



Submission on the Pay Equity System To the People's Select Committee on Pay Equity

***Submitted by Social Service Providers Te Pai Ora o Aotearoa (Te Pai Ora SSPA)
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1. Introduction & Background

- 1.1. Social Service Providers Te Pai Ora o Aotearoa (Te Pai Ora SSPA) welcomes the opportunity to submit to the People's Select Committee on Pay Equity.
- 1.2. Te Pai Ora SSPA does not support the Equal Pay Amendment Act 2025.
- 1.3. Our submission is informed by our member organisations. The membership includes the providers involved with the NGO social worker pay equity settlement and with the Social Service Workers pay equity claim. Our submission brings a legislative, policy and practice perspective to this discussion.
- 1.4. Te Pai Ora SSPA would welcome the opportunity to speak to this submission at the Committee.

2. About Te Pai Ora SSPA

- 2.1. Social Service Providers Te Pai Ora o Aotearoa (Te Pai Ora SSPA) is a membership-based national organisation, comprised of over 250 community-based social service organisations from around Aotearoa New Zealand, based in both rural and urban locations.¹ Our membership makes up a significant majority of the service delivery to children and rangatahi in community social services.
- 2.2. Among our members are local and national social service providers, large national care providers, kaupapa Māori and Iwi social service organisations and Pacific providers. Te Pai Ora SSPA members work across the full spectrum of community-based social services with a central focus on supporting the positive outcomes of children, rangatahi, families and whānau.
- 2.3. Te Pai Ora SSPA full members are funded by government to deliver essential social services in our communities every day, with a predominant focus on children, rangatahi, families and whānau. Our affiliate members are organisations that deliver social services for these people, and organisations and individuals who work in areas aligned to the interests of children, rangatahi, whānau or communities but do not have government funding.
- 2.4. Te Pai Ora SSPA's vision is that Aotearoa's community-based social services are sustainable, able to make a positive impact every day in our communities, supporting children, rangatahi and whānau to thrive now and into the future. Te Pai Ora SSPA works to strengthen Aotearoa's social sector through advocacy and engagement, learning and development, relationships, and sector leadership.

¹ Find out more about Te Pai Ora SSPA at www.sspa.org.nz. Our strategic plan 2023-2026 can be found [here](#)

- 2.5. Te Pai Ora SSPA is a co-governed organisation, demonstrating our commitment to Te Tiriti in how we operate and work alongside government.

3. Summary

- 3.1. Te Pai Ora SSPA welcomes the opportunity to contribute evidence-based insight into the evolving pay equity framework, with particular emphasis on the funded community sector. Our submission reflects the experience of a chronically underfunded, disproportionately female workforce delivering vital services to tamariki, whānau, and communities throughout Aotearoa. Our perspective is grounded in operational leadership of two major pay equity claims, representing up to 45,000 community-based workers, and in daily engagement with government agencies as contracted providers.
- 3.2. We do not support the Equal Pay Amendment Act 2025. The legislation, combined with the 2024 Pay Equity Reset Cabinet Paper, represents a coordinated retreat from equity as a rights-based obligation and reframes it as a fiscal liability to be contained. The Amendments Act has halted the claim for social service workers, which is unlikely to be able to be raised under current settings. The rescinding of the Funded Framework has stripped away the essential funding pathway, leaving providers legally liable for settlements without guaranteed funding support—undermining the ability to progress or sustain pay equity outcomes.
- 3.3. The NGO social worker pay equity settlement and its extension were historic landmarks for pay equity and for the profession of social work. It had a stabilising and affirming effect, providing significant benefits to the social worker part of the social service workforce. Some 5000 social workers received an average pay increase of 27% - an indication of the extent of their undervaluation.
- 3.4. The social worker settlement also exposed unresolved internal pay disparities between staff performing equally undervalued roles. The discontinuation of the broader social service workers claim has entrenched these gaps and revealed structural inequities that are now locked in place under the amended legal framework. Restrictive claim criteria—including narrower comparator rules, increased thresholds, and reduced review provisions—make further progress unattainable under current settings.
- 3.5. Community providers are now exposed to high legal and financial risk without the institutional and fiscal mechanisms required to act. These burdens compromise workforce sustainability, service quality, and Crown credibility. The failure to consult with affected parties, the absence of regulatory impact analysis, and the retrospective nature of the legislation raise serious concerns about procedural fairness and natural justice. These decisions also risk breaching the Crown's obligations under Te Tiriti o Waitangi by failing to pursue equity for Māori-led workforces and service delivery.
- 3.6. In light of these barriers, Te Pai Ora SSPA calls for a principled and pragmatic redesign of the pay equity framework—one that recognises the Crown's dual role as funder and regulator, reinstates transparency and accountability, enables coordinated funding pathways, and embeds tools to address persistent undervaluation across roles and sectors.



3.8. We propose eight core components for rebuilding a system that is fair, accessible, and enduring (see Section 13 for detail):

1. Undertaking a first principles review of the Equal Pay Act
2. Enabling sector-based approaches to pay equity
3. Recognising Government as a party to funded sector claims
4. Establishing a dedicated, transparent funding pathway
5. Strengthening oversight and accountability
6. Simplifying and resourcing the process
7. Strengthening transparency requirements
8. Embedding broader dimensions of equity

Pay equity must be recognised, not as a discretionary cost pressure, but as a constitutional commitment to fairness—accessible, durable, and effective for all.

