



# A new framework for pay equity in New Zealand

In May 2025, the Equal Pay Act 1972 was amended. The Act provides a process to raise and resolve claims where there is evidence of systemic sex-based pay undervaluation in female-dominated occupations.

In certain occupations where the work has been predominantly performed by women, sex-based undervaluation can occur. The amended Act provides a more robust framework for assessing whether there is sex-based undervaluation in remuneration in female-dominated occupations.

The Equal Pay Act allows individual employees and unions to raise a pay equity claim directly with an employer using a pay equity framework.

Under the Act, employees, employers and unions will negotiate in good faith, with access to mediation, resolution services, and the Employment Relations Authority, if they are unable to agree.

This factsheet is a brief explainer of how the amended pay equity system will work.

## Pay equity vs equal pay

Pay equity is about women and men receiving the same pay for doing jobs that are different, but of equal value (that is, jobs that require similar degrees of skills, responsibility and effort).

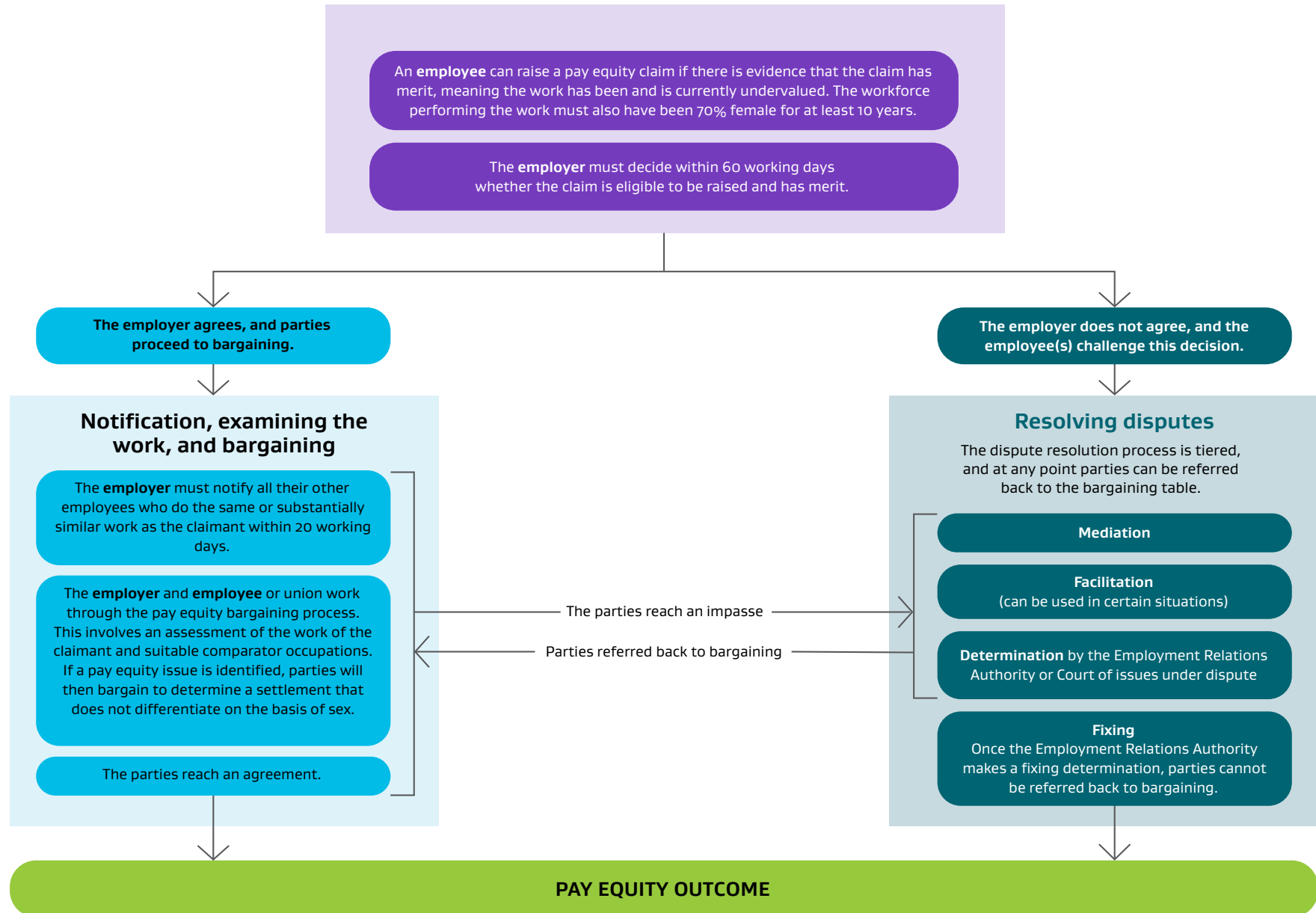
Equal pay is about men and women getting the same pay for doing the same job.



