initiatives to provide such support in the state sector.

**Recommendation III. B5(d)**

That the Government note that the Taskforce supports the current review of paid parental leave (PPL). It considers the findings of the review should be considered within a wider context of government initiatives. The Taskforce recommends that in reviews of the PPL issues of pay and employment equity should be considered. These may include:

- extending the eligibility criteria for the scheme
- increasing the level of payment
- investigating alternative funding mechanisms
- an entitlement to breastfeeding breaks and facilities for mothers returning to work
- ILO Maternity Protection Convention, 2000 (No. 183).

**Recommendation III. B5(e)**

That the Work-Life Balance Project and the State Services Commission Human Resource Framework project on Work-Life Balance take into account, in relation to pay and employment equity, the issues of levels of pay, hours of work, leave entitlements, and workplace culture.

**Recommendation III. B5(f)**

That the Government endorse the Taskforce's view that education and training are important in enabling women to maximise their potential in the workforce, and that pay and employment equity will be advanced by:

- i. specific inclusion, in the pay and employment equity stocktake and audits, of data on gender equity of access to both workplace training and employer support for the acquisition of further qualifications, in the public service and the public health and education sectors.
- ii. identifying any gender-related barriers to taking up existing training opportunities in the public service and the public health and public education sectors, and how these might be addressed.
- iii. requiring the Foundation Learning Strategy to take particular account of the need to provide access to foundation learning for low paid women.
- iv. collaborating with the Tertiary Education Commission, relevant industry training organisations, and the Department of Labour to identify the weaknesses of past strategies, and key barriers to improving foundation skills.
- v. scoping of a pilot project to identify and remedy literacy issues among cleaners who are directly or indirectly employed in the public service and the public health and public education sectors.

**Recommendation III. B5(g)**

The Taskforce, other than Government officials, recommends that the Government consider extending the retirement savings scheme to provide access for all state sector workers covered by this Action Plan.

**Recommendation III. B6**

That the EEO Commissioner be an ex officio member of the Steering Group advising the Secretary of Labour.

### **Recommendations on Related Issues**

1. That the Government consider and implement changes to the student loan system to remove any disadvantage for women, as part of its regular review.
2. That the Government note:
  - i. the Taskforce's view that closing the gender pay gap is a key step in improving women's participation in private provision for retirement.
  - ii. the Taskforce's support for and endorsement of the recommendation by the Periodic Report Group, in its 2003 Report, that efforts continue to be made to close the gender pay gap in the state sector, and that these efforts extend across the labour market.

### **Recommendations for Further Work**

1. That the Government set up a work programme to develop a Phase 2 Action Plan by December 2004 which will reduce the gender pay gap and advance equal employment opportunities for:
  - i. employees of crown entities, state-owned entities and crown companies
  - ii. employees whose work is funded by Government through outsourcing contracts, such as cleaners and caretakers.
2. That in Phase 2, the Government establish a tripartite process to consider the risks and benefits of a responsible contractor policy that would apply minimum employment standards to those receiving Government funding.
3. That further work be done to address pay and employment equity issues related to all other employees.
4. That further work be done to determine what data it would be appropriate for businesses and/or by Statistics New Zealand to collect, without adding to business compliance costs, to give a national overview of pay and employment equity.
5. That the Pay and Employment Equity Unit's resources and tools be made available to private sector employers and unions on a voluntary basis, providing that the needs of the state sector take priority.
6. That in monitoring the effectiveness of the five year Action Plan, as set out in this report, the Pay and Employment Equity Unit and the Steering Group consider the relevance of initiatives for the private sector.

**PART ONE:**

# Setting the Scene

**Terms of Reference:**

*To advise the Government on... how the factors that contribute to the gender pay gap apply in particular parts of the public service and public health and education sectors...*

## Part I: Setting the Scene

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### **A. The Role of the Taskforce**

1. Goal
2. Definitions
3. Purpose of the Taskforce
4. Principles
5. Process
6. Structure of the report

### **B. Overview of Pay and Employment Equity**

1. Context
  - (a) International conventions
  - (b) Current obligations and mechanisms relating to state sector employers
2. Information
  - (a) Significance
  - (b) Notable gaps
3. Statistics
  - (a) The national picture
  - (b) The state sector
  - (c) The Public Service
  - (d) The public health sector
  - (e) The public education sector

### **C. Factors contributing to the Gender Pay Gap in relation to Pay and Employment Equity**

1. Occupational segregation
2. Pay setting
3. Low pay
4. Contracting out
5. Career paths
6. Part-time work
7. Family responsibilities
8. Educational qualifications and training

### **D. Related Issues**

1. Student loan scheme
2. Retirement income

## A. The Role of the Taskforce

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The role of the Taskforce has been not to debate whether there is an issue, but to accept that there is, and to develop an action plan. The issue is not simply a matter of equal treatment and social justice. Without action, the education and skills of women will be wasted, and the wider economy does not reap the benefit of these assets.

The Terms of Reference require the Taskforce to focus on addressing the gender pay gap in three parts of the state sector: the public service, the public health sector, and the public education sector.

The overall principle of the Taskforce's five year Action Plan is to ensure that in the state sector, pay is not affected by gender – that is, women's and men's work of similar value is paid similarly – and that both women and men have access to all jobs, with gender or gender-related expectations not standing in the way of job choice and job progression. This principle should be applied when assessing the role that initiatives can play in addressing pay and employment inequities.

The Taskforce developed working text, including an overall goal and key definitions, to inform its deliberations.

### 1. Goal for 2008

By 2008, genuine and durable pay and employment equity for women will be a feature of the New Zealand Public Service and public health and education sectors, the gender pay gap in those sectors will have been significantly closed, and all practicable steps to close the gender pay gap will have been taken.

The gender pay gap affects women at all levels of pay. The scale and persistence of the gender pay gap in New Zealand reflects a failure in the "market" which is not good for the economy or in the interests of the majority of employers or employees. The rewards are considerable for organisations that find ways to overcome barriers and constraints that currently limit the role and contribution of women are considerable. However, as the Action Plan shows, there are no simple magic prescriptions that will be equally successful for all organisations and all women.

### 2. Definitions

**Employment equity** means the elimination of barriers to equality for women in employment. It involves implementing gender neutral policies and practices in access to employment opportunities, and in terms and conditions of employment, including pay.

**Pay equity** means that women receive the same pay as men

- for the same work and
- for work which is different, but of equal value.

Where women and men do quite different jobs, pay equity means equality of pay where skills, training, responsibility, effort and work conditions are assessed as comparable (without reference to gendered assumptions).

The phrase **pay and employment equity** combines these two notions to denote the outcome of a systematic approach to identifying and eliminating the causes of inequality and providing equity.

**Public education sector:** The public education sector consists of employees of public sector tertiary education institutions (universities, colleges of education, polytechnics and wananga); state and state integrated primary and secondary schools (boards of trustees are the employers); the Correspondence School; and employees of the kindergarten associations in free kindergartens (as defined in the Education Act).

**Public health sector:** The public health sector (central government health services) consists of publicly owned hospitals and other health services, organised since 2001 into 22 district health boards (DHBs). The public health sector workforce consists of the staff employed by these DHBs.

**Public service:** The public service consists of employees of the departments listed in the first schedule of the State Sector Act 1988, and, for the purposes of the Taskforce, the Parliamentary Service, the Parliamentary Counsel Office, and the Office of the Clerk.

*Except where otherwise noted, it is this meaning that is intended whenever this term is used in this report.*

**State sector:** For the purposes of the Taskforce, the term "state sector" includes the public service as defined above, the public health sector, and the public education sector.

**Direct employees:** It should be noted that not all of the employees in the three specific sectors defined above fall within the coverage of the State Sector Act. The work of the Taskforce focuses, in the first instance, on direct employees within the three specific sectors defined above.

However, sustainable solutions will require future consideration of outsourced employees who do the same or similar work as that done by direct employees, e.g. caretakers and cleaners.

### **3. Purpose of the Taskforce**

The purpose of the Taskforce, as set out in the Terms of Reference, is:

- (a) To advise the Government on:
  - how the factors that contribute to the gender pay gap apply in particular parts of the public service and public health and education sectors
  - a five year plan of action to address pay and employment equity, with reference to those factors.
- (b) To demonstrate the value of policies to address pay and employment equity, and to provide a model for their implementation in the private sector.
- (c) To carry out a programme of work involving:
  - i. documentation of the nature and extent of pay and employment disparities currently existing in the public service and public health and education sectors;
  - ii. identification (based on existing research) of the factors contributing to pay and employment inequity that apply in the public service and public health and education sectors as a whole and in each of these sectors, and in specific identified parts of these sectors;
  - iii. research or further work on the way in which these factors apply within the identified parts of the public service and public health and education sectors;
  - iv. development of a long-term plan of action to address each of these factors, within particular sectors if necessary, as a means to work towards pay and employment equity (based on a robust cost-benefit analysis); and
  - v. recommendations on whether further work by the Taskforce is necessary to implement the plan of action, and if so, what that work should entail.

#### 4. Principles

The Terms of Reference set out the following principles to govern the work of the Taskforce:

- i. That the objective of pay and employment equity policies in the public service and public health and education sectors is to address the gender pay gap, through a plan of action which addresses the wide range of social, employment, economic and other factors which contribute to the pay gap.
- ii. That the Taskforce should identify how the particular factors contributing to the pay gap apply in relation to each part of the public service and public health and education sectors and, where necessary, in relation to particular groups of employees within particular parts.
- iii. That the plan of action should be capable of being implemented over five years in order that the necessary changes in practice and culture become embedded in the fabric of New Zealand society.
- iv. That the analysis of the influence of contributing factors and the plan of action for addressing them, while focusing on the public service and public health and education sectors, may be used as a model for private sector initiatives.
- v. That the plan of action should recognise current labour market arrangements (including legislative interventions) and management practices, and the impacts of proposed pay and employment equity policies on them.
- vi. That the plan of action should minimise compliance costs for both employers and employees/unions.
- vii. That any proposed options should be accompanied by a robust analysis of the costs and benefits of the options together with recommendations on how implementation of the options may be sequenced to spread those costs.
- viii. That policy interventions should be consistent with the Government's comprehensive policy programme of increasing economic growth, reducing inequality and improving the social and economic well-being of New Zealanders and their families in an environmentally, socially and economically sustainable manner (Speech from the Throne, August 2002).

In identifying contributing factors and developing a plan of action, the Taskforce has taken into account the following background:

- i. The history of pay and employment equity in New Zealand
- ii. The human rights framework in New Zealand
- iii. Information about the success or otherwise of existing policies (such as paid parental leave, child care assistance, and work-life balance) in addressing any of the factors identified as contributing to the pay gap
- iv. An awareness of the influence of the wider labour market, including Government policies on minimum wages
- v. The Employment Relations Act 2000
- vi. The work of the Human Rights Commission, the State Services Commission, the EEO Commissioner and the EEO Trust in raising awareness of pay and employment equity issues
- vii. International experience in addressing pay and employment equity issues
- viii. The Quality Partnership approach adopted in the core public service
- ix. The tripartite initiatives in the public health sector; and
- x. Existing research on the nature of the gender pay gap in New Zealand and particularly in the public service and public health and education sectors.

## 5. Process

1. The Taskforce on Pay and Employment Equity, which first met on 4 June 2003, was made up of:
  - an independent Chair
  - an independent who acted as sub-group Chair
  - the chief executives, or their nominees, of the Department of Labour, the Ministry of Women's Affairs, the State Services Commission, and the Treasury
  - four New Zealand Council of Trade Unions nominees.
2. From January 2004, nominees of the Ministries of Education and Health and District Health Boards New Zealand attended Taskforce meetings. All had earlier represented their organisations in sector sub-groups.
3. A sub-group was established for each of the three sectors: education, health and the public service. The sub-groups, which got underway in July and worked intensively until December 2003, helped the Taskforce to develop its Plan of Action by:
  - providing sector specific analyses and perspectives
  - addressing internal sectoral differences and informing cross-sectoral analyses
  - informing the work plan and decisions on commissioning review and research projects
  - assisting researchers commissioned by the Taskforce.
4. Thirteen review and research projects were commissioned from independent researchers (see Appendix 3). It should be noted that this research was commissioned and completed within a relatively short period of time, in some cases sample sizes were small, and the findings are those of the researchers concerned. The Taskforce reflected on the research and used it to inform its consideration of pay and employment equity in the New Zealand context.
5. The Taskforce did not have an opportunity to undertake a cost benefit analysis of either individual initiatives or the Action Plan as a whole. Nor has it considered the compliance costs associated with the Action Plan.
6. The Taskforce reported to a Ministerial Reference Group convened by the Minister of Labour.
7. Related agencies and groups working on pay and employment equity issues were kept informed throughout the process and invited to contribute relevant expertise. These included the EEO Commissioner, the National Council on the Employment of Women, the Coalition for Equal Value Equal Pay and the EEO Trust.

## **6. Structure of the Report**

### **Part I: Setting the Scene**

Section A lays out the grounds on which the Taskforce has carried out its work, including its focus on the public service, the public health sector, and the public education sector. It also explains the process followed by the Taskforce.

Section B provides the context for the Taskforce's work on pay and employment equity, in terms both of New Zealand's international obligations, and of the obligations on state sector employers. Noting the significance of information to all work on pay and employment equity, it then lists some of the most obvious information gaps encountered by the Taskforce, in terms of the public service and the public health and public education sectors. Finally, it sets out some basic statistics on pay and employment equity to indicate the current picture nationally and across and within these three sectors.

Section C sets out what the Taskforce has agreed are the three key factors at workplace level in gender pay and employment equity, in accordance with the requirement in its Terms of Reference that it is to:

... advise the Government on:

- how the factors that contribute to the gender pay gap apply in particular parts of the public service and public health and education sectors
- a five year plan of action to address pay and employment equity, with reference to those factors.

The three factors are broadly summed up as: the jobs women do, how jobs are valued, and how jobs are organised. Section C then identifies a number of issues related to each of these factors, and gives a brief summary, based on the available information, of how they apply in each of the three sectors that the Taskforce considered.

Section D discusses the importance of pay and employment equity for women's lifetime earnings, in relation to their ability to repay student loans and save for retirement.

### **Part II: Making it Happen**

This part of the report outlines three steps which the Taskforce has agreed on as needing to be taken to support the implementation of the Action Plan. These steps involve working out what specific sets of data on pay and employment equity need to be gathered; constructing a job evaluation tool which would assist in a gender neutral comparison of different jobs; and putting in place a dedicated pay and employment unit and Steering Group to oversee implementation of the Action Plan.

### **Part III: Action Plan**

First, the scope for action is discussed. Drawing on the issues identified in Part I Section C, Phase 1 of the Action Plan then sets out a range of various kinds of actions to advance pay and employment equity in the public service, public health sector, and public education sector, beginning with clear and explicit public commitment by Government and ministers to pay and employment equity outcomes across these sectors. Where possible, the Action Plan covers what needs to be done, by whom, how, and when. The Taskforce reached agreement on most of these actions; where it could not reach agreement, the differing views are given. The Action Plan also puts forward actions relating to other important initiatives currently under way on issues, such as paid parental leave, which impact on the goal of pay and employment equity.

The section on Further Work briefly sets out additional work which, in the view of the Taskforce, will need to be undertaken in order to extend pay and employment equity beyond those who are directly employed in the Public Service and the public health and education sectors.

## B. Overview of Pay and Employment Equity

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### 1. Context

#### (a) International conventions

New Zealand has ratified several international conventions that are relevant to pay and employment equity. The most important of these are the:

- International Labour Organisation (ILO) Equal Remuneration Convention 100, ratified by New Zealand in 1983
- ILO Discrimination (Employment and Occupation) Convention 111, also ratified in 1983, and
- UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), ratified in 1985.

The government must report periodically on measures taken to comply with these obligations.

#### *ILO Equal Remuneration Convention, 1951 (No. 100)*

- Equal remuneration is to be paid to men and women workers for work of equal value without discrimination based on sex
- Equal remuneration for men and women workers for work of equal value refers to “rates of remuneration established without discrimination based on sex”
- The principle of equal remuneration for work of equal value must be applied to all workers
- Differential wage rates that correspond to differences in job content are not contrary to the principle of equal remuneration.

In response to New Zealand’s most recent report to the ILO, the Committee of Experts observed that the principle of equal remuneration for work of equal value goes beyond the concept of the same or similar work. It asked the Government to indicate the measures taken to ensure the observance of the convention and its application in practice, such as the revision of legislation, or the issue of guidelines for use in job evaluations and contract negotiations.

The Committee also asked the government to indicate measures taken or contemplated to disseminate information to the public regarding the principles of equal remuneration for work of equal value, and to inform the public of the right to bring a complaint.<sup>1</sup>

#### *ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111)*

Ratifying countries must declare and pursue a national policy designed to promote equality of opportunity and treatment in employment and occupation, in order to eliminate discrimination. This includes access to employment, to particular occupations, and to terms and conditions of employment.

The Committee of Experts asked the government to continue to supply statistical data relating to implementation of this Convention, and information on initiatives taken to promote equality in the

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<sup>1</sup> ILO, Report of the Committee of Experts, 2002, pp. 412-415

labour market. The Committee also asked the government to indicate the steps it envisages taking in order to give effect to the recommendations of the Ministerial EEO Advisory Group 2001.<sup>2</sup>

The advisory group made recommendations relating to the Government as leader, co-ordination, education and training, and support for other initiatives.<sup>3</sup>

The Government is required to respond to the Committee's observations in June 2004.

See *Recommendations in Part II, also Recommendations III. B1(a) and (b), III. B2, III. B4*

***UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)***

Article 11 of CEDAW states:

- 1. States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular:**
  - (a) The right to work as an inalienable right of all human beings;
  - (b) The right to the same employment opportunities, including the application of the same criteria for selection in matters of employment;
  - (c) The right to free choice of profession and employment, the right to promotion, job security and all benefits and conditions of service and the right to receive vocational training and retraining, including apprenticeships, advanced vocational training and recurrent training;
  - (d) The right to equal remuneration, including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work;
  - (e) The right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave;
  - (f) The right to protection of health and to safety in working conditions, including the safeguarding of the function of reproduction.

Two issues that the UN Committee on CEDAW raised on New Zealand's combined third and fourth reports were New Zealand's reservation relating to paid maternity leave, and the gender pay gap. In its fifth periodic report, presented on 14 July 2003, New Zealand reported on the introduction of paid parental leave from July 2002, and New Zealand's consequent intention to remove its reservation relating to paid maternity leave. New Zealand also reported on the pay and employment equity project being undertaken by the Taskforce.

The Committee on CEDAW then recommended that the NZ Government "ensures equal opportunities for women and men in the public and private sectors, including through the use of special temporary measures in accordance with article 4, paragraph 1 of the Convention. ... [and that]

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<sup>2</sup> ILO, Report of the Committee of Experts 2003, pp. 510-512

<sup>3</sup> Success through diversity: Report of the Ministerial Advisory Group on Equal Employment Opportunities, May 2001

efforts be made to eliminate occupational segregation, through education and training, the application of the principle of equal pay for work of equal and comparable value, and the promotion of additional wage increases in female-dominated sectors of employment" (paragraph 32).

The Committee also recommended that the Government "consider further amending the Parental Leave and Employment (Paid Parental Leave) Amendment Act with a view to ensuring that pregnancy under no circumstances creates an obstacle for women entering the labour market, and to remove the specific time limit which is required to qualify for paid parental leave, and to increasing the benefits level so that men are encouraged to take parental leave" (paragraph 32).

*See Recommendation III. B5(d).*

#### **(b) Current obligations and mechanisms relating to state sector employers**

State sector employers are subject to a range of current obligations relating to pay and employment equity, and to collecting information. There does not currently appear to be any obligation linking these two together.

##### ***i. Pay and employment equity***

State sector employers are subject to legislation covering aspects of pay and employment equity. This legislation focuses on the elimination of direct and indirect discrimination, generally at the level of the individual employee.