4. Our Experience with Pay Equity

4.1. Te Pai Ora SSPA has served as the lead advocate, coordinating body and national voice for providers involved in two significant pay equity claims raised by the Public Service Association (PSA) in August 2019:

- **The social worker claim**, raised against five representative employers², was settled in July 2022 following the process in the now-rescinded Funded Sector Framework (the Funded Framework). It was subsequently extended to all providers and their social workers (approximately 5000³) in June 2023 — the only claim to be both settled and extended under that framework.⁴
- **The social service workers claim**, raised against eight representative employers⁵, was accepted by the parties as arguable, and the investigation phase was well underway when the Equal Pay Amendment Act 2025 (the Amendment Act) brought the claim to an end. We estimate some 30,000 to 40,000 workers [see footnote 7] are impacted by this. A brief description of the claim and the type of work included is attached as Appendix B.

4.2. Te Pai Ora SSPA represents a workforce in a uniquely complex position. It has both participated in the historic settled and extended claim for social workers and been directly impacted by subsequent legislative changes that curtailed further pay equity progress. The NGO social worker pay equity settlement and its extension were major landmarks for the profession. With an average pay increase of 27%, it delivered not only financial recognition but also affirmed the critical value of social work within the funded sector. The submission by ANZASW, the profession's representative body, powerfully articulates the transformative impact this has had.

² Barnardos, Christchurch Methodist Mission, Ngāpuhi Iwi Social Services, Stand Tū Māia, Wellington Sexual Abuse Help.

³ See Cabinet Minute – SWC-23-MIN-0063 & Cabinet Minute – CAB-23-MIN-0229

⁴ The settlement covered some 500 social workers employed by the 5 providers. The settlement was extended to some 5000 social workers employed in the NGO sector.

⁵ The five employers named in the social workers claim plus three additional employers: Anglican Trust for Women and Children, Open Home Foundation, The Salvation Army.

- 4.3. However, the outcome of the social worker settlement also laid bare the stark disparities now facing other equally undervalued roles in the sector. The rescinding of the Funded Framework and the enactment of the Pay Equity Amendment Act have significantly diminished confidence that these gaps can be addressed in the short to medium term. Further commentary is provided in sections 9 and 10.
- 4.4. As the coordinating body for one of the few pay equity claims settled under the previous framework—and the only one to be formally extended—Te Pai Ora SSPA brings operational insight into both the system’s promise and its constraints. This experience informs our recommendations for a redesigned pay equity framework that is accessible, coherent, and durable, including specific improvements to process design, oversight, and funding accountability.

5. Focus of the Submission

- 5.1. This submission is informed by our experience and insights into the evolving pay equity landscape in Aotearoa New Zealand. It focuses on the funded community sector and the issues for pay equity in the community not-for-profit sector (the “funded sector”), drawing directly on our experience navigating the Equal Pay Act and the oversight and funding mechanisms established under the Funded Framework. In doing so, we also examine the implications of the Cabinet’s 2024 decision to rescind the Funded Framework as part of a broader “reset” of the pay equity system.
- 5.2. The submission concludes with our recommendations for establishing a fair, enduring, and practical pay equity framework. Our goal is to support policymakers in designing a framework that recognises the critical value of the funded sector workforce and ensures sustainable, equitable outcomes for all.

6. Strategic Context 1: The Reset - From Equity to Expenditure Control

- 6.1. The amendments to the Equal Pay Act need to be seen in tandem with the *Pay Equity Reset Cabinet Paper*, released in June 2024⁶. This set of decisions had a profound impact on the funded sector.
- 6.2. The *Pay Equity Reset Cabinet Paper* (the *Reset*) signalled a decisive and unwelcome shift in the Crown’s policy stance on gender pay equity—from enabling systemic redress to prioritising Crown fiscal sustainability. While the Equal Pay Amendment Act 2025 presents itself as a technical refinement of legal processes, it must be viewed within the broader context of a Crown-wide reset that reframes pay equity as a cost pressure rather than a rights-based obligation.
- 6.3. Key policy signals from the Cabinet Paper include:
 - **Devolved responsibility:** A move away from central oversight of the investigation process and funding pathways, requiring the parties to a claim to lead and manage pay equity processes themselves, without assurance about future funding of a settlement.
 - **Constrained remedies:** Fiscal guidance now encourages settlements that avoid precedent-setting outcomes and limit future cost exposure.

