

FACTSHEET The Gender Pay Gap

WHAT ARE OTHER COUNTRIES DOING ABOUT IT?



Australia

All non-public employers with 100 or more employees are required to report on:

- the gender composition of the workforce
- gender composition of governing bodies
- equal remuneration between women and men
- availability of flexible working conditions
- availability of consultancy with employees and other measures.

Austria

All companies with 150 or more employees are required to produce income reports every two years. The reports must include the number of women and men under occupational groups and the average or median pay for both women and men.

Belgium

Belgium has one of the lowest gender pay gaps in the world at 3.3%. The gap has closed rapidly in recent years – from 13.6% in 2000, 11.5% in 2005 and 7% in 2010. Moving towards equal pay has been a deliberate government policy for decades, and one thing that has made progress easier is having some of the highest and growing levels of trade union membership in Europe. An estimated 96% of workers are covered by collective bargaining agreements which means there is an agreed framework for who is paid what based on what they do.

Organisations with more than 50 employees are required to report remuneration differences by gender annually and conduct gender pay gap analysis every two years.

France

There is a gender pay gap of approximately 9% despite equal pay legislation being in place for almost 45 years. The government has proposed

measures that will install software on the payroll systems of companies with over 50 employees which will look for unjustified pay gaps. Any companies found with such a gap will be given three years to rectify the situation or face fines.

Germany

All organisations with 500 or more employees are required to publish regular reports on salary and remuneration every two years. Individuals working in organisations with more than 200 employees have the right to request salary and salary determination procedures.

Iceland

Iceland became the first country to enforce equal pay legislation in January 2018. While a large number of countries, including New Zealand, have long since had legislation making it illegal to pay men and women different amounts for the same job, any public or private body in Iceland employing more than 25 people that has not been independently certified as paying equal wages for work of equal value will face daily fines within four years from January 2018.

UK

The UK has introduced compulsory gender pay gap reporting for all companies with over 250 employees. Each year they need to publish the figures for the following:

- Gender pay gap (mean and median averages)
- Gender bonus gap (mean and median averages)
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organisation's pay structure

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THE 'MERIT TRAP'

We all want to hire 'the best person for the job' but when we do so without challenging the definition of merit we run the risk of evaluating the person on outdated criteria or through a narrow lens. This excludes diverse perspectives and opportunities for new and innovative ideas.

Many studies have confirmed that people are drawn to people that look, think and act like us. By being aware of the common biases that impact decision making businesses can:

- Access the full talent pool
- Identify the best candidate for a particular role
- Expand business opportunities by taking advantage of diverse thinking, perspectives and experiences

Further reading:

- [In the eye of the beholder: Avoiding the merit trap, Male Champions of Change](#)
- [Rethinking Merit, UN Women, National Committee Australia](#)

The first year of reporting shows that:

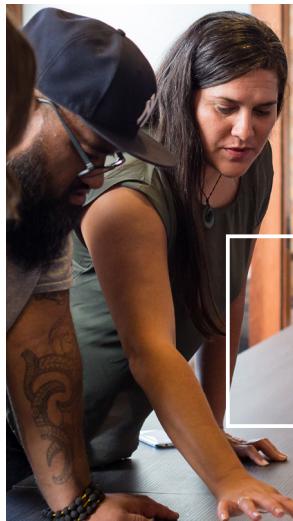
- 10,109 companies reported a median gender pay gap
- The median pay gap is lower in companies where women are well represented at the top
- The worst median pay gap is in the construction sector at 25%, followed by finance and insurance at 22%

USA

All private employers with 100 or more employees are required to report the number of employees by pay level, job category, sex, race and ethnicity to the federal government.



What do we mean when we talk about the Gender Pay Gap?



It is the difference between
**THE AVERAGE AMOUNT
THAT MEN AND
WOMEN GET PAID.**

THERE ARE SEVERAL TERMS THAT ARE USED WHICH MEAN DIFFERENT THINGS:

EQUAL PAY

Getting the same pay for doing the same job. The Equal Pay Act 1972 made it illegal to pay employees less because of their gender.

