



**Joint Report:** Gender Pay Gap and Pay Equity Taskforce Progress Report –  
 March 2019

<b>Date:</b>	3 April 2019	<b>Report No:</b>	SSC2019/0076
<b>Contact:</b>	Sarah Borrell	<b>Telephone:</b>	9(2)(a) privacy

	Action Sought	Deadline
Minister of State Services Hon Chris Hipkins	Note this report	None
Minister for Women Hon Julie Anne Genter	Note this report	None

**Enclosure:** No

**Executive Summary**

Developments in the work programmes of the Gender Pay Gap and Pay Equity Taskforce (Taskforce) since our last report are as follows:

*Gender Pay*

- The 25 March release of guidance to agencies on ensuring that gender is not a factor in starting salaries.
- Completion of the majority of agency gender pay gap action plans. The Taskforce is in the process of reviewing these and will be reporting to you on agencies' progress against action plan milestones at the end of April.
- Development of draft guidance on removing bias in recruitment processes which was tabled at the 1 April meeting of the Gender Pay Principles Working Group meeting for feedback and consultation.

*Pay Equity*

- The next State Sector Pay Equity Oversight Committee meeting is 9 April 2019.
- Progress by the Sector Working Committees in their mapping of female-dominated workforces in the Health, Education, and Public Service sectors and in the early development of sector plans which are to be discussed at the next State Sector Pay Equity Oversight Committee meeting on 9 April.

- Input into the Ministry of Business, Innovation and Employment’s and the Ministry for Women’s policy work programme in support of the passage of the Equal Pay Amendment Bill 2018.

**Minister’s Office Comments**

Comments:	
Date returned to SSC:	

**Recommended Action**

We recommend that you:

- a **note** the information in this report on progress being made by the Gender Pay Gap and Pay Equity Taskforce;
- b **9(2)(j) prejudice to negotiations**
- c **agree** that the SSC release this briefing once it has been considered by you, with matters under active consideration withheld under section 9(2)(f)(iv) of the Official Information Act (OIA), and information related to pay equity withheld under the section 9(2)(j) of the OIA to enable agencies to carry on, without prejudice or disadvantage, negotiations.

Agree/disagree.

Agree/disagree.

Hon Chris Hipkins  
**Minister of State Services**

Hon Julie Anne Genter  
**Minister for Women**

## Joint Report: Gender Pay Gap and Pay Equity Taskforce Progress Report

### Purpose of Report

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- 1 This report is the sixth monthly progress report on the Public Service Gender Pay Gap Action Plan and the pay equity in the State sector work programme.

### Public Service Gender Pay Gap Action Plan

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- 2 Since our last monthly report, we have made the following progress to reach the milestones in the Action Plan.

#### *Closing GPGs in starting salaries within the same roles*

- 3 On 25 March 2019 guidance on ensuring that gender is not a factor in setting starting salaries was released to agencies.
- 4 The release of this guidance and the evidence we are collating from agencies' action plans on their progress on closing gender pay gaps in starting salaries will enable us to support a ministerial engagement opportunity on closing gender pay gaps in starting salaries. We are working with your offices to plan this with a target date of 9 May.

#### *Progress on completion of agency gender pay gap action plans*

- 5 Action plans were due from the thirty-three Public Service agencies at the end of February.
  - Twenty-four core agencies and four crown entities have submitted their gender pay gap action plans (out of thirty-nine agencies in total).
  - Three more plans are expected in the week commencing 1 April, generally because more time is needed for consultation and sign out.
  - Six agencies will be delayed into mid-to-late April. These delays result from: complex bargaining processes which are continuing or have recently finished; new staff in key human resource roles; and for one agency, because having a new chief executive has delayed consultation. (Public Service Association organisers have also been involved in bargaining and this has impacted on their availability).
  - All agencies have engaged positively with the process, and in many cases agencies that have not yet finalised their plans have made good progress and have sent us drafts.
  - Three agencies, who identified specific capability needs, have completed their action plans on time with our direct support.

- 6 We are in the process of reviewing action plans to assess progress of agencies against action plan milestones and will be reporting to you on this by the end of April.

#### *Draft guidance on removing bias in recruitment processes*

- 7 Draft guidance on removing bias in recruitment processes has been developed and was tabled at the 1 April meeting of the Gender Pay Principles Working Group meeting for feedback and consultation.

### Pay Equity in the State Sector Work Programme

#### Equal Pay Amendment Bill 2018

8 The Equal Pay Amendment Bill (the Bill) is being considered by the Education and Workforce Select Committee. The Committee will consider the Departmental Report and potential changes to the Bill during April and is due to report to the House on 14 May 2019.