The Government Service Equal Pay Act 1960 entitled women working in the state sector to equal pay with men where both were working in the same job. The Equal Pay Act 1972 extended this to all other employees.

The Employment Relations Act 2000 provided a framework for "good faith" bargaining between employers, employees and unions for individual, collective or multi-employer wage agreements. The Act also extended the personal grievance provisions on discrimination contained in the previous legislation and in some earlier occupational wage documents. The personal grievance provisions mirror the provisions of the Human Rights Act 1993 (amended 2001). Discrimination is defined in the Human Rights Act as being when an employer:

... refuses or omits to offer or afford to that employee the same terms of employment, conditions of work, fringe benefits, or opportunities for training, promotion, and transfer as are made available for other employees of with? the same or substantially similar qualifications, experience, or skills employed in the same or substantially similar circumstances;

because of the employee's:

sex, marital status, religious belief, ethical belief, colour, race, ethnic or national origin, disability, age, political opinion, employment status, family status, or sexual orientation.

The New Zealand Bill of Rights Act 1990 also prohibits discrimination on these same grounds.

### Being a “good employer”: State Sector Act 1988

There is also an obligation on public service, public health sector and public education sector employers which is more extensive than the statutory requirements on all employers. For example, the State Sector Act 1988 and the Public Health and Disability Act 2000 require public service employers and DHBs to be “good employers”.<sup>4</sup>

While the generic requirements that apply to all employers generally focus on individual employees, some of the legislative requirements on state sector employers, such as the good employer requirement and EEO requirements, focus on groups. Sections 56 and 58 of the State Sector Act 1988 state:

#### 56. General principles

- (1) The chief executive of a Department shall operate a personnel policy that complies with the principle of being a good employer.
- (2) For the purposes of this section, a “good employer” is an employer who operates a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment, including provisions requiring –
  - ...
  - (b) An equal employment opportunities programme; and
  - (c) The impartial selection of suitably qualified persons for appointment; and
  - ...
  - (e) Opportunities for the enhancement of the abilities of individual employees; and
  - (f) ...
  - (g) Recognition of the employment requirements of women;
  - ...
- (4) For the purposes of this section, “employee” includes a member of the senior executive service.

#### 58. Equal employment opportunities

- (1) The chief executive of a Department –
  - (a) Shall in each year develop and publish an equal employment opportunities programme for the Department;
  - (b) Shall ensure in each year that the equal opportunities programme for that year is complied with throughout the Department.
- (2) The chief executive of a Department shall include in the annual report of the Department –
  - (a) A summary of the equal employment opportunities programme for the year to which the report relates; and
  - (b) An account of the extent to which the Department was able to meet, during the year to which the report relates, the equal employment opportunities programme for that year.
- (3) For the purposes of this section and section 56 of this Act, an equal employment opportunities programme means a programme that is aimed at the identification and elimination of all aspects of policies, procedures, and other institutional barriers that cause or perpetuate, or tend to cause or perpetuate, inequality in respect to the employment of any persons or group of persons.

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<sup>4</sup> The wording of the “good employer” requirement that applies in the public service and in the public health and education sectors is identical, though the reporting requirements differ.

Current good employer requirements focus on the organisation. The two equal pay Acts, although drafted in the era of an award structure, indicate that their provisions apply to the parties to an agreement. The “good employer” provisions within the state sector also focus on the organisation.

One of the principal functions of the State Services Commission as prescribed in the State Sector Act 1988 (section 6e) is “to promote, develop and monitor in each Department equal employment opportunities policies and programmes”. The Secretary for Education has EEO responsibilities under the State Sector Act 1988 (section 77D) for promoting, developing, and monitoring equal employment opportunities, policies, and programmes in the education sector.

*See Recommendations III. B2, III. B3(d), III. B4*

## **ii. Compiling, analysing, reporting and monitoring information**

### **Public service**

The State Services Commissioner has certain powers, under Part I of the State Sector Act 1988, in relation to information collection in the public service.<sup>5</sup> In particular:

- Section 9 provides that unless there is an express provision to the contrary in any other Act, the Commissioner may (by notice in writing) require a public service department to provide him/her with “information concerning the department’s activities”.
- Section 10 provides that for the purposes of carrying out his/her functions, the Commissioner may (among other things) “require the production of any information, documents, or files in the custody of the department”. Section 10 sets out the process requirements in relation to such a request.

Accordingly, the State Services Commissioner can request and collect information from departments in order to assist the Commissioner in carrying out his/her duties and functions under the State Sector Act.

### **Public health and education sectors**

Under section 11 of the State Sector Act the Prime Minister may (in writing) direct the Commissioner to carry out, in respect of any part of the state services that does not form part of the public service, any of his/her functions and powers under sections 6 to 10 of the Act.

This enables the Commissioner’s legal powers in relation to information collection to be extended to DHBs and to state schools and kindergartens, but not to universities, polytechnics or colleges of education. In practice, section 11 has not often been used. Its use has generally been to direct the State Services Commissioner to undertake specific reviews or finite term monitoring.

The Minister of Health may also require information, under section 44(2) of the Public Health and Disability Act 2000.

*See Recommendations in Part II, also Recommendations III. B2, III. B4*

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<sup>5</sup> In this context, “public service” does not include the Parliamentary Counsel Office, Parliamentary Services, or Office of the Clerk.

## **2. Information**

### **(a) Significance**

The Taskforce is required to focus on pay and employment equity within the public service, the public health sector, and the public education sector. Both aggregate data and data specific to sectors and to occupations within those sectors are required.

Aggregate data may not reveal specific pockets of inequity. Single measures of the gender pay gap oversimplify the issues of pay and employment equity. Investigations are also needed of the full wage distribution and of trends at disaggregated levels, such as within occupations or sectors. Sector-specific data is more useful in considering issues which need addressing to bring about change.

Sufficient data is available to show broad and persistent patterns of gender gaps in pay and employment equity, both in New Zealand as a whole and in the three sectors concerned. However, there are gaps in consistent data collection and regular EEO reporting. The Taskforce has used a variety of resources, primarily provided by Statistics New Zealand, the State Services Commission, and the Department of Labour.

Data collection does not in itself solve pay and employment equity discrepancies, but consistent compilation, analysis, reporting and monitoring of data are all crucial to making and tracking progress in pay and employment equity. Publicly available reports acknowledge a wide range of stakeholders in issues to do with pay and employment equity. The lack of nationally consistent data in various sectors makes it difficult to establish benchmarks, and thus to assess change, as well as to look in depth at gender issues across sectors. It may also imply a lack of commitment to pay and employment equity outcomes. Consistent with accountability for progressing pay and employment equity outcomes, chief executives will need to make their progress public.

### **(b) Notable gaps**

Areas where consistent published data and analysis are notably missing are:

- The public health sector as a whole. While there is a national focus on selected occupational groups for issues of workforce development, there is little explicit attention to equity issues.
- In the public education sector, as regards support staff in schools and staff in early childhood and tertiary areas. Remuneration data in particular is lacking. Unlike the data for schools, tertiary payroll data is not linked to qualifications.
- Non-standard forms of employment, including precarious work.
- Candidates for appointment and appointment processes by gender.
- Relationships between childbearing and caring responsibilities and other care work, paid work and gender. While there is a wide range of general research material based on the workforce as a whole, there is little data relating to specific employers or occupations in the state sector.

There is also a lack of data to allow an analysis of the relationships between disability and work, and of Maori and Pacific perspectives.

*See Recommendations in Part II, also Recommendation III. B4*

### 3. Statistics

Although there are notable gaps in the available data, as outlined above, the key data exists to indicate the scale and persistence of the gender pay gap and the extent to which it affects women at all levels of pay, both nationally and in the three sectors that the Taskforce focused on.

#### (a) The national picture

In 2003, the average hourly earnings from wages and salary for women in the labour force were 87.1 percent of those for men, leaving a gap of 12.9<sup>6</sup> percentage points. Over the last 30 years, the gap between women's and men's average hourly earnings has narrowed slowly and unevenly.

A weekly measure shows women's overall earnings, compared with men's. The gender pay gap in weekly earnings is wider than the gap in hourly earnings. This is partly because weekly earnings include both part-time and full-time employment. In 2003, women's median weekly earnings were \$479, 70 percent of men's median weekly earnings of \$681, leaving a gap of 30 percentage points.<sup>7</sup>

#### Age

The gender pay gap varies in size according to age. The gender gap in average hourly earnings is relatively small (and in some survey samples, non-existent) in the 15-29 year age groups. However, the gap is much larger for adults aged over 30.

Table 1: Average hourly earnings by age group, derived from June 2003 quarter Income Survey

Age group	Male	Female	F/M ratio
15-19	9.73	9.35	96.1
20-24	13.47	13.49	100.2
25-29	16.58	17.10	103.1
30-34	19.45	17.77	91.3
35-39	22.17	17.69	79.8
40-44	22.38	18.42	82.3
45-49	23.39	18.31	78.3
50-54	22.14	17.23	77.8
55-59	20.61	16.78	81.4
60-64	21.92	16.79	76.6

Estimates produced by Department of Labour (designed to match those of Statistics NZ as closely as possible)

<sup>6</sup> This gender pay gap figure is drawn from the NZ Income Survey rather than the Quarterly Employment Survey (QES). These two Statistics NZ surveys produce different gender pay gaps. The QES collects contracted hourly pay rates, while the Income Survey includes information on hours worked to derive implicit hourly pay rates. Because men report working longer hours, this lowers their hourly pay rate relative to women (when compared to the QES results) and consequently produces a smaller gender pay gap. The QES gender pay ratio for the June 2003 quarter was 85.4 percent.

<sup>7</sup> Statistics NZ, NZ Income Survey 2003 June Quarter

Weekly earnings gaps are larger because a higher proportion of women than men work part-time. In 2003, the gender pay gap in median weekly earnings was narrowest at ages 25-29, when women earned 87 percent of the earnings of men of the same age. At ages 30-34, women's weekly earnings fell to 75 percent of men's. Between the ages of 35 and 64, women's weekly earnings fluctuated between 61 percent and 67 percent of men's.<sup>8</sup>

### ***Ethnicity***

Average hourly earnings, and therefore gender pay gaps, differ for both men and women according to ethnic group. These differences occur partly because the Maori, Pacific and "Other" ethnic groups have proportionately more people in the younger, lower-earning age groups.

As Table 2 shows, within each ethnicity group women's average hourly earnings are lower than those of men. The gap is largest between Pakeha men and Pakeha women. However Maori and Pacific women and men have lower average hourly earnings than either Pakeha women or men. Maori women, Pacific women, and Pacific men all earn less than three-quarters of the average hourly earnings of Pakeha men.

**Table 2: Average hourly earnings by gender and ethnic group**

<b>Ethnicity</b>	<b>2003 Male \$ per hour</b>	<b>2003 Female \$ per hour</b>	<b>2003 Female as % of male</b>
European/Pakeha	19.88	16.96	85.3
Maori	16.29	14.53	89.2
Pacific	13.90	13.79	99.2
Other ethnic groups	17.91	17.37	97.0
Total	19.02	16.57	87.1

Estimates published by Statistics NZ from June 2003 quarter Income Survey

### **(b) The state sector**

The focus of the Taskforce is on particular parts of the state sector. In 2003 the public service employed 35,192 people, the public health sector employed 53,300 people, and the public education sector employed 108,400 people.

In February 2003, average ordinary time hourly pay for women across these three sectors was \$22.84, compared with \$28.44 for men. Women were therefore earning 80.3 percent of men's average hourly earnings.<sup>9</sup> The fact that the gender pay gap is wider in the state sector than in the labour force generally is partly due to the structure of employment in the state sector. Women make up a higher percentage of those employed in the state sector than in the labour force generally, and lower-paid state sector jobs are now concentrated in occupations which are female-intensive. Low pay –

<sup>8</sup> Statistics NZ, NZ Income Survey 2003 June Quarter

<sup>9</sup> Average pay has been calculated by a weighted (by the number of employees) average for the three sectors considered by the Taskforce. While the definition of the public service used here is not exactly the same as that used by the Taskforce, including all the groups that the Taskforce considered would have only a very small effect on these rates. Using total hourly earnings instead of ordinary time hourly earnings would raise the pay ratio very slightly, giving an hourly rate for women of 80.4 percent of the rate for men.

defined for the purposes of the Taskforce's research as an hourly pay rate below \$12, approximately two thirds of the average wage – affects more women than men across the state sector, although it affects fewer people in the state sector than in the labour market as a whole.

**(c) The public service**

The public service, as defined for the purposes of the Taskforce, now includes 35 departments, together with the Parliamentary Service, the Office of the Clerk, and the Parliamentary Counsel Office. In 2003, women made up 58 percent of public service employees, compared with 46 percent of the New Zealand labour force as a whole.

The average annual salary for women in the public service was \$44,163 per year, 84.2 percent of the average salary for men of \$52,436. The highest concentration of women, 45 percent, is in the \$30,000-39,000 salary band, with a further 22 percent of women earning \$40,000-49,000. Three-quarters of all women working in the public service earn less than \$49,000, and three-quarters of all men earn less than \$59,000.

At the lowest end of the salary scale, 2.4 times as many women as men earn salaries under \$30,000. At the highest end of the pay scale, 1.8 times as many men as women earn salaries over \$80,000. The gender pay gap among managers is 12.1 percent.

**(d) The public health sector**

The public health sector, as defined for the purposes of the Taskforce, consists of publicly owned hospitals and other health services, organised since 2001 into 22 DHBs. The public health sector workforce consists of the staff employed by these DHBs.

Little comprehensive data is available on the public health sector workforce. About 69<sup>10</sup> percent of the total health sector workforce is employed in the public health sector. Among nurses, the largest occupational group, 77 percent are employed in the public health sector.

There is currently no central collection of remuneration or other pay and employment equity data by gender. Little information is collated by either the DHBs as a group, or the Ministry of Health, at the level of detail required to provide an overview of numbers of male and female employees by occupation, position, and pay. The major professional organisations and unions involved have collated some data. The New Zealand Health Workforce Information System project now being co-ordinated by District Health Boards New Zealand (DHBNZ, the industry body for the DHBs), and due for completion in 2005, has also collated some data.

Between 74 and 79 percent of health workers requiring registration are female.<sup>11</sup> In 2001, over 9 out of 10 (94 percent) of registered nurses were women; just under a third (32.6 percent) of active medical practitioners; and just under a fifth (19.2 percent) of active specialists.

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<sup>10</sup> Health Workforce Advisory Committee (April 2002), *The New Zealand Health Workforce: A Stocktake of Issues and Capacity 2001*, HWAC, p.62 and elsewhere. The 69 percent figure does not take into account non-clinical areas of the health workforce (administration, domestic services, etc), nor approximately 40,000 "informal or complementary" health workers, who are mainly female homecare workers, employed by private contractors, but funded in many cases through the DHBs.

<sup>11</sup> Again, this does not include homecare workers.

Comprehensive pay data by gender is not available for the public health sector.

Some pay data is available for the entire health sector, and also for particular regions.

The available QES data for the public health sector shows that women's average ordinary time hourly earnings and also their average total hourly earnings (including overtime) stood at 64 percent of men's earnings in February 2003. Although the size of the gap fluctuated between August 1999 and February 2003, there has been little overall progress in closing it. The available data shows that pay ranges vary considerably for many occupations across different DHBs.

#### **(e) The public education sector**

The public education sector consists of employees of the kindergarten associations in free kindergartens (as defined in the Education Act); state and state integrated primary and secondary schools (where boards of trustees are the employers); the Correspondence School; and employees of public sector tertiary education institutions (universities, colleges of education, polytechnics and wananga).

The education sector employs more than twice as many women as men. In November 2002, the public education sector employed approximately 72,500 women, earning on average \$22.66 an hour, and 33,700 men, earning on average \$26.62 an hour – a gap of 15 percent. These statistics cover directly employed staff in all occupations and positions.

In 2000, 1,687 women and 15 men were teaching in kindergartens, but pay data for them is insufficient.

Comprehensive pay and employment data is available by gender for teaching staff in New Zealand state and state integrated schools, but is less comprehensive for support staff. Women make up 70 percent of all teaching staff in schools<sup>12</sup>. They are 80 percent of primary teaching staff, and 55 percent of secondary teaching staff. In 2003, the median salary for all female teaching staff was \$48,971, 88 percent of the median for all male teaching staff of \$54,570 – an overall gap of 12 percent. School support staff are 91 percent female. In 2003, women's median fortnightly earnings were 66 percent of men's, and their median hourly earnings were 89 percent of men's.

Women are in the majority on all staffs of each type of tertiary institution included in the public education sector, ranging in 2001 from 66 percent in colleges of education to 54 percent in universities. There is very limited data regarding tertiary salaries and pay rates. Average ordinary time earnings data across the whole tertiary sector shows that in February 2003 women earned 80 percent of what men earned.

The data on various levels of staffing by gender in the tertiary sector is also very limited. The available information indicates that in 2001, 77 percent of academic staff in colleges of education were women, 48 percent of academic staff in polytechnics, 50 percent in wananga, and 40 percent in universities. On average, female academics earned \$12,000 less than their male counterparts in 1998.

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<sup>12</sup> Calculated as a percentage of all full-time teaching equivalent (FTE) positions. See Furze, M. (2003), Pay and Employment Equity in Education, draft paper to the Pay and Employment Equity Taskforce, Ministry of Education.

## C. Factors contributing to the Gender Pay Gap in relation to Pay and Employment Equity

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The three key workplace factors in the gender pay gap in New Zealand, in relation to pay and employment equity, can be summed up as follows:

- The jobs that women do: The location of women in the workforce, in terms of both their occupations (horizontal inequality) and their positions in those occupations (vertical inequality).
- How jobs are valued: Where female intensive occupations are undervalued, and where women are paid less than men for doing the same job.
- How jobs are organised: The relationship between the structure of paid work, and women's job choices and progression, especially in relation to family responsibilities.

These factors do not operate independently of each other. For example, the fact that on average women are paid less than men is one reason why more women than men combine primary caregiving with part-time work. This in turn limits women's access to better paying jobs and positions, since part-time work is more readily available in lower paid occupations and positions. Research reports prepared for the Taskforce highlighted the importance of addressing all these areas in the three sectors that the Taskforce considered.

Eight major issues related to these factors were identified:

1. Occupational segregation (the jobs that women do and how jobs are valued)
2. Pay setting (how jobs are valued)
3. Low pay (how jobs are valued)
4. Contracting out (how jobs are valued and organised)
5. Career paths (the jobs women do, how jobs are valued and organised)
6. Part-time work (how jobs are organised)
7. Family responsibilities (how jobs are organised and valued)
8. Educational qualifications (the jobs women do and how those jobs are valued)

These issues:

- Have a significant impact on pay and employment equity for women in the New Zealand Public Service and public health and education sectors, and
- Provide scope for taking practicable steps towards genuine and durable pay and employment equity in these sectors.

Each of these issues is outlined below.

## 1. Occupational segregation

Both the international literature and New Zealand studies show that vertical and horizontal inequality in the workforce are major factors underpinning the gender pay gap. Occupational segregation, where women are clustered in a relatively narrow range of traditionally female-intensive occupations, is a particular form of horizontal inequality. Many researchers on pay and employment equity believe that the prevalence of low pay rates in traditionally female-intensive occupations is an important contributing factor to the gender pay gap that shows up in aggregated earnings data. In New Zealand, 20 to 40 percent of the gender pay gap has been attributed to occupational segregation<sup>13</sup>.

