

NEW ZEALAND FEDERATION OF GRADUATE WOMEN (Inc)



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WELLINGTON BRANCH

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The Graduate Gender Pay Gap

A Panel Discussion sponsored by the Wellington Branch of NZFGW



Professor Margaret Clark, VUW, chaired a panel of four speakers who had been asked to comment on the graduate gender pay gap. Professor Clark noted that this appeared to be a world-wide phenomenon even though two thirds of Bachelor degrees went to women. She also expressed her disappointment that this issue was as relevant today as it had ever been, notwithstanding the efforts of so many women and men over the years.



Sarah Turner, General Manager Policy with the Ministry of Women's Affairs (MWA), explained that in the 2009 Budget, MWA received \$2m over 4 years to address pay and employment equity issues. This was aimed at mitigating the effects of the disestablishment of the Department of Labour's Pay and Employment Equity Unit. However MWA is a policy Ministry only, and has no regulatory levers to use to effect change.

MWA conducted research comparing the incomes of men and women with Level 7 (degree-level) qualifications. [*Analysis of Graduate Income Data 2002-2007 by Broad Field of Study*, available at www.mwa.govt.nz/news-and-pubs/publications/graduate-income-data]

One year after graduation the income gap was 6% in favour of men, and after 5 years' employment this had increased to 17%. Nevertheless, women with a bachelor's or higher qualification earned 20-47% more than other women after 5 years' employment. The analysis was limited because the data did not capture occupation or hours of work, and income is linked only to very broad fields of study. MWA is collaborating with the Ministry of Education, to develop more detailed data on fields of study. They are also working with the National Centre for Life Course Research which is conducting a 10-year longitudinal

study involving 5-6,000 graduates, and the Leadership Development Centre which among other things provides training in negotiating contracts.



Philippa Reed, Chief Executive of the Equal Employment Opportunities Trust (EEO), based in Auckland. Philippa was asked to discuss negotiation strategies and stressed the importance of

'knowing your worth'. She suggested that an applicant for a job should know what she is good at, what she liked, and should find ways to measure her achievements. It was also important to know the market and she recommended researching professional organisations which often have salary surveys. An applicant should rehearse negotiation plans, should be clear about what she wants but not aggressive, and should use industry data to support her case. The starting salary may be less important than the opportunity to progress through training, having course fees paid or other opportunities. Some women may prefer flexibility and be prepared to trade time for money.

Having a degree is important but it may not dictate your ultimate career. Philippa cited her own experience of gaining a PhD in Germanic languages and literature but after some time teaching at university level she moved to corporate tax. She gave herself a

year to adjust to the new field but had a clear idea of what she felt she was worth and found that after a few months she was earning twice the amount she had received after eight years working in the University.



Peter Cullen. Partner in Cullen Law, is a specialist in employment law and writes a regular column in the *Dominion Post*. Peter identified six Acts¹ and three international conventions which can be used to assist with

equal pay claims. He acknowledged that an attempt to use the Equal Pay Act 1972 had proved unsuccessful but felt that this route should be tried again as time had changed attitudes. Today the Act might be interpreted more broadly, and the original case might have missed important steps. Peter acknowledged that this would be expensive. A less costly remedy might be a class action through the Human Rights Act.

In his view it would be worthwhile testing these legal remedies, even if they were unsuccessful, because that very fact would strengthen the case for a law change. It was possible for the Human Rights Commission to initiate its own case and he urged women to encourage the Commission to do this. He strongly supported the need for adequate legislation and pointed to the examples of:-

- Canadian law which seeks to establish a basis for comparative worth of jobs;
- UK law which imposes a positive duty to ensure pay equity on public employers;
- French law which forces companies to put women into half their board seats within 5 years.

From the Floor

1. There was strong support for the view that while research is always valuable it should not be a substitute for action, and the time for action is now. While there was appreciation of the work done by EEO the feeling was that education was not providing a better route than legislation. The meeting felt that it was time for legislation and Catherine Delahunty (Green M.P.) was invited to consider a Members' Bill. She responded by asking interested parties to contact her.

2. There was discussion of the possibility of taking a test case to the Employment Tribunal. The only case taken was decided many years ago, under different legislation, and was not tested by appeal in higher courts. Possibly the Employment Relations Act, based on the principle of good faith relationships, would now provide further recourse. A comment was made that the cost of pursuing an individual case under employment law falls to the plaintiff. Taking a complaint to the Human Rights Commission does not involve cost to the complainant. There is provision under the Human Rights Act for a class action. The PSA is presently

There were other tools which might be used but he felt that only legislation would make a real difference.

Rebecca Mathews. Member of the Pay and



Employment Equity Coalition which was formed in 2009 with a wide range of member groups in unions and women's organisations. Rebecca explained that the Coalition was formed on the

disestablishment of the Department of Labour's Pay and Employment Equity Unit.

She argued strongly that although the research is valuable, we now need to move from analysis to solutions. Although there is the option to use the Official Information Act to obtain information on the gender pay gap in the public sector, there is great difficulty in obtaining private sector data.

Rebecca endorsed the view that legislative change is needed. Challenging pay inequity should not be left to individual women or unions but women should join unions and other groups advancing pay equity because improving the negotiation skills of individual women will not address systemic discrimination. Women should not take the blame for not being paid fairly.

Rebecca works for Finsec, the finance and insurance sector union, which has a very large gender pay gap – 31% according to Australian data. NZ data indicates that men at the pre-management level are earning incomes above their pay scales. She noted that only 21% of the workforce in New Zealand is unionised which restricted the efforts of unions to fund and pursue equal pay/pay equity issues.

attempting such an action but has had to employ a lawyer to draw up the case to present to the Human Rights Commission.

3. While it was encouraging to see the significant increase in women graduates there was concern that as women move into an occupation the pay rates decrease.

4. Attention was drawn to the CEDAW recommendation that the Government should use 'temporary special measures' to improve the ratio of women in specific areas. No New Zealand Government has been willing to do this but women could push more assertively for this action – compare the French move to put women on to company boards.

5. Concern was expressed that the statistics quoted for women's pay rates took little account of part-time work. There was general agreement that this was a weakness but difficult to overcome. MWA used the information that graduate woman had their first child at 28 to make the assumption that work prior to that date would be full-time. The need to address this anomaly was noted.

6. The need to establish and publish benchmarks was stressed.

7. Women had changed occupations to a greater extent than men. See further information at:-
<http://www.mera.co.nz/Publications/WorkingPapers/WorkingPapers/MERAWkgPaper200903Summary.htm> : MERA Working Paper 2009/03.

8. Why do part-time workers get paid less per hour than full-time workers?

9. There was considerable support for the need to develop legislation now so that women could be ready to propose something concrete when the opportunity arose.

Professor Clark closed the meeting which had inspired a good deal of audience participation.

It was pleasing to hear that some occupational groups were intending to take up the points made with their membership, and NZFGW will be thinking further about future action.

ⁱ Human Rights Act 1993; Equal Pay Act 1972; Employment Relations Act 2000; New Zealand Bill of Rights Act 1990; State Sector Act 1998; Parental Leave and Employment Protection Act 1987. Ratification of CEDAW; Universal Declaration of Human Rights; International Labour Organisation Conventions.



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