⁶ Released by Hon Nicola Willis, Minister for the Public Service, 25 June 2024



- **Cost containment:** Pressure on departments to meet costs from within their baselines to reduce draw on the contingency fund. For NGO claims, this means they are competing for funding with funding agencies' own pressures and priorities.
 - **Minimalist legal interpretation:** Agencies are advised to meet the minimum legal requirements, even where evidence of substantial and historic undervaluation exists.
- 6.4. These changes, alongside the Amendment Act, represent a coordinated effort to reduce Crown fiscal liability across the funded sector, undermining the transformative intent of the Equal Pay Act 1972 and placing the burden of equity on under-resourced providers. **This reframes pay equity as a cost pressure to be contained, rather than a commitment to fairness.**
- ## 7. Strategic Context 2: Rescinding the Funded Sector Framework
- 7.1. As part of the 2024 *Reset*, the Government rescinded the Funded Framework in its entirety. Originally established in August 2020, the Funded Framework adapted public sector mechanisms to the unique context of the community sector, where the Government is not the direct employer but remains the primary funder via service agreements or contracts.
- 7.2. The Framework provided two pivotal roles for Government and its funding agencies:
- **Oversight** of the process used and the conclusions reached by the parties to a claim; and
 - **A funding pathway** to calculate and secure additional resources to enable settlement and implementation.
- 7.3. The removal of the second function — the funding pathway — has had a highly detrimental impact on the viability of pay equity claims in the funded sector. This was already becoming evident prior to the 2025 amendments to the Equal Pay Act, as the investigation of the social service workers claim progressed.
- 7.4. The Funded Framework was a significant initiative by the previous Government to address the structural funding gap faced by contracted providers. It enabled employers to proceed with settlements, confident that implementation costs would be met—initially through a ring-fenced contingency fund, followed by drawdown into Votes upon agreement, and then disbursed to providers via service agreements or contract variations. This mechanism was used to support the social worker pay equity settlement and played a pivotal role in enabling employers to pay equitable rates through legally binding employment agreements.
- 7.5. That mechanism was removed in 2024 as part of the *Reset*. Employers must now, firstly, reach a settlement with claimants; and only then negotiate funding with each individual funder. This reversal creates significant financial risk. Once a claim is settled, employers become legally liable for new pay rates — but without guaranteed funding, most funded sector employers are likely to face insurmountable barriers to implementation.
- 7.6. The Framework enabled the social worker pay equity settlement—playing a pivotal role in supporting legally binding implementation through contingency funding and Vote drawdowns. Its removal has left the sector exposed and unable to pursue pay equity with confidence.
- 7.7. We urge the People's Select Committee to recognise that these are not administrative adjustments, but structural decisions with profound implications for justice, workforce sustainability, and Crown credibility.



8. Strategic Context 3: The Fragile Funding Landscape for Community Social Services

- 8.1. Funding pressures across the community social services sector are longstanding, but they have intensified under policy settings that prioritise cost containment over service viability. For organisations contracted by government to deliver essential support to tamariki, rangatahi, whānau, and communities, funding levels shape everything: workforce stability, service quality, innovation capacity, and sector resilience. When funding is chronically insufficient or structurally misaligned, mechanisms such as pay equity become inaccessible, no matter how strong the case.
- 8.2. A 2019 report commissioned by Te Pai Ora SSPA and prepared by Martin Jenkins estimated that government funds providers for less than two-thirds of the actual cost of delivering contracted services, with a conservative annual shortfall of **\$630 million**. This includes:
 - **\$130 million** in underfunded core operating costs (overheads and reserves)
 - **\$300 million** in wage deficits, particularly in comparison to government-employed workers
 - **\$200 million** in absorbed service demand beyond contract volumes.
- 8.3. In addition to the quantified gaps, the report identified systemic impacts undermining sector viability:
 - Reliance on philanthropic "top-up" funding to sustain core services
 - Unsustainable pressure on frontline and leadership roles
 - Undervaluation of kaupapa Māori service models and relational delivery approaches
 - Service delays and triaging practices, resulting in unmet or deferred support
 - Inflexible contracting, compliance demands, and lack of funding maintenance mechanisms
 - Organisational fragility stemming from the absence of reserves or growth capital.
- 8.4. Recent research corroborates these findings and highlights sector-wide structural risks:
 - *Community Networks Aotearoa's State of the Sector 2024* report identified persistent funding insecurity, workforce strain, and limited government partnership.
 - *Philanthropy New Zealand's Responding to Communities Under Pressure* (2023) survey found increased demand across service sectors, reduced investment returns, and calls for more flexible, trust-based funding relationships.
 - *Inland Revenue's Not-for-Profit & Charities Landscape Report* (2020) revealed that 48% of surveyed organisations named funding as their biggest challenge, citing donor fatigue and fragmented revenue sources.
- 8.5. These findings underscore the fragile state of NGO funding and its direct relationship to workforce capacity, service quality and outcomes, and equity efforts. Without a robust funding system that reflects the true cost of service delivery—including fair wages, infrastructure, and sustainability reserves—providers remain trapped between contractual obligations and fiscal constraints. The wellbeing of workers, whānau, and communities alike depends on a funding and equity framework designed for durability, justice, and shared accountability.
- 8.6. This fragility has direct consequences for pay equity reform. In the absence of a funding system that enables the implementation and maintenance of equitable pay settlements, employers are left carrying the financial risk—without the fiscal mechanisms required to lift remuneration across undervalued roles. Current arrangements undermine workforce stability and reinforce structural undervaluation in female-dominated sectors. They also weaken public confidence in the pay equity framework itself. Reforming the funding system is therefore integral to delivering enduring pay equity across workforce settings, funding systems, and service landscapes.