The key issue is the lack of equal pay for work of equal value that is done predominantly by women. There are complex connections between “female” occupations, skill recognition, female stereotyping, and rates of pay. Some of the skills involved in typical women’s occupations:

*... are often considered to be simply “natural” attributes of women, rather than being developed through learning, practice and experience. The skills required in interacting well with people (managers, staff or clients) and in other kinds of emotional labour often go unnoticed... Complex interpersonal skills, heavy physical effort and responsibility for life and death are requirements of many jobs caring for children, the sick, the elderly. These components are likely to be undervalued in women’s pay packets.*<sup>14</sup>

Census data on occupations shows that in New Zealand, as in other similar countries, women have tended to be employed mainly in occupations where the majority of employees are women.<sup>15</sup> The 29 occupations that are at least 90 percent female together employ 19.2 percent of the female workforce.<sup>16</sup>

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<sup>13</sup> Pay Inequality between Men and Women in New Zealand, Sylvia Dixon, Occasional Paper 2000/1, September 2000, Labour Market Policy Group, Department of Labour, September 2000. This report considered it likely that more of the pay gap could be explained by job differences if earnings data were available at more detailed levels of job categorisation. On the connection between occupational segregation and low pay, see also:

- Kevin Lang and Jonathon Leonard (eds) (1987) *Unemployment and the structure of labour markets*. Basil Blackwell
- Harriet Bradley (1989) *Men’s work, women’s work*. Cambridge: Policy Press
- Sylvia Walby (ed) (1988) *Gender segregation at work*. London: Open University Press.

<sup>14</sup> See:

- Ronnie Steinberg (1999) Emotional labour in job evaluation: Redesigned compensation practices. *Annals of the American Academy of Social Sciences* 561: 143-156
- Steinberg (1990) Social construction of skill: Gender power and comparable worth. *Journal of Work & Occupations* 17(4) 449-483
- Anne Phillips and Barbara Taylor (1980) Sex and skill: Notes towards a feminist economics. *Feminist Review* 6: 79-88
- A.R. Hochschild (1983) *The managed heart: The commercialisation of human feeling*. University of California Press.

<sup>15</sup> For an analysis of the 2001 Census data, see Else, A. and Bishop, B. (2003) Occupational patterns for employed New Zealand women. Ministry of Women’s Affairs. May.

<sup>16</sup> Else and Bishop, 2003.

The state sector as a whole is a major employer for some of the largest occupations for women. In some cases, such as teaching and nursing, it is the predominant employer. In other cases, such as clerical workers, it employs large numbers of women but is not the predominant employer.

The three sectors that the Taskforce considered each show different patterns of occupational segregation. The case studies emerged from discussion within the sub-groups and through the research commissioned by the Taskforce.

#### **(a) Public service**

Women in the public service are concentrated in a narrower range of occupations than men are. Two occupations – clerk (27 percent of female employees) and case worker/manager (12 percent) – together account for almost four out of every ten female public service employees. Over 75 percent of public service employees in both these occupations are female. Next come policy analyst (49 percent female), corporate manager (41 percent female) and social worker (74 percent female). Together they employ another 17 percent of the women in the public service.

The State Services Commission's Human Resource Capability Survey for 2003 found that, after taking into account differences in other factors such as job size, age, and length of service, the effect of women working in occupations that were paid less than those occupations where men worked explained 23 percent of the public service pay gap.

#### ***Example: Case manager***

The case manager role is one of the largest public service occupations for women. It is a new female-dominated occupation, not a traditional one. Of the 2,688 case managers employed by the Ministry of Social Development (MSD), over three-quarters are women. Of all MSD case managers, 43 percent are Pakeha (79 percent of these are women), 30 percent are Maori (80 percent of these are women) and 4 percent are Asian (62 percent of these are women).

The relatively new case manager role was developed in 1998 as a result of the formation of Work and Income NZ through the merger of the NZ Employment Service and NZ Income Support Service. The role replaced the largely administrative or clerical role of processing benefit payments and the employment advisor role, combining them into a client services job requiring a high level of systems knowledge and relationship management skills.

The case manager assists clients to find and secure work, and ensure full income support entitlements and/or access to work support services. Case managers work closely with their clients, to assist them to set goals for their future and develop an individual plan to help them achieve agreed goals and move toward increased social and economic participation and independence.

This change was reflected in a new salary range for the position. The salary range is currently \$26,800 to \$38,300, and all case managers have access to an additional 10 percent of their salary through performance pay. (Note: the average salary (FTE) for women is slightly higher than that for men.)

Case managers as a relatively new occupational grouping provide an opportunity to consider pay and employment equity issues, including appropriate career paths, for a large occupational group made up primarily women who bring to the job essential human relations skills and cultural experience.

### **(b) Public health sector**

In the labour force as a whole, 15 of the occupations that are at least 90 percent female provide health-related services. As the largest employer for health-related occupations, the public health sector employs a majority of women. The wide gender gap in overall pay rates, with women earning only 64 percent of men's average hourly earnings, reflects the fact that the male minority directly employed in the health sector is disproportionately concentrated in the higher paying occupations.

#### *Example: Nurse*

Nursing is the largest occupation in the health sector. In 2003, public hospitals employed approximately 27,000 registered nurses and midwives – 77 percent of all currently active registered nurses. There has been a sharp increase in numbers of Maori and Pacific registered nurses in recent years.<sup>17</sup>

Around 94 percent of all nurses are women, and this proportion has not changed over the past decade. Male nurses are concentrated in psychiatric and psychopaedic nursing, where they are 43 percent of all nurses.

The New Zealand Nurses' Organisation (NZNO) argues that not only has nursing been historically undervalued as a gendered occupation, but nurses have also experienced a falling rate of return from their increasing investment in education over the past two decades. They suggest that in general nursing, where women's average base salary tends to be equal to or higher than men's, the major issue is the pay gap between nursing and other occupations of equal value, such as policing and teaching. General nurses have five or six automatic salary progression steps, rising to a maximum base salary in any region of \$45,000, to which penal rates typically add 12-15 percent.<sup>18</sup>

Nursing today is sophisticated, involving complex drugs, hi-tech equipment and specialisations. Shorter hospital stays and thus sicker patients have intensified workloads. The shift to degree-level qualifications and post-graduate nursing education has increased skills and productivity. Nurses provide an opportunity to consider pay and employment equity issues for one of the largest female-intensive occupations in the labour market, and how best to address their dissatisfaction, particularly, but not exclusively, over remuneration.

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<sup>17</sup> Health Workforce Advisory Committee (April 2002).

<sup>18</sup> These pay statistics are taken from Auckland, South Island and lower North Island pay data.

### (c) Public education sector

Four of the occupations that are at least 90 percent female provide education and/or care for children. The public education sector employs the majority of women found in this group of occupations.

The pattern of occupational segregation in the public education sector is unique. Kindergarten teaching, like early childhood education generally, is almost entirely a female occupation. The school teaching workforce has an overall majority of women, but they are most heavily clustered in the areas dealing with younger children. Throughout the public education sector the percentages of men rise steeply as pay and status rise until, in university teaching, men predominate (see Career paths, below).

#### *Example: Primary teacher*

Until recently, primary teachers, who are predominantly women, were paid less than secondary teachers with the same qualifications, experience and job size. The introduction of pay parity for primary teachers with secondary teachers, now being applied to kindergarten teachers, is a recent example of a female-intensive occupation broadly achieving equal pay for work of equal value.

The equalisation of pay rates throughout the schools sector was a major contributor to progress towards pay equity in the 1990s.<sup>19</sup> As additional qualifications were reflected in pay levels, it also led to more primary teachers completing university degrees. Three key factors combined to achieve this result: a strong sense of professional identity, national bargaining, and the recognition that the highly gendered nature of primary teachers' work had contributed to lower pay.

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<sup>19</sup> In the year ending December 1998, over half (1.8 percent) of the overall wage movement of 3.4 percent for the government (non-trading) sector was accounted for by the public education sector. For a detailed account of the campaign, see H McQueen with A Else (2001), *A question of Shoe Size: The campaign for pay parity for primary teachers 1994-1998*, NZEI, Wellington.

## 2. Pay setting

Internationally, the evidence shows that how pay is determined has an impact on the gender pay gap, according to:

- The extent of collective coverage and unionisation, and
- Whether wage bargaining is centralised or decentralised.

The greater the extent of collective coverage and centralised wage bargaining, the smaller the gender wage gap tends to be for the women within the occupation.<sup>20</sup>

The Government's employment relations policies explicitly promote collective bargaining, and a range of other instruments exist for promoting it. These include the bargaining parameters promulgated by SSC, the Partnership for Quality (the Agreement between Government and the Public Service Association (PSA)), partnership agreements between the PSA and a number of public service departments, and the tripartite forums in both the public service and the public health sector. None of these, except the bargaining parameters, cover the public education sector.

### Collective coverage and unionisation

Union membership is voluntary. In the labour force as a whole, women are slightly more likely than men to be unionised, and to be covered by collective agreements. This is because women are more likely to work in the state sector than men are. The literature shows that unions make a difference to women at work in a number of key areas:

- Wage levels and wage dispersion: Unions obtain a pay premium for their members. They also tend to narrow the pay dispersion amongst workers, both within the firm, and across the whole unionised workforce. Unions also improve the pay of unionised workers at the bottom of the pay distribution<sup>21</sup>. Women in particular are likely to benefit from this effect, as they tend to be at the lower end of the pay scale.
- Improving minimum standards: Unions play a role in this area.
- Broadening the bargaining agenda: Unions often engage in "equality bargaining", paying attention to issues of discrimination, pursuing cases, and negotiating conditions that benefit women.

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<sup>20</sup> Whitehouse, G. (1992), *Legislation and Labour Market Gender Inequality: An Analysis of OECD Countries. Work, Employment and Society* Vol.6 No. 1, p.79.

<sup>21</sup> See Metcalf, 2000:2.

### **Centralised or decentralised wage bargaining**

Internationally, the gender pay gap appears to be narrower where there is centralised rather than decentralised wage bargaining. Centralised bargaining can raise pay rates across a whole occupation, and improve pay in relation to less female-intensive occupations. Centralised wage fixing arrangements have been shown to be strongly associated with high relative earnings for women.<sup>22</sup>

Different patterns of collective coverage and wage bargaining now apply in each of the three sectors. The changes of the 1980s and 1990s affected each sector differently.

#### **(a) Public Service**

In June 2003, 54 percent of public service employees were covered by collective agreements, and 58 percent were union members, both up 4 percentage points since 2000. Collective agreements covered 58 percent of the women and 55 percent of the men. Senior managers are not covered by collective agreements.

However, collective coverage is uneven across the public service. The 12 departments which have 60-75 percent of their staff covered by a collective agreement are mostly large or medium sized service based organisations. Four are female dominated (more than two-thirds of all staff are female), and three are male dominated (more than two-thirds of all staff are male). These 12 departments together employ an estimated 61 percent of the public service workforce. Another 16 departments have less than 60 percent of their staff covered by collective agreement/s, and in five of these, collective agreements cover 30 percent or less of staff. Ten departments currently have no staff covered by collective agreements.

For both men and women, the highest levels of collectivisation are centred around the \$30,000-\$49,000 salary range, tailing off above that. The difference between women's and men's average pay is smallest in the highly collectivised departments, but they are also the lowest paying departments. Higher-paying departments tend to be small and policy-based, with a mixed gender profile and individualised pay setting.

#### ***Decentralised pay fixing***

In the 1990s, direct bargaining over wages ceased to be a part of collective agreements in a number of public service departments. As a result, by 2003, almost 40 percent of the public service employees covered by collective agreements had no remuneration rates in those agreements.

Individual public service chief executives negotiate terms and conditions of employment with their staff, under delegation from the State Services Commissioner, within the constraints of the Government's bargaining parameters. Research commissioned by the Taskforce indicates that decentralised pay fixing in the public service appears to have disadvantaged women to some extent. Decentralised bargaining can also result in salary rates for the same occupations and the same job sizes varying between departments.

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<sup>22</sup> Whitehouse, G. (1992), *Legislation and Labour Market Gender Inequality: An Analysis of OECD Countries. Work, Employment and Society* Vol.6 No. 1, p.79.

### ***Processes for determining individual pay***

Many departments seem to use a common approach to setting and reviewing individual pay. This affects where individuals are placed on the pay ranges. Having a standardised approach however does not of itself eliminate gender bias, because of the subjective judgements involved in processes such as job and performance evaluation. What is evaluated, by whom and how is crucial. The extent of gender discrimination in departmental pay setting processes is largely unknown, as detailed analysis of gender outcomes is rare. (Project 11 found only one department, out of the three they examined, doing a gender audit of pay outcomes.)

From the late 1990s, many public service departments began to decide remuneration ranges for roles by using "job sizing" methods and labour market surveys, supplied by commercial providers. The departments compare their pay rates with average pay for selected similar jobs and similar sized different jobs. Job size points are now available for just under half of all public service jobs. The use of market rates and market movements in setting and adjusting salary ranges relies heavily on current pay practices that may themselves be the product of discrimination.

#### **(b) Public health sector**

Under the Health and Disability Act 2000, the DHBs are required to consult the Director-General of Health before entering collective employment agreements in the public health sector. This followed a decade of decentralised bargaining with minimal monitoring. DHBs have now negotiated a national collective employment agreement with junior doctors, and another is being negotiated with senior doctors.

The New Zealand Nurses' Organisation considers that the loss of national bargaining meant that the worth of a nurse became determined by location and each DHB's ability to pay, rather than reflecting their inherent value to the community. Pay settlements for nurses in 2003 permit a nationally combined bargaining round in mid-2004.

For other public health sector workers, including mental health nurses, allied health professionals and administrative staff, there are varying rates of pay for the same job. For example, occupational therapist pay rates differ considerably between DHBs and between those employed in the public service, the public health sector and the public education sector.

#### **(c) Public education sector**

The Secretary for Education, under delegation from the State Services Commissioner, is responsible for negotiating every collective agreement applicable to employees in the education service as if the Secretary were the employer.<sup>23</sup> The current collective agreements cover all state and integrated schools and their employees, including principals, teachers, support staff and other ancillary staff. The collective agreement for kindergarten teachers covers all free kindergarten associations.

In the tertiary sector, wage bargaining takes place almost entirely on an organisation basis. Union efforts are directed to achieving national wage bargaining and pay rates.

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<sup>23</sup> Education service for this purpose means service in the employment of any state or integrated school, or service as a registered teacher in the employment of a free kindergarten association.

### 3. Low pay

Low pay, as measured against the average wage, is also a factor in pay and employment equity. Gillian Whitehouse's recent review of pay and employment equity stresses that "there is a need to focus on both absolute and relative measures of earnings", and notes:

*It is only within the context of a concept of wage fairness that the pursuit of eradicating the gender pay gap has meaning and utility. Absolute gender pay equity could after all be achieved in a world of highly unequal and (for some) inadequate wages.<sup>24</sup>*

For the purposes of research commissioned by the Taskforce, low pay was defined as an hourly pay rate below \$12 (approximately two-thirds of the average hourly rate). (In March 2003, the minimum adult wage of \$8.50 an hour was 44 percent of the average hourly rate.)

The overall incidence of low pay in New Zealand is towards the high end among OECD countries, with women over-represented among the low paid, and Maori and Pacific women particularly subject to low pay (47.1 percent of Maori and 45.9 percent of Pacific women were paid less than \$12 an hour, according to the June 2003 quarter Income Survey).

Each of the three sectors that the Taskforce considered has a smaller proportion of employees paid below \$12 per hour than the labour market overall. The Public Service Association database indicates a number of female-intensive occupations which contain low paid employees across the three sectors, including clerical/administration, telephonists, library assistants and cleaners/caretakers.

Other low paid, female-intensive jobs are specific to education, such as teacher aides, or to health, such as homecare workers and caregivers. Other kinds of female-intensive, low paid work in education and health include kitchen work and cleaning, although in many cases such work has been contracted out of direct state sector employment. Cleaners, kitchen hands and care workers who were Public Service Association members all described increases in expected workloads. They reported frequently performing work requiring skills beyond their job descriptions, without this being recognised in pay levels.

#### The minimum wage

Because more women than men are low paid, and a higher proportion of female employees have low earnings at or close to the minimum wage, women are disproportionately affected positively when the minimum wage increases. Raising the minimum wage would therefore assist with narrowing the gender pay gap.

The Government has identified four objectives that underpin its minimum wage policy.<sup>25</sup> These are:

- Fairness – to ensure that wages paid are no lower than a socially acceptable minimum
- Protection – to offer wage protection to vulnerable workers
- Income distribution – to ensure that incomes of people on low incomes do not deteriorate relative to those of other workers
- Work incentives – to increase the incentives to work for people considering work.

<sup>24</sup> See Whitehouse, G. (2003), Gender and pay equity: Future research directions, *Asia Pacific Journal of Human Resources*, Vol.41 No.1, pp.116-128.

<sup>25</sup> Note from the Minister of Labour to the NZCTU seeking a submission on the annual review of the minimum wage, 25 September 2003.

Gender equity could be identified as another important criterion to be taken into account during the annual minimum wage review.

The impact of minimum wage increases on the gender pay gap would be greater across the economy as a whole than in the three sectors considered by the Taskforce. The occupational groups that would benefit most from such an increase are comparatively under-represented in those sectors. Among women who are directly employed in the three sectors, a smaller proportion are paid at or close to the minimum wage than in the labour force as a whole. An analysis provided by the Department of Labour suggests that the impact of minimum wage increases could be more significant in the public education sector than in the public service and public health sectors. Indirectly employed groups within these sectors (such as contracted cleaners and catering staff) would be more directly affected by such an increase.

On its own, however, addressing low pay would not eliminate the gender pay gap. This is because the gap is also significant, and in fact wider, at higher levels of earnings.

#### **4. Contracting out**

Contracting out, also referred to as outsourcing, affects more women than men, especially in the public health sector. The effect of contracting out of direct employment in the state sector has resulted in lower pay and conditions, and less employment security. It has the effect of “outsourcing” equity issues related to occupational segregation, pay setting and low pay.

In most categories of low paid work, there is a gap between the pay and conditions of directly employed workers and those employed by contract companies. For example, collective agreements provide for minimum hourly rates for directly employed school cleaners of \$10.58 per hour (at January 2003), compared with \$10.15 (at February 2003) for school cleaners employed by contract companies, who also have inferior conditions of work. This gap exerts downward pressure on wages and conditions for those who remain directly employed.

Contracting out can transfer costs from state sector employers to particularly vulnerable groups of workers. Budget pressures within organisations provide an incentive to contract out services that would attract better conditions if those workers were directly employed.

Examples of contract workers who work for companies providing essential services to the public sector include:

- laundry workers in hospitals
- cleaners in hospitals and state sector premises generally
- kitchen workers in hospitals and educational institution cafeterias
- security guards in educational institutions and hospitals
- ground maintenance workers in hospitals and educational institutions (SFU, 2001).

The Taskforce notes that the Employment Relations Law Reform Bill contains provisions to provide some protection to employees in future contracting out situations.

### **Contracting out in the public health sector**

While all three of the sectors that the Taskforce looked at have used contracting out, the public health sector has been the major user. Between 1991 and 2001, the number of staff in food services, cleaning, laundry work, orderly and security work in hospitals fell by 50 percent. Among the 21 DHBs which require these services:

- 7 directly employ food service workers in at least some hospitals
- 2 directly employ cleaning workers
- 2 directly employ laundry workers, and 6 employ laundry workers collectively and/or through DHB-owned companies 9 employ orderlies directly
- 2 employ security workers directly.

In all other cases, these services have been contracted out. Low paid caring work done by DHBs, especially caring for the elderly, has also been contracted out.<sup>26</sup> Homecare work, done predominantly by women, was the fastest growing occupation in the New Zealand labour market between 1991 and 2001.

The kinds of work most likely to be contracted out of direct employment in the public health sector are predominantly female occupations. Many of the women who work in these occupations are also members of other EEO target groups. For example, in 2003, food service workers were estimated to be 80-90 percent women, with 80 percent of Auckland staff being Maori or Pacific peoples, and 50 percent of Wellington staff being Pacific peoples.

There have been few wage increases over the period, and many decreases in wages and conditions. For example, in six lower North Island DHBs, the hourly pay rates for food workers, from entry level to top rate, ranged from \$9.29 to \$15.57. The top rate, plus a shift payment, was in a hospital that employed its staff directly. The next highest rate was 90 cents an hour less. Some were earning only \$1.25 an hour more than they had earned 15 years earlier. The contracting out of hospital services under funding pressures has affected wages and conditions through negotiations in which the employees do not take part. Concerns regarding further contracting out were recognised in the letter of expectations issued by the Minister of Health to DHBs in November 2002.

