

berl

Gender Income Gap

Local Government

Pipiri 2020

www.berl.co.nz

Author: Hannah Riley

All work is done, and services rendered at the request of, and for the purposes of the client only. Neither BERL nor any of its employees accepts any responsibility on any grounds whatsoever, including negligence, to any other person.

While every effort is made by BERL to ensure that the information, opinions and forecasts provided to the client are accurate and reliable, BERL shall not be liable for any adverse consequences of the client's decisions made in reliance of any report provided by BERL, nor shall BERL be held to have given or implied any warranty as to whether any report provided by BERL will assist in the performance of the client's functions.

Making sense of the numbers

The gender pay gap is a high-level indicator of the difference between women and men's earnings. The Ministry for Women's research shows that the gender pay gap is complex. Ministry for Women's research also highlights that some groups of women experience greater inequality because race, age, sexuality, and disability etc. But these challenges should not deter New Zealand from confronting and combating the income gap, as it is important mahi. Reducing the income gap would create a more inclusive New Zealand, and would positively impact on the social, economic, environmental and cultural wellbeing of our communities.

Business and Economic Research Limited (BERL) completed this research as part of a series of topics exploring Census 2018 data. This evidence based research can assist Local Government to consider the impact of the gender income gap and ethnic income gap on its communities' wellbeing. The report is also a call to action to Local Government to lead the way with equality within its workforce, as this may have flow-on effects in its community. The report analysis's census data to understand the gender income gap and ethnic income gap at high level in New Zealand and Local Government.

According to the Census 2018, the average total income for employed females in New Zealand was \$46,018, and the average total income for employed males was \$63,055. Therefore, the gender income gap was \$17,037 for employed people.

Ministry for Women's research shows that the overall gender pay gap can also mask important differences in outcomes for groups of women. For instance, Māori and Pacific women have lower rates of pay compared to both women and men of other ethnicities. The 2018 Census exhibited that employed Māori females have an average total income of \$39,100.

At Local Government level, the average gender income gap was \$19,831 for employed people. This was slightly more than the national gender income gap. For Local Government Chief Executives, General Managers and Legislators the gender income gap was \$22,091.

We unfortunately do not have data available to show the gender and ethnic income gap. However, as the Local Government's gender income gap follows the pattern of the wider New Zealand gender income gap (albeit the gender income gap was slightly more in Local Government), and without any evidence of Local Government's ambition to squash the gender and ethnic pay gap, it is reasonable to assume that Local Government's gender and ethnic income gap follows the same pattern as New Zealand's gender and ethnic income gap. On this basis, the report concludes that certain ethnicities in Local Government face two pay gaps: the gender pay gap and the ethnic pay gap. More information on the ethnic pay gap can be found in our report that was created in partnership with Ngāi Tahu, called Change Agenda: Income equity for Māori.¹

¹<https://www.berl.co.nz/sites/default/files/2019-11/Tokona%20te%20Raki%20-%20Income%20Equity%20for%20Maori.pdf>

Contents

1	Introduction.....	3
1.1	Scene set.....	3
1.2	Methodology.....	4
2	New Zealand’s gender income gap.....	5
3	Local Government gender income gap.....	7
4	Conclusion	11

Tables

Table 2.1	Breakdown of workforce and population.....	6
Table 3.1	Female and male workforce size and average income	7

Figures

Figure 1.1	Gender pay gap percentage since 1998	3
Figure 2.1	Average total incomes of employed females and males	5
Figure 2.2	Percentage of the male and female workforce in each income bracket.....	5
Figure 2.3	Ethnicity and gender income gap.....	6
Figure 3.1	Number of female and male workforce in each income bracket	7
Figure 3.2	Number of female and male Local Government workforce in each occupation	8
Figure 3.3	Female and male average income in each occupation of the Local Government.....	9
Figure 3.4	Ethnicity and gender pay gap for urban and regional planner	10

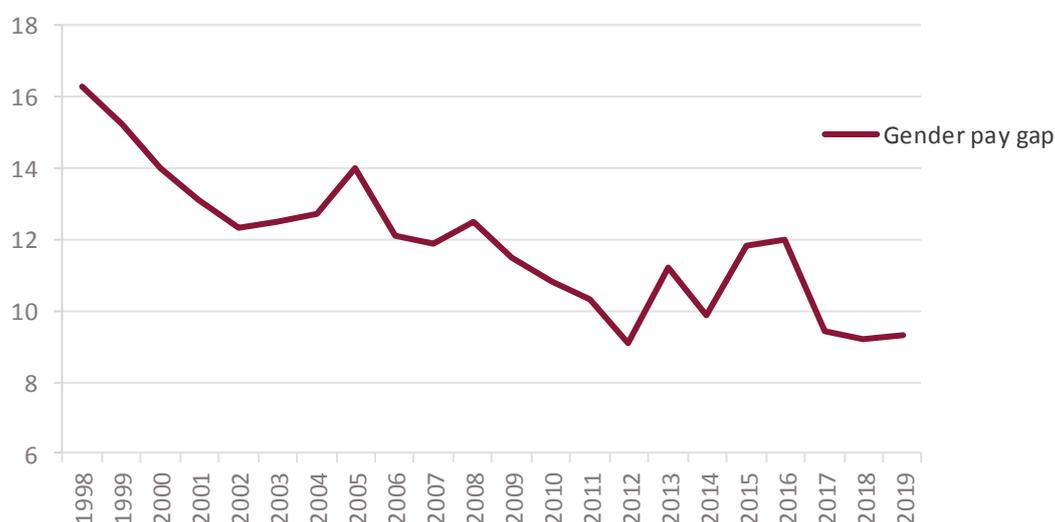
1 Introduction

Business and Economic Research Limited (BERL) completed this research as part of a series of topics exploring Census 2018 data. This report analyses the pay gap at national level as well as for Local Government. This evidence based research can assist Local Government to consider the impact of the gender pay gap and ethnic pay gap on its communities' wellbeing.

