

# 'It's Time'

Pay and Employment Equity - five years on

NEWSLETTER FOR PSA MEMBERS

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The health and education sectors and 30 public service departments have completed a pay and employment equity review which has shown a gender pay gap in favour of men averaging between 18% and 30% percent. The reviews also revealed a range of other pay and employment equity issues for women including an average pay gap in starting salaries of 3 – 5% and that gender differences in starting salaries increased with age. We don't think this is fair.

While these reviews have identified issues and made recommendations that will help close the gender pay gap, there is still much work to be done. We think it is really important that future governments commit to following through on the plan of action and show leadership and commitment to these issues. The PSA's third Partnership for Quality Agreement with the government and public service employers includes pay and employment equity as a relevant element of the work programme through its Fairness and Public Value theme. We want to continue to work with public sector employers and government to put measures in place that will achieve the aims of the plan of action; that remuneration is free of gender bias and barriers to employment equity for women are removed.

## Introduction

*"The advancement of women and the achievement of equality between women and men are a matter of Human Rights and a condition for social justice, and should not be seen in isolation as a women's issue. Empowerment of women and men are prerequisites for achieving political, social, economic and environmental security among all peoples."*

– United Nations, 4th World Conference on Women, Beijing, September 1995

On 8 March 2003, the PSA launched "It's Time" – the PSA Pay and Employment Equity Agenda. It set out a strategic approach to identifying and removing the causes of inequitable pay and employment opportunities and for delivering equal pay for work of equal value.

Pay and employment equity is a social policy issue as well as a human rights and employment issue. It is about improving pay and fair employment practice. It is an issue for all workers and women in particular, as well as for Maori and Pacific Island nations workers and for those with disabilities.

Employment equity identifies and removes barriers that prevent women from having equal opportunities to participate fully in employment while pay equity means gender doesn't affect what people are paid. It means women receive the same pay as men for doing the same work, and for doing work that is different, but of equal value.

Addressing inequities requires a broad approach across the economy including equal pay for work of equal value, work/life balance, poverty eradication, retirement security, workforce development, and growing an inclusive economy and society.

The PSA agenda covers these issues. Its success relies on commitment from government, employers and unions, and a planned approach sustained over time.

The PSA recommended to the government that a taskforce be established to advise the government on the development of a national plan for an effective and enduring pay and employment equity system by 2008. We proposed a summit on pay and employment equity be held and the legislative framework be amended to include specific obligations around equal pay for work of equal value.

Five years on, we examine progress. We reflect on what has been achieved and what more needs to be done.

## Current state of play

*"Income is a key determinant of quality of life. If women are restricted in their ability to be economically independent, this can restrict the life choices that are available to them and their families. Lower income levels, for instance, restrict people's ability to repay student loans, buy a house or save for retirement... Ensuring that women can enter and re-enter employment, balance the different spheres of their lives and receive fair rewards for their efforts will assist women to gain such independence, for themselves and their families."*

– Sixth periodic report to the UN committee on the Elimination of Discrimination against Women 2006

Women are 61.9% of the New Zealand labour market, and make up 59.2% of the public sector. There are increasing numbers of women in full-time work, in tertiary education, and in management positions. There are also increasing numbers of women in low paid work, working across a narrow range of undervalued occupations such as in aged or child care, disability support, retail, cleaning and administration roles. Although we have made some progress in New Zealand, the gender pay gap persists. It is currently around 16% and in the public service, and has remained at the same level of between 16 and 17% since 2002.

## Facts about pay

- The average weekly income from all sources in the June 2007 quarter was \$510 for females compared to \$832 for males.
- Females are more likely than males to be employees rather than employers.
- Despite there being over twice as many females working in clerical and administrative roles in the public service (10,692 females and 4,269 males), males in these occupations are paid on average 11.2% more than females.

# The Taskforce

"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." – Diana Crossan, Chair, Pay and Employment Equity Taskforce, 2004

In May 2003, the government established the tripartite Pay and Employment Equity Taskforce to advise it on the factors contributing to the gender pay gap and recommend a five year plan of action to address the inequities. The taskforce focused on the public service, the public health and education sectors, commissioning research and setting up sub-groups to analyse and advise on the issues emerging in each sector.

Three key factors were identified –

- The jobs women do: the location of women in the workforce both their occupations and their positions in those occupations (occupational segregation)
- 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 paid work and women's job choices and progression, especially in relation to family responsibilities.

The taskforce highlighted the importance of addressing all of these areas and identified

eight major issues to be tackled: occupational segregation, pay setting, low pay, contracting out of services, career paths, part-time work, family responsibilities and education qualifications. It also identified the student loan scheme and retirement income as related issues.

The taskforce made over 25 recommendations to government designed to address each of the factors contributing to pay and employment inequities. Setting up a separate unit to oversee the plan of action and a tripartite steering group to lead and evaluate progress of the plan, gathering and analysing data, and developing a job evaluation tool were key mechanisms to support the plan.