PAY PARITY

The same pay for the same job across different employers or workplaces.

PAY EQUITY

Getting the same pay for work of equal value. This involves comparing rates in female dominated occupations with those paid in comparable male dominated occupations.

OFTEN WHEN WE TALK ABOUT THE GENDER PAY GAP:



we are referring to the overrepresentation of men in leadership positions and therefore at the top end of salary bands.



Organisations with a higher proportion of women in management positions typically have lower gender pay gaps.

OTHER CHALLENGES INCLUDE:

The undervaluing of 'women's work'.

Occupations that are traditionally female dominated including caring, community and administrative roles are generally undervalued, and therefore paid less than the equivalent occupations that are traditionally male dominated.

Low numbers of women in highly paid roles.

For example, Shell UK has disclosed a 22% gender pay gap and attributes this in part to an industry-wide shortage of women with engineering skills. Easyjet has disclosed a 52% gender pay gap which it attributes largely to the majority of pilots being male.



the minimum wage regulations are perpetuating a gender gap for having higher minimum wage levels in male dominated industries (like construction or road transport) compared to female dominated jobs (like retailing, accommodation and social services).)*

It seems that this is based on historical perceptions of what is 'dangerous' or physically 'demanding'.

* Based on a study done by the Melbourne Institute

WHAT IS NEW ZEALAND'S GENDER PAY GAP?

9.2%



From the latest figures (August 2018) released by Stats NZ. This has reduced considerably from

16.3% and is the smallest it's been in the last five years.

WHY IS THIS DIFFERENT TO OTHER FIGURES THAT I HAVE SEEN?

Unfortunately, there is no globally accepted standard of calculating the gender pay gap so the figures can change dramatically. Stats NZ calculated New Zealand's gender pay gap using median hourly pay because this compares what men and women are paid for a fixed amount of work and because medians are less influenced by very high or very low earners than means.

The latest OECD figures have the New Zealand gender pay gap at less than 6% but this excludes part-time workers, the majority of whom are women.

WHY SHOULD WE CLOSE THE GENDER PAY GAP?

Equality in the workplace is simply the right thing to do

Employers that demonstrate they pay fairly will attract and retain talented and skilled workers

Everyone gains when women are compensated and recognised equally

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WHAT ARE THE CONTRIBUTORY FACTORS?

Up to 80% of the gender pay gap in New Zealand cannot be explained by factors like experience, length of service, education, geographic location, responsibility etc.

This indicates causes including:

- Unconscious bias
- Under-valuing part-time work
- A need to revalue skills
- A need to re-evaluate time spent away from the workforce
- Not enough women in higher paid leadership positions

[The Workplace Gender Equality Agency](#) in Australia released a paper explaining how a man and a woman can start the same job at the same time but end up on very different pay scales over the course of a career and found it is not a single moment of inequality but rather a cumulative effect of gender stereotypes.

The gender pay gap actually starts from a young age – studies in New Zealand, Australia and the UK have all shown that boys get more pocket money than girls. Elizabeth Broderick, former Australian sex discrimination commissioner, has called for childcare and pre-school organisations to read books to children showing a men and women, boys and girls in a more diverse range of environments and careers.

HOW DO I KNOW IF MY ORGANISATION HAS A GENDER PAY GAP?

You need to take a hard look at the data. You will need to understand your pay data across the organisation, by level and on a like for like basis.

WHAT CAN WE DO ABOUT IT?