*See Part III, Recommendations for further work*

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<sup>26</sup> Some of these services have traditionally been carried out by non-governmental organisations and private sector enterprises.

## **5. Career paths and higher paid/management positions**

### **Public service**

There were improvements in employment for women in the public service in the early years of the EEO requirements (mid-late 1980s to mid-1990s). Ironically, this early success gave rise to a level of over-confidence that employment equity for women would, left to its own devices, be achieved in time.

The State Sector Act 1988 imposed obligations on chief executives to implement an EEO programme for women (see section B.1(b) above).

In the public service, 35.1 percent of senior managers (449 out of 1,279) were women by 2003. Over the 2002/03 year, 53 percent of new senior managers (35 out of 66) were women. However, because of the slow rate of exit/turnover for senior managers (typically around 6 percent a year), the SSC has estimated that at this rate, it would take until 2028 before 50 percent of all senior managers were women.

Project 2 of the Taskforce projects found that, with the possible exception of the universities, the public service departments had the most established EEO infrastructure, and the most written information available about sector-wide EEO issues. All the public service departments interviewed had specified goals or targets for improving the representation of women across the department and in management, as required under the EEO Policy to 2010, but only one department had specific initiatives designed to realise this objective.

However, the Project 2 findings also reflected some of the complacency noted above. Where equity issues were explicitly on the agenda, both in the public service, and in public health and education, the focus was on Maori, Pacific peoples and other ethnic groups.

### **Public health sector**

In the public health sector in 2003, 24 percent of DHB CEOs were women, and 28 percent of chief operating officers. This is in contrast with their representation in the sector as a whole, and in contradiction of widespread perceptions that women are now well represented at senior levels.

There is no statutory overview role for EEO within the public health sector. Information from the Ministry of Health indicates that it does not undertake any EEO monitoring in crown entities. Project 2 indicated that the lowest level of EEO activity (in any sense) was in the DHBs. There was no written information available in the health sector about sector-wide EEO issues at all.

### **Public education sector**

The public education sector is discussed at length because it shows a complex pattern of variations in employment equity. The chief executive of the Ministry of Education is responsible for promoting, developing and monitoring equal employment opportunities policies and programmes in education, but reporting requirements vary within the sector. In terms of sector-wide information, the Ministry of Education provides only statistical information about the employment position of staff by gender across the sector. Project 2 indicated that the situation relating to EEO in the education sector was variable. There was little evidence of planned EEO activity in the institutions interviewed, apart from the one university.

Women in the public education sector are not taking up principalships or other more senior positions in representative numbers, or in numbers equal to men. With the exception of kindergartens, men

hold the majority of principal and chief executive positions in every area of the public education sector, and in some areas the majority of other management positions.

*Primary:* In 2003, women made up 85 percent of primary classroom teachers, held 80 percent of management positions other than principals, and were 41 percent of primary principals. Only 5 percent of women in primary teaching were principals, compared with 26 percent of men. Among principals, 18 percent of the women, compared with 36 percent of the men, headed a school with a roll of 301 or more.

*Secondary:* In 2003, women made up 60 percent of classroom secondary teachers, held 48 percent of management positions other than principals, and were 29 percent of secondary principals. One percent of women in secondary teaching were principals, compared with 3 percent of men.

*School support staff:* There is no readily available information that explores whether female support staff progress to more senior positions in proportion to their representation.<sup>27</sup>

*Tertiary:* In universities, the percentage of female professors rose from 2.9 percent in 1983 to 10.9 percent in 2001, and the percentage of female executive staff rose from 19 percent in 1997 to 26 percent in 2002. The available information indicates that while women make up the majority of general (non-teaching) staff, they hold only one third of senior non-teaching positions. In tertiary institutions other than universities, comprehensive data of this kind does not exist.

As women are not moving representatively into senior education positions in the schools and tertiary institutions, simply having EEO policies in place appears to be insufficient. Attention to sound appointment processes and a requirement, at both local and national level, to demonstrate active progress may also be necessary.

## **Conclusion**

In each of the three sectors considered by the Taskforce, the available information indicates that despite a range of existing EEO provisions, women do not yet hold a full range of senior positions either in equal numbers with men, or in relation to their representation in various occupations and areas. However, the extent of employment equity varies both within and between these three sectors.

The available evidence points to the conclusion that only the easier gains have been made, and that there is a need to invigorate EEO action, development and monitoring.

## **6. Part-time work**

Part-time work is defined as 1 to 29 hours of paid work per week, whereas full-time work is defined as at least 30 hours per week. Across the whole economy, 38 percent of the female workforce and 13 percent of the male workforce worked part-time in 2001.

There is clearly a gap between part-time and full-time hourly rates. In June 2001, among full-timers, average ordinary time hourly rates were \$18.18 for men and \$15.66 for women (86.1 percent of the male rate). Among part-timers, average ordinary time hourly rates were \$14.88 for men and \$13.74 for women (92.3 percent of the male rate). Comparing overall part-time and full-time hourly rates

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<sup>27</sup> For the available information, see Furze, 2003, pp 25-42.

within each gender group shows a larger gap for men than for women. The comparatively low proportion of male part-timers work mainly in low paid jobs, whereas proportionately more female part-timers are in higher level jobs. This explains why the gender pay gap is lower among part-timers than among full-timers.

Part-time employment is generally associated with female-dominated occupations, but it is more strongly associated with those that have lower rates of pay. Thus in 2001, part-time work was undertaken by 78 percent of cleaners and 60 percent of caregivers, both low paid occupations. By contrast, it was undertaken by around 35 percent of clerical workers, and by 24 percent of primary teachers, who have higher pay rates.<sup>28</sup>

Part-time work can be a major barrier to pay and employment equity, where:

- it is confined to a narrow range of occupations, and/or to the lowest levels of pay and seniority within occupations
- there are few opportunities to move between part-time and full-time work

Part-time employees are treated differently from full-time employees in terms of hourly pay and/or conditions, promotion opportunities, access to training and development, access to information and participation, and/or how their contribution is valued.

## **7. Family responsibilities**

While women are considerably more likely than men to work part-time in every age group, women aged 25-45 predominate among part-time workers. Part-time work is strongly related to the age of children: the younger her child/ren, the more likely it is that a female employee will be employed part-time. Women's major reason for undertaking part-time work appears to be their need for time to undertake the unpaid work involved in their family and community responsibilities.

Where part-time work is the only way in which women can combine paid work with family responsibilities, it is likely to be chosen regardless of inequitable pay and conditions. In these circumstances, care has to be taken to ensure that "family-friendly" policies do not reinforce gender biases in pay and employment. Other apparent choices that women make in connection with their need to fulfil family responsibilities include not applying for promotion, not undertaking further education or training, and/or deferring childbearing.

The extent to which women choose to work full-time appears to depend partly on levels of pay, on what constitutes "full-time" work, and on what other options, apart from part-time work, are in place to assist employees to combine paid work with family responsibilities. However, there has been no detailed analysis by the Taskforce of how each of the three sectors it looked at handle this aspect of workplace conditions, which has been repeatedly shown to be a major factor in progress towards pay and employment equity.

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<sup>28</sup> Else and Bishop, 2001

### **Paid parental leave**

The objectives of paid parental leave (PPL) include improving gender equity in the labour market and encouraging women's workplace attachment. The provision of PPL seeks to respond to the requirement for mothers and new parents to have a temporary period out of paid work to recover from childbirth and provide early care for a new baby. The provision of leave, job protection and payment are important elements in enabling mothers to maintain their labour market position and attachment. They also recognise the inherent labour market disadvantage to women arising from their childbearing role.

Twelve weeks' paid leave was added to existing parental leave entitlements in July 2002. The first 12 weeks of parental leave is paid for eligible employees at a maximum rate of \$334.75 a week. Eligible employees are those who have worked with their current employer for an average of ten hours a week for the 12 months prior to having a baby.

A review commissioned by the Department of Labour in 2003 found that after one year 98 percent of mothers taking leave took the full 12 weeks. New mothers said PPL provided more money for them to meet their bills, as well as enabling some to stay home longer than they would have without payment. Over a third of employers noted positive impacts on their business, especially enhanced employee satisfaction and improved likelihood of retaining experienced staff.

The current review of PPL is considering extensions to increase the number of people who may be eligible for PPL, and to increase the length of time PPL might be available.

### **Alternative care**

Both the responsibility and the cost of family caregiving falls disproportionately on women. One of the most significant and direct costs is paying for alternative care, particularly childcare.

Cost has been shown to be the major factor limiting access to and use of early childhood education and care. Insufficient availability also limits participation in some sectors and geographical locations. After-school care costs and availability also have an impact on pay and employment equity. Through subsidies, the Government currently funds part of each hour of early childhood education (ECE) for every child up to 6 hours a day, and 30 hours a week. The Government also provides a childcare subsidy to low income families to help them meet the costs of ECE. As part of its 10 year strategic plan for ECE, *Pathways to the Future*, the Government is currently reviewing ECE funding and regulations. The funding review relates to the ECE Funding Subsidy and funding for licence-exempt playgroups.

Employer provision of or assistance with the costs of childcare and care for other dependants appears to be markedly uneven across the three sectors considered by the Taskforce, within each sector, and among occupations. The range, availability and equity of other options related to family responsibilities, including part-time work, also appears to vary markedly.

### **Responses to issues of family responsibilities in the public health sector**

Apart from part-time work, the DHBs appear to have responded to issues of family responsibilities in a localised, ad-hoc way, depending on the attitudes and skills of the managers concerned.

One Taskforce project survey in the public health sector found that part-time work is relatively common across the health sector, even at senior levels; but while some DHBs insist that clinical nurse leaders cannot work part-time, others are demonstrating that they can work 0.8 arrangements. In general those in the relatively better paid, higher status occupations have more options for taking family responsibilities into account than those at the other end, such as kitchen assistants. Initiatives in this area also compete for funds with medical areas.

Where childcare centres are run directly by the DHB concerned, this provision appears to have a significant impact on staff recruitment, retention, and loyalty, even among those who do not use the centre. There is less evidence of this effect where the centre is put out for tender and run independently of the DHB. Both grandparents and parents use the existing childcare centres, and both say they would use them if available.

The situations of various groups of women in the health sector make it clear that how family responsibilities are responded to has a range of impacts on pay and employment equity that go well beyond women working part-time. For example, among doctors, 37 percent of women, compared with 7 percent of men, say their choice of specialty was influenced by the fit with family commitments. Women doctors continue to have to fit in with the profession, rather than the profession adapting.

Recruitment and retention difficulties have recently pushed DHBs into being more flexible. Healthy Workplace Principles are being developed, but Taskforce Project 9 found that so far “few [DHBs], if any, have responded in a co-ordinated strategic way”.<sup>29</sup>

### **8. Educational qualifications and training**

Educational qualifications have been estimated as accounting for 10 percent of the gender pay gap in New Zealand. However, major improvements in women’s qualifications do not seem to have had a major impact on the pay gap. Overall, women in full-time employment are now more likely than their male counterparts to have an educational qualification. Yet only 15 percent of the 5 percentage points by which the gender pay gap narrowed between 1984 and 2001 has been attributed to women’s gains in education.

Although the available data is limited, it is clear that acquiring education qualifications does not simply rectify gender pay imbalances for the women concerned. At every level of qualification, men have higher earnings than women. In terms of pay, going on to acquire a degree or other post-school qualification benefits men more than women.

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<sup>29</sup> Taskforce Project 9: Hanson, M. (2004), Career entry and progression as a contributor to the gender pay gap in the Public Health Sector, p.2.

One issue in occupational segregation, particularly the clustering of Maori and Pacific women in a small number of low paid occupations where part-time work is common, is the difficulty women face in accessing literacy initiatives and other forms of employment training. Projects targeted to those with family responsibilities and/or those in part-time employment may reduce the pay penalty linked to reduced access to on-the-job training.

#### **Recommendation I**

The Taskforce recommends that the Government:

1. Note the contents of Part I, *Setting the scene*
2. Agree that the actions identified in Part II, *Making it happen*, be initiated promptly as a first step to demonstrate the Government's commitment to pay and employment equity
3. Agree that the Action Plan as set out in Part III be adopted
4. Note that the Taskforce did not have an opportunity to undertake a cost benefit analysis of either individual initiatives or the Action Plan as a whole. Nor has the Taskforce considered the compliance costs associated with the Action Plan.

## D. Related Issues

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### 1. Student Loan Scheme

The current Student Loan Scheme process disadvantages women because they are likely to have lower pay than men, may work shorter hours than men, and must take at least some time out from paid work to bear and raise any children they have. Their loans therefore take longer to repay and incur greater interest. This pattern contributes to overall income inequity.

Gender disadvantage in repayment does not translate, at least initially, into lower tertiary participation by women. Rather the differential has an impact on the life plans of debtors in an inequitable way. However, the cost of further education and training, such as acquiring a PhD or a specialist medical qualification, does appear to have an impact on whether women undertake such training.

### 2. Retirement income

Women's retirement income is affected by their lower pay throughout their working life. Pay equity would increase women's capacity to save, and therefore enable them to prepare better for their retirement.

The Periodic Report Group (2003) recommended that:

*Efforts continue to be made to close the gender pay gap in the state sector and... these efforts extend across the labour market.*

The Taskforce supports and endorses this recommendation. Closing the gender pay gap is an important step in improving women's ability to save for their retirement.

#### Recommendations on Related Issues

1. That the Government consider and implement changes to the student loan system to remove any disadvantage for women, as part of its regular review.
2. That the Government note:
  - iii. the Taskforce's view that closing the gender pay gap is a key step in improving women's participation in private provision for retirement.
  - iv. the Taskforce's support for and endorsement of the recommendation by the Periodic Report Group, in its 2003 Report, that efforts continue to be made to close the gender pay gap in the state sector, and that these efforts extend across the labour market.<sup>31</sup>

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<sup>30</sup> Periodic Report Group (2003), p.97.

<sup>31</sup> Periodic Report Group (2003), *Retirement Income Report 2003*, Periodic Report Group, Wellington, p.97.

## PART TWO:

# Making it Happen

### **Terms of Reference:**

*To advise the Government on... a five year plan of action to address pay and employment equity...*

1. Gathering statistical data for pay and employment equity
2. Job evaluation tool
3. Pay and Employment Equity Unit and Steering Group

## Part II: Making it Happen

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### Introduction

The actions in this part of the Report are important elements in getting the Action Plan under way.

#### 1. Gathering statistical data for pay and employment equity

*What: Determine what data to gather, and how*

Carry out a task to determine:

- what data on pay and employment equity is required, and
- how this data is to be gathered.

The regular gathering of comprehensive, consistent, comparable data is needed for looking in depth at gender issues across sectors and within them, establishing benchmarks, and assessing change. The agreed data sets will be relevant to an action programme focused on improving pay and employment equity.

*Who*

The Department of Labour will oversee this work.

*When*

To begin immediately, and be completed over a three-month period.

*Why*

Projects commissioned by the Taskforce highlighted the need for more complete and consistent data collection across the state sector, in order to, among other things:

- Show overall results of government initiatives
- Make comparisons among organisations or sectors.

#### Recommendation II. 1

That the Department of Labour oversee a project to determine what data is required, and how this data is to be gathered, to assess the results of pay and employment equity initiatives and allow results to be compared between organisations and sectors.

## 2. Job evaluation tool

*What: Develop a gender neutral job evaluation tool*

Develop a gender neutral job evaluation tool suitable for use in the three sectors, including:

- Comprehensive, peer-reviewed outline of gender neutral job evaluation, incorporating previous feedback received by the Taskforce
- Running a pilot evaluation of selected sample jobs, and evaluating the outcomes (see Action Plan, Section 2(b))
- Finalising tool
- Developing guidelines for use of the tool, including:
  - Scheme guidelines
  - Factor guidelines
  - Implementation
  - Evaluation processes
  - Modification
  - Data gathering tools and descriptions of options
  - Testing.

*Who*

The Department of Labour will oversee this work.

*How*

The work involves contracting experts, running pilots, and consulting the relevant groups about the factors used.

*When*

Building on work already commissioned by the Taskforce, it is estimated that this work would take six months to complete, from an immediate start.

*Why*

Job evaluation tools are designed to provide a framework for assessing the overall value or size of jobs. Value judgements are embedded in all such tools. Gender neutral job evaluation aims to ensure that the values used are explicit, and do not advantage one gender. Pay equity outcomes from job evaluation can be achieved only where the tool used is designed and implemented according to gender neutral principles. Development of a gender neutral job evaluation tool is linked to several other steps set out in the Action Plan, including:

- The audit process, and
- The remedial pay equity settlement process.

### **Recommendation II. 2**

That the Department of Labour oversee the development of a gender neutral job evaluation tool suitable for use in the public service, the public health sector and the public education sector.

### **3. Pay and Employment Equity Unit and Steering Group**

*What: Pay and Employment Equity Unit and Steering Group*

- (a) Establish a dedicated Pay and Employment Equity Unit to oversee the implementation of the five year Action Plan, and
- (b) Establish a tripartite Steering Group to lead and evaluate the progress and implementation of the five year Action Plan.

Key tasks of the unit, with the oversight of the Steering Group, will include:

- Developing a communications plan to ensure that key stakeholders (state sector management and HR teams, unions and audit specialists) are informed and committed to implementation (see 1(b), above)
- Developing a range of tools for the gender pay and employment equity stocktake, response plan, and audit processes, including a blueprint for consistent, comparable data compilation, reporting and monitoring, a gender neutral job evaluation tool, and cross-sector monitoring
- Building the required expertise in job evaluation
- Setting up the 2004 Pilot Project for the stocktake, analysis, response plan and audit processes (see Part III, Action Plan, Section 2)
- Overseeing the implementation of these processes across all government organisations from 2005-2007
- Overseeing response plan actions best taken across groups of organisations or sectors
- Developing a training programme for all those with a role to play in gender pay and employment equity stocktake, response plan and audit processes
- Supporting the capacity building of unions and employers to participate in the tripartite structure and specific initiatives identified in the Action Plan
- Developing objective and readily accessible indicators for external audit assessment
- Advising on best practice for response plans and appropriate tools
- Liaising with government agencies that have responsibilities and accountabilities for delivering against the Taskforce's plan of action: the Department of Labour, the State Services Commission for the public service, the Ministries of Health and Education for the health and education sectors
- Undertaking or commissioning research identified in the Action Plan
- Providing employers, unions and staff with a specialist service to support their endeavours to address pay and employment inequities and finding solutions and strategies for change (initially as part of the institutional support for the implementation of the five year Action Plan)
- Annually reporting on implementation until 2008. One of the responsibilities of the Steering Group will be to advise Ministers, through the Secretary of Labour, on areas where further action is needed to advance pay and employment equity, and make appropriate recommendations. The Steering Group will have access to data relevant to the plan, including regular reports on the outcomes of pay and employment equity audits.

### ***Who***

Located within the Department of Labour, the unit will be accountable through the Secretary of Labour to the Vote and Responsible Minister (the Minister of Labour).

The Steering Group will have an independent Chair, and comprise:

- state sector employers (three representatives)
- the CTU (three representatives)
- the Secretary of Labour, ex officio, with power to contribute to the discussion but not to participate in providing advice
- the Equal Employment Opportunities Commissioner, also ex officio
- co-opted experts, for example on auditing
- the senior advisor heading the Pay and Employment Equity Unit , also ex officio.

### ***How***

To set up the unit as a permanent structure, full funding would be sought in the 2004/05 Budget, with the Department of Labour providing services from its existing baseline to support any activity required for implementing the Action Plan for the period between March 2004 and when this funding becomes available.

### ***When***

Immediately.

### ***Why***

The unit will be located within the Department of Labour. The core business of the Department of Labour is focused on the workplace.

