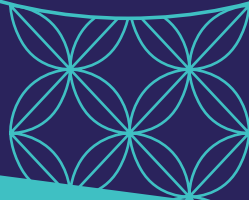


Kia Toipoto

Closing Gender, Māori, Pacific and Ethnic Pay Gaps

Public Service Action Plan
2021-24



Guidance

**Ensuring bias does not influence
salaries for the same or similar roles**

Updated February 2023



Purpose

This guidance is part of a suite of guidance to support agencies and entities to achieve the goals of [Kia Toipoto](#):

- making substantial progress toward closing gender, Māori, Pacific and ethnic pay gaps
- accelerating progress for wāhine Māori, Pacific women and women from ethnic communities
- creating fairer workplaces for all, including disabled people and members of rainbow communities.

By following this guidance, agencies and entities will be meeting the Kia Toipoto milestone Ngā Hua Tōkeke mō te Utu | Equitable Pay Outcomes. It will do this by helping agencies and entities ensure that bias is not influencing the salaries of employees in the same or similar roles, or within roles evaluated as being of similar size.

The companion guidance *Ensuring bias does not influence starting salaries* will also help agencies/entities to meet the Equitable Pay Outcomes milestone.

This guidance gives advice on a structured process to:

- review the salaries of employees in the same or similar roles

- determine whether the salaries of individuals are in line with bias-free salary criteria and with similarly skilled and experienced colleagues
- correct salaries if the current position in range of employees does not reflect their skills, responsibilities, and experience.

This guidance will also help agencies/entities to:

- achieve equitable outcomes for Māori employees, as intended by Te Tiriti o Waitangi
- promote an inclusive workplace culture of equality, opportunity, and achievement for all, in line with the priorities of [Papa Pounamu](#)
- give effect to the [Gender Pay Principles](#) and [Government Workforce Policy Statement](#), and meet requirements of the Public Service Act 2020 and Equal Pay Act 1972
- meet their human rights obligations under the Human Rights Act 1973.

Definition of terms

Same or similar roles

Agencies/entities can apply this guidance to employees in:

- the same roles, where these can be reliably identified (e.g., roles involving the same or similar tasks or duties, and clear, consistent job titles), OR
- roles that have been determined as requiring the same level of skills, responsibility, knowledge, and experience (such as roles in the same pay band/scale).

Pay band/scale

Levels of pay with upper and lower limits assigned to the same or similarly sized roles, or the same or similar roles in an organisation. Within this upper and lower limit there may be designated steps, fixed entry points, and criteria for progression through the steps, or less prescription and more discretion around entry-points and progression.

Progression

Movement to a higher pay rate within a pay band/scale.

Salary corrections

Salary corrections resulting from the process outlined in this guidance are distinct from salary increases and each has distinctly different aims.

- Salary corrections are designed to address anomalies in the salary of individuals (i.e., to lift salaries to a point on a band/scale that properly reflects a person's skills, responsibilities and experience, and is in line with similarly skilled and experienced colleagues).
- Salary increases are generally linked to agreements resulting from collective bargaining or individual negotiation, (such as movement of the whole band/scale, and/or progression within a pay band/scale).

Agencies/entities may run the salary review and correction process in this guidance alongside a regular annual remuneration round or review. If this is the case, we recommend:

- these processes are run separately, so each is seen as fair and equitable for all employees and achieves the respective aims
- decisions made in one process do not influence decisions made in the other (i.e., salary increases are not traded off against salary corrections or vice versa)
- agencies/entities are transparent and engage with employees and union representatives throughout this process (refer to section below *Be transparent and engage with employees and unions*)
- funding for each process is separate.

Bias-free criteria

Detailed advice on bias-free criteria can be found in the section below *Use bias-free salary criteria*.

Annual Pay Gaps Action Plans

- Guidance will be released early each year on how to develop each year's Plan. Data on pay and representation by gender and ethnicity is central to understanding gaps and developing these Plans. Agencies/entities should also review existing [Kia Toipoto guidance](#) on how to measure gender and ethnic pay gaps:
 - » [Organisational gender pay gaps: Measurement and analysis guidelines](#)
 - » [Measuring and beginning to address Māori and ethnic pay gaps in the Public Service.](#)

“Currently I am paid at the same level, but I had to spend a lot more time at the lower level to get here than my peers. I believe this is the true disparity. Those that are determined will get there but the road is longer and harder.”