✓ As an organisation

- Know your data, analyse it, report on it and regularly review it
- Build leadership pipelines which include women
- Size the role not the person
- Know what the role is worth, don't base it on the person's previous salary
- Make standardised or centralised remuneration decisions
- Build in checks and balances
- Moderate performance outcomes to ensure fairness – beware the 'merit trap'
- Include anyone on extended leave in standard payrises
- Use salary banding/sizing
- Ensure that managers are equipped to have courageous conversations about performance
- Utilise benchmarking, industry standards
- Encourage an inclusive trust based culture people understand the processes and decisions made
- Enable flexible working to ensure that the widest talent pool possible is available for senior roles
- Understand that it will take time and commitment to collect and analyse data in order to close any gender pay gap in your organisation
- Budget for the cost in closing any gender gap in your organisation

✓ As an individual

- [#Justask](#) if men and women are paid the same in your team and in your organisation

✓ As a society/government

- Revaluing skills normally associated with female dominated roles
- Part-time and flexible work being under-valued/paid
- Encourage and enable men and women to share childcare responsibilities
- Provide flexible and affordable childcare
- Encourage more girls to study STEM subjects

Julie Anne Genter, Minister for Women has committed to closing the gender pay gap in the public sector by 2020.

Current pay equity landscape

Equal Pay) Bill was introduced to Parliament in July 2017 and aimed to ensure equality in pay rates for female-dominated jobs. This was thrown out by the Labour government when it came to power in October 2017.

The Joint Working Group on Pay Equity, facilitated by Traci Houpapa and led by Business NZ, the Council of Trade Unions and the Crown, as reported back to the Ministers, recommending clarifying and simplifying the process for initiating a pay equity claim, making no changes to the principles on comparators, and amending the Equal Pay Act 1972 to implement the principles. The recommendations will be considered at Cabinet. Julie Anne Genter, Minister for Women, says 'This Government is committed to a better deal

for women. These recommendations form the strong foundation needed for improving fairness in the workplace for women.'

Additional resources:

- WGEA [summary of international schemes](#)
- Male Champions of Change, [Closing the Gender Pay Gap Report 2017](#)
- KPMG, [She's Price\(d\)less: the economics of the gender pay gap](#), October 2016
- WEGA, [Different Genders, Different Lives](#), 2013
- Ministry for Women, [Gender Pay Gap](#)
- Ministry for Women, [Empirical evidence of the gender pay gap in New Zealand](#), March 2017
- YWCA, [The gender pay gap in New Zealand: a rapid review of the current state of play](#), May 2017
- ANZ, [Pocket money video](#)
- Finans for bundet, [Norwegian school children video](#)
- The Guardian, [The truth about the gender pay gap video](#)



EXAMPLES OF MAKING A DIFFERENCE

Contact Energy

Contact Energy turned a gap of around 7% gap some six years ago into a gap of 1.7 per cent. They achieved it through regular scrutiny of their data which they analysed grade by grade. They report internally, to a remuneration committee and externally through their annual report. This transparency ensures that people are kept accountable.

They ensure that action is taken when issues arise, and appropriately influence managers with the data to make changes to remuneration recommendations when necessary. Using performance-based measures such as employee skills, experience and achievements, in the context of market rate by grade removes gender from the remuneration decision process.

Genesis

Genesis Energy's People and Culture General Manager Nicola Richardson said her 9% pay rise alerted her to the wider problem that many women were not being paid to reflect the value they brought to the business they worked for. To investigate and address the issue, Genesis launched 'Minding the Gap' – a policy designed to govern and improve awareness of potential gender pay inequity.

As an employer with strong beliefs that building a fair and equitable environment contributes to them achieving the best from its people to deliver greater value for customers, Genesis have integrated the principles of gender pay equity into all aspects of their recruitment, performance and pay progression practices to provide a holistic approach.

Easyjet

Under the recently introduced UK Gender Pay Gap reporting, Easyjet disclosed a 52% median gender pay gap which was attributed largely to the gender imbalance in the number of pilots. Alongside more traditional commitments of increasing the number of female new entrant pilots to a fifth by 2020, Easyjet worked with Girlguiding UK to develop a Brownie badge in aviation to encourage girls to consider flying as a career at a younger age.

*Figures correct as of August 2018