### **Recommendation II. 3**

That the Department of Labour establish:

- i. a dedicated Pay and Employment Equity Unit to oversee the implementation of the five year Action Plan, and
- ii. a tripartite Steering Group, informed by pay and employment equity expertise, to lead and evaluate the progress and implementation of the five year Action Plan.



**PART THREE:**

# Action Plan

**Terms of Reference:**

*To advise the Government on... a five year plan of action to address pay and employment equity...*

## Part III: Action Plan

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### **A. Scope for Action**

### **B. Action Plan Phase 1**

1. Clear and explicit statement of commitment to pay and employment equity outcomes by Government and ministers, and planned communication of this commitment
2. Setting up planning and audit mechanisms for pay and employment equity
3. Setting up a process for equitable pay settlements
4. Strengthening and/or developing accountability mechanisms to deliver pay and employment equity
5. Other initiatives
  - (a) Human Resource Framework Project
  - (b) Childcare assistance
  - (c) Dependant care assistance
  - (d) Paid parental leave
  - (e) Work/life balance
  - (f) Educational qualifications and training
  - (g) Retirement savings
6. Working alongside other organisations
7. Proposed timeline for Plan of Action

### **C. Further work**

Phase 2

Phase 3

## A. Scope for Action

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The Terms of Reference require the Taskforce to prepare a five year Action Plan which addresses the range of factors which contribute to the gender pay gap in the public service and the public health and public education sectors (referred to in this text as the state sector). The Taskforce has broadly grouped the workplace factors as the jobs women do, how jobs are valued, and how jobs are organised.

In developing a five-year Action Plan, we have applied a number of principles, as set out in Part I, Section A, "The Role of the Taskforce". The factors we have identified could each be addressed in one or more of three main spheres of activity. The widest sphere is our social and economic context – "the social sphere". Within that sits the role of Government as policy maker – "the policy sphere"; and closer still, the workplaces where Government is the employer, directly or at arm's length – "the workplace sphere". (See Figure 1, p56)

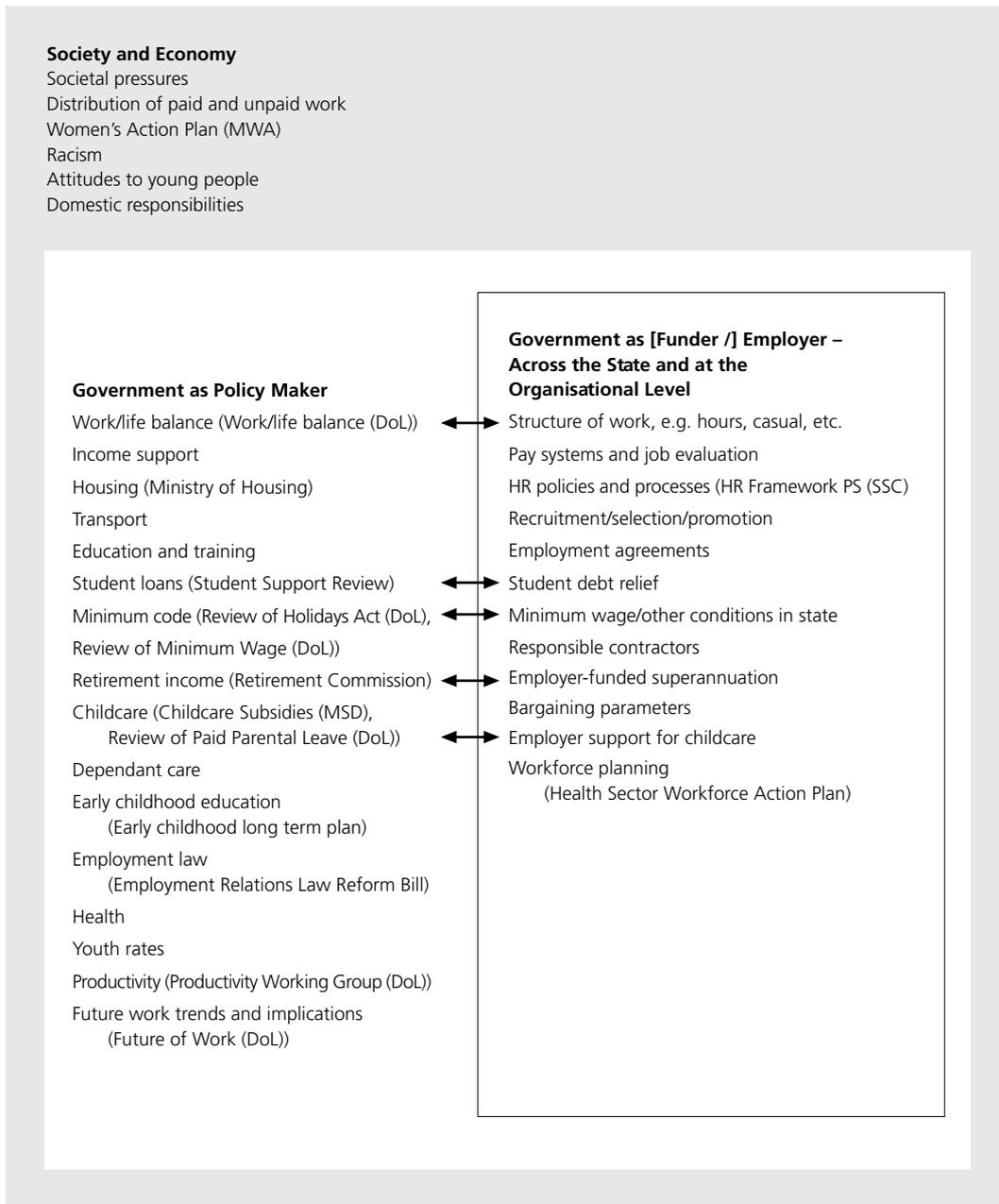
The Taskforce has chosen to focus primarily on addressing the factors through the last sphere – the workplace. In part, this reflects the fact that the state sector we have analysed is characterised by Government as the employer. Furthermore, the evidence suggests that much of the gender pay gap in these areas is due to workplace level processes which have an impact on women's access to higher status jobs. These processes range from cases of undervaluing traditionally female jobs, to job design or workplace culture.

In addition, Government officials and the CTU have both worked in partnership to develop the Action Plan recommended in this report. Thus, at a workplace level, there is plenty of opportunity to tackle the gender pay gap, and to bring a shared and tripartite commitment to do so.

There are some factors contributing to the gender pay gap in the Government sector which also require responses beyond the workplace, such as access to a range of pre-work education opportunities. In other cases, the factors could be addressed in either the workplace or the policy sphere. For example, we refer to the importance of adequate childcare in allowing women access to employment on equal terms with men. This could be achieved through either Government employer subsidies (the workplace sphere) or general Government policy (the policy sphere). We do refer in the Action Plan to critical issues in the policy sphere affecting the gender pay gap in the state sector, some of which are already the subject of other Government processes.

Finally, to the social sphere, within which both the workplace and policy processes sit, and where our social and economic relationships, histories and cultural practices shape our expectations. It is the Taskforce's belief that those expectations need to shift, and its hope that implementing the Action Plan will help to facilitate this shift, increasing the range of work, caregiving and life experiences for both women and men. No one can dictate a change in social expectations. What can be changed is the way society values, organises and allocates work, so that individual men and women can and do make a wider range of work, caregiving and life choices. It will be those choices themselves that transform our society into one in which women and girls, and men and boys, really can do anything.

Figure 1, Scope of Taskforce



## B. Action Plan Phase 1

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### **1. Clear and explicit public commitment by Government and ministers to pay and employment equity outcomes across the public service, public health sector and public education sector, and planned communication of this commitment.**

#### *What: Government commitment*

##### (a) Government commitment to:

- Steady and measurable progress towards the goal of pay equity
- The establishment of processes and mechanisms to address the range of employment equity factors that contribute to the gender pay gap in the public service and the public health and education sectors
- Ensuring that the gains made in pay and employment equity are durable and are not eroded.

#### *Who*

Government will lead a tripartite and whole of government approach, and work with employers and unions to demonstrate its commitment to pay and employment equity and to its implementation.

#### *How*

Government should:

- Develop and publish policies that focus on addressing pay and employment equity
- Develop the understanding that pay and employment equity plays an integral part in reducing inequality, increasing social well-being, and increasing productivity, innovation and economic growth
- Develop the understanding that pay and employment equity entails a comprehensive rethinking of attitudes, practices and processes
- Place clear expectations on state sector employers
- Ensure that appropriate levers are in place so that expectations, including enforceable rights and obligations, are met
- Commit funding to:
  - implement processes and practices to address employment equity factors, and
  - effectively negotiate pay equity settlements
- Hold employers accountable through transparent reporting of progress and enforceable obligations
- Tailor pay and employment equity responses, where necessary, in different parts of the state sector to address differing gaps and to fit with differing governance mechanisms
- Acknowledge that making progress will be neither easy nor cheap and will require reprioritisation of other policies.

#### *When*

Immediate commitment to addressing pay and employment equity, and to a long-term plan for sustaining this commitment.

### **Why**

Research on the UK, Ontario and New Zealand experience in implementing pay equity has shown that “lack of commitment is what leads to lack of progress, lengthy delays and skyrocketing costs of pay equity implementation. While the parties are not going to agree on all aspects of the process it is important that they agree why they are doing it and that they will do it.”<sup>1</sup>

#### **Recommendation III. B1(a)**

That the Government make a commitment to:

- i. Steady and measurable progress towards the goal of pay equity
- ii. The establishment of processes and mechanisms to address the range of employment equity factors that contribute to the gender pay gap in the public service and the public health and education sectors
- iii. Ensuring that the gains made in pay and employment equity are durable and are not eroded.

### **What: Communications plan**

(b) Develop and implement a communications plan to:

- **Raise awareness and understanding of pay and employment equity**
- **Ensure that key stakeholders (state sector management and HR teams, employees, unions and audit specialists) are informed and committed to implementation.**

The communications plan will include:

- A clear public statement that the Government is committed to ensuring that steady and measurable progress is made towards the goal of pay and employment equity, and that processes and mechanisms are established to address the range of employment equity factors that contribute to the gender pay gap in the public service and the public health and education sectors
- Effective communication of the definitions of pay equity and employment equity: for example, it should be possible for any person to do any job, and receive the same effective pay, regardless of gender
- Examples of experiences and good practice
- Focused campaigns for particular types of organisation/groups
- Effective key messages, facts and information
- Use of role models, champions and success stories
- Information on the objectives of pay and employment equity, the tools available to implement it, and progress being made.

### **Who**

Communications staff in the Department of Labour and the Office of the Minister of Labour will undertake early communications. How these are made will set the scene for the reception of the whole Action Plan. The Pay and Employment Equity Unit in the Department of Labour (see Part II, Section 1) will further develop the communications plan.

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<sup>1</sup> Taskforce Project 12: Iversen, S. (2004), Analysis of Pay Equity Initiatives in the Health Sector in the UK, Ontario and New Zealand.

***How***

The plan will be integrated with the education, facilitation and assistance provided by the Pay and Employment Equity Unit, matching the pace and scale of the Government's commitment. The plan will also recognise and encourage communication undertaken by unions and employers.

***When***

Communications about this report will begin as soon as announcements are made and will be followed with communications about the policies. Communication will be maintained as part of the ongoing education and cultural change process required by the Taskforce's Terms of Reference.

***Why***

Real commitment to pay and employment equity depends on the understanding and attitudes of the people involved. This can be achieved only through a sustained and focused education and communications programme, to help embed the necessary changes in practice and culture in the fabric of New Zealand society.

**Recommendation III. B1(b)**

That the Government develop and implement a communications plan to:

- i. Raise awareness and understanding of pay and employment equity
- ii. Ensure that key stakeholders (state sector management and HR teams, employees, unions and audit specialists) are informed and committed to implementation.

## 2. Setting up planning and audit mechanisms for pay and employment equity

*What: Audit process and response plan*

(a) Audit process, consisting of:

- Initial gender pay and employment equity stocktake and analysis of organisations by CEOs, Vice-Chancellors, etc, and of the three sectors as a whole by the Department of Labour

followed by:

- Response plan
- Implementation of response plan
- Regular ongoing audit of response plan implementation, and gender pay and employment equity issues
- Sector-wide audit
- External audit from time to time (e.g. three-yearly).

**Stocktake and analysis:** The initial gender pay and employment equity stocktake and analysis will be done at both the organisational and sectoral levels, by the CEOs (or equivalent employers) concerned, and over the state sector as a whole by the Department of Labour, using a blueprint developed and piloted by the Pay and Employment Equity Unit (see Part II). This will be in partnership with staff and unions.

Common questions will need to be addressed throughout the process to ensure a consistent approach and standard, and make it possible for findings to be compared across sectors. These questions will enable the following to be identified:

- What men and women are paid
- Whether differences in pay are due to unequal pay for the same work
- Whether differences in pay are due to unequal pay for different work of the same value
- Whether differences in pay are due to under-representation of women in higher value jobs
- If so, why women are under-represented in higher value jobs
- Whether, even where there is no measurable pay gap, there are differences in the employment choices/patterns/opportunities of men and women
- Any other data or information relevant to pay and employment equity.

**Response plan:** The stocktake (and subsequent audits) will inform a plan for response actions, which will be developed and published for each organisation. The response plan will address:

- Differences in pay that are due to unequal pay for the same work
- Differences in pay that are due to unequal pay for different work of the same value
- Gender or gender-related issues which lead to the under-representation of women in higher value jobs
- Any other gender or gender-related factors which limit women's access to the full range of employment opportunities
- Any other issues which the organisation considers relevant to pay and employment equity.

Where an organisation is already required to develop an EEO plan in respect of women, the response plan would fulfil this requirement. If there is an existing EEO plan in respect of women, this would be reviewed as part of developing the response plan.

While the gender pay and employment equity stocktake and analysis will provide the core information for the development of the response plan, further refining of the data is likely after the initial process. Preparing and implementing the response plan may therefore have to be completed in stages.

**Implementation of response plan:** Clear actions, timelines, lines of responsibility and budgets will be drawn up by and for each organisation. From time to time, the Pay and Employment Equity Unit will develop response actions best taken across groups of organisations and/or sectors. Further work is needed to develop a framework for responses to generic problems and share resources. The Pay and Employment Equity Unit will provide support for and at times initiate cross-organisation and cross-sector response plans.

**Internal audit:** Organisations will run their own annual internal audits of their response plan, its processes, and its results, leading to a further response plan.

**Sector-wide audit:** The Pay and Employment Equity Unit will have a mandate to carry out a separate, independent audit for the three sectors, separately and together, if it considers this to be appropriate, to facilitate actions required across organisations and across sectors.

**External audit:** The external audit will focus on whether each organisation's initial gender pay and employment equity stocktake, response plan and implementation meet required standards, whether the internal processes are happening, and whether ongoing issues in relation to gender inequity are being addressed. Once organisations have begun to include gender equity issues as part of their internal audit processes, and are ensuring that the necessary information is being systematically gathered, it should be possible to make the external audit assessment on the basis of a small number of reasonably objective and readily accessible indicators. The Secretary of Labour will develop advice on the appropriate external audit mechanism, in consultation with the Steering Group.

#### ***Audits in the public education sector***

The Ministry of Education is responsible for negotiating the collective agreements for state and integrated schools covering school teachers, principals, support staff, cleaners and caretakers, and agreements that cover registered teachers employed by free kindergarten associations. It is also responsible for setting regulations and advising on legislation governing schools and kindergartens, including composition of school boards of trustees, approval of charters, and a number of other interventions which govern the way schools and kindergartens operate. The Secretary for Education has EEO responsibilities under the State Sector Act 1988 for promoting, developing, and monitoring equal employment opportunities, policies, and programmes (section 77D).

The Education Standards Act 2001, which amends parts of the Education Act, has requirements for planning and reporting by boards of trustees, including on EEO, which must be included in the school charter. Each board must provide to the Secretary for Education a copy of the school charter, which must be prepared in accordance with, and give effect to, the Government's national administration guidelines and the board's priorities. Each board must also report annually against the charter.

A stocktake of the overall position in relation to pay and employment equity would need to occur at board and ministry level (as appropriate), managed and reporting centrally. A response plan addressing those issues under ministry control would need to be determined at national level. The stocktake process may also identify issues which are best addressed at the school-as-employer level. An evaluation of the effectiveness of this response plan would need to occur as part of the ongoing process.

### **The view of the Council of Trade Unions (CTU)**

The CTU considers that an enforceable right to pay and employment equity should underpin pay audits. In other words, where one party to a pay audit can show another party is not making genuine attempts to eliminate or modify practices contributing to the gender pay gap, access to the Employment Relations Authority should be available along the same lines as for the remedial pay settlement process (see Section 3 below).

### **Training**

Training is essential to develop the capability and capacity of state sector organisations and unions, so that they can meaningfully participate in and complete pay and employment equity audits. Training providers will be needed within the state sector and the CTU. Experienced auditors will require training in pay and employment equity analysis and gender inequities; and HR staff, employee union representatives and union staff will require training to participate in pay and employment equity auditing.<sup>2</sup>

### **Why**

After fifteen years' experience with the requirement to develop and deliver equal employment opportunity plans, it is clear that a process of testing reported progress against available evidence is necessary in order to ensure that effective, ongoing action is taken on gender pay and employment equity.

This process is not an alternative to remedial pay equity settlements (see Section 3, below) or other recommended actions. While a remedial pay equity settlement may be identified as a priority by an audit, an audit is not a necessary pre-condition to a settlement.

The development of a job evaluation tool is linked to the audit process. It may be necessary to apply such a method of comparing different jobs to assess whether women's occupations are undervalued, in comparison with men's occupations.

Where EEO plans already exist or are under development in respect of women, they should not await an audit, but should be reviewed and incorporated as part of the response when that stage is reached.

Where the Taskforce has recommended specific outcomes, they are not audit-dependent.

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<sup>2</sup> A useful New Zealand model is the ACC and CTU training initiative for health and safety workplace representatives. The UK invested considerable funding and money was allocated directly to the Trade Union Congress for training, including information packs and regular newsletter. Training was provided for workplace pay equity representatives and a tutor training programme was introduced to sustain the training over time. Union staff were provided with comprehensive briefing sessions.

(b) The 2004 Pilot Project

***What: Pilot Project***

**In 2004, the Pay and Employment Equity Unit, working with a range of selected organisations across the three sectors, will develop a model for stocktake, analysis, and response plans, to be piloted by the selected organisations.**

See Figure 2 below, 2004-05, item 2.

***Who***

**Organisations:** The pilot organisations will be selected by the Steering Group, in consultation with those organisations. As far as possible, they will range in size and structure and be generally representative of organisational types in the government service.

**Internal committees:** Each pilot organisation will establish an internal committee, with management and staff representation (through unions where possible), to undertake the gender pay and employment equity stocktake and develop the response plan. The committee will report annually to the governance structure of the organisation.

***How***

The unit and Steering Group will develop the stocktake, analysis and response plan model, and tools for applying it, alongside and with the pilot project participants. The model and tools will be informed by the Taskforce's work on the design of pay and employment equity audits and the UK Equal Opportunities Commission Equal Pay Review tool and evaluation of equal pay reviews.

The pilot organisations will:

- plan to complete the gender pay and employment equity stocktake process and the initial response plan in 2004
- commit sufficient resources to the overall management of the pilots, as well as to their own organisation's gender pay and employment equity stocktake and response plan
- ensure the full and genuine participation of staff through their union.

The Pay and Employment Equity Unit will hold regular combined meetings with management and union/staff representatives from each pilot organisation to share issues and results.

*When*

Figure 2 below shows the sequence for the process.