1.1 Scene set

The gender pay gap is a high-level indicator of the difference between women and men's earnings.² According to the methodology used by Statistics New Zealand,³ the gender pay gap was 9.3 percent for the 2019 year. Figure 1.1 illustrates Statistics New Zealand's calculation of the gender pay gap since 1998. It highlights that the gender pay gap has decreased since 1998 (16.3 percent), but that it has plateaued since 2017.

Figure 1.1 Gender pay gap percentage since 1998



The overall gender pay gap masks important differences in outcomes for specific groups of women. For instance, Māori and Pacific women have lower rates of pay compared to both women and men of other ethnicities.

The Ministry for Women's research shows that the gender pay gap is complex; factors such as differences in education, the occupations and industries that men and women work in, or the fact that women are more likely to work part-time only explain around 20 percent of the current gender pay gap. The majority (80 percent) of the gender pay gap is now driven by what the research calls "unexplained" factors. These are the harder to measure factors, like conscious and unconscious bias impacting negatively on women's recruitment and pay advancement, and differences in men's and women's choices and behaviours.

² <https://women.govt.nz/work-skills/income/gender-pay-gap>

³ It compares the median hourly earnings of women and men in full and part-time work.

More information on this research, as well as information on closing the gender pay gap can be found on the Ministry of Women's website.⁴

1.2 Methodology

1.2.1 Data

This report uses the following data:

- 2018 Census from Statistics New Zealand
- 2013 Census from Statistics New Zealand

1.2.2 Assumptions

This report has made the following assumptions:

- The Census data provides total income rather than pay. Although these figures are usually the same, this is not always true. Therefore it is important to note that this report is based on total income, not pay.
- The method used to calculate average income was to use the midpoints of each Statistics New Zealand income band and assume a normal distribution within each income band.

⁴ <https://women.govt.nz/work-skills/income/gender-pay-gap>

2 New Zealand's gender income gap

According to the Census 2018, the average total income for employed females in New Zealand was \$46,018, and the average total income for employed males was \$63,055. Therefore, the gender income gap was \$17,037. According to the 2013 Census, the gender income gap was \$16,878. Therefore, average gender income gap has increased since 2013 by \$159. This is shown in Figure 2.1.

Figure 2.1 Average total incomes of employed females and males

Income (\$)	2018		2013	
	Female	Male	Female	Male
	46,018	63,055	41,447	58,325

Figure 2.2 shows the percentage of the male and female workforce in each income bracket. It highlights that males were more likely to earn in the higher income brackets and females were more likely to earn in the \$50,000 or less income brackets. The percentage of the male workforce earning \$50,001 or more was 54 percent, and only 35 percent of the female workforce. This means that 65 percent of the female workforce earned less than \$50,000.

Figure 2.2 Percentage of the male and female workforce in each income bracket

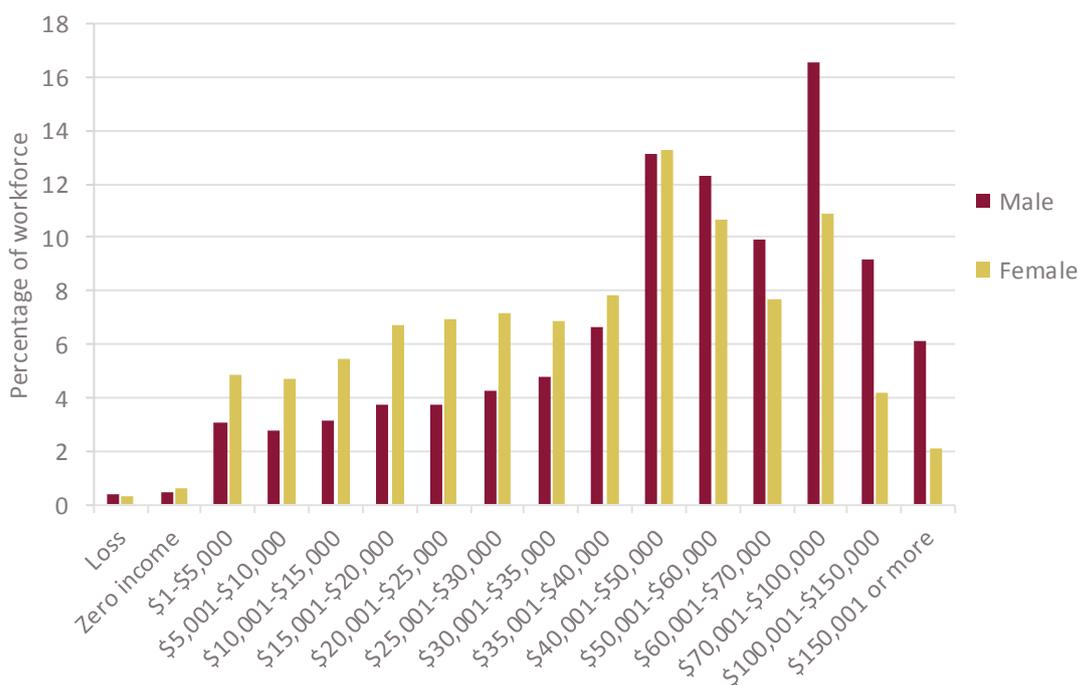