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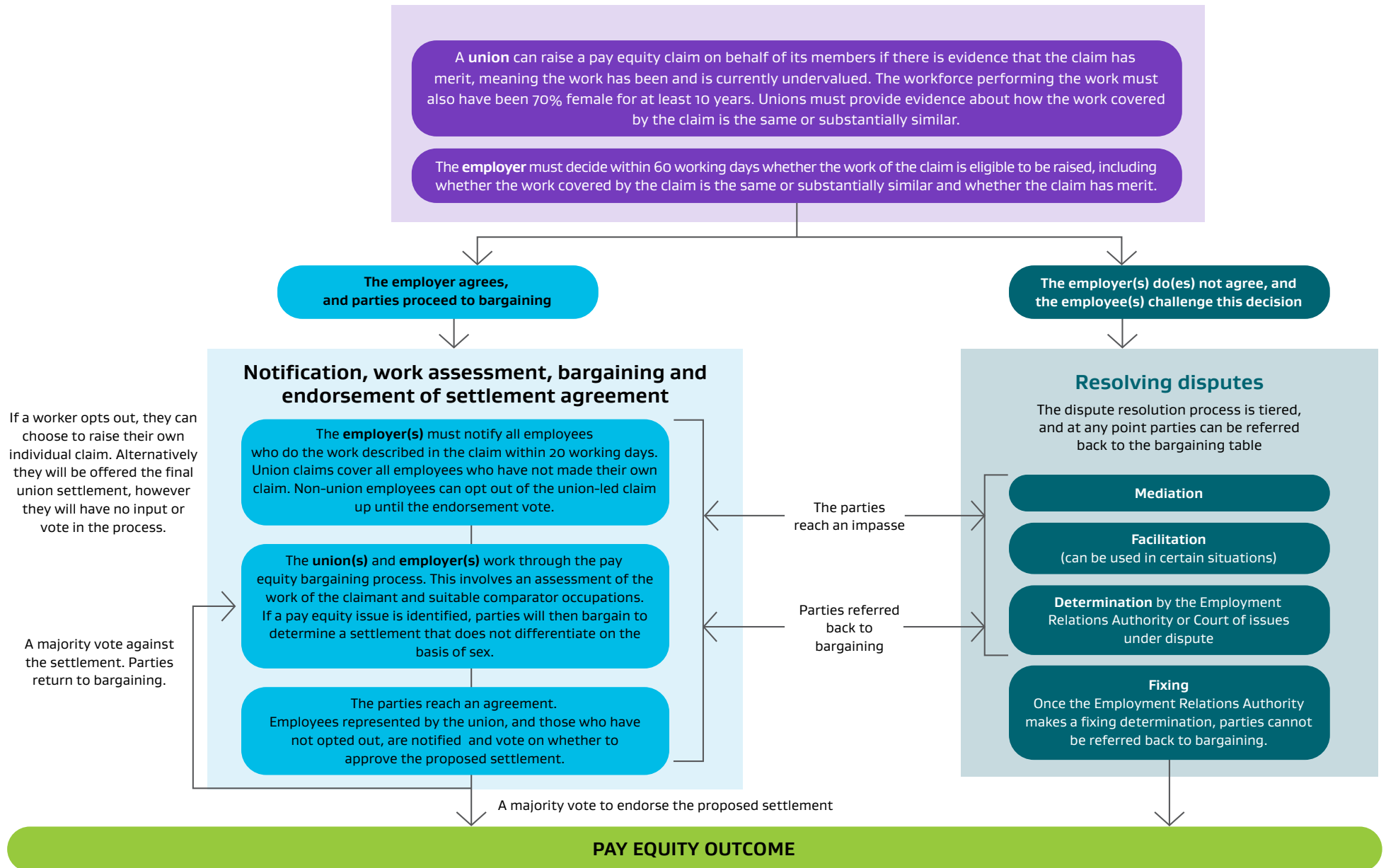
## The process for pay equity claims raised by individual employees



A pay equity outcome includes a settlement with remuneration and any agreed terms and conditions.