9. Impact of the Equal Pay Act Amendments

- 9.1. The 2025 amendments to the Equal Pay Act compounded the disruption already caused by the Pay Equity *Reset* and have had wide-reaching implications for the community social services sector. Most significantly, they closed off the pathway for progressing the longstanding pay equity claim for social service workers—a workforce historically undervalued yet central to supporting vulnerable children, young people, families, and communities across Aotearoa. The ability to recruit, train, and retain skilled and experienced workers is essential to sustaining the delivery of culturally responsive, high-trust services.
- 9.2. These outcomes are now at risk—not only for the workforce and employers, but for the communities they serve, particularly Māori, who remain disproportionately represented among service users. In this context, the Crown’s Te Tiriti o Waitangi obligations require more than procedural compliance; they demand active measures to resource equitable service delivery and support Māori-led approaches to wellbeing.

The Claim Underway for the Wider Social Services Workforce Was Discontinued

- 9.3. As noted above, the PSA lodged two related claims: one for social workers, and one for social service workers employed in community settings. Given the pronounced pay gap between social workers in the NGO sector and their Oranga Tamariki counterparts—alongside acute recruitment and retention pressures—the parties agreed to prioritise the social worker claim. That claim was settled in October 2022 and subsequently extended in mid-2023.
- 9.4. The investigation into the social service workers claim commenced in early 2024, but was abruptly halted following the introduction of the Equal Pay Amendment Act 2025.

Impact on the Workforce

- 9.5. This workforce has waited many years for pay equity. Like social workers, they face entrenched undervaluation driven by two structural factors:
 - Sex-based discrimination, and
 - Chronic and systemic underfunding of community services.
- 9.6. The claim covered a wide range of frontline roles that complement social work, as well as essential organisational support roles (see Appendix B). This workforce continues to experience pay inequity despite its critical contributions to whānau and community wellbeing.
- 9.7. Accurately estimating the number of workers affected is challenging, given the lack of a reliable dataset specific to community social services. Most available datasets aggregate health workers alongside social services, obscuring the true scale. Nevertheless, we estimate that between 30,000 and 40,000⁷ workers across the wider community sector have been affected by the discontinuation of the claim. This estimate reflects the sector as a whole—not just those covered by the representative claim.

⁷ This proxy estimate is based on Stats NZ’s 2018 Non-Profit Institutions Satellite Account, which reported ~150,630 paid employees in the non-profit sector. By excluding approximately 60,000–70,000 workers in health, mental health, and addiction services (based on sectoral expenditure and workforce data), and assuming that around 35–45% of the remaining workforce is engaged in community social services (e.g. family violence, youth, housing, disability support), we arrive at a ballpark range of 30,000–40,000 paid workers.



- 9.8. The removal of review requirements for settled claims will inevitably erode the pay equity achieved through a settlement. Pay gaps will re-emerge, as has been the case with the NGO social worker settlement, but the ability to address these through a review process has been removed. Further claims cannot now be raised for ten years after settlement, compounding the undermining effect of the amendments.

Impact on Employers

- 9.9. Employers were committed to progressing the social service workers claim, recognising the unfairness and internal pay relativity disparities it sought to address. However, their ability to make wage adjustments is severely constrained by funding limitations. The removal of the claim has left them without a viable pathway to address inequities they acknowledge and wish to resolve.
- 9.10. Significant time, expertise, and financial resources had already been invested in investigating the claim. The Government's decision to discontinue it has rendered that investment void—a loss made more acute by the sector's broader funding pressures, rising demand, and, in some cases, reduced contracts. For underfunded community providers, this loss represents more than a setback—it diverts limited resources from frontline delivery, workforce development, and service quality.

Impact on Communities and Service Delivery

- 9.11. The consequences of these amendments extend beyond the workforce and employers—directly affecting the communities served by the social services sector. Children, young people, whānau, and vulnerable groups rely on the skill, experience, and continuity of frontline workers to access vital support. Frontline staff in turn rely on strong organisational support to enable them to focus on client needs. When providers are unable to recruit, train, and retain staff due to persistent pay inequity and funding constraints, the quality, stability, and accessibility of services are compromised.

Systemic Repercussions and Enduring Risks to Pay Equity

- 9.12. The discontinuation of the social service workers pay equity claim has had far-reaching and deeply concerning consequences—not only for those directly involved, but for the integrity of pay equity efforts across the funded community sector. As previously noted, significant time, expertise, and financial resources had already been invested in investigating the claim. The Government's decision to halt the process has rendered that investment void—a loss made more acute by existing funding pressures, rising demand, and contract reductions affecting many providers.
- 9.13. For underfunded community organisations, this lost investment represents more than a setback; it diverts already limited resources away from workforce development and service quality, undermining the ability of services to respond to growing and complex needs.
- 9.14. This has a particularly stark impact on Māori communities, who are disproportionately represented among service users and already face systemic barriers to wellbeing, often due to the effects of historical and systemic disadvantage. The Crown's failure to equitably resource the social services workforce undermines its Te Tiriti o Waitangi obligations to actively pursue equity for Māori communities.⁸

⁸ Māori workers are well represented in the social services workforce, including being 24% of social workers, as shown in the Annual Social Workers Workforce Report 2024, Social Workers Registration Board <https://swrb.govt.nz/download/annual-social-worker-workforce-report-2024/?tmstv=1752810659>.