– Wāhine Māori public servant



Application

HR and people managers are advised to use this guidance in consultation with unions and employees (including women, Māori, Pacific, disabled employees, and employees from ethnic communities and rainbow communities).

Considering all employment arrangements

The [Gender Pay Principles](#) require agencies and entities to consider how the Principles apply to all employment arrangements, including contractors and third party organisations supplying goods or services (refer to Principles 2: Transparency and Accessibility and 4: Sustainability). We recommend that agencies do the same with this guidance.

In relation to third party organisations, agencies and entities will be applying the Government Procurement Rules. These rules set an expectation that procurement is used to support wider social, economic, and environmental outcomes. This is beyond the immediate purchase of goods and services, including supporting quality employment outcomes. [Ministry of Business, Innovation and Employment \(MBIE\) guidance on Rule 18A](#) provides advice about how agencies and entities can encourage suppliers to extend quality employment opportunities to a more diverse range of employees and take active steps to support diversity, equity, and inclusion. This MBIE guidance gives special attention to Māori, Pacific peoples, women, the young, people with disabilities, and people living with poor health.

In that context, where agencies and entities contract third party suppliers, we recommend that, as they apply Rule 18A, they work with suppliers to consider how suppliers can apply the recommendations in:

- this guidance
- subsequent guidance related to Kai Toipoto
- the Gender Pay Principles.

In relation to self-employed and dependent contractors, we recommend that agencies and

entities review their policies and practices for entering into these agreements, to ensure contractors are paid rates that:

- are free of bias
- reflect the skills, responsibility and experience required for the work
- are consistent across the agency/entity.

Summary of Recommended Actions

We recommend agencies and entities take these following steps to ensure that bias is not a factor in salaries within the same or similar roles:

- be transparent and engage with employees and unions around the design and oversight of the salary review and correction process and its outcomes
- review the salaries of employees individually
- include all employees
- use total remuneration
- use bias-free salary criteria
- make decisions within groups
- create a consistent and replicable process
- ensure salary inequities do not reappear.

Level of Action Required

Agencies and entities may not need to take all the actions in this guidance, depending on the degree to which their remuneration systems involve the exercise of discretion. The following scenarios will help agencies/entities decide what level of action to take.

Scenario 1

Agencies/entities that operate a system of fixed salaries for entry and progression and clear, bias-free criteria for making these decisions.

Action: If there is any discretion in placing employees on pay bands/scales or in progression rates, we recommend agencies check their criteria to ensure it is consistent with the advice in section *Bias-free criteria* below and consider limiting discretion further.

Scenario 2

Agencies/entities that have already reviewed their salaries in line with this guidance – and found that the salary of all employees appropriately reflects their skills and experience OR have already corrected any salary anomalies.

Action: If they do not already do so, we recommend agencies/entities monitor salaries to ensure salary inequities do not reappear, in line with the recommendations in the section below: *Ensure salary inequities do not reappear.*

Scenario 3

In all other cases we recommend that agencies/entities follow this guidance in full.

Recommendations in Detail

Be transparent and engage with employees and unions

Seeking input from unions and women, Māori and Pacific employees, employees from ethnic communities and rainbow communities and disabled employees, will help ensure that a salary review and correction process is designed and run fairly and delivers on its objectives for all groups.

Agencies/entities should be guided in their approach to engagement and transparency by Kia Toipoto, expectations that Māori will participate in action and in monitoring, and reflect the [Gender Pay Principles](#), particularly *Principle 5: Participation and Engagement*.

We recommend agencies/entities work with employees and unions in the design and establishment of the process and in any oversight mechanisms. And that this involves sharing information on the outcomes of the process, within the bounds of the Privacy Act 2020 and agencies/entities' own privacy and confidentiality policies. This includes ensuring employees can easily access information about the design of the process, criteria being applied and monitoring processes.

If numbers allow, agencies and entities can share anonymised information on the number, gender, and ethnicity of employees whose salaries are being corrected and the impact on:

- gender and ethnic pay gaps, or
- the average salaries of different ethnic and gender groups.