9 The State Services Commission provided feedback on the Cabinet paper "*Equal Pay Amendment Bill: Further Issues for Select Committee*" [DEV-19-SUB-0035], which was considered by Cabinet on 11 March 2019 [CAB-MIN-19-0073].

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9(2)(f)(iv) confidentiality of advice



#### Publication of research examining the impact of the TerraNova pay equity settlement

12 In our weekly reports we alerted you to the release of a research report by the New Zealand Work Research Institute of Auckland University of Technology, entitled *The Value of Care*, which was published on 28 March 2019. The report explores the impact of the 2017 Pay Equity settlement on the residential aged care, home and community care and disability support sectors. The research examines the impact of the TerraNova settlement (which came into effect in July 2017) on the quality of life of the workers, and managers in the residential aged care, home and community care and the disability sector.

13 The key findings are summarised below.

- Support workers received pay increases of between 15 and 50% (in the first year of implementation \$281.2 million was provided to increase wages and training in 2017/18 as well as over \$6 million allocated to meet immediate funding concerns).
- Some employers have sought to offset increased salary costs by reducing work hours for Level 3 and 4 care and support workers and consequently increasing workloads and duties. This has had a negative impact on quality of care in some cases but slightly more support hours are being delivered by more highly qualified staff.

- Smaller providers in residential aged care have struggled to remain in operation under the funding model which was in place at the time the research was conducted.
- There has been a disconnect between the New Zealand Qualification Authority Certificate in Health and Wellbeing expectations and graduate outcomes.
- The legislation and funding changes were not clearly communicated and there was a lack of support and clear information for both managers and care and support workers (this was despite information on the Ministry of Health's website, a dedicated phone line and a helpdesk via a dedicated email box).

14 Recommendations in the report are listed below.

- Create a culture of value.
- Review qualifications and graduate outcomes.
- Focus on strategies to improve literacy and decrease barriers to success for some care and support workers.
- Develop of generic, agreed sector wide job descriptions.
- Develop more transparent and consistent funding models across all three sectors.
- Continue to develop readily accessible 'FAQs' for both managers and care and support workers that clarify their rights and obligations under the Care and Support Workers Pay Equity Settlement Act 2017 Act.

15 In preparation for the launch and publication of the report last week, the following activities occurred.

- *Minister Genter recorded a brief video* which was played at the launch thanking the participants of the research and acknowledging there have been some challenges implementing the Act but that it is a priority for her that 'we get it right'.
- *The Ministry of Business Innovation and Employment (MBIE) developed talking points for Minister Lees-Galloway.* The MBIE noted that businesses will need to work through how they accommodate any resulting increase in wages. Some businesses may absorb the increased wage costs without making any significant changes to their business model. Others may respond to higher wage costs by increasing output prices, changing the composition of their workforce or investing in productivity enhancing technology.
- *The Ministry of Health developed written key messages* acknowledging that implementation of the additional funding was challenging for everybody involved, but also that additional funding was provided, and new funding models developed in partnership with employers to ease some of those challenges. The Ministry of Health also notes that the report's recommendations will be useful to both the sector and the Ministry in its ongoing work programme.

16 Whilst the report’s findings were based on somewhat ‘limited’ qualitative information (obtained from 69 interviews with managers and support workers), there were some concerning observations made about the behaviour of non - State sector employers in implementing and offsetting the costs of the settlements. The importance to successful implementation of disseminating timely and consistent information was also highlighted as a critical factor especially given the large number of parties to and individuals impacted by the settlement. The findings in the report, particularly in relation to the impact on claimants, will be useful in our future analysis of pay equity claims and their implementation.

*Pay Equity - Tripartite oversight mechanisms*

17 The State Sector Pay Equity Oversight Committee next meets on 9 April, and again in early July 2019. At its April meeting, the Committee will receive progress updates from each of the Sector Working Committees and agree the next steps needed to complete:

- The mapping of female-dominated workforces in each sector, and the characteristics of those workforces, for example, income level, ethnicity and job security, and
- The preparation of sector plans for consideration by the Ministerial State Sector Pay Equity Oversight Forum on 25 July 2019.

18 The three Sector Working Committees (Education, Health and Public Service) are currently identifying the female-dominated workforces and their characteristics in each sector, using Census 2013 data supplemented with industry level data and information from employers and unions in each sector. The workforce mapping is supported by a group of data experts from each sector, the State Services Commission, the Ministry for Women, the MBIE and StatsNZ.

