



Pay Equity in the State Sector: Tools and Resources Template | Pay Equity Settlement Agreement



Te Kawa Mataaho
Public Service Commission



Manatū Wāhine
Ministry for Women

Te Kāwanatanga o Aotearoa
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These tools and resources do not constitute legal advice. Parties must seek their own legal advice in respect of this template and how it applies to the pay equity claim being raised.

Email pay.equity@publicservice.govt.nz if you would like a Word version of this document.

Purpose

This template is for parties to use when they have concluded pay equity bargaining. Its purpose is to record the Settlement Agreement reached.

The template can be adapted to reflect the circumstances of the pay equity claim being settled. It sets out elements that fulfil the requirements of the [Equal Pay Act 1972](#) (the Act), and provides for the inclusion of clauses that reflect the detail of the settlement, including how it will be implemented and maintained.

Supporting notes for the Pay Equity Settlement Agreement template

The [\[sections in purple\]](#) can be typed over to enter the details of the particular claim.

The Settlement Agreement should be signed by the relevant parties' authorised representatives in accordance with their authorisations. The Settlement Agreement should also clearly provide for the effective date.

Template content

This Settlement Agreement template provides minimum content to usefully record the processes followed and agreements reached by the parties. The parties may agree to include further detail as they see fit.

Describing the coverage of the claim

There are different requirements for describing the coverage of a claim within a settlement agreement depending on whether the claim was raised by union/s or raised by an individual employee.

A settlement agreement for a claim raised by an individual employee must state their occupation and position, while a settlement agreement for a claim raised by a union must include a brief description of the work.

For this reason, when describing the claim coverage this template provides the options [\[occupation /position /description of work\]](#). Please select the option/s that best suit/s your Pay Equity Claim.

Overview for all parties

This template is a guide for parties when they have concluded pay equity bargaining and records the Settlement Agreement between the parties.

This template is not legal advice and should be adapted to reflect the circumstances of the particular pay equity claim being settled.

Employer overview

All agencies using this template must seek legal advice to ensure the drafting of this Settlement Agreement accords with the circumstances of the pay equity claim being settled before it is presented to the union/representative and before it is signed.

State sector employers must discuss a draft Settlement Agreement with the Central Agency Pay Equity Governance Group (Governance Group), as required by Cabinet.¹

Contact your Gender Pay Taskforce contact at Te Kawa Mataaho Public Service Commission (the Commission) pay.equity@publicservice.govt.nz for more information about the Governance Group process and requirements.

As soon as practicable after settlement is reached, you should submit the signed Settlement Agreement to the Chief Executive of the Ministry of Business, Innovation and Employment in accordance with section 13ZK of the Act. The Settlement Agreement will not be used other than for statistical or analytical purposes. You should also send a copy of the Settlement Agreement to your Gender Pay Taskforce contact at the Commission. Do not include the first six pages of notes for this document when submitting the Settlement Agreement.

Interpretation

In this Settlement Agreement, unless the context otherwise requires:

- (a) pay equity claim (in lower case) means a claim that an employer or group of employers is in breach of section 2AAC(b) of the Act.
- (b) Pay Equity Claim (in upper case) means the Pay Equity Claim for [occupation/position/description of work] lodged by [individual claimant/union] with the Chief Executive/s of the [employer] on [date].
- (c) Remuneration has the meaning given to it under section 2(1) of the Act.
- (d) All amounts are expressed as gross amounts and are subject to the Income Tax Act 2007.
- (e) The singular includes the plural and vice versa.

Notes for Settlement Agreement background

Clause B

Here you insert any form of agreement reached between the parties, commonly referred to as a Bargaining Process Agreement (or a Terms of Reference). This is mandatory for employers in the State sector and is considered a best practice step for other parties.

A pay equity process agreement is mandatory for multi-employer pay equity claims (the Act, section 13K(2)).

Clause E

Parties must fulfil the processes set out under the Act:

- comparators must be appropriate and fit for purpose - defined in section 13ZE of the Act
- parties must ensure that an appropriate, full assessment is undertaken - this must satisfy section 13ZD of the Act (matters to be assessed).

¹ The Framework for the Governance and Oversight of State Sector Pay Equity Claims (the Framework) was endorsed by Cabinet in December 2019 [CAB-MIN-19-0678 refers] and requires State sector employers to engage with the Governance Group at six key milestones throughout the pay equity claim process.

Pay Equity Settlement Agreement Template

Introduction

This Pay Equity Settlement Agreement (Settlement Agreement) records the agreements reached between the Chief Executive of [employer] and the [individual claimant, union] (together, parties) to address the [occupation/position/description of work] Pay Equity Claim.

As a consequence of signing this Settlement Agreement any relevant Collective and Individual Employment Agreements are automatically varied in accordance with section 13ZM of the Act.

Background

- A. On [date], the [individual claimant/union/s] raised a Pay Equity Claim for [occupation/ position/ description of work] with the Chief Executive/s of the [employer/s] (the Pay Equity Claim).
- B. On [date], an agreement was reached between the parties, to assess the Pay Equity Claim. On [date] the parties signed a Pay Equity Bargaining Process Agreement to govern the resolution of the Pay Equity Claim.
- C. On [date], the [names of parties] working group (Working Group) was established and [pay equity bargaining process was agreed and recorded] to systematically assess and resolve the Pay Equity Claim.
- D. A brief summary of the work assessment process for the claimant and for the comparators is detailed below.