<b>Figure 2: Five year plan for gender pay and employment equity Stocktake, analysis, response plan and audit processes</b>	
2004-05	<ol style="list-style-type: none"> <li>1. The tripartite Steering Group will oversee the pilot and roll-out</li> <li>2. Develop, pilot and evaluate the gender pay and employment equity stocktake, analysis and response plan model. (See activity 2(b) above.)</li> <li>3. Parallel efforts to close the gender pay gap continue, using other initiatives and mechanisms (remedial pay settlements, collective bargaining, remuneration reviews, Taskforce plan of action).</li> </ol>
<b>2005-2007</b>	<p>State sector agencies have three years to prepare for full integration of pay and employment equity into their internal audit plan and processes by 2008. Staged preparation is recommended. For example:</p> <ol style="list-style-type: none"> <li>1. Stocktake and analysis (framework to be developed through pilot) and development of response plan</li> <li>2. Implementation of response plan, starting with remedying problems of equal value</li> <li>3. Review through further response plans and audits</li> <li>4. Information from audits combined and analysed for sector-wide and cross-sector issues and response plans</li> </ol>
2008	<ol style="list-style-type: none"> <li>1. Pay and employment equity is fully integrated into internal plans and processes of state sector agencies.</li> <li>2. Steering committee reports on the implementation of the three-year staged approach (including sector-wide and cross-sector reporting).</li> <li>3. Systematic external audit programme commenced.</li> </ol>
2009 and beyond	Annual internal audits undertaken, response plans reviewed, and regular external audits undertaken.

**Recommendation III. B2**

That the Government require the Pay and Employment Equity Unit and Steering Group to oversee the:

- i. Design and implementation of an audit and response plan process in the public service, the public health sector and the public education sector
- ii. Development of a model for this process, through piloting it, in 2004, with several organisations drawn from across the public service, the public health sector and the public education sector.

### **3. Setting up a process for equitable pay settlements**

#### ***(a) Remedial pay equity settlement***

The Taskforce agreed that, as part of closing the gender pay gap, a clear and efficient process was needed to enable the remedial settlement of pay equity claims.

Most elements of the process outlined in the Action Plan were supported by the full Taskforce. There were, however, two issues of difference:

- i. The nature of the tripartite mechanism and at what point it entered the process. (At the heart of this is the role of government as funder as well as employer.)
- ii. Whether the right to pay and employment equity needs to be legally enforceable.

All members of the Taskforce accepted that reliance on voluntary levers would enable bargaining outside of collective agreement rounds only if there is agreement. In addition, many of the voluntary levers available to the Government, while applicable to the tertiary sector or to support staff in kindergartens, remain the prerogative of the employer to agree to.

In view of this the Taskforce, with the exception of Government officials, considers that in the absence of a legally enforceable right a significant number of women would not have access to remedial pay settlements or pay audits.

#### ***Comparators***

The Pay and Employment Equity Unit will develop advice on the relevant parameters and methods of comparison to be used when an ongoing pay equity issue requiring a settlement process is identified. Comparator occupational groups may be identified within the enterprise itself, within the sector concerned, or across the state sector as a whole. Appropriate comparator groups will be those groups which allow the aims listed below to be met, and fit the parties' views of how the objectives of comparison may best be achieved.

The aims of identifying one or more comparator groups are to:

- Minimise inconsistent treatment of workers (in terms of pay and conditions) within the same occupation, similar occupations or comparable occupations within the state sector
- Enable robust comparisons of the work of defined, predominantly female occupations with the work of predominantly or traditionally male occupations, in order to determine whether the pay rates or scales of the predominantly female group require adjustment on grounds of equity
- Maximise the efficiency and effectiveness of the settlement process for all parties, and reduce the risk of creating a complex and fragmented approach to the identification of comparator groups, the evaluation process, and the final outcome.

### *The proposed mechanism for remedial pay equity settlements*

There are two proposals for the process for remedial pay equity settlements: one proposed by Government officials, and the other by the other members of the Taskforce.

#### **Proposal of Government officials**

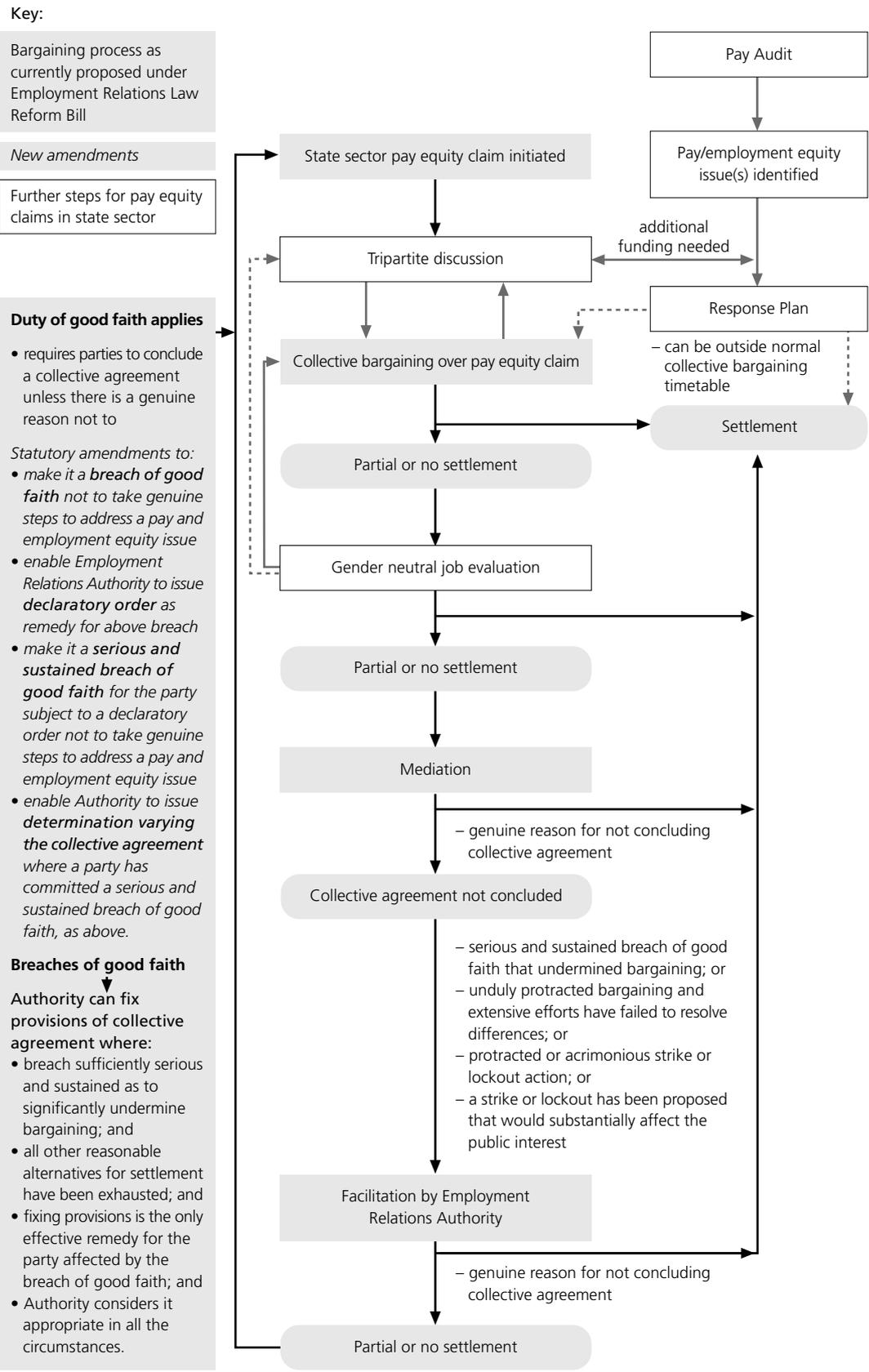
1. Government officials did consider a legislative approach to pay and employment equity. However, they believe the greatest gains will result from commitment and leadership, and the audit process. They consider these gains will be more durable and transferable beyond the current Taskforce's focus. While a legislative approach may provide greater levels of surety about pay and employment equity outcomes in the short term, it also reduces the options for the Government to settle pay and employment equity claims over time and presents higher fiscal risks. For these reasons, Government officials have provided a non-legislative approach, based on the Government providing leadership and setting clear policy commitments, and holding chief executives to account for making progress on that policy.
2. A tripartite forum is held to discuss the government's expectations for pay and employment equity.
3. A specific claim could be initiated by the employer but is more likely to be initiated by the union party to a collective agreement or by an employee on an individual agreement. Initiation could be done as part of the usual bargaining timetable or, by agreement between the parties, could be done outside the usual timetable as a variation to an existing agreement.
4. The parties to the agreement will meet to negotiate over this issue as they would in a normal agreement negotiations process. These negotiations may result in an agreement that settles the remedial pay issue completely or it may not be possible to reach agreement.
5. Where matters related to pay equity remain unsettled, the parties will be able to use the gender neutral job evaluation tool (if it has not already been used) supported by gender neutral job evaluation experts through the Pay and Employment Equity Unit. The findings of the job evaluation will inform the negotiations between the parties to the collective agreement.
6. Employers will be subject to an expectation to address pay and employment equity issues. Existing accountability mechanisms will be strengthened to reflect the Government's commitment to pay and employment equity. These enhancements could be given effect through the bargaining parameters, the bargaining mandate within the compulsory education sector and/or letters of expectation to chief executives. For the majority of employers in the public service, public health and public education sectors, these changes combined with the information tools should equip chief executives to address pay and employment equity issues. While the tertiary education sector is required to "have regard" to the Government's bargaining parameters, increasing the expectations on this group further is likely to require consideration of legislation.
7. If the employer believes there is sufficient evidence to agree to a claim but does not believe it is possible to reach agreement with the union/employees within current funding parameters, the employer(s) would use existing budgetary processes to initiate a bilateral process of discussions with government as funder. As with any bargaining process, the employer(s) would have to provide evidence to Ministers to support the request for additional funding.
8. The existing provisions of the Employment Relations Act and any changes arising from the provisions of the Employment Relations Law Reform Bill provide the framework for all bargaining between parties to a collective agreement.



### **Proposal of the Taskforce, excluding Government officials**

1. The remedial pay equity settlement process starts with initiation. The claim could be initiated by the employer but is more likely to be initiated by one or more unions. In respect of one or more collective agreements covering an occupational group.
2. Initiation for bargaining over pay equity settlements can be done outside the usual bargaining timetable.
3. Following initiation, a tripartite discussion will take place where the parties will discuss the claim and possibilities/processes for resolving it.
4. Following these discussions, the parties to the collective agreement/s will meet to negotiate as if this were the normal collective agreement negotiations process, and in accordance with any process agreements made at the earlier tripartite stage. These negotiations may result in an agreement that settles the remedial pay issue completely or partially, or in failure to settle it at all.
5. Where there is either no settlement or a partial one, the union will have access to the gender neutral job evaluation supported by equal value job evaluation experts through the Pay and Employment Equity Unit. The job evaluation will be undertaken and results of it will be referred back to the tripartite group (if necessary) or to the negotiations between the parties to the collective agreement. Mediation services may be accessed at this stage, or any stage below, if desirable as per normal ERA provision.
6. The law will contain a right for workers in the state sector to pay and employment equity. It will be a breach of good faith for an employer to refuse to modify or eliminate practices or pay that continue an inequity. In the first instance where a party believes another party is not taking genuine steps to modify or eliminate a pay and employment equity issue, the first party will be able to apply to the Employment Relations Authority for an order that the other party is in breach of good faith. If this order is given, it will inform the parties when they meet again to negotiate.
7. It will be a serious and sustained breach of good faith for a party that is subject to an order to continue to refuse to take genuine steps to modify or eliminate a pay and employment equity issue. If this is found to be the case, the Authority will be able to make a determination that will eliminate or modify the causes of the inequity. This will have the effect of varying the collective agreement.

Figure 4, Remedial Pay Equity Settlement Process



### **Recommendation III. B3(a)**

That the Government:

- i. Establish a process for remedial settlements of pay equity claims
- ii. Note that two distinct views exist within the Taskforce on what this process should be.

### ***(b) New legislation***

#### **The Employment Relations Law Reform Bill and equal pay and pay equity**

The Government Service Equal Pay Act 1960 and the Equal Pay Act 1972 are repealed under Part 2 of the Employment Relations Law Reform Bill and replaced with a new Act.

The Taskforce has received representations commenting on the proposed legislative change, the Bill's explicit exclusion of equal value claims, and what is perceived as an inconsistency between that and the goal of closing the gender pay gap.

The Taskforce has noted that the Bill is currently before a Parliamentary Select Committee and submissions have been called for. The Taskforce has also noted and supports the Government's stated intention to ensure that equal pay claims under the proposed Equal Pay Act 2004 work at a practical level.

The Taskforce has confined its consideration to those matters impacting directly on its terms of reference. The Taskforce, with the exception of Government officials, recommends that the Government, as the Bill progresses, ensure that the Bill:

- requires employers to pay equal pay for the same or substantially similar work
- enables union/employee access to pay information to determine whether equal pay is being provided
- provides a transparent and efficient process for investigating, processing and determining claims, on an individual or collective basis, and remedies for non-compliance
- enables an equal pay test of jobs performed substantially by women against male comparators performing the same or substantially similar work
- does not explicitly exclude claims that this test would allow comparisons between different jobs of the same value
- complies with New Zealand's international obligations, specifically ILO Convention 100 on Equal Remuneration and the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

#### **The Employment Relations Reform Bill and collective bargaining**

The Employment Relations Law Reform Bill contains provisions to encourage settlement of collective bargaining and good faith behaviour. These proposed provisions would govern negotiations over pay equity during collective bargaining.

Provisions in the Bill that will encourage settlement of collective bargaining and good faith behaviour are:

- Good faith requires parties to collective bargaining to conclude a collective agreement unless there is a genuine reason not to (clauses 10 and 12).
- Parties to collective bargaining who are having serious difficulties in reaching settlement can refer matters to the Employment Relations Authority for facilitation (clause 15, new sections 50A to 50I).

- In specified circumstances, a party to collective bargaining can apply to the Authority for a determination fixing the provisions of the collective agreement being bargained for. This remedy will be available only in cases of serious and sustained breaches of good faith (clause 15, new section 50J).

Union and employer parties who are having difficulties in settling collective agreements with remedial pay equity claims could agree to mediation to resolve their differences.

### **Recommendation III. B3(b)**

That the Government adopt the recommendation of the Taskforce, other than Government officials, that the Employment Relations Law Reform Bill Part II be reviewed to ensure that the Bill:

- requires employers to pay equal pay for the same or substantially similar work
- enables union/employee access to pay information to determine whether equal pay is being provided
- provides a transparent and efficient process for investigating, processing and determining claims, on an individual or collective basis, and remedies for non-compliance
- enables an equal pay test of jobs performed substantially by women against male comparators performing the same or substantially similar work
- does not explicitly exclude claims that this test would allow comparisons between different jobs of the same value
- complies with New Zealand's international obligations, specifically ILO Convention 100 on Equal Remuneration and the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

### ***(c) Identifying impediments to, as well as promoting, collective bargaining, including support for multi-employer collective bargaining.***

#### ***What***

- Identify impediments to collective bargaining including multi-employer bargaining and consider, on a tripartite basis, proposals to overcome such impediments
- Actively promote collective bargaining for public service, public health sector and public education sector employers to meet the objects of the Employment Relations Act
- Actively promote multi-employer collective agreements
- Use the accountability mechanisms proposed in this report to require promotion of collective bargaining
- Note: collective bargaining is an integral aspect of the processes associated with pay equity settlements and audits, as proposed in this report. In turn, implementing those proposals will assist in promoting collective bargaining.

#### ***When***

Ongoing.

### **Why**

Internationally, the evidence shows that how pay is determined has an impact on the gender pay gap, according to:

- The extent of collective coverage and unionisation
- Whether wage bargaining is centralised or decentralised.

The greater the extent of collective coverage and centralised wage bargaining, the smaller the gender wage gap tends to be for the women within that occupation.<sup>3</sup>

The Taskforce agrees on the central role of collective bargaining in the Action Plan for the improvement of pay and employment equity. The proposals explicitly support and promote collective bargaining as the primary mechanism for pay fixing, including settling gender equity based pay claims. The Taskforce noted that the Government's employment relations policies explicitly promote collective bargaining. A range of other instruments also exist. These include bargaining parameters promulgated by SSC, Partnership for Quality (agreement between Government and the PSA), and the tripartite forums in both the public service and the public health sector. The Taskforce noted that most of the instruments do not apply to the education sector except for bargaining parameters in some instances.

#### **Recommendation III. B3(c)**

That the Government identify impediments to, and promote, collective bargaining, including support for multi-employer collective bargaining, through:

- i. Identifying impediments to collective bargaining including multi-employer bargaining and consider, on a tripartite basis, proposals to overcome such impediments
- ii. Actively promoting collective bargaining for public service, public health sector and public education sector employers to meet the objects of the Employment Relations Act
- iii. Actively promoting multi-employer collective agreements
- iv. Using the accountability mechanisms proposed in this report to require promotion of collective bargaining.

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<sup>3</sup> See Whitehouse, G. (2003), Gender and pay equity: Future research directions, *Asia Pacific Journal of Human Resources*, Vol.41 No.1

*(d) Setting minimum employment standards*

*What: Minimum employment standards*

Establish a tripartite process for developing core minimum employment standards for pay and employment equity in the public service, public health sector and public education sector.

*Why*

There may be some employment provisions – such as paid parental leave and childcare provisions – that need to be available to all women workers in order to close the gender pay gap. To ensure they are available, it may be necessary to include these provisions as a minimum standard of employment, rather than rely on collective bargaining outcomes.

These actions are needed to provide guidance and ensure consistency across the three sectors considered by the Taskforce, and also to ensure that contracting out is not used as a device to evade compliance with the minimum standards.

**Recommendation III. B3(d)**

That the Government establish a tripartite process for developing core minimum employment standards for pay and employment equity in the public service, public health sector and public education sector.

See also Recommendations on further work, Recommendation 2.

*(e) Considering the minimum wage in relation to pay equity*

*What: Considering the minimum wage in relation to pay equity*

1. Consider promulgating, through minimum employment standards for the state sector, an increase to the minimum wage for employees in the public service, and the public health and public education sectors.
2. Consider and attend to any perverse impacts that could result on income support thresholds, taxation, or direct employment.
3. Include gender equity as one of the five objectives to be taken into account in the annual review of the minimum wage throughout both the state and private sectors.
4. Commission additional research analysing both the nature of low paid employment and those performing this work; and the economic and social impacts of further increasing the minimum wage in the state sector and/or extending these increases to all workers.

*When*

Once the Pay and Employment Equity Unit is set up, 2004/05.

*How*

Department of Labour to undertake the investigation, working with other agencies and in liaison with the Pay and Employment Equity Unit.

### **Why**

The Taskforce considered that there is likely to be an ongoing issue regarding absolute as well as relative levels of pay for low paid women. It therefore examined the extent to which raising the minimum wage could improve pay equity, within the three sectors on which it was asked to focus, in the wider state sector, and in the labour market generally. It concluded that raising the minimum wage would have a positive impact on closing the gender pay gap.

With the information available to it, the Taskforce was unable to conclude whether the extra cost involved in raising the minimum wage, to, for example, \$12 an hour, was the best use of monies available to close the gender pay gap. However, it did consider that sufficient evidence existed to warrant research that would allow a full consideration of the costs and benefits of a lift in the minimum wage.

### **Recommendation III. B3(e)**

That the Government, noting that increasing the minimum wage would assist with narrowing the gender pay gap, and consistent with its initiatives under way to address low income generally:

- i. consider promulgating, through a minimum code for the state sector, an increase to the minimum wage for employees in the public service, and the public health and public education sectors
- ii. in so doing, consider and attend to any perverse impacts that could result on income support thresholds, taxation, or direct employment
- iii. include gender equity as one of the five objectives to be taken into account in its annual review of the minimum wage throughout both the state and private sectors
- iv. commission additional research analysing both the nature of low paid employment and those performing this work; and the economic and social impacts of further increasing the minimum wage in the state sector and/or extending these increases to all workers.

*See also Recommendations III. B3(c), and (d).*

#### **4. Strengthening and/or developing accountability mechanisms to deliver pay and employment equity**

##### *What: Levels of accountability*

In addition to the specific mechanisms proposed in other actions, accountability for achieving pay and employment equity will need to be strengthened at different levels of the state sector – Government level, sector-wide level and organisation level. Mechanisms may also vary within and between the public service and the public health and education sectors.