Agencies/entities can ensure they engage with diverse employees by working with their Diversity and Inclusion leads and Employee-led Networks (such as women's, Māori, Pacific, ethnic, rainbow and disabled networks). Agencies/entities without these networks should consider supporting the establishment of these networks. Smaller agencies/entities can support employees to join cross-agency networks.

Review the salaries of every employee individually

Agencies/entities should review the salary of every employee to identify if it is:

- justifiable and reasonable in line with bias-free salary criteria (refer to the advice below)
- consistent with the salaries of similarly skilled and experienced employees performing the same or similar roles.

Small agencies/entities may only have one employee in some roles. In this case they can apply bias-free salary criteria and consider whether the position in range of these employees aligns with agency/entity's expectations.



Include all employees

This review process should include:

- all employees irrespective of gender, ethnicity, disability, or membership of rainbow communities
- all permanent, fixed-term employees, and casual (both full-and part-time)

Seconded employees should be included in the review of their home agency. Agencies/entities should refer to the recommendations in the above section: *Considering all employment arrangements*, if they contract third party suppliers and/or self-employed or dependent contractors.

Salary anomalies can be driven by factors other than bias. For instance, some common practices (like applying market premiums or placing external hires higher on bands/scales than internal hires), can unintentionally create salary anomalies between employees the same or similar roles with equivalent skills and experience.

It may not always be clear what factors are driving individual salary anomalies and multiple factors might be in play. This process should address anomalies, whatever their cause, so that agencies/entities, unions, and employees can be confident that all salaries are fair and equitable.

We recommend agencies/entities review any aspect of their salary policies or practices that may be contributing to salary anomalies. For instance:

- following the recommendations in the accompanying guidance on [Ensuring bias is not influencing starting salaries](#)
- ensuring any market adjustments are based on credible evidence and are applied across a band/scale, rather than to individual salaries
- ensuring that when market adjustments are made to bands/scales, the salaries of existing employees are corrected to align them with similarly skilled and experienced new recruits.

Use total remuneration

Base salary alone does not give a complete picture of pay, and inequities tend to be more pronounced within additional pay than within base pay.

We recommend that when reviewing salaries agencies/entities include base pay (i.e. the fixed rate of ordinary pay for the job) and any additional fixed or discretionary remuneration (such as performance-related payments, allowances and other benefits attracting fringe benefit tax). Benefits can be excluded if these are available to all employees within the same or similar roles (such as a car park being provided to all employees in a role or pay band).

To ensure that remuneration is treated fairly agencies/entities can:

- Choose a pay period or point in time and include all employees at that time.
- Pro-rata the salary of part-time employees (e.g. someone working 0.8 FTE) to the salary they would be on if they worked full-time (i.e. 1.0 FTE)
- Give an annual monetary value to any non-monetary benefits. This is likely to have been done already for tax purposes.

We recommend agencies/entities record the definition of “remuneration” used in this process and how different types of remuneration have been treated.

We recommend agencies/entities also consider “other income” not included in this salary review process. Other income might include such things as higher duties allowances, claimable allowances,¹ overtime or membership of superannuation schemes attracting an employer subsidy. For instance, if an agency/entity finds gender or ethnic differences in the membership of a subsidised superannuation scheme, it could promote membership within under-represented groups.

¹When an allowance has to be claimed, some employees are more ready to claim than others. Māori, Pacific and ethnic employees, and women in particular, are less likely to claim allowances such as travel and overnight allowances, than are men. We recommend managers ensure all employees are claiming allowances they are entitled to.