Alternatively, the outcome may be an agreement or determination that pay inequity does not exist.

# The process for pay equity claims raised by unions



A pay equity outcome includes a settlement with remuneration and any agreed terms and conditions.

Alternatively, the outcome may be an agreement or determination that pay inequity does not exist.

A settlement would apply to all employees represented by the union. The settlement will also be offered to employees who opted out of union bargaining or are not members of the union.

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# Main components of the new pay equity framework

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## Raising a pay equity claim

Employees or unions can raise a claim where the claim meets all the requirements for doing so, and there is evidence that it has merit.

A claim has merit if the work is predominantly performed by females (70% for at least ten years), and there are reasonable grounds to believe the work is currently and has historically been undervalued.

Unions must provide evidence about how the work covered in the claim is the same or substantially similar.

## A claim having merit

An employer has 60 working days to decide whether the requirements for raising a claim have been met, including whether it has merit.

Accepting that a claim has merit does not mean an employer agrees there is pay inequity, or that there will be a pay equity settlement. Rather, deciding a claim has merit means the parties can move to the work assessment phase, and enter into pay equity bargaining of the claim together in good faith.

## Assessment to find if the work is undervalued on the basis of sex

The parties to a pay equity claim undertake an assessment process to determine whether the employees' work is undervalued, on the basis of sex. This involves assessing the work of the claimants and comparing it to the work of appropriate comparators not subject to sex-based undervaluation.

Employers, employees and unions must use a hierarchy of comparators to choose appropriate comparators for the assessment.

This means that they would need to look for male comparators within the same employer first. If none can be found, then a comparator could be chosen from similar employers, or if there are none, then from the same industry or sector. There is no ability to choose a comparator from a different industry or sector.

If the employer decides that no appropriate comparator is available, or that the work covered by the claim is not the same or substantially similar (during the assessment stage) they must give the claimant notice of their decision. The claim will be discontinued – parties can agree to reverse the employer's decision, or the claimant can challenge the employer's decision via the Employment Relations Authority.

## Multi-employer bargaining

Unions can raise a pay equity claim with multiple employers. An employer can opt out of a multi-employer claim without needing to provide a reason.

If an employer opts out of a multi-employer claim, the employer still must progress the pay equity claim as a separate claim.

## Multi-union claims

In some instances, two or more unions may cover workers within one employer. The unions can raise a claim together. If a union has already raised a claim, and a second union wants to raise a claim for the same work with the same employer, the claims must be consolidated. Claims can be consolidated at any stage in the process until the first claim is settled. If the unions can't agree, they can use the dispute resolution process.

## The dispute resolution process

The dispute resolution process for pay equity bargaining is similar to that for other employment relations matters.

The Employment Mediation Service can assist in pay equity bargaining. Their support includes assisting parties to unravel difficult issues and develop options and steering parties back into negotiations.

When a matter has not been resolved through mediation or other processes, any party to a claim may apply for a determination by the Employment Relations Authority.

## Settlements can include back pay if parties agree

If parties wish, they will be able to discuss and agree back pay as part of their pay equity bargaining. However, the Employment Relations Authority cannot award back pay.

## Remuneration in a settlement can be phased in

Parties can agree to phase in the remuneration agreed to in a settlement over a maximum period of three years from the date of settlement. The Authority can decide whether remuneration should be phased in, if parties have agreed to remuneration but cannot agree on phasing.

If the Authority makes a determination to fix remuneration, remuneration must be phased in three equal instalments, a year apart from each other, starting from the date of the settlement.

For further information:

[www.mbie.govt.nz/equal-pay-amendment-act](http://www.mbie.govt.nz/equal-pay-amendment-act)

## Disclaimer

*The information in this pamphlet has no statutory or regulatory effect and is of a guidance nature only. Users of this booklet should not substitute this guidance for legal advice. This pamphlet was last updated in May 2025 following changes to the pay equity process in the Equal Pay Act 1972.*