**Government level:** Government accountability for meeting its commitments in the Action Plan will include annual reporting by the Department of Labour at a whole of government level on achievement of pay and employment equity, and in particular on progress in closing the gender pay gap.

The Government's bargaining parameters are also an important cross-sector accountability mechanism. These bargaining parameters formally apply to collective bargaining in the public service. They also set out Government policies and expectations around state sector employment generally. They provide, therefore, a mechanism to influence employment practices across all three sectors that the Taskforce examined.

The bargaining parameters should be strengthened to include an explicit expectation relating to pay and employment equity. They should also note that as pay setting methods such as "market rates" may have an inherent or built in gender bias, chief executives should aim to eliminate any such bias before relying on these methods for pay setting.

**Sector-wide level:** Accountability for achieving progress will depend largely on where the bargaining and employment relationships reside. For smaller entities, including much of the education sector, it may be more appropriate to report on pay and employment equity at a sector-wide or part of sector level (for example through a Responsible Minister) than to seek to report at the individual enterprise level.

**Enterprise level:** Chief executives in the public service and the public health and education sectors will, in their Annual Report to Parliament, report on their progress in achieving pay and employment equity. (This could be assisted by the design of a simple and uniform way for reporting across the state sector, to ensure comparability and transparency between enterprises). It may be appropriate to report more frequently to employees, especially where a response plan is being implemented in relation to the findings of a pay and employment equity audit. (Unions' assessment of progress and issues at the enterprise level will also inform the audit process.)

Chief executives will be required to give effect to the Government's policy on pay and employment equity, in the first instance within their own enterprise, including doing pay and employment equity audits and identifying actions to be taken to reduce and, over time, eliminate inequalities.

The Public Finance (State Sector Management) Bill currently before Parliament contains provisions which should simplify the process for making whole of government directions affecting the public health and education sectors, as included in the Taskforce's Terms of Reference. The Pay and Employment Equity Unit will develop parallel mechanisms, in consultation with the public health and education sectors, to achieve a similar level of accountability in these sectors, taking into account the impact of the proposed legislation.

### *Why*

It is clear from the Taskforce's investigations that state sector organisations are unable to outline the extent of pay and employment equity among their employees, or the issues involved. Stronger mechanisms are required to ensure that the issues are not only identified, but also acted upon.

The Action Plan is designed to ensure that these organisations are provided with the tools and skills they need to identify and respond effectively to these problems. Accountability mechanisms are designed to ensure that organisations will do this in a manner consistent with the overall approach of using existing, or soon to be existing, public management accountability mechanisms. One rationale for the Public Finance (State Sector Management) Bill is to enable greater cross-sector consistency in accountabilities.

#### Public Service accountability mechanisms

- Chief executives required to report in their Annual Report to Parliament against their intentions and progress.
- State Services Commission designs a simple and uniform way for chief executives to report progress so as to ensure comparability and transparency between enterprises.
- State Services Commissioner will, as part of his/her annual report, report on progress toward pay and employment equity in the public service.
- State Services Commissioner holds chief executives to account for the quality and clarity of their interventions to reduce pay and employment inequalities, and supports innovative approaches.
- State Services Commissioner requires chief executives to share the findings from gender neutral job evaluations, via the Pay and Employment Equity Unit, with the rest of the public service, so as to reduce duplication of work, and increase consistency of information.

Public health sector accountability mechanisms

- The Minister of Health sets out a "letter of expectations" that, among other things, requires each DHB to implement employment and pay equity.
- If considered necessary, the Minister can use the power to direct the DHB, under section 32 of the Public Health and Disability Act 2000. This direction could require DHBs to give effect to the Government's policy on pay and employment equity.
- The DHBs are currently required to comment in their annual reports on their achievement of "good employer" objectives. Under section 42 of the Public Health and Disability Act 2000 the letters of expectation could clarify that such reporting should include progress on achieving pay and employment equity.
- DHBs will be subject to the Government's bargaining parameters, which are consistent with those applying to the public service and the public education sector.

Public education sector accountability mechanisms

- The State Services Commissioner will hold the Secretary for Education accountable for making progress toward pay and employment equity in the schools and kindergarten sector.
- In the non-compulsory sector, the tertiary education institutions (TEIs) essentially see themselves as public entities, but not as part of the crown, and would consider that they are independent of the Government's policies. In practical terms, the TEIs need to be encouraged to act in a way which is consistent with Government intent.

**Recommendation III. B4**

That the Government:

- i. Strengthen the existing accountability mechanisms to deliver pay and employment equity, and develop new mechanisms where none exist at present, at each level and for each sector.
- ii. Strengthen bargaining parameters to include an explicit expectation relating to pay and employment equity.
- iii. Require chief executives to aim to eliminate any inherent or built in gender bias in pay setting methods such as use of "market rates" before relying on these methods for pay setting.

## 5. Other initiatives

The work of the Taskforce has not proceeded in a vacuum. A host of Government legislative and policy initiatives are under way which impact on the goal of pay and employment equity. Some of the major initiatives are summarised below.

Taking into account key legislation such as the Employment Relations Act, attention is needed to ensure that these initiatives, and any others identified as being necessary, facilitate the achievement of pay and employment equity. Ensuring a consistent and cohesive approach in all the initiatives is an important element in achieving the overall equity goal.

The overall principle of the Taskforce's five year Action Plan is to ensure that in the state sector, pay is not affected by gender – that is, women's and men's work of similar value is paid similarly – and that both women and men have access to all jobs, with gender or gender-related expectations not standing in the way of job choice and job progression. This principle should be applied when assessing the role that other initiatives can play in addressing pay and employment inequities.

### *(a) The Human Resource Framework Project*

The Human Resource (HR) Framework project arose out of the Government's Review of the Centre. It is an SSC-led project tasked with developing common "public service wide" policies and approaches in a number of areas of HR.

The HR Framework project is presently in the design phase of policy development. With the completion of the Taskforce's report, the decision not to include pay and employment equity as an active workstream in the project itself should be revisited.

Other related HR initiatives, which will need to be progressed in ways that are consistent with decisions on pay and employment equity, include:

- the State Sector Act, including amendments currently before Parliament affecting both the public service and wider state sector
- the retirement savings scheme launched for the public service
- the Partnership for Quality Agreement between the Government and the PSA, and related agreements between the PSA and various agencies in the public service
- the tripartite forums in the Public Service and public health sector.

### **Recommendation III. B5(a)**

That the State Services Commissioner include pay and employment equity as an active workstream in the Human Resource Framework Project.

### *(b) Childcare assistance*

The Taskforce has identified as an issue in the pay gap the fact that because women bear the larger share of responsibility for caring for children, they:

- face reduced employment opportunities and/or
- incur a financial penalty when undertaking paid employment, through lower pay and/or increased costs.

Thus the cost of caring for children falls disproportionately on women.

The Taskforce considers childcare that is accessible, high quality, and affordable to the user an essential element in achieving gender pay and employment equity. The Taskforce therefore concludes that reducing the direct costs of childcare on parents would be an important element in closing the gap in gender pay and employment opportunity. This could be achieved by moving towards universal provision.

**Recommendation III. B5(b)**

That the Government:

- i. Note the Taskforce's view that accessible, high quality, affordable childcare is an essential element in achieving pay and employment equity.
- ii. Acknowledge in early childhood education and care policies that accessible, high quality, affordable childcare is an important element in achieving pay and employment equity.

**(c) *Dependant care assistance***

The Taskforce has also identified as a factor in the pay gap the fact that because women bear the larger share of responsibility for caring for dependants other than children, such as disabled or elderly family members, they:

- face reduced employment opportunities and/or
- incur a financial penalty when undertaking paid employment, through lower pay and/or increased costs.

Thus the cost of dependant caregiving falls disproportionately on women.

The Taskforce considers care of dependants that is accessible, high quality, and affordable to the user an essential element in achieving gender pay and employment equity. The Taskforce therefore concludes that closing the gender pay and employment equity gap would require the costs of dependant care to be shared. This could be achieved by universal provision, or by compensatory allowances to those who access these services.

**Recommendation III. B5(c)**

That the Government:

- i. note the Taskforce's view that support for users of care for dependants is an important element in achieving pay and employment equity
- ii. consider further initiatives to provide such support in the state sector.

**(d) *Paid parental leave***

The Taskforce supports the current review of paid parental leave (PPL). It considers the findings of the review should be considered within a wider context of Government initiatives. The Taskforce recommends that in reviews of PPL issues of pay and employment should be considered. These may include:

- extending the eligibility criteria for the scheme – particularly to include those in precarious work (e.g. short-term, less than 10 hours per week) and/or those with multiple jobs
- increasing the level of payment
- investigating alternative funding mechanisms
- an entitlement to breastfeeding breaks and facilities for mothers returning to work
- ILO Maternity Protection Convention, 2000 (No. 183).

### **Recommendation III. B5(d)**

That the Government note that the Taskforce supports the current review of paid parental leave (PPL). It considers the findings of the review should be considered within a wider context of government initiatives. The Taskforce recommends that in reviews of the PPL issues of pay and employment equity should be considered. These may include:

- extending the eligibility criteria for the scheme
- increasing the level of payment
- investigating alternative funding mechanisms
- an entitlement to breastfeeding breaks and facilities for mothers returning to work
- ILO Maternity Protection Convention, 2000 (No. 183).

### ***(e) Work-life balance***

The Work-Life Balance Project was set up by the Minister of Labour in August 2003, reflecting an awareness that achieving work-life balance is an increasing issue for organisations and individuals (particularly women). The project aims to identify and promote effective work-life practices and policies. To achieve this, the project team is currently:

- Gathering existing research on work-life policies and practices in New Zealand and overseas
- Identifying practical examples of things that have helped people achieve work-life balance, and communicating these
- Seeking perspectives on work-life balance from as wide a range of people as possible (through to the end of March 2004).

The project team is due to report back to Ministers in May/June 2004 on policy options for government, recognising that government has a role to play in achieving work-life balance, alongside individuals, families, workplaces and communities.

Although the project is still at the early stage of seeking public input, some areas of overlap with the issues that have been considered by the Taskforce are emerging:

- Women's other responsibilities, including domestic work
- Increasing scarcity of skills and employees, requiring a creative approach to recruitment
- Access to and affordability of childcare and out of school care
- Transport as a constraint on access to work and/or training
- Part-time work
- Casualisation and contracting out
- Elder care
- Social capital issues: volunteers' contribution to the community
- Tradeoffs and choices, and the extent to which these choices are constrained by workplace provisions for assistance with family responsibilities.

The Work-Life Balance Project will take into account the Taskforce Plan of Action and also inform and be informed by the Human Resource Framework Project on work-life balance.

The Taskforce has identified other issues that it considers the Work-Life Balance project needs to take into account, in relation to pay and employment equity. These issues include levels of pay, hours of work, leave entitlements, and workplace culture.

### **Recommendation III. B5(e)**

That the Work-Life Balance Project and the State Services Commission Human Resource Framework project on Work-Life Balance take into account, in relation to pay and employment equity, the issues of levels of pay, hours of work, leave entitlements, and workplace culture.

#### ***(f) Educational qualifications and training***

The Ministry of Education is currently working on a Foundation Learning Strategy, aiming to embed access through all parts of the tertiary education system. The Tertiary Education Commission works with industry training organisations to promote participation by different demographic groups, and achievement of this is assessed as part of their funding arrangements. It is equally important that people who do not have access to learning in the workplace receive it outside their working environment. The role of the Tertiary Education Commission is to shape the sector in order to advance the goals of the Tertiary Education Strategy, which include equitable access. Access to learning for low-skilled workers who are not able to access on-the-job training (or who wish to train for a different job) will be one dimension of this.

The Taskforce agrees that education and training are important in enabling women to maximise their potential in the workforce. In the context of employment, this includes both formal and informal workplace training opportunities. Lack of adequate training, particularly foundation learning such as literacy skills, affects women's ability to improve their position in the labour market. The Taskforce therefore considers that pay and employment equity will be advanced by:

- Specific inclusion, in the pay and employment equity stocktake and audits, of data on gender equity of access to workplace training, and to employer support for the acquisition of further qualifications, in the public service and the public health and public education sectors.
- Identifying any gender-related barriers to taking up existing training opportunities in the public service and the public health and public education sectors, and how these might be addressed.
- Requiring the Foundation Learning Strategy to take particular account of providing access to foundation learning for low paid women, among whom Maori and Pacific women are disproportionately represented.
- Collaborating with the Tertiary Education Commission, relevant industry training organisations, and the Department of Labour to identify the weaknesses of past strategies, and key barriers to improving foundation skills.
- Scoping a pilot project to identify and remedy literacy issues among cleaners who are directly or indirectly employed in the public service and the public health and public education sectors.

### **Recommendation III. B5(f)**

That the Government endorse the Taskforce's view that education and training are important in enabling women to maximise their potential in the workforce, and that pay and employment equity will be advanced by:

- i. specific inclusion, in the pay and employment equity stocktake and audits, of data on gender equity of access to both workplace training and employer support for the acquisition of further qualifications, in the public service and the public health and education sectors.

- ii. identifying any gender-related barriers to taking up existing training opportunities in the public service and the public health and public education sectors, and how these might be addressed.
- iii. requiring the Foundation Learning Strategy to take particular account of the need to provide access to foundation learning for low paid women.
- iv. collaborating with the Tertiary Education Commission, relevant industry training organisations, and the Department of Labour to identify the weaknesses of past strategies, and key barriers to improving foundation skills.
- v. scoping of a pilot project to identify and remedy literacy issues among cleaners who are directly or indirectly employed in the public service and the public health and public education sectors.

**(g) Retirement savings**

The Taskforce other than Government officials agreed that all state sector workers should have equal access to employer funded retirement savings. This would involve extending the recently announced retirement savings scheme, which currently covers only parts of the state sector.

On 5 November 2003 the Government announced a retirement savings scheme for employees of government departments and entities for which the State Services Commissioner has statutory responsibility for negotiating collective agreements. These include:

- the 35 public service departments
- the six non-public service departments
- the state school sector (including support staff)
- registered teachers employed by free kindergarten associations.

Those parts of the state sector excluded from the current scheme are predominantly female. Extending the scheme to those workers would contribute to the Taskforce's goal of taking all practicable steps to eliminate the gender pay gap, given that employer-funded superannuation is a part of a remuneration package. Government officials have not taken a view on this as this area was not subject to research or in their opinion any substantive discussion in the Taskforce.

**Recommendation III. B5(g)**

The Taskforce, other than Government officials, recommends that the Government consider extending the retirement savings scheme to provide access for all state sector workers covered by this Action Plan.

## 6. Working alongside other organisations

There is a need for much greater linkage between the current EEO agencies, to ensure that both an employment relations framework and a human rights perspective are advanced. One way to ensure that the proposed Pay and Employment Equity Unit does not duplicate but rather uses what already exists is to include the EEO Commissioner as an ex officio member of the Steering Group advising the Secretary of Labour. This also picks up the issue of providing a model for the private sector, as required by the Terms of Reference of the Taskforce.

### Recommendation III. B6

That the EEO Commissioner be an ex officio member of the Steering Group advising the Secretary of Labour.

## 7. Proposed timeline for Plan of Action

Figure 5: Proposed Timeline	2004				2005			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
<b>Part 1 – Making it Happen</b>								
Establish P & EE unit and steering group		■						
Gather statistical data for P & EE		■	■					
Develop job evaluation system		■	■	■				
<b>Action Plan – Phase 1</b>								
Government commitment is loud and clear		●	●					
Obtain and maintain Government commitment		■	■	■	■	■		
Develop communication plan		■						
<b>Establish audit and response plans process</b>								
Develop planning and audit process			●	●				
Undertake pilot project			■	■				
<b>Establish process for equitable pay settlements</b>								
Develop remedial pay equity settlement process			■	■				
Support collective and centralised bargaining – ongoing		■	■	■	■	■		
Review low pay initiatives to P & EE			■	■				
<b>Develop accountability mechanisms to deliver P &amp; EE</b>								
Strengthen existing accountability mechanisms						■		
Develop new mechanisms where none exist						■	■	
Require CE's to address and report on P & EE initiatives			■	■	■	■		
<b>Include P &amp; EE in other initiatives</b>								
Include P & EE in the HR framework project		■						
Review access to quality childcare – ongoing			■	■	■	■		
Review dependent care assistance – ongoing			■	■	■	■		
Review paid parental leave		■						
Address work/life balance issues		■	■					
Address education and training issues – ongoing		■	■	■	■	■		
<b>Work alongside other organisations - ongoing</b>								
		■	■	■	■	■		
<b>Action Plan – Phase 2</b>								
Develop “responsible” contractor policy		■	■	■				
Develop an action plan for other gov. funded workers		■	■	■				

## C. Further Work

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### Phase 2

Phase 2 should cover government-funded workers outside of the public service and public health and education sectors: namely, workers in crown entities/companies and state owned enterprises.

#### *Contracted out workers*

One of the factors contributing to the gender pay gap is contracting out or outsourcing. In many cases, as noted above (see Part I, Section C4), contracting out occurs for workers who are already low paid, and leads to lack of protection for pay rates, working conditions and security of employment. Those disadvantaged in this way by outsourcing in the public health and education sectors are mainly women.

When work such as laundry work, kitchen work, cleaning, elder care and homecare is outsourced, the equity issues relating to occupational segregation, pay setting and low pay are also effectively "outsourced" for these Government-funded workers. These workers therefore miss out on remedial action on pay and employment equity.

The Taskforce agreed that this current action plan would cover direct employees only. It also agreed that it is important that outsourced workers be covered in Phase 2 of the Action Plan.

### Phase 3

Phase 3 would address pay and employment issues related to other employees, i.e. those in local government, not-for-profit organisations and the private sector.

#### *Model for the private sector*

Principle (iv) of the Taskforce's Terms of Reference states:

That the analysis of the influence of contributing factors and the plan of action for addressing them, while focusing on the public service and public health and education sectors, may be used as a model for private sector initiatives.

Research suggests that many of the issues identified as significant to the gender pay gap in the state sector are likely to be of equal or greater significance in the private sector. These include the incidence of low paid work, particularly within some female-intensive occupations, a number of which employ large numbers of Maori and Pacific women. In addition, decentralised bargaining and limited equal employment opportunity initiatives impact on equity outcomes for private sector workers. The material made available to the Taskforce, including that on veterinarians,<sup>4</sup> indicates the need for work on pay and employment equity in the private sector.

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<sup>4</sup> New Zealand Veterinary Association Inc. (2003), *Veterinary Remuneration: Results of The New Zealand Veterinary Association 2003 Megasurvey*, New Zealand Veterinary Association Inc, December.

For this reason, the Taskforce proposes the following:

- That further work be done to address pay and employment equity issues related to all other employees.
- That further work be done to determine what data it would be appropriate for businesses and/or Statistics New Zealand to collect, without adding to business compliance costs, to give a national overview of pay and employment equity.
- That the Pay and Employment Equity Unit's resources and tools be made available to private sector employers and unions on a voluntary basis, providing that the needs of the state sector take priority.
- That in monitoring the effectiveness of the five year Action Plan, as set out in this report, the Pay and Employment Equity Unit and Steering Group consider the relevance of initiatives for the private sector.

#### **Recommendations for further work**

1. That the Government set up a work programme to develop a Phase 2 Action Plan by December 2004 which will reduce the gender pay gap and advance equal employment opportunities for:
  - i. employees of crown entities, state-owned entities and crown companies
  - ii. employees whose work is funded by Government through outsourcing contracts, such as cleaners and caretakers.
2. That in Phase 2, the Government establish a tripartite process to consider the risks and benefits of a responsible contractor policy that would apply minimum employment standards to those receiving Government funding.
3. That further work be done to address pay and employment equity issues related to all other employees.
4. That further work be done to determine what data it would be appropriate for businesses and/or by Statistics New Zealand to collect, without adding to business compliance costs, to give a national overview of pay and employment equity.
5. That the Pay and Employment Equity Unit's resources and tools be made available to private sector employers and unions on a voluntary basis, providing that the needs of the state sector take priority.
6. That in monitoring the effectiveness of the five year Action Plan, as set out in this report, the Pay and Employment Equity Unit and the Steering Group consider the relevance of initiatives for the private sector.