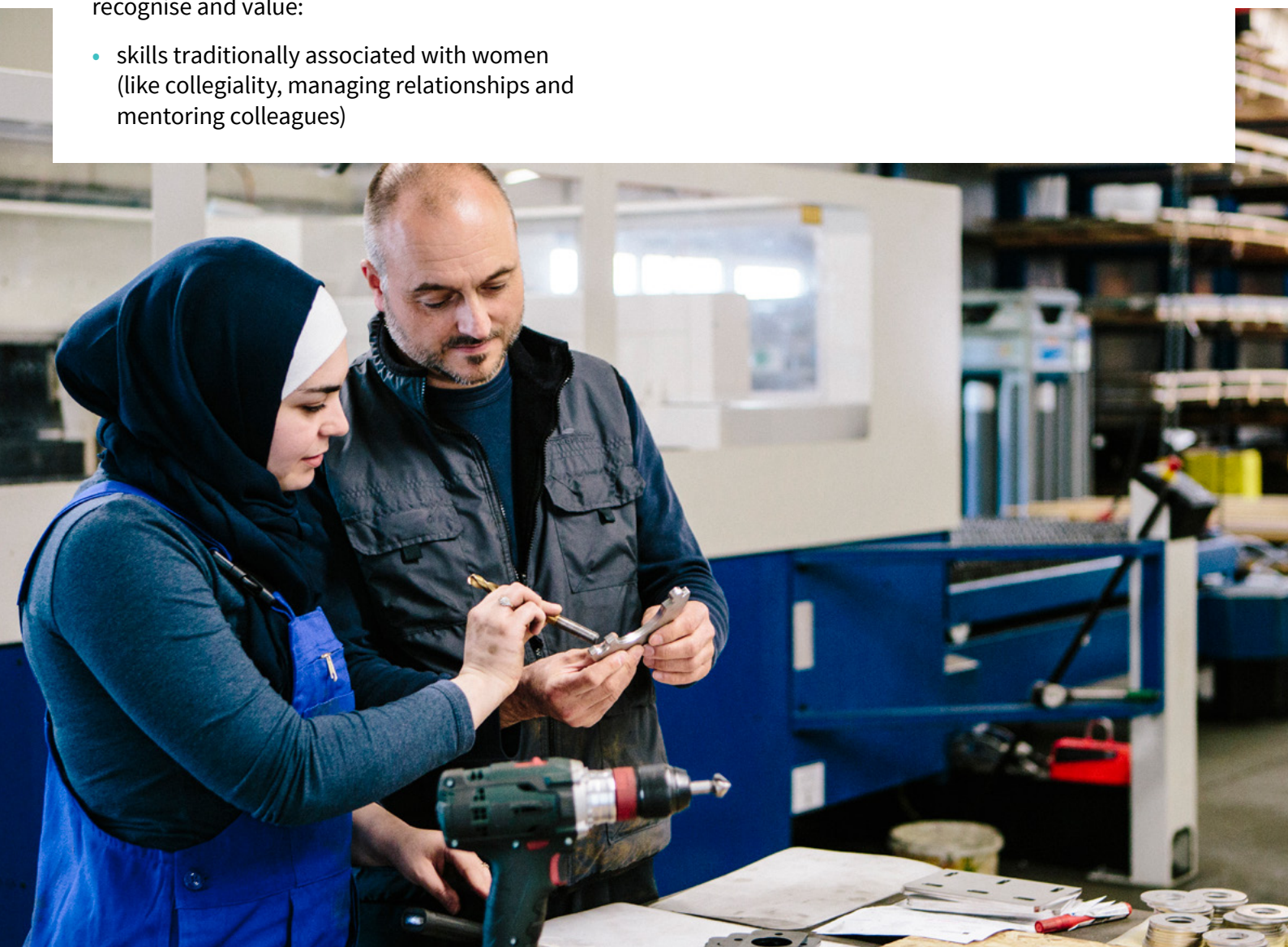
Use bias-free salary criteria

Bias can influence both the selection of criteria and how criteria are interpreted and applied in practice. Ethnic, gender and other biases influence the degree to which we recognise and value different skills, experience and responsibilities. These biases influence the design and application of job assessment, recruitment and salary and performance criteria in ways which are not commonly recognised.²

For instance, traditional job assessment, performance and salary criteria commonly fail to recognise and value:

- skills traditionally associated with women (like collegiality, managing relationships and mentoring colleagues)