9.15. In addition to these immediate effects, the changes introduced by the Equal Pay Amendment Act have embedded longer-term structural risks. Key issues include:

- **Comparator restrictions** that prevent meaningful analysis of undervaluation in female-dominated sectors, locking social services into inequitable pay structures
- **Pay rates shaped by government funding** rather than market forces—funding levels premised on a gendered workforce, reinforcing undervaluation
- **Frozen relativities within organisations**, as social workers receive equity adjustments while equally undervalued colleagues are left behind
- **No mechanism to maintain equity**, with settlements locked for ten years and review provisions explicitly excluded
- **Lack of clarity** around how review restrictions apply to extended settlements, exacerbating the risk of re-emerging pay gaps

9.16. Taken together, these provisions threaten to entrench a cycle of undervaluation, reduce the sustainability of social services, and erode trust in the pay equity framework. Without urgent reform, the sector risks losing one of its most critical tools for advancing fairness and resilience—just when communities need it most.

10. The Amendments Preclude the Claim Being Raised Again in Its Current Form

10.1. The Equal Pay Amendment Act 2025 has introduced a series of legislative and procedural changes that form a ladder of obstruction—each step making it significantly more difficult to re-raise the social service workers' claim in its current form. The barriers outlined below collectively undermine the viability of any new claim under the amended framework.

- **Narrower scope of claims:** Claims must now cover employees doing the same or similar work. This rules out broad-based claims like the social service workers claim, which spanned multiple occupations.
- **Restrictive comparator rules:** The amendments now require comparators to come from within the same organisation or closely related work. This significantly limits the ability to benchmark against male-dominated roles—a key mechanism for demonstrating undervaluation in female-dominated sectors. It also rules out sector-wide claims, such as the one previously brought on behalf of social service workers. Crucially, this constraint disregards the most common driver of inequitable pay outcomes for women: occupational segregation and the enduring undervaluation of roles associated with women-led workforces. As a result, claims that rely on broader comparisons across the labour market—essential for establishing undervaluation in community-based sectors—can no longer be brought under the revised rules.
- **Multi-employer opt-out:** Employers can now more easily withdraw from multi-employer claims, undermining coordinated sector-wide approaches.
- **Higher threshold for female-dominance in workforce:** The threshold has increased from 60% to 70% over a 10-year period. While the discontinued claim met the 70% threshold, proving this across a preceding decade is administratively burdensome, given that payroll data is the key source. This may not be feasible for many employers, especially given the paucity of reliable disaggregated workforce data in the community social services sector of the labour market.



- **Raised evidentiary threshold – the merit standard:** While extensive work had already commenced on the original claim to examine undervaluation, the amended framework now requires claims to meet a “merit” threshold rather than being merely “arguable.” It is impractical, as the evidence to assess merit typically emerges during the investigation process. This is a significant shift from the previous collaborative approach, where parties jointly investigated the existence and extent of pay inequity. The change also places the full burden of proof on claimants, replacing cooperation with an adversarial standard.
 - **Reduced ERA authority:** The Employment Relations Authority’s capacity to make determinations on pay equity matters has been curtailed, further limiting recourse.
- 10.2. In effect, the combined impact of these changes has closed the door on this claim being progressed—despite the groundwork already laid and the pressing need it sought to address.

11. Process of Amendment: Procedural Unfairness

Lack of Consultation and Transparency

- 11.1. The Amendment Bill was introduced and passed under urgency on 6–7 May 2025. There was no public consultation beyond selected government agencies, and no Select Committee process was convened. This denied affected parties—including employers, workers and representative bodies—any opportunity to provide input or make the impacts visible. As the only settlement extended to other providers employing workers in the same roles, we held valuable insights that could have informed the process, but this opportunity was not afforded to us.
- 11.2. This absence of participatory process set the tone for a reform that unfolded without meaningful input from those most affected.

Absence of Impact Analysis

- 11.3. No Regulatory Impact Statement was released, and the Cabinet Paper outlining the rationale for the amendments was heavily redacted. Had a submission process been available, we would have raised significant concerns—many of which are outlined in the sections above. Instead, the amendments have introduced additional compliance burdens and complexity, adding more ‘red tape’ to an already resource-intensive process.

Questionable Justification for Reform

- 11.4. In addition to the substantive limitations now placed on future claims, it remains unclear whether the amendments were based on genuine concerns about the pay equity process. The Minister asserted that claims had progressed “without strong evidence of undervaluation.” However, in the case of the social workers claim, extensive documentation was submitted—supported by milestone reports, official oversight, and confirmation of acceptability—all of which demonstrated a rigorous evidentiary foundation.

Retrospective Legislation and Natural Justice

- 11.5. These procedural gaps are compounded by the retrospective nature of the legislation, which resulted in the discontinuation of existing claims, including those in which the Crown was not a party. Retrospective legislation is generally discouraged in public law because it undermines certainty and trust in the legislative process. It also raises serious concerns about natural justice, particularly where affected parties have had no opportunity to be heard or to respond before their rights were removed.