PART FOUR:

# Appendices

# Appendix 1

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## Terms of Reference

### Taskforce on Pay and Employment Equity in the Public Service and Public Health and Education Sectors

#### Purpose of the Taskforce

1. The Taskforce will advise the Government on how the factors that contribute to the gender pay gap apply in particular parts of the public service and public health and education sectors, and on a five year plan of action to address pay and employment equity with reference to those factors.
2. An important aspect of this purpose is to demonstrate the value of policies to address pay and employment equity and to provide a model for their implementation in the private sector.
3. The work of the Taskforce will involve:
  - i. documentation of the nature and extent of pay and employment disparities currently existing in the public service and public health and education sectors;
  - ii. identification (based on existing research) of the factors contributing to pay and employment inequity that apply in the public service and public health and education sectors as a whole and in each of these sectors, and in any specific parts of these sectors which may be identified;
  - iii. research or further work on the way in which these factors apply within the identified parts of the public service and public health and education sectors;
  - iv. development of a long-term plan of action to address each of these factors, within particular sectors if necessary, as a means to work towards pay and employment equity (based on a robust cost-benefit analysis); and
  - v. recommendations on whether further work by the Taskforce is necessary to implement the plan of action, and if so, what that work should entail.

#### Principles

4. The Taskforce will adopt the following principles in making recommendations to Government:
  - i. The objective of pay and employment equity policies in the public service and public health and education sectors is to address the gender pay gap through a plan of action which addresses the wide range of social, employment, economic and other factors which contribute to the pay gap;
  - ii. That the Taskforce should identify how the particular factors contributing to the pay gap apply in relation to each part of the public service and public health and education sectors, and where necessary, in relation to particular groups of employees within particular parts;
  - iii. That the plan of action should be capable of being implemented over five years in order that the necessary changes in practice and culture become embedded in the fabric of New Zealand society;
  - iv. That the analysis of the influence of contributing factors and the plan of action for addressing them, while focusing on the public service and public health and education sectors, may be used as a model for private sector initiatives;

- v. That the plan of action should recognise current labour market arrangements (including legislative interventions) and management practices, and the impacts of proposed pay and employment equity policies on them;
  - vi. That the plan of action should minimise compliance costs for both employers and employees/unions;
  - vii. That any proposed options should be accompanied by a robust analysis of the costs and benefits of the options together with recommendations on how implementation of the options may be sequenced to spread those costs; and
  - viii. That policy interventions should be consistent with the Government's comprehensive policy programme of increasing economic growth, reducing inequality and improving the social and economic well-being of New Zealanders and their families in an environmentally, socially and economically sustainable manner (Speech from the Throne Aug 2002).
5. In identifying contributing factors and developing a plan of action, the Taskforce will take into account the following background:
- i. The history of pay and employment equity in New Zealand;
  - ii. The Human Rights framework in New Zealand;
  - iii. Information about the success or otherwise of existing policies (such as PPL, child care assistance, and work-life balance) in addressing any of the factors identified as contributing to the pay gap;
  - iv. An awareness of the influence of the wider labour market, including Government policies on minimum wages;
  - v. The Employment Relations Act 2000;
  - vi. The work of the Human Rights Commission, the State Services Commission, the EEO Commissioner and the EEO Trust in raising awareness of pay and employment equity issues;
  - vii. International experience in addressing pay and employment equity issues;
  - viii. The Quality Partnership approach adopted in the core public service;
  - ix. The tripartite initiatives in the public health sector; and
  - x. Existing research on the nature of the gender pay gap in New Zealand and particularly in the public service and public health and education sectors.

#### **Reporting**

6. The Chair will be responsible for ensuring that the Ministerial Reference Group is kept informed of the progress of the Taskforce. The Ministerial Reference Group is chaired by the Minister of Labour and includes the Minister of Women's Affairs, the Minister of State Services, and the Minister of Finance, and draws in where appropriate the Minister of Health and the Minister of Education.
7. Within two months of being appointed, the Taskforce will meet to:
- i. Confirm their terms of reference;
  - ii. Design a work programme, including identifying the areas of the public service and public health and education sectors that should be studied, establishing (if appropriate) sub-committees to analyse how contributing factors apply in those areas, and identifying any research work that may be required to assist the analysis or development of a plan of action;

- iii. Identify the resource implications of the immediate work programme proposed by the Taskforce, including the likely costs of that work programme;
  - iv. Have the terms of reference and work programme approved by the Minister of Labour, the Minister of Women's Affairs, the Minister of State Services and the Minister of Finance; and
  - v. Establish a programme of monthly reports to the Ministerial Reference Group on progress.
8. The Taskforce is required to report to the Ministerial Reference Group on its findings in relation to the factors contributing to the pay gap and recommendations for a five year plan of action to address these factors by 1 December 2003.

## Appendix 2

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### **Personnel of Taskforce and sub-groups**

**Chair:** Diana Crossan

**Chair of the sub-groups:** Joanna Beresford

### **Taskforce Members:**

Graeme Buchanan, Acting Secretary of Labour (to 5 August 2003);

James Buwalda, Secretary of Labour (from 2 September 2003)  
(Alternative: Joanne Silberstein)

Michael Wintringham, State Services Commissioner  
(Alternative: Iona Holsted)

Anne Carter, Acting Chief Executive, Ministry of Women's Affairs (to 27 January 2004);

Shenagh Gleisner, Chief Executive, Ministry of Women's Affairs (from 10 February 2004)  
(Alternative: Jane von Dadelszen, Sonia Rimine)

Peter Mersi, Deputy Secretary Social Policy, Treasury  
(Alternative: Benedikte Jensen)

Carol Beaumont, NZCTU

Lynn Middleton, NZCTU (to 5 August 2003);

Richard Wagstaff (from 2 September 2003 to 20 January 2004);

Clare Wells (from 27 January 2004)

Laila Harré, NZCTU

Ross Wilson, NZCTU (4 June 2003);

Helen Kelly (from 24 June 2003)

**Public Service sub-group**

Graeme Aitken, State Services Commission  
Jude Bleach, State Services Commission  
David Paterson, State Services Commission  
Margot Anderson, Ministry of Women's Affairs  
Tracy Mears, Treasury  
Sue Christie, Ministry of Social Development  
(Alternative: Julie Fieldhouse)  
Kathryn Bolland, National Library  
(Alternative: Rob Calder)  
Robyn Hamid, Child Youth and Family  
Joanna Kendrick, NZCTU  
Lynn Middleton, NZCTU  
Clare Wells, NZCTU  
Kirsten Windelov, NZCTU

**Health Sub-group**

Lisa Allen, Ministry of Health  
Margaret Mabbett, Ministry of Health  
Chris Bunny, Treasury  
Margot Anderson, MWA  
Marilyn Rimmer, DHBNZ  
Maryan Street, DHBNZ  
Bernadette Kelly, Lakes DHB  
Glenda Alexander, NZCTU  
Angela Belich, NZCTU  
Eileen Brown, NZCTU  
Denise Eilers, NZCTU  
Laila Harré, NZCTU  
Luci Highfield, NZCTU  
Sue O'Shea, NZCTU  
Richard Wagstaff, NZCTU

**Education Sub-group**

Chris Collins, Ministry of Education  
Rowena Phair, Ministry of Education  
Aaron Crawford, Treasury  
Margot Anderson, Ministry of Women's Affairs  
Amanda Coulston, NZ Federation of Free Kindergartens  
Kurt Dammers, Auckland College of Education  
Erin Walter NZ School Trustees Association  
Mark Flowers, Waikato Institute of Technology  
Glenn Barclay, NZCTU  
Jane Benefield, NZCTU  
Tanja Bristow, NZCTU  
Terri Burling, NZCTU  
Susan Elliot, NZCTU  
Luci Highfield, NZCTU  
Helen Kelly, NZCTU  
Margaret Ledgerton, NZCTU  
Peter Monteith, NZCTU  
Jo Quatermass, NZCTU  
Sharn Riggs, NZCTU  
Jo Scott, NZCTU  
Shelley Weir, NZCTU

**Secretariat**

Janet Hector, Department of Labour  
Alison Havill, State Services Commission  
Callum Lindsay, Department of Labour  
JB Byrne, Policy Analyst, NZCTU

## Appendix 3

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### **Reports commissioned for the Taskforce on Pay and Employment Equity in the Public Service and Public Health and Education Sectors**

Project 1: *Literature and data search and high level analysis*, Deborah Jones and Rae Torrie, January 2004

Project 2: *EEO across sectors report; and Supplementary Report on 'Fair Pay' in the Public Service*, Rae Torrie and Robyn Rendall, February 2004

Project 5: *Employment equity and bargaining in selected state sector occupations, 1983-2003*, Linda Hill, January 2004

Project 6: *Low pay/equity project for Task Force on Pay and Employment Equity in the Public Service and Public Health and Education Sectors*, Prue Hyman, 15 January 2004

Project 7: *Pay and employment equity strategy: audit tool and response plan*, Tuesday 4 November 2003; and *Pay and employment equity auditing in the state sector: a report prepared for the Taskforce on Pay and Employment Equity in the Public Service and Public Health and Education Sectors*, Lynn Middleton, January 2004.

Project 8: *Gender neutral job evaluation tool for the New Zealand public sector*, November 2003; and *Gender neutral job evaluation: further development: a second report to the Pay and Employment Equity Taskforce*, January 2004, Janice Burns, Top Drawer Consultants

Project 9: *Career entry and progression as a contributor to the gender pay gap in the public health sector*, Margaret Hanson, January 2004

Project 10: *The impact of human resources policies and practices and job requirements on entry and promotion in the public education sector*, Deborah Jones and Rae Torrie, February 2004

Project 11: *Identify and explore the impact of current pay fixing and bargaining structures and relevant pay systems in the public service on the gender pay gap*, December 2003, Part 1 and Part 2: Robyn May and Zsuzsanna Lonti, Employment Institutions Project, Victoria Management School, Victoria University of Wellington

Project 12: *Analysis of pay equity initiatives in the health sector in the United Kingdom, Ontario and New Zealand*, Susan Iversen, CGC Ltd, January 2004

*Principles for 'A robust analysis of the costs and benefits' with respect to options for action suggested by projects for the Taskforce on Pay and Employment Equity in the Public Service and Public Health and Education Sectors*, Prue Hyman, October 2003

## Appendix 4

<b>NEW ZEALAND CHRONOLOGY</b> A chronology of the key milestones that have influenced the achievement of pay and employment equity in New Zealand				
<b>Year</b>	<b>Interventions aimed at achieving pay equity: key events</b>	<b>EEO provisions<sup>1</sup>/good employer provisions</b>	<b>Legislation against discrimination</b>	<b>Industrial Issues</b>
1960	Government Service Equal Pay Act, designed to eliminate separate male and female pay scales in the Public Service.			
1967	National Advisory Council of the Employment of Women (NACEW) established. Sets up enquiry into the implementation of equal pay in the private sector.			
1969				The female rates in the Minimum Wage Act rise from 68% of the male rate to 71%.
1971	The Commission of Inquiry into Equal Pay is set up (January). The report of the Commission of Inquiry <i>Equal Pay in New Zealand</i> is published (September).			
1977	The Council for Equal Pay & Opportunity (CEPO), comprising women's organisations and unions, disbands after 21 years.		Human Rights Commission Act. It becomes illegal to discriminate against women on the grounds of sex or marital status.	
1978		The Elimination of Discrimination Against Women in the State Services is a package of measures to promote equal opportunities for women and men in the State Sector including: maternity and paternity leave, and re-entry after absence due to child care.		Minimum wage is standardised.

<sup>1</sup> The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

<b>NEW ZEALAND CHRONOLOGY</b> A chronology of the key milestones that have influenced the achievement of pay and employment equity in New Zealand				
<b>Year</b>	<b>Interventions aimed at achieving pay equity; key events</b>	<b>EEO provisions<sup>2</sup>/good employer provisions</b>	<b>Legislation against discrimination</b>	<b>Industrial Issues</b>
1979				Equal payment of unemployment and sickness benefits becomes standard.
1980			Maternity Leave and Employment Protection Act requires employment security for women taking leave to give birth to, and care for a child.	
1980			NZ ratifies ILO Convention 100 – Equal Remuneration 1951. Members ensure the application of the principle of equal remuneration for men and women workers for work of equal value. NZ ratifies ILO Convention 111 – Discrimination (Employment & Occupation) 1958. Members promote equal employment opportunities with a view to eliminating discrimination.	
1984		Statement of Government Employment Authorities on Equal Employment Opportunities, which recognised the under-representation of women, ethnic minorities and people with disabilities, and encouraged departments to adopt EEO policies to correct these imbalances.		CSU Women's Advisory Committee established. Provides advice to CSU on eliminating married/single discrimination in state sector environment and other EEO issues.

<sup>2</sup> The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

<b>NEW ZEALAND CHRONOLOGY</b> A chronology of the key milestones that have influenced the achievement of pay and employment equity in New Zealand				
<b>Year</b>	<b>Interventions aimed at achieving pay equity; key events</b>	<b>EEO provisions<sup>3</sup>/good employer provisions</b>	<b>Legislation against discrimination</b>	<b>Industrial Issues</b>
1986	The Coalition for Equal Value, Equal Pay (CEVEP) is formed.	EEO Unit established in the State Services Commission. EEO included in the State Owned Enterprises Act requires employers to be "good employers".	NZ ratifies Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) 1979. Article 11 addresses equal employment opportunity, training and promotion, and equal pay for work of equal value.	Clerical Workers Association takes equal pay case to Arbitration Court comparing their skills, responsibility and effort with typical male occupations. The Court declines jurisdiction on the basis that the awards in question had been negotiated since the Act, indicating de facto acceptance that they incorporate equal pay. Trade Union Education Authority is established which spearheads a lot of education in EEO and pay equity issues.
1987	Report on Phases One and Two of Equal Pay Review.			Establishment of a women's committee within the new CTU.
1988	"Working Group on Equal Employment Opportunities and Equal Pay report "Towards Employment Opportunity" (the Wilson report) defines employment equity as including both pay equity and EEO initiatives.	EEO provisions in the State Sector Act require all State Sector employers to have an EEO programme designed to eliminate barriers to the advancement of women (and other groups). Area Health Boards Amendment Act outlines EEO requirements on Area Health Boards. Establishment of Health Services EEO Development Unit.	State Sector Act	Air New Zealand air hostess case, involving access to promotion among other matters, is found in their favour under the Human Rights Commission Act.

<sup>3</sup> The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

<b>NEW ZEALAND CHRONOLOGY</b> A chronology of the key milestones that have influenced the achievement of pay and employment equity in New Zealand				
<b>Year</b>	<b>Interventions aimed at achieving pay equity; key events</b>	<b>EEO provisions<sup>4</sup>/good employer provisions</b>	<b>Legislation against discrimination</b>	<b>Industrial Issues</b>
1989	Government commits to passing pay equity legislation.	State Sector Amendment Act requires education institutions to introduce EEO with a systematic and planned approach, and to report annually. The Ministry of Education has the role of promoting, developing and monitoring EEO in the education sector.  Local Government Act requires local government employers to promote EEO policies.		
1990	Employment Equity Act (July) requires all employers with 50 or more staff to develop EEO programmes, and allows women in female-dominated occupation to pursue claims for pay equity with men in male-dominated occupations, comparing skill, effort and responsibility.  Ten claims are lodged with the Employment Equity Commission by large female-dominated unions (Oct)  New National Government appoints Working Party on Equity in Employment (Nov).  Employment Equity Act repealed (December).	Commission for Employment Equity publishes the Into the 90s report on the State of the Nation EEO project.	NZ Bill of Rights Act includes a broad prohibition against discrimination by sex and other grounds.	The Nurses Amendment Act gives midwives autonomy and statutory equivalence with doctors, and pay parity.

4 The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

<b>NEW ZEALAND CHRONOLOGY</b> A chronology of the key milestones that have influenced the achievement of pay and employment equity in New Zealand				
<b>Year</b>	<b>Interventions aimed at achieving pay equity; key events</b>	<b>EEO provisions<sup>5</sup>/good employer provisions</b>	<b>Legislation against discrimination</b>	<b>Industrial Issues</b>
1992		EEO Trust established to promote EEO programmes and practices in private sector workplaces. A contestable EEO Fund established to fund, on an annual basis, projects that encourage EEO in the private sector.		
1993		The requirement of report on EEO is absent from the Crown Health Enterprises enabling legislation, the Health and Disability Services Act.	Human Rights Act prohibits discrimination in employment on the grounds of sex (amongst other grounds). It provides a complaints resolution process where complaints are initiated by individuals against employers.	An inquiry into the pay parity of midwives is established by the Minister of Health. Midwives win their case at the Maternity Benefits Tribunal Hearing, and midwifery work is declared equivalent to medical maternity work and so work of equal value.
1996		<i>The Future Directions of EEO in the Public Service</i> project is set up by the State Services Commission.		
1998		Report of the Gender Integration Audit of the NZ Defence Force, (the Burton report).		NZEI achieves long term goal of pay parity for primary teachers. Primary teachers and principals with the same job size, experience and qualifications receive the same pay as secondary teachers and principals.
2000				NZEI negotiates an employment-based superannuation scheme, with matched contributions from Government, as part of a national collective agreement.

5 The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

<b>NEW ZEALAND CHRONOLOGY</b> A chronology of the key milestones that have influenced the achievement of pay and employment equity in New Zealand				
<b>Year</b>	<b>Interventions aimed at achieving pay equity; key events</b>	<b>EEO provisions<sup>6</sup>/good employer provisions</b>	<b>Legislation against discrimination</b>	<b>Industrial Issues</b>
2001		Ministerial Advisory Group on EEO report "Success through diversity" recommends enhancing legislation in the public sector, establishing an EEO Commissioner, and EEO Minimum Code and EEO Code of Practice.	Human Rights Amendment Act includes the appointment of a new Human Rights Commissioner with responsibility for EEO. Earlier government exemption from full compliance with human rights standards expires (December).	The Public Service Tripartite Forum provides a forum for discussing how bargaining parameters covering central government could be used to provide chief executives with guidance on pay equity as an objective of Government.
2002		EEO Commissioner appointed. She commissions work on the EEO Framework project.	Parental Leave and Employment Protection Act	
2003	Pay & Employment Equity Taskforce established by government. Work and Life Taskforce established by government.	Government announces an employment-based superannuation scheme, with matched contributions from Government, in the Public Service. This follows from the scheme negotiated by NZEI in 2000.		The Health Sector Tripartite Steering Group is established to provide mechanisms for the implementation of a culture of constructive engagement across the health service. Pay and employment equity is one of its first priority issues.

<sup>6</sup> The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

<b>FROM: 1990</b> Ten claims are lodged with the Employment Equity Commission by large female-dominated unions (Oct) 1990		
<b>Union</b>	<b>Female-dominated occupation</b>	<b>Comparator group(s)</b>
NZ Nurses Union	Practice nurses Hospital aides	Uniformed police, environmental health officers Ambulance drivers
Clerical Workers Union	Medical receptionists	University caretakers, hospital clerical workers
Distributions Workers Union	Farmers department store cosmetic saleswomen Supermarket checkout supervisors	Auto-parts salesmen Hospital head orderlies
Service Workers Union	Residential caregivers Rest home assistants Rest home cooks Hospital domestic supervisors	Prison officers, hospital fitters Hospital fitters, university caretakers Hospital fitters, sous-chefs Hospital fitters, special duty orderlies
Public Service Association	Children's vision and hearing testers	Animal health inspectors

1 The focus of this chronology is gender equity so key milestones in respect of other "EEO groups" such as the Race Relations Act 1971 or the NZ Disability Strategy 2001 are not included.

