



Kia Toipoto

Closing Gender, Māori, Pacific and Ethnic Pay Gaps

Public Service Action Plan 2021-24

Guidance

Ensuring bias does not influence starting salaries

Updated February 2023



Te Kawa Mataaho
Public Service Commission



Manatū Wāhine
Ministry for Women

Te Puni Kōkiri
MINISTRY OF MĀORI DEVELOPMENT

**Ministry for
Ethnic
Communities**
Te Tari Mātāwaka

**Pacific
Peoples**
Ministry for Pacific Peoples



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/entities ensure that bias is not influencing starting salaries. The companion guidance [Ensuring bias does not influence salaries for the same or similar roles](#) will also help agencies/entities to meet the Equitable Pay Outcomes milestone.

Ensuring starting salaries are free of bias and inequity is important – because poor quality decisions at this point can lead to ongoing and unjustified salary discrepancies requiring later correction.

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.

Application

HR managers, appointing managers and others involved in appointments and starting salaries processes are advised to use this guidance when developing salary-setting policies and making starting salary decisions.

Summary of Recommended Action

We recommend agencies/entities implement the following practices if these are not already in place:

- be transparent and engage with employees and unions around the review of starting salary policy and monitoring processes
- use bias-free criteria
- give decision-makers information on recent starting salaries for the same or similar roles
- make decisions within groups
- increase salary transparency
- eliminate high-risk practices
- monitor starting salaries for gender or ethnic differences.



Definitions of terms

Starting salary

In this guidance ‘starting salary’ means the salary set when any candidate (external or internal) is appointed to a new role. It includes salaries set for existing employees who are promoted into a higher salary band/scale.

Bias

The term ‘bias’ is used in this guidance to include both conscious and unconscious assumptions about an individual or group based on stereotypes. These stereotypes can relate to gender, ethnicity, disability and/or membership of a rainbow community, including people who don’t identify as cis-gender. These assumptions influence formal decisions (like recruitment, performance assessments and salary setting), and informal day-to-day decisions (like who is listened to in meetings and how feedback is provided).

Bias-free criteria

Detailed advice on bias-free criteria can be found in the companion guidance on *Ensuring bias does not influence salaries for the same or similar roles*.

Annual Pay Gap Action Plans

Guidance will be released early each year on how to develop annual plans. Data on pay and representation is central to understanding gaps and developing action plans. Agencies/entities should also review the existing 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](#)

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 system involves discretion. The following scenarios will help agencies/entities to decide what level of action to take.

Scenario 1

Agencies/entities that have systems of fixed salaries for entry and progression and clear, bias-free criteria to making these decisions.

Action: If there is any discretion in placing new employees on pay scale, we recommend that these agencies/entities:

- check their criteria to ensure it is consistent with the advice on bias-free criteria in the companion guidance *Ensuring bias is not a factor in salaries for the same or similar roles*
- consider limiting discretion further
- regularly monitor their starting salary data to be satisfied that inequities don't exist, and report on their findings in their Annual Pay Gap Action Plans. Advice and guidance on developing these Plans will be released in April 2022.

Scenario 2

Agencies/entities that already apply policies and practices consistent with this guidance.

Action: If they do not already do so, we recommend that these agencies/entities regularly monitor their starting salary data to be satisfied inequities don't exist and report on their findings in their Annual Pay Gaps Action Plans.

Scenario 3

All other cases, and especially if agencies/entities have broadly defined policies with wider scope for managerial discretion, we recommend that agencies and entities follow this guidance in full.

Recommended Actions in Detail

Be transparent and engage with employees and unions

We recommend agencies/entities proactively engage with unions and women, Māori and Pacific employees, employees from ethnic communities, rainbow communities and disabled employees. Engagement should ensure that the views and opinions of unions and diverse employees contribute to:

- amendments to starting salary criteria, policies, and processes in line with this guidance
- monitoring starting salaries, as recommended in the monitoring section below, within the bounds of the Privacy Act 2020 and agencies/entities' own privacy and confidentiality policies.

Agencies/entities should be guided in their approach to engagement and transparency by:

- Kia Toipoto, which sets an expectation that Māori will participate in action and in monitoring
- the [Gender Pay Principles](#), particularly Principle 5: *Engagement and transparency*
- the principle of employees having easy access to information about the policy changes, criteria being applied to setting starting salaries and monitoring processes.

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



Use bias-free criteria

Bias can influence both the selection of criteria and how criteria are interpreted. We recommend that agencies/entities ensure that starting salaries are set using clear, consistent criteria that are free from bias and recognise and value all relevant skills, knowledge, and experience.

Full advice on setting and interpreting bias-free criteria is included in the companion guidance on *Ensuring bias is not influencing salaries for the same or similar roles*. Agencies/entities should ensure that all HR practitioners and decision-makers understand these criteria in detail. In-depth understanding will ensure decisions are consistent across the agency or entity.