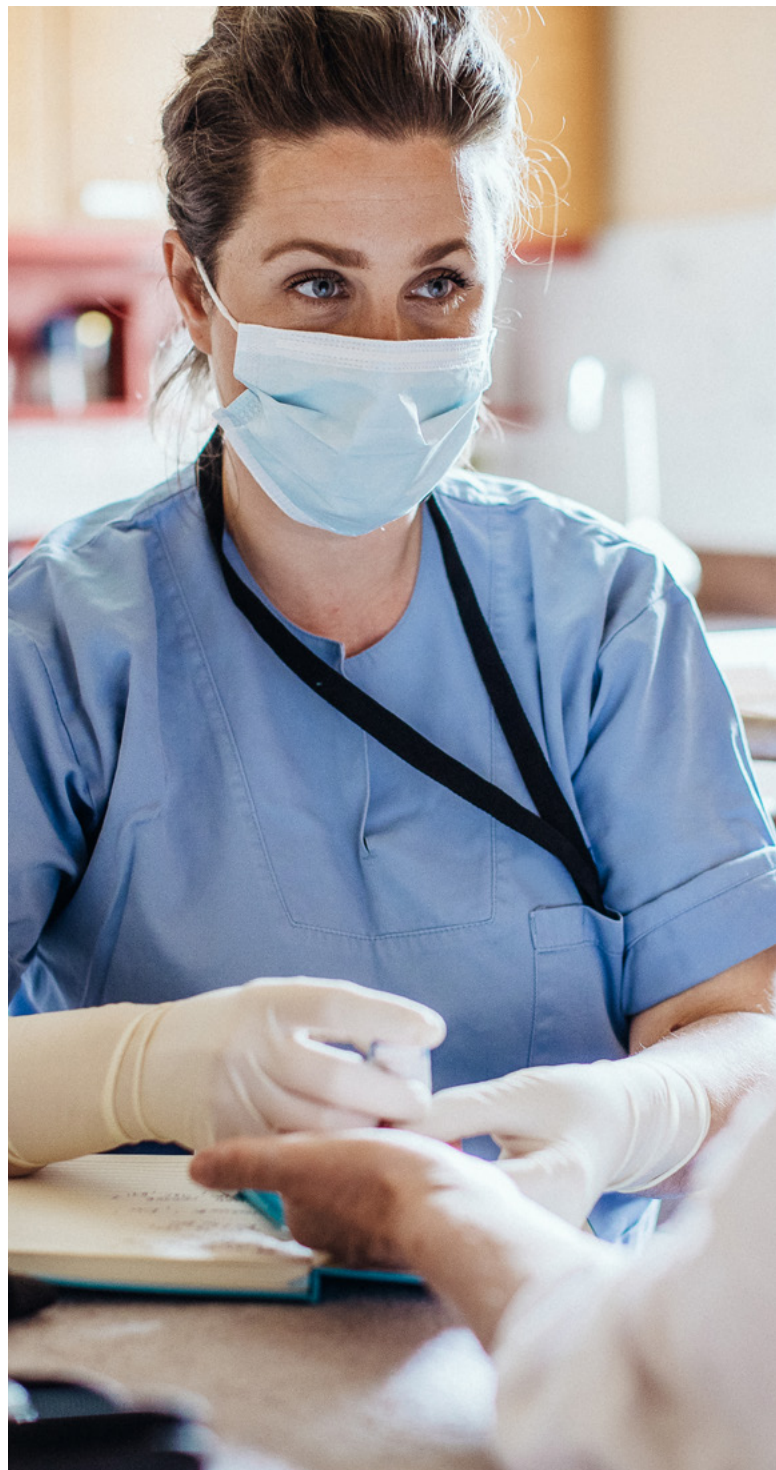
- skills and knowledge acquired in unpaid work (such as family caring, volunteer work or mahi aroha)
- cultural skills (e.g. Māori and Pacific employees are commonly expected to act as de facto advisors on tikanga Māori and cultural practices without recognition in time or pay)
- overseas qualifications and/or experience, especially those who have gained their skills and qualifications in Asian, Middle Eastern, Latin American, or African countries.



²Agencies/entities can refer to [Kia Toipoto guidance](#) (on recruitment, remuneration, and career progression, breaks and leave) for more details on how to tackle bias in wider human resources and remuneration policies and practices.