Enduring Sector Impacts

- 11.6. These cumulative procedural failings introduce significant new barriers to achieving equal pay for women and represent a clear step backward for gender equity. In the social services sector, thousands of workers are now effectively locked out of seeking equitable pay. This will exacerbate recruitment and retention challenges in roles that support some of the most vulnerable people in Aotearoa. The decision to scale back pay equity will have lasting consequences—creating systemic barriers to reform, undermining the long-term sustainability of services, and failing to uphold the Crown’s obligations under Te Tiriti o Waitangi to actively pursue equity for Māori and all communities served by the sector.

12. Rebuilding Equity: Reflections on the Previous Framework

Reflections on the Previous Framework

- 12.1. The 2020 reforms to the Equal Pay Act and the introduction of the Funded Framework represented a significant and well received step toward addressing pay inequity in the community sector. These reforms enabled progress that had long been out of reach.
- 12.2. Based on our experience leading two funded sector claims, we gained valuable insights into both the strengths and constraints of the previous system. While the 2020 reforms created a pathway for progress, several systemic challenges emerged in practice — particularly for not-for-profit providers operating under complex and fragmented funding arrangements. These reflections are offered in the spirit of continuous improvement, to inform the design of a future system that is more accessible, coordinated, and sustainable.
- 12.3. A core challenge pre-2020, was the absence of a coherent and reliable funding mechanism. The now-rescinded Funded Framework was intended to address this gap, but in practice it was complex, inconsistently applied, and at times poorly managed by some funding agencies. This undermined confidence in pay equity as a viable and durable pathway to fair pay—especially for providers reliant on government contracts.
- 12.4. Key challenges included:
- **Scope of the legislation:** The previous Act (and its predecessors) focused primarily on occupational segregation—an important aspect of pay inequity that, while significant, did not fully reflect the evolving nature of the labour market. Other contributing factors such as starting salaries, progression pathways, and enduring undervaluation across roles and sectors received limited attention. Additionally, the framework lacked mechanisms, other than extension of representative claims, to support sector-wide approaches, which are especially relevant for community-based workforces navigating complex and dynamic service environments.
 - **Over-reliance on job evaluation:** Investigations often became highly technical and resource-intensive. While job evaluation tools like Te Orowaru improved recognition of undervalued skills, detailed case-by-case comparisons between similar roles contributed towards lengthy investigations. The process felt disconnected from real-world pay drivers such as contract pricing and funding constraints.



- **Extending settlements:** The Funded Framework provided for representative claims to be extended to others doing the same or similar work, and this provision was retained in the 2024 *Reset*. The NGO social workers settlement was the sole example of an extension. Despite best efforts, the process and the implementation were complicated and fragmented; problems remain two years after the extension was agreed and funded.
- **Sustainability of settlements:** Settlements lacked enforceable mechanisms to ensure pay equity was maintained over time. The review provisions were weak, requiring only that re-emerged pay gaps were identified and considered, but did not explicitly require redress. In the funded sector, where employers rely on government support, this made it difficult to preserve equity gains without ongoing funding certainty.
- **Government's role and accountability:** Government agencies, while being the primary funders, were not formally recognised as parties to funded sector claims. This created a structural imbalance: agencies could exercise effective veto power over settlements — for example, by withholding funding recommendations — without being accountable for implementation. Their position is further reinforced by their authority over all key parameters of service provision. The government of the day—not providers—determines the nature and volume of services to be provided, the price it is prepared to pay, and sets the quality and outcome/output requirements. This underscores the central role of government agencies as the principal authority in funded sector service delivery—defining scope, pricing, and outcome expectations—and thereby occupying a systemically dominant position in shaping pay equity outcomes.
- **Coordination across funders:** Claims involving multiple funders⁹ faced significant challenges due to fragmented funding streams and inconsistent contracting and reporting processes. Multi-year funding was appropriated to numerous Votes, each with its own requirements. This lack of coordination added to the compliance burden for providers and complicated implementation.
- **Administrative burden:** The Funded Framework required the production of detailed milestone reports, placing a significant load on community employers and their coordinating bodies.
- **Technical complexity and cost:** The process required heavy reliance on specialist expertise, incurring high costs for employers, particularly in the not-for-profit sector where resources are limited.
- **Resource intensity:** Claims typically took multiple years and required significant investment from employers and unions. For many not-for-profit providers, this created a barrier to participation and limited the system's accessibility.
- **Limited reach beyond the public sector:** All settlements to date occurred in the public or publicly funded sectors. The absence of private sector claims raises concerns about the broader accessibility and effectiveness of the system.

12.5. These reflections are intended as a contribution to future system design. A fit-for-purpose pay equity system must build on past progress while addressing the structural and operational challenges that limited its reach and impact.

⁹ For example, the claims for social workers and social service workers involved 13 funders and multiple Votes.