[Briefly summarise the assessment process used to assess the work of the claimants and comparators, including the work assessment methodology used.]

- E. The comparator occupations² listed below were used to assess and resolve the Pay Equity Claim.

Comparator Groups
[Comparator 1 name]
[Comparator 2 name]
[Comparator 3 name]
[Comparator 4 name]

- F. The parties have agreed the Pay Equity Claim is settled and that the remuneration provided for in this Settlement Agreement does not differentiate on the basis of sex in the manner set out in section 2AAC(b) of the Act.
- G. On [date], following negotiation, the parties agreed in principle to settle the Pay Equity Claim and offer this agreement to proposed settlement employees for consideration and ratification.

² Section 13ZH(3)(b)(viii) states that parties must set out a review process in the Settlement Agreement. Parties can agree any process to undertake a review. Parties can agree to reassess comparators as part of a review process, but this is optional. If they agree to do so the use of a particular comparator occupation in this claim process does not mean parties must use the same comparators in subsequent review processes.

Agreed terms of settlement

1. Purpose and application of this Settlement Agreement

- 1.1 The purpose of this Settlement Agreement is to:
- (a) settle the Pay Equity Claim and record the agreed outcome of settlement negotiations in writing to fulfil the requirements of sections 2AAC(b) and 13ZH(3) of the Act; and
 - (b) record the process for reviewing and maintaining pay equity³ for the [occupation/position/description of work]; and
 - (c) detail the frequency of those reviews, which must be aligned with any applicable collective bargaining rounds or if no collective bargaining round applies, at least every 3 years; and
 - (d) include a summary of the method used to assess the Pay Equity Claim and a description of the comparators that were considered by the parties; and
 - (e) provide certainty for the parties that this Settlement Agreement is a full and final settlement of all matters relating to the Pay Equity Claim of the [occupation/position/description of work] from the date this Settlement Agreement comes into force (Section 13ZH of the Act).
- 1.2 If the parties to this Settlement Agreement are an employer and a union, the Settlement Agreement will apply to employees who are covered by the union-raised claim and who did not opt out of the claim under section 13Y(2) of the claim.
- 1.3 Additionally, all employees employed by [employer] who were not covered by the union-raised claim, but who perform the same, or substantially similar work as the work to which the settlement relates (affected employee), will be offered the full benefit of this Settlement Agreement, in accordance with clause 13ZL of the Act.

2. Settlement Agreement detail

Include the following clauses (to reflect what parties have agreed)

- 2.1 Remuneration
- The parties have reached agreement on remuneration for [occupation/position/description of work]. The parties agree that the rates of remuneration for [occupation/position/description of work] do not differentiate between male and female employees in the manner set out in section 2AAC(b) of the Act.
- 2.2 Translation to new remuneration
- [Insert detail about any translation process to the remuneration]. This will need to be clear about how any remuneration system, or range will operate if one is introduced as part of the settlement.
- 2.3 Allowances
- The parties have agreed on the introduction/increase of the following allowances [name and detail of allowance] (For example, see [Teacher Aide Pay Equity Settlement Agreement](#) Tiaki allowance schedule 6)

³ All claims, including if fixed by determination, should include a process for review (section 13ZH(1)(b) of the Act).

2.4 Changes to pattern or nature of work

The parties have agreed to the following changes to the pattern/nature of work [detail any agreed change] (For example, see [Teacher Aide Pay Equity Settlement Agreement](#) Variation of hours clauses 3.2 and 3.3)

2.5 Professional development/career pathways

The parties have agreed to the following changes to the professional development/career pathway of [detail workforce and any changes needed] (For example, see Oranga Tamariki [Terms-of-Settlement-for-SW-Pay-Equity-Claim](#) social work supported practice step sections 2.4 and 2.5).

2.6 Any other agreement

[Detail any other agreements here] (Example further work to be undertaken).

3. Implementation

3.1 Effective date of settlement

This Settlement Agreement will come into effect on [insert relevant date].

4. Review⁴

(Delete whichever of the following two options does not apply to this claim)

The parties agree to align the review to ensure pay equity is maintained with any applicable collective bargaining round for [occupation/position/description of work].

OR

The parties agree to review and ensure pay equity is maintained, if no collective bargaining round applies, at least every 3 years.

[Detail the processes agreed to support the review and maintenance of pay equity here].

5. Union mandate

5.1 [union] confirms that:

- it represents each employee covered by the union raised claim (proposed settlement employee)
- it has the mandate to sign this Settlement Agreement on behalf of employees under coverage of the settlement pursuant to section 13ZF(5) of the Act.

6. Good Faith

6.1 The parties will deal with each other in good faith on all matters under, or associated with, this Settlement Agreement in accordance with section 13C of the Act.

7. Costs

7.1 The parties agree to bear their own costs of negotiating and entering into this Settlement Agreement.

⁴ Section 13ZH(1)(b) and (3)(b)(viii) and (ix) of the Act.

8. Counterparts and entire agreement

8.1 This Settlement Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

8.2 This Settlement Agreement is made up of all of its parts including appendices, and supersedes and extinguishes all previous drafts, agreements, arrangements, and understandings between the parties.

9. Legal advice

9.1 The parties agree they have had the opportunity to seek independent legal advice on the meaning and effect of this Settlement Agreement.

Signatories

Name

Role

For [employer]

Date:

Name

Role

For [claimant or union]

Date:
