



PAY TRANSPARENCY

Future of Work Tripartite Forum

National Advisory Council on the Employment of Women

Key information

- Gender and ethnic pay gaps economically disadvantage women, Māori, Pacific people and people from other ethnic communities.
- In NZ, a lack of pay transparency is widespread and embedded in labour market practices and norms because employers and employees treat pay as private.
- Pay transparency is part of a suite of initiatives that can help reduce gender and ethnic pay gaps, and it has several benefits for both employers and employees.
- NACEW is the advisory group for pay transparency and is engaging with its partners and key groups to hear a range of views on what pay transparency looks like in Aotearoa New Zealand.
- This advice will inform and guide the right balance between workability and effectiveness, and fairness and practicality.

What is pay transparency?

Pay transparency refers to a range of actions to make pay information more visible. It can include actions like disclosing anonymous remuneration at a systematic, organisation-wide level and identifying, reporting on and addressing gender and ethnic pay gaps.

A *lack* of pay transparency can:

1. hide discriminatory pay practices and pay disparities between genders and ethnicities
2. exacerbate gender and ethnic pay gaps in the workplace
3. lead to labour market inefficiencies
4. disincentivise employers to proactively investigate pay issues and address them
5. prevent employees from identifying pay inequities and taking proactive steps to address them.

Pay transparency incentivises & supports

Employers	Employees
<p>To;</p> <ul style="list-style-type: none">• address/prevent current and future pay inequities through institutional change• set fair pay rates that match their sector and industry• create recruitment efficiencies where candidates are matched with the jobs that best suit their skills and experience• demonstrate equitable and consistent pay allocation which results in employee productivity.	<p>To;</p> <ul style="list-style-type: none">• accurately and consistently compare their wages with others in the sector to determine whether they are paid appropriately for their current role• make informed decisions on whether to ask for a raise, seek an opportunity elsewhere or remain in their job• address pay inequities that commonly go unnoticed• negotiate fair pay rates with their employers.

Things to think about & discuss

1. What firm size would be workable for pay transparency in Aotearoa's business sector?
2. How should we analyse and present information showing the differences in pay?
3. What gender and ethnic pay gap measures can employers already calculate from existing systems?
4. What is the best method to measure gaps that work for businesses?
5. What support will help businesses to implement pay transparency measures and reporting?

How do we;

- *Minimise administration and compliance costs?*
- *Manage pay comparisons between colleagues?*
- *Retain employees while transitioning to pay parity?*
- *Standardise the measurement system for those businesses that elect to participate?*