13. Rebuilding Equity: Restoring Integrity to the Pay Equity Framework

- 13.1. Navigating both the previous and amended pay equity systems has revealed deep structural flaws—particularly for government-funded community providers. These include the removal of coordinated funding mechanisms, exclusionary legal thresholds, and lack of government accountability. Drawing on our experience leading and settling one of the only funded sector claims to be both concluded and extended under the previous framework, we have seen what works in practice and where reform must go further.
- 13.2. The following recommendations seek to restore integrity to the pay equity system following the 2024 *Reset* and the 2025 Amendments. They respond directly to the systemic and procedural barriers outlined throughout this submission (see Appendix A for further detail linking problems and solutions). They offer a pragmatic roadmap to restore accessibility, rebuild structural integrity, and uphold Te Tiriti o Waitangi obligations across workforce settings, funding systems, and service delivery, so that all workers are fairly valued, and the communities they serve can rely on stable, skilled, and culturally responsive support.

1. Undertaking a First Principles Review of the Equal Pay Act

- A comprehensive review of the Equal Pay Act 1972—not a further patchwork of amendments—is needed. This review should be grounded in first principles and guided by those with operational experience in the pay equity system.
- It should consider alternative approaches, including international models, which may better address systemic undervaluation and deliver sustainable, accessible pathways to equity.
- It should recognise that labour markets are dynamic and continuously evolving, yet the enduring undervaluation of ‘women’s work’—rooted in historical bias and reinforced by structural norms—continues to suppress pay outcomes for the majority of women workers.

2. Enabling Sector-Based Approaches to Pay Equity

- Move toward a sector-based model – replacing the model of representative claims and their extension to others doing the same or similar work.
- A framework similar to Fair Pay Agreements should be considered, incorporating mandatory equity provisions designed to:
 - Reduce the cost and complexity of claims.
 - Eliminate the need for separate extension processes.
 - Mitigate concerns about internal pay relativities.
 - Offer durable, scalable solutions in sectors with persistent undervaluation.

3. Recognising Government as a Party to Funded Sector Claims

- Government agencies must be formally recognised as parties to claims where they are the principal authority—the primary funders with decisive control over service scope, pricing, and performance expectations, even when not direct employers.
- This recognition would reflect their systemically dominant position in shaping the service environment, and ensure accountability for both settlement implementation and maintenance.



- It would also close the disconnect between legal obligations and funding responsibilities, reinforcing structural alignment across pay equity processes.

4. Establishing a Dedicated, Transparent Funding Pathway

- Reinststate and strengthen a centralised funding mechanism (similar to the intent of the Funded Framework) to enable settlements without exposing employers to financial risk.
- Key features should include:
 - Ring-fenced contingency funding.
 - A streamlined drawdown process.
 - Unified funding arrangements across multiple agencies, preferably via a single Vote.
 - Clear obligations on government agencies regarding ongoing funding delivery.
- Ensure transparency in how service agreement funding levels are determined, particularly where gendered workforce assumptions shape pay rates.

5. Strengthening Oversight and Accountability

- Establish an independent agency mandated to oversee, direct, and audit pay equity settlement implementation—including funding, extension, and maintenance.
- This agency should:
 - Monitor consistency and adherence to Cabinet decisions.
 - Mandate the publication of claim outcomes, comparator rationale, and assessment standards.
 - Ensure settlements remain aligned with equity goals over time.

6. Simplifying and Resource the Process

- Streamline the investigative and bargaining process to reduce administrative burden—especially for not-for-profit and community providers, including:
 - Reducing the emphasis on job evaluation on a case by case basis.
 - Move towards sector-based solutions informed by known remuneration patterns and structural undervaluation, potentially supported by benchmarking mechanisms rather than role-by-role comparisons.
- Place obligations on funding agencies to:
 - Ensure access to technical support covering investigation methodologies that are low cost and encourage good faith bargaining.
 - Provide funding support for claimants and employers
 - Provide information to providers about pay equity claims and settlements relevant to their work.
 - Oversee provider compliance with settlement obligations and ensure funding contracts allow for these obligations to be fulfilled.

7. Strengthening Transparency Requirements

- Introduce regular public reporting of gender pay gaps in government-funded sectors, disaggregated by role and service type, and by groups that may be subject to discrimination.



- Create robust mechanisms to review settlements over time—ensuring that pay equity is not achieved once and frozen, but maintained dynamically.

8. Embedding Broader Dimensions of Equity

- Extend pay gap reporting to include ethnic, disability, and rainbow community data, recognising how intersecting exclusions deepen inequities—particularly for wāhine Māori, Pacific women, and migrant women. Disaggregated analysis will strengthen policy responses and reinforce Te Tiriti and inclusion commitments.
- These multidimensional inequities do not exist in isolation; they are compounded by low pay, insecure funding, and limited progression pathways.
- A fit-for-purpose framework must respond to this full spectrum—not gender alone—and uphold Te Tiriti obligations by actively advancing equity for Māori and other historically underserved communities.

13.3. These recommendations set out a comprehensive blueprint to restore integrity, accessibility, and equity to the pay equity framework—particularly for government-funded sectors. Rooted in operational insight and sector realities, the proposals call for structural reform of the Equal Pay Act, sector-responsive mechanisms, robust oversight, transparent funding pathways, and broader dimensions of equity that uphold Te Tiriti o Waitangi. Together, they offer a principled and pragmatic pathway to rebuild a system capable of delivering enduring fairness for undervalued workers and the communities they serve.