We recommend that agencies/entities ensure they apply clear, consistent criteria which identifies and values all relevant skills. Agencies/entities can do this by:

- Reflecting the factors in the work assessment provision of the Equal Pay Act 1972 (as amended in 2020) – skills required, responsibilities, experience, conditions of work and effort required to perform the work.
- Testing their salary criteria against the framework provided by [Te Orowaru](#), the Commission’s pay equity work assessment tool. Te Orowaru has been designed for the Aotearoa New Zealand employment context and is the first tool to be specifically designed to identify and value te ao Māori skills and knowledge and other cultural skills and knowledge.
- Applying the advice given below on valuing cultural skills, skills acquired outside of paid work and skills related to teamwork and emotional intelligence.
- Ensuring that all HR practitioners and decision-makers understand these criteria. In-depth understanding will ensure decisions are consistent across organisations.
- Reviewing the ethnic diversity within HR teams and making a plan to strengthen this where necessary³ in line with the Kia Toipoto focus area: *Te whai kanohi i ngā taumata katoa | Leadership and representation.*
- Avoiding individual decision-making and moderating decisions as recommended in the sections below.



³ Agencies and entities can refer to Kia Toipoto [guidance](#) on addressing bias in recruitment processes.

Other risks that agencies/entities should address include:

- only valuing experience gained in paid work, will disadvantage those who have worked part-time or taken career breaks
- placing too much weight on specific qualifications that are not necessary for a role, can disadvantage groups less likely to hold such qualifications (including women, Māori, Pacific peoples)
- placing too much value on specific types of experience can disadvantage groups currently under-represented in these roles and undermine efforts to increase diversity.

Valuing cultural skills

- Pay should reflect cultural skills, experience and responsibilities applied in the workplace. Appropriately valuing cultural competency:
- strengthens an agency/entity's ability to support the Crown in its relationship with Māori under Te Tiriti o Waitangi
- contributes to the development of a highly capable workforce that reflects the diversity of the society it serves.⁴

We recommend agencies and entities consider the following factors to help them ensure that cultural skills and responsibilities are properly valued:

- leadership, knowledge and understanding of Te Tiriti o Waitangi in the workplace
- fluency, understanding and implementation of te reo me ngā tikanga Māori and other cultural languages in the workplace
- leadership, understanding and implementation of Māori and other cultural value systems in the workplace
- connectedness to and engagement with Māori and other ethnic groupings within the community.

“We have experienced ‘can you lead this’ (cultural) work - train these people, bless this food, organise this pōwhiri - with no recognition or pay so many times. It’s like dial a waiata. When external people come into train staff they get paid a huge amount, and yet we are drawn on all the time with no recognition. If we are lucky, we get to share in the lunch. This impacts Pacific women too.”

– Wāhine Māori public servant

Valuing experience outside of paid work

Experience outside of the paid work environment can add considerable value to the workplace. Relationships held with iwi and communities, skills and experience gathered from volunteering, raising a family, organising events, fundraising, working on local marae, coaching, or managing sports teams and mahi aroha can all enrich an employee's capability and contribution. Recognising and valuing these experiences in salary criteria can help ensure that employees with a diverse range of backgrounds and experiences can be appropriately valued.

“Organisations need to make visible, identify and value skills acquired in unpaid/caring work - think of it as a ‘caring home secondment’. There must be a deliberate approach to naming these skills to change thinking about competencies being solely ‘in work’ based.”

– Wāhine Māori public servant

⁴ The Public Service Act, section 75.

Valuing skills related to teamwork and emotional intelligence

- Performance and salary criteria and individual assessment processes often focus on individual delivery and fail to recognise the collective and collegial nature of work. This often overlooks or underplays someone’s contribution to team success and workplace culture. It can also reinforce competitive behavior among some employees and further disadvantage employees from collectivist cultures. Some examples skills related to teamwork and emotional intelligence that could be considered in bias-free salary criteria are:
- contributions to the work of others in the team or in other parts of the organisation
- creating and maintaining positive stakeholder relationships within and external to the organisation
- leveraging relationships and networks to achieve goals
- building successful team communication and culture coaching, guiding and mentoring others.

“Many times, I have mentored and trained others who got the promotion ahead of me, and yet they relied on me to ensure they could do the job. It’s been like one step forward, 10 back, my whole career. I have always had to do more to be seen anywhere near the same.”

– Wāhine Māori public servant

“I have had to learn to be an ‘I’ person. I learnt by observing that white men tend to say, ‘I did this’, when referring to achievements of a team. I realised that to succeed you need to copy this. There needs to be an appreciation that Māori think and act collectively, not individually.”