Agencies/entities should also review the ethnic diversity within HR teams and make a plan to strengthen this where necessary in line with the Kia Toipoto focus area: *Te whai kanohi I ngā taumata katoa: Leadership and representation*.

Give decision-makers information about recent starting salaries

Providing this information helps ensure salary proposals are in line with starting salaries across the agency/entity.

Some agencies/entities use an online tool that provides managers with the current median, mean and range of salaries for specific pay bands within a work area.

If agencies/entities don't already have information on starting salaries by role or pay band over the last one or two years, we recommend they begin collecting this information to support appointing managers to set starting salaries in the future.

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Make decisions in groups

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

Agencies and entities may establish their own process to meet this aim, such as:

- having appointment panels recommend starting salaries, alongside their appointment recommendations
- establishing a process where appointing managers recommend starting salaries to two or three other managers (including one from another part of the organisation).

In all cases, we recommend salary proposals are supported by evidence and are then reviewed by HR to check that these are:

- in line with bias-free appointment and starting salary criteria
- consistent with starting salaries for these roles or pay bands across the agency/entity.

“Pay ranges are not readily available for managers. It seems to be this big, huge secret. I don’t know if I am paid fairly or equitably as this information is not shared by my employer.”

– Wāhine Māori public servant

Increase salary transparency

Increasing salary transparency will help ensure that all salaries are fair and equitable and are seen to be so by all groups of employees. Agencies/entities should be guided in their approach to salary transparency by the [Gender Pay Principles](#) and the [Government Workforce Policy Statement](#).

We recommend that advertisements for roles include the salary range for the role. If there are additional pay benefits, we recommend these are also made clear during the recruitment process. Making salary information available will not only increase transparency and fairness, but also help agencies and entities to establish the value proposition for roles.

Employees who are concerned that gender, ethnic or any other forms of bias may have affected their starting salary may raise their concerns at any time. Agencies/entities should

inform new appointees of this review processes on appointment. Where a new appointee requests such a review, agencies and entities can demonstrate fairness by providing starting salaries set for the same or similar roles over the previous year, if this doesn’t breach the privacy of individuals.

“It’s a job that’s been given and I don’t negotiate! Offers have been sufficient and ‘good enough’ – so I accept. I really haven’t had the information to know if the offer is fair enough [or not fair]!”

– Pacific man public servant

“For a Māori person it is hard to negotiate. It is totally against that humility side of Māori. I do it for everybody else but not myself! I just...accept the offer.”

– Wāhine Māori public servant

Eliminate high-risk practices

Tighten parameters for decision-making

If they haven’t already, agencies and entities can:

- limit the range of starting salary options available
- narrow the position in range within which starting salaries should be set, OR
- establish a system of fixed salaries for entry.



Remove salary negotiation from the process

If negotiation is part of the salary setting process, candidates who do not negotiate or have lower salary expectations are likely to be disadvantaged.

Gender, ethnicity, and culture influence negotiation, as do bias and discrimination. Women, Māori, Pacific and ethnic employees are less likely than European men to negotiate their salaries. And when they do, their salary outcomes are poorer. In addition, when members of these groups negotiate, they run the risk of being viewed negatively. Cultural norms around advocating for oneself or discussing salary/money also work against members of many cultures.

“I have been told by European male colleagues to accept my lower starting pay and to be grateful to have a job. It’s not about greed, it is about fairness.”

– Asian woman public servant

Part-time and flexible working have traditionally been viewed as a concession by employers. Negative biases can mean that employees working flexibly, or wanting to work flexibly, avoid asking for higher pay, because they are concerned they will be considered ungrateful or less valuable than employees working traditional hours. We recommend agencies/entities remove negotiation from the salary setting process. If negotiation remains part of the process, agencies/entities should reduce the risks involved by:

- providing decision-makers with the existing midpoint and range of salaries for this role, as recommended above, so they have an objective benchmark for recommending salaries
- informing candidates in advance that negotiation is expected or welcomed, so candidates can prepare their negotiation position in advance

“Pay has always been a sore point. I have never negotiated. I have had a number of roles, and I have accepted the pay I have been offered. It is my cultural norms. Then I find out that another person doing the same role – who has less experience than me – is getting paid way more than me – and that is really saddening!”

– Indian woman public servant

- providing candidates with the salary range for the job and the criteria that will be applied, so they understand the salary parameters within which they can negotiate
- acknowledging a candidate's participation in the negotiation process, to help build their confidence about negotiating in the future
- supporting managers to respond if candidates express pay expectations above those of other employees in this role.

Don't benchmark starting salaries to previous salary

If decision-makers are influenced by the previous salary of a candidate, they risk perpetuating any inequity that candidate has experienced in their previous role.

Agencies/entities can reduce this risk by:

- establishing a policy that current or previous salary will not be requested from candidates
- providing decision-makers with the existing midpoint and range of salaries for this role, as recommended above.