14. Conclusion

- 14.1. Te Pai Ora SSPA has been actively engaged in implementing pay equity across the funded sector. We have seen the impact that equitable remuneration can have—lifting pay, stabilising workforces, and affirming the value of community-led services. But we have also witnessed the enduring barriers: structural undervaluation, restricted claim pathways, fragmented funding, and an absence of formal government accountability.
- 14.2. The Equal Pay Amendment Act 2025 introduces additional constraints while removing essential supports. The prior system had flaws—complexity, resourcing burdens, and inconsistent oversight—but it provided a pathway. Simply reinstating it will not suffice.
- 14.3. What is needed now is a principled, pragmatic redesign—one that reflects the Crown’s role as a funder and principal authority in shaping service design, pricing, and workforce expectations, and that supports enduring pay equity across all settings. Evidence confirms that without fit-for-purpose funding solutions, pay equity outcomes are not sustainable.
- 14.4. We urge policymakers to co-design a future framework with those who have operationalised the current system—to ensure reforms work not only in principle, but in practice. Restoring a coordinated funding pathway is essential so that providers can meet obligations without compromising service delivery or workforce integrity.
- 14.5. Pay equity is not a discretionary cost—it is a **constitutional promise of fairness** that must be made enduring, effective, and accessible to all

Pay equity is not a cost pressure is simply a budget line to be managed— it is a constitutional promise of fairness that must be made accessible, enduring, and effective for all.

APPENDIX A

Recommendations Mapped to Identified Systemic Problems

This table links each proposed recommendation to the specific issues outlined throughout the submission, demonstrating how each solution directly addresses the structural, procedural, and equity concerns impacting pay equity progress in the funded sector.

| Recommendation | Responds to Systemic Problem(s) |
|---|---|
| 1. First Principles Review of the Equal Pay Act | Raised evidentiary threshold; restrictive scope and comparator rules; adversarial merit standard; narrow legal interpretation of undervaluation |
| 2. Enabling Sector-Based Approaches to Pay Equity | Fragmented claims process; frozen internal relativities; high resource burden; inaccessible evaluation methods; exclusion of equally undervalued roles |
| 3. Recognising Government as a Party to Funded Sector Claims | Lack of accountability for funding and implementation; disconnect between legal obligations and fiscal responsibility; veto power without formal party status |
| 4. Establishing a Dedicated, Transparent Funding Pathway | Removal of centralised funding mechanism; financial risk to employers; inability to settle or maintain equity without post-agreement negotiation |
| 5. Strengthening Oversight and Accountability | Absence of review mechanisms; diminished ERA authority; lack of implementation audit; inconsistent extension and maintenance processes |
| 6. Simplifying and Resourcing the Process | Procedural complexity; resource burden on small providers; loss of collaborative investigation; reliance on technical expertise; exclusionary thresholds |
| 7. Strengthening Transparency Requirements | Lack of visibility into pay equity outcomes; frozen settlements; inability to track disparities over time; weakened public confidence |
| 8. Embedding Broader Dimensions of Equity | Intersectional disadvantage (ethnic, gender, disability, rainbow); high representation of Māori as service users and workers; unmet Te Tiriti obligations |



APPENDIX B

Roles in the Social Service Workers Claim

Two job families had been identified: Service Delivery Work; and Service Delivery Support Work.

Service Delivery Work performed that directly provides services to clients, whether individuals, family, whanau and locality-based or interest/issue based communities.

Front line service delivery – work delivering services to individuals or groups

Includes roles such as:

- Youth work
- Community development
- Family/whanau work
- Financial mentor
- Foodbank coordination
- Outreach work
- Navigators

Specialist service delivery – work requiring regulatory or professional registration.

Includes roles such as:

- Counselling
- Psychologists
- Child/family therapy

Front line team leaders and coordinators – direct leadership of front-line service delivery staff.

Includes roles such as:

- Team leader
 - Intake co-ordinator
 - Shift supervisor
 - Service coordinator
-

Service Delivery Support work needed to support the delivery of services to clients or client groups. It is largely made up of work that promotes the long term financial, operational sustainability and quality of services of the organisation.

Managers – work responsible for the effective delivery of the organisation's services.

Includes roles such as:

- CEO
- Functional managers eg Finance, Operations
- Service managers, eg clinical services manager
- Regional managers

Service delivery professional support – work to set and monitor standards of practice or delivery.

Includes roles such as:

- Practice manager



- Cultural advisor
- Quality assurance advisors
- Consumer advisor

Specialist business support – work to deliver functional services.

Includes roles such as:

- Payroll staff
- Learning and development advisors
- Management accountant
- Technology support roles

Service delivery operational support – work to maintain physical assets.

Includes roles such as:

- Facilities manager and staff
- Maintenance
- Cooks in residential facilities
- Car fleet manager

Administration – work to provide clerical and administrative services.

Includes roles such as:

- Office support
- EA/PA
- Event co-ordinator

Note: This is a sample of the kinds of roles in the social service workers claim. These roles are not present in all providers. The establishment of roles is dependent on the size of the organisation, nature of the services provided, range of government contracts, community needs and client groups.