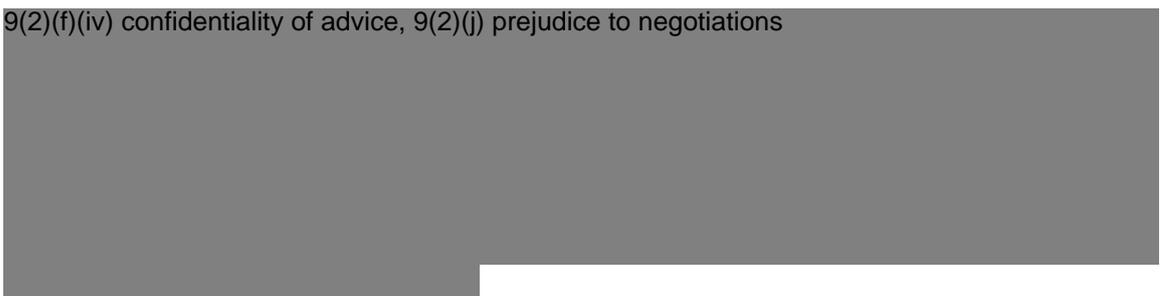
19 The difficulty of identifying workforces that are funded (but not employed) by the State will be a challenge to the timeframes of the oversight work programme.

*State Sector Pay Equity Bargaining: Health Sector*

**Administration/Clerical Workers employed by District Health Boards (Public Service Association)**

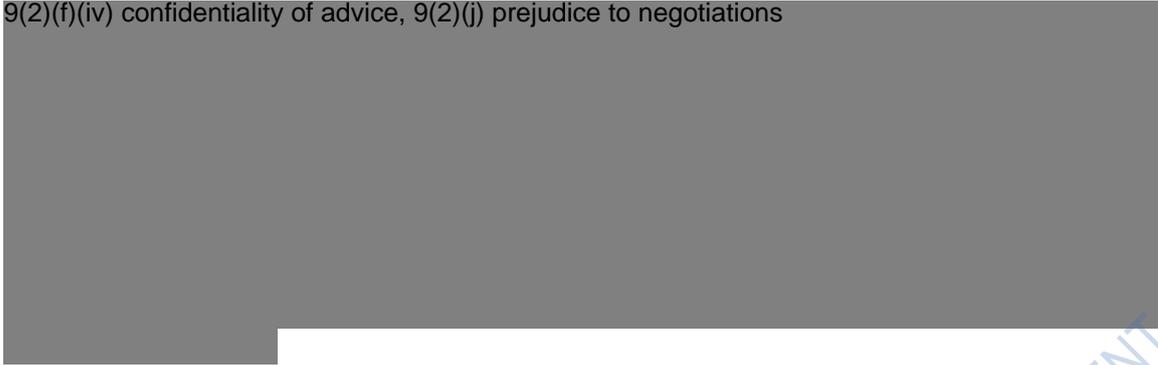
<b>Claim</b>	Claim raised by PSA 18 April 2018
<b>Approximate FTE</b>	6,250
<b>Current Status</b>	<ul style="list-style-type: none"> <li>• Further data gathering for work assessment of claimant</li> <li>• Identify and agree comparators - still awaiting response from one comparator but three have been agreed</li> </ul>

20 9(2)(f)(iv) confidentiality of advice, 9(2)(j) prejudice to negotiations



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21 9(2)(f)(iv) confidentiality of advice, 9(2)(j) prejudice to negotiations



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**Nurses and Midwives employed by District Health Boards (New Zealand Nurses Organisation (NZNO) and Public Service Association (PSA))**

<b>Claim</b>	Claim filed by NZNO in collective bargaining in 2017
<b>Approximate FTE</b>	Nurses: 31,789 Midwives: 120
<b>Current Status</b>	<ul style="list-style-type: none"> <li>• Terms of Reference has been signed by DHBs, NZNO and PSA</li> <li>• Work assessment for claimant commenced</li> </ul>

23 The DHBs (supported by the Technical Advisory Services (TAS)) are working well with both NZNO the PSA. The Ministry of Health is also supporting the DHBs in the claims process and has advised us that the parties have agreed to deal with the claims based on workforce rather that collective coverage.

**Midwives employed by DHBs (NZNO and Midwifery Employee Representation and Advisory Services (MERAS))**

<b>Claim</b>	Claim raised by MERAS on 15 June 2018
<b>Approximate FTE</b>	1,081
<b>Current Status</b>	<ul style="list-style-type: none"> <li>• Terms of Reference has been signed by DHBs, NZNO and MERAS</li> <li>• Work assessment for claimant commenced</li> </ul>

24 The DHBs (supported by TAS) are working well with both NZNO and MERAS. The Ministry of Health is also supporting the DHBs in the claims process and has advised us that the parties have agreed to deal with the claims based on workforce rather that collective coverage.