Poor progress on equal pay legislation: 50 years on

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Introduced 50 years ago on 20 October, the Equal Pay Act 1972 was meant to prohibit discrimination in pay on the basis of sex, ethnicity and/or disability. Half a century on and it is depressing to find little progress has been made and large numbers of people are still paid inequitably.

Manatū Wāhine Ministry for Women reports that the gender pay gap in Aotearoa New Zealand, the actual figure indicating how much less women are paid than men, is currently stuck at 9.2%.

It is of great concern that the intersection of gender and ethnicity generates even more substantial pay gaps, disproportionately affecting Māori, Pacific, Asian and ethnic minority communities. The same greater gaps apply to people with disabilities.

The gap between the average hourly earnings of a European male worker and Pacific female worker is 27%. What this means, in real earning terms, is that from 1 October Pacific women effectively begin working for free.

Research in 2022 showed men on average still earn 10% more than women in New Zealand. Statistics NZ's data show the average hourly wage earned by Māori employees was 82% of the average hourly Pākehā wage, while the average wage for Pacific employees was 77% of the average Pākehā wage.

Women comprise nearly 72% of the part-time workforce and 48% of the full-time workforce in Aotearoa New Zealand, but women's work tends to be low paid, and women are under-represented in higher-level jobs.

[1] PIE Commentaries are opinion pieces published as contributions to public debate, and do not necessarily reflect the view of the Pensions and Intergenerational Equity Hub.

Obviously, pay gaps have severe consequence in the present and in the future. Pay gaps have a continuing impact throughout people's working lives, including on their retirement savings.

Women's comparatively smaller accumulations of retirement savings, the gender pension gap, is seldom measured or even acknowledged. But women are up to $318,000 worse off in retirement by the time they are at the end of their working life.

This is despite the fact that New Zealand women are comparatively fortunate: the tier 1 state pension, New Zealand Superannuation (NZS), is individual, inclusive, and non-contributory, so is gender-blind. At age 65, if a person has been resident in New Zealand for 10 years since the age of 20, with 5 of those years since the age of 50, they qualify for NZS, whether or not they have ever been employed or paid tax. And NZS is not means-tested, and is taxed as part of total income, so there is no disincentive to continue employment.

However, it is a different story when it comes to KiwiSaver. Women who are able to contribute can of course take advantage of KiwiSaver's attractive features including the Government's annual contribution of $521 providing the saver meets a minimum savings contribution of $1,043 level.

But women's lower earnings make it less likely that they can afford to contribute. And lower earnings plus smaller savings pots also make women more risk-averse, so their savings, when they have them, grow more slowly.

On the 50th anniversary of the Equal Pay Act, we need to not merely prohibit but instead *prevent* discrimination in pay on the basis of sex, ethnicity and/or disability.

The Government needs to make it compulsory for businesses to report their pay gaps, and make that report available for public scrutiny. That scrutiny will encourage businesses to remove their gender and ethnic biases and to be more equitable.

Comments on this PIE Commentary are welcome to:

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