– Wāhine Māori public servant

Make decisions within groups

Bias is more likely to influence decisions made by individuals than those made in groups. Having more than one person consider and apply criteria ensures that range of perspectives inform decisions. Bias is also more likely to influence group decisions if members are from similar backgrounds and cultures. The risk of group think is reduced when decision-making groups are as diverse as possible. We recommend that decisions are made by groups of at least three, including the line manager.



Create a consistent and replicable process

Ensure the process enables comparisons to be made between an employee's current position in range and their appropriate position in range, and with the salaries of similarly skilled and experienced colleagues in the same or similar roles

Agencies or entities may already have guidelines about the positions in range they expect employees with different levels of skills and experience to be placed. If this is the case, bias-free criteria can be used to allocate employees to the appropriate position in range. A comparison can then be made between the current position in range of each employee and their appropriate position in range.

Alternatively, agencies can create between three and five levels of skill and experience and apply bias-free criteria to allocate employees into one of these levels. A comparison can then be made between the current position in range of each employee and the position in range of most employees at the same level of skill and experience.

Use consistent information to inform decisions

We recommend all groups of decision-makers receive consistent information on the process to apply and evidence about employees that is as comprehensive and accurate as possible, such as:

- the range, midpoint, and average salary of the role/ pay band being reviewed, broken down by gender and ethnicity, if numbers allow
- current position in range for each employee
- other relevant evidence on employees, such as time in role and starting salary.

Smaller agencies/entities may be able to use simple spreadsheets with information about employees and salaries. Larger agencies/entities should consider how to ensure decision-making is consistent. This may require:

- the use of specific tools and resources (such as guides on applying bias-free criteria and/or templates with criteria and prompt questions)
- building in additional time to produce information, and communicate with all participants in the process
- moderation processes to review decisions before these are finalised.

The process, type of information provided and criteria for decisions should be available to employees. See engagement and transparency section above.

Keep careful records

Maintain careful records of the process, criteria and the evidence leading to all decisions.

Review the overall outcomes of the process

We recommend agencies/entities analyse the number and size of salary corrections by gender and ethnicity, to:

- Identify any patterns that may help identify what is driving salary anomalies. For instance, whether some groups are over-represented among those needing salary corrections. This will provide valuable evidence to inform subsequent actions to eliminate pay gaps.
- Share data on the outcomes of the review and correction process with unions and employees (see engagement section above).
- Share data with Te Kawa Mataaho, to help it monitor the system impact of Kia Toipoto.

Example review process for decision-makers:

- Based on the bias-free criteria in front of you and the agency guide about current positions in range, consider each employee and where on the salary range they should be placed. Plot this position for each employee.
- Having done this, cross-check that the position in range you consider each employee should be placed is consistent with the position in range of similarly skilled and experienced colleagues.
- Adjust positions in range of employees if necessary.
- Compare this plot with a plot of the current position in range of these employees. This will provide an indicator of the size of any difference between current position in range and where employees should be placed.
- Record all employees whose current position is lower than it should be and by what amount.

“There is no transparency about salary progression in our organisation. There is a perception that the Māori specialists are paid substantially less than our Pākeha colleagues, but they refuse to release relevant data to confirm or deny. Many times I have asked that analysis be undertaken to ensure Māori staff are paid equitably in our organisation and they have never undertaken an analysis.”

– Wāhine Māori public servant

Ensure salary inequities do not reappear

Agencies and entities can ensure that inequities, once corrected, do not reappear, by:

- Following the recommendations in the companion guidance on Ensuring bias does not influence starting salaries.
- Monitoring salaries within the same or similar roles as part of their development of Annual Pay Gap Action Plans. Larger agencies/entities may be able to monitor gender and ethnic pay gaps within the same or similar roles if there are 20 or more employees in each group. Alternatively, they can monitor average salaries for different groups or undertake an annual spot checking a sample of salaries against bias-free criteria.
- Implementing Kia Toipoto over 2022-24, including reviewing remuneration and HR policies and practices to ensure these are free of bias and discrimination. Agencies/entities can consider the existing [guidance](#) on these reviews, designed to support the [Public Service Gender Pay Gap Action Plan 2018-20](#). This guidance will be reviewed and updated to support Kia Toipoto during 2022.

If monitoring shows that inequities may be reappearing, agencies can consider:

- revisiting the salary review and correction process in this guidance
- revisiting their actions to ensure bias does not affect [starting salaries](#).