Starting salary policies that advantage some groups over others

Practices (such as applying market supplements or premiums, placing external hires higher on bands/scales than internal

hires, and uncritically responding to candidates' high salary expectations), can unintentionally:

- create salary discrepancies between employees within the same or similar roles that will need later correction
- drive high staff turnover by creating incentives for staff to seek other positions.

Creating incentives for staff to seek other positions also disadvantages groups less likely enter the employment market, especially those that face bias and discrimination in this market.

Agencies/entities should be aware of the potential downstream consequences of such practices. Taking the actions recommended above will mitigate this type of risk. Agencies/entities can also mitigate these risks by ensuring that:

- bias-free salary criteria are applied consistently to internal and external hires
- any market adjustments are based on credible market data and made across a band, rather than to individual salaries
- any market supplements or premiums are time limited, to enable adjustments to be made as the market changes.

Agencies/entities can also follow the recommendations in the accompanying guidance on *Ensuring bias doesn't influence salaries within the same or similar roles*. This guidance outlines how agencies and entities can identify and correct any anomalies between the salary of employees and their comparably skilled and experienced colleagues in the same or similar roles.

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 Principle 2: *Transparency and Accessibility* and 5: *Sustainability*).

We recommend that agencies do the same with this guidance.

More detail can be found in the accompanying guidance on *Ensuring bias does not influence salaries for the same or similar roles*. For instance, 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 or entity.

Monitor starting salaries

Monitoring starting salaries will enable agencies/entities to be confident that decisions are fair and consistent. It also sends a clear message to all employees that fairness and equity is important. Agencies/entities should consider more regular checking of starting salaries in the first year or two after implementing the recommendations in this guidance – to be confident that the new approaches are working as intended.

The number of new hires into the same or similar roles may be too small over the course of a single year to allow for robust comparisons between different gender and ethnic groups (i.e. at least 20 new hires from each comparison group).

However:

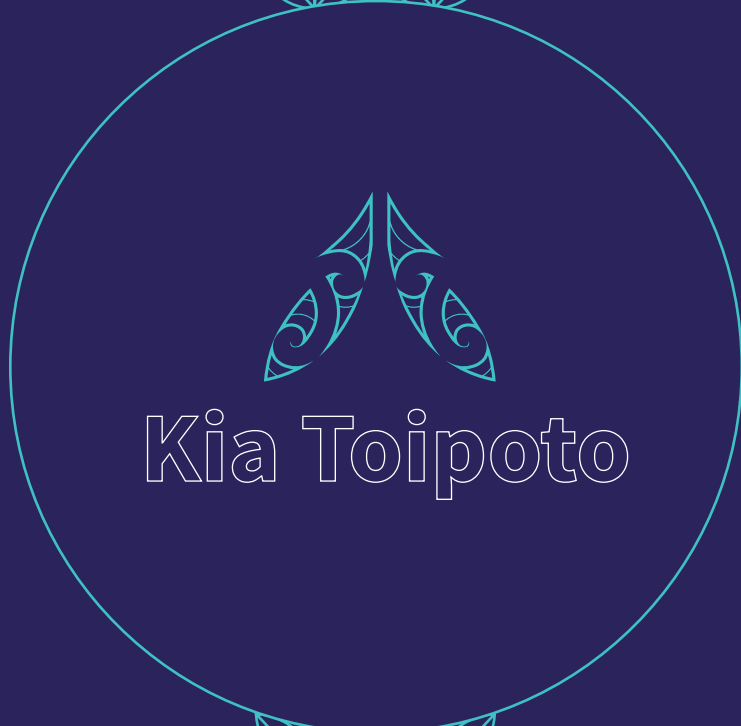
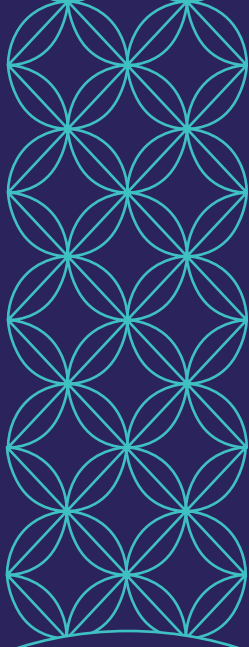
- Agencies/entities can check whether, across the whole agency, there is a pattern of some groups being appointed lower in bands/scales than other groups, which may indicate that bias exists in policies and/or decision-making.
- Some large agencies may be able to compare average starting salaries for different groups in the same or similar roles over the course of one or more years.
- Agencies/entities can spot check a sample of starting salaries against bias-free criteria as part of their preparation for developing their annual pay gaps action plans.

If monitoring shows discrepancies between groups or between policy and practice, agencies/entities should:

- undertake a fuller review of individual cases
- correct salaries where they are lower than they should be (see the companion guidance on *Ensuring bias doesn't influence salaries within the same or similar roles*)
- refresh managers and other decision-makers on starting salary policy and criteria.

Alternatively, agencies/entities can consider limiting the number of starting salary options or moving to a system of fixed salaries for entry.





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