## Plan of Action

Following the report of the Taskforce on Pay and Employment Equity in the Public Service and the Public Health and Public Education Sectors, the Government developed a five-year, Pay and Employment Equity Plan of Action, using a three-phased approach, to ensure that remuneration is free of gender bias and that barriers to employment equity for women are removed in these sectors.

### Phase One of the Plan

The first phase began with a government commitment to deliver on the plan, and the establishment of the Pay and Employment Equity Unit to implement it in the public service and the public health and public education sectors. The reviews were overseen within a bipartite process between unions and employers. The PSA participated in almost all of the phase one reviews which meant we were able to build our understanding and knowledge of the issues across the sector.

### Phases Two and Three

Options for extending the Plan of Action into two further phases to cover crown entities, state-owned enterprises and

government-funded contract workers was considered by Cabinet during 2006. The PSA successfully lobbied to include local government in phase 2 of the plan which is now underway with a joint approach by three Crown Research Institutes and two local authorities.

Addressing pay and employment equity for other employees (including the private sector) will be considered subsequently.



## Five years on ... what's happened

The Pay and Employment Equity Unit operates within the Department of Labour supported by a tripartite steering group overseeing the implementation of the plan.

Twenty seven pay and employment equity reviews have been completed in the public service, including a review completed in the health sector by a sample group of five District Health Boards with the results validated across the remaining 16 health boards. In the education sector, schools and kindergartens are due to complete reviews by June 2008 and the tertiary sector in 2009.

Job evaluation tools have been developed. The Equitable Job Evaluation system provides a framework to assess overall job size that can take into account all aspects of work across a wide range of jobs. The Gender Inclusive Job Evaluation Standard provides guidance to ensure job evaluation avoids gender bias in existing or new evaluation processes.

A pay investigation process has been developed to systematically enquire into all the factors affecting remuneration in female-dominated occupations.

## Trends and issues

A number of consistent trends and issues have emerged as we have participated in phase one reviews. These are:

- The average gender pay gap across public service departments ranges from 18% -30%. Pay gaps of more than 5% have been discovered in all organisations who have completed a Pay and Employment Equity review.
- Average gaps in the starting rates of men and women between 3 – 5%.
- Job evaluation systems have been identified in some organisations as possibly contributing to the gender pay gap.
- Working hours - issues have arisen around women's ability to work flexible working hours or work from home inhibiting work/life balance.
- Career opportunities/ development - most of the reviews have found men progress faster than women in career progression and development opportunities.
- Cultural/ bullying issues have surfaced in some of the Pay and Employment Equity reviews.
- Performance Pay/ HR Systems- a range of issues have arisen in relation to performance pay in reviews, e.g. concerns with performance management, higher one-off performance payments for men, HR systems lacking in monitoring for gender outcomes.
- Unfair relative performance bonuses for women working part time.
- Under-representation of women in management.

# Government policy changes

Since 2000, the government has introduced a range of policies which support overall pay and employment equity objectives. They represent a broad approach across the economy and include:

- The adult minimum wage has gone up since 2000 (\$7.75) and is now \$12.00 per hour.
- 14 weeks paid parental leave.
- Youth wage rates have risen to \$9.00 per hour.
- The Breaks and Infant Feeding amendment bill was submitted in May 2008 and if passed will require employers to provide facilities and breaks for employees who wish to breastfeed and to provide employees with rest and meal breaks.
- the ability of workers who care for dependents to request flexible working arrangements with effect from July 2008.
- the Employment Relations Act promotes the role of unions and collective bargaining in good faith which benefits women.
- 20 hours free early childhood education.
- Working for Families packages pay extra to many thousands of New Zealand families.
- the removal of interest on student loans while students are studying.
- the State Sector Retirement Savings Scheme and Kiwisaver to promote retirement savings both including an employer contribution.
- protections in the Employment Relations Act for workers affected by the sale, transfer or contracting out of services.
- requirements on crown entities to meet equal employment opportunities objectives.
- the third Partnership for Quality Agreement in the public service and the Health Sector Relationship Agreement both setting out work programmes.
- practical tools for implementing work/life balance initiatives.



## Case study – job evaluation

The PSA commissioned a job evaluation to compare the work done by community support workers (CSW) who support people with disabilities who live in community houses with corrections officers and health/therapy assistants, who work in public hospitals and assist physiotherapists, occupational therapists and other health workers.

It compared the knowledge, skills, emotional and physical demands and levels of responsibility, required to do all three jobs. The evaluation found that the jobs are of substantially similar size and value and demonstrated that community support workers are not being fairly rewarded for the work they do. There is a 22% gap between CSW and health assistants growing to 52% when compared with corrections officers.

Vince Densie has worked for 30 years with New Zealanders who are intellectually disabled or mentally ill. Despite his vast experience in a demanding job he's paid just \$15 an hour or \$31,200 a year.

Vince says the support workers are dedicated to the intellectually disabled people that they support to live in the community. "We work hard to ensure they're having a good life but feel we're not being fairly rewarded for the work we do."

The job evaluation has been used to lobby for additional funding as well as to support decent pay rates in collective bargaining.

## What did the PSA do?

The PSA has been actively involved in implementing the plan of action. The PSA started this generation of pay and employment equity activity with the launch of our "It's Time" agenda in 2002. We broadened the debate to pay and employment equity and called for a range of measures to be put in place to close the gender pay gap. This launch was effectively step one of our action plan. Since then we have been involved at the policy level, initially as a CTU representative on the Pay and Employment Equity Taskforce and currently on the steering group.

The key elements of the PSA's action plan are:

- education: members, delegates and staff on equity issues, the action plan including the tools.
- training: delegates and staff on pay and employment equity review committees, in organising roles, on bargaining teams, through revised and specialised delegate training programmes, and staff development.
- communication: internal and external, resource development.
- advocacy: within the membership, at the public and political level.

- co-ordination: within the PSA and between unions, with employers, the Unit and CTU.
- bargaining: ensuring bargaining strategies and mechanisms take into account issues of pay and employment equity. The 2008 Public Service Bargaining Strategy identifies the need to factor Pay and Employment Equity review outcomes into bargaining and to use the Equitable Job Evaluation System for any job evaluations.

Throughout phase one of the plan of action we have engaged members through regular reporting in union publications and directly to delegate and sector groups. We have made resources available including booklets, fact sheets and posters which can also be downloaded from the website, as well as the resources from the CTU and the Pay and Employment Equity Unit.

With funding from the Department of Labour, an advisor was appointed to work with PSA staff and delegates to support our effective participation in the Government's Plan of Action. The advisor has coordinated support to organisers and delegates involved in the review process and contributed to ongoing

membership education and information on pay and employment equity. This role has allowed the PSA to take a coordinated and cohesive approach to PSA's engagement in the Government's Plan of Action in each of the sectors and in each phase.

We allocated time in staff development sessions to build understanding and knowledge of the issues, the government's plan of action and the tools being developed. We developed a toolkit of resources to assist organisers to work with delegates on pay and employment equity issues and to become engaged as the review process rolls out across the state sector.

We incorporated pay and employment equity into our bargaining strategies in the public service, the health and local government sectors. The aim is to ensure regular pay and employment equity reviews are undertaken and that the outcomes are factored into bargaining. We want to ensure collective agreements reflect commitments and can be varied during their terms to accommodate any change required as a result of a review. We also want to ensure that the Equitable Job Evaluation system is used for any job evaluations.

## Successes

Outcomes from some phase one pay and employment equity reviews have resulted in some immediate successes. The following are examples of successful outcomes from reviews in phase one:

### Rewards

- Ten workers in a specific occupational group were identified as being paid below the minimum rate of pay and 41 qualified workers identified as being paid below the qualified starting rate on the pay range. This issue was referred for immediate remedy and has been rectified.
- In another review, it was found that fixed-term workers were predominantly women. PSA did not have coverage of fixed-term employees and has now negotiated coverage in collective agreement negotiations.
- A response plan from a review included a recommendation to re-designate a gendered job title and to remove gendered terms/language from job vacancies.
- Some organisations are to undertake pay

investigations to determine whether certain female-dominated are underpaid compared with male-dominated occupations with similar levels of skill, responsibility and working conditions.

- Some organisations will use the Equitable Job Evaluation System or the Gender Inclusive Standard to enable more accurate job sizing to occur.
- Several organisations will address gender gaps in starting pay. Some will provide guidelines for managers in setting equitable starting salaries and provide greater transparency about how starting salaries are set and what skills are most valued. A number will investigate how jobs are allocated to job families, as this affects pay rates.

### Participation

- Some organisations have stated that they will aim for a wider pool of applicants for jobs by checking the wording and placement of advertisement and asking recruitment consultants to supply a more diverse range

of applicants.

- Many have stated they will clarify career opportunities for staff and ensure men and women are aware of training and development opportunities. A common response is to ensure part-timers receive equal training and development opportunities.
- Some have stated they will improve opportunities and policies around part-time and flexible working.
- Several have committed themselves to developing career pathways for administrative staff.
- One organisation has recommended establishing a crèche on the premises where staff have priority to enable easier return to work after parental leave.

### Respect and Fairness

- Several organisations have stated they will address concerns of staff about fairness and respect – mostly by reviewing the bullying and harassment policy and communicating this to staff

## Moving forward

Progress on the implementation of the plan is commendable. However, progress has been slower than we would have liked. Given the number of completed reviews, it was expected that more progress on pay investigations would be evident. There are also significant concerns regarding the quality of some review reports and response plans.

While there has been significant progress on the development of tools, only a small number of employers have committed to using them.

The SSC needs to provide key messages to chief executives, noting the Government's expectations that pay and employment equity be pursued. It is also important that pay and employment equity accountability mechanisms are strengthened.

Through the third Partnership for Quality agreement with the PSA and Government, there is a mechanism for us to continue to engage over these issues, including the Public Service tripartite Forum.

The PSA will work with partners – government, State Services Commission, Department of Labour, public service departments, phase two employers and members to keep up the momentum and work towards closing the gender pay gap in New Zealand.

The gender pay gap will remain as long as government leadership and commitment is tentative. The government needs to re-state its commitment to pay and employment equity and provide the resources and funding required to address the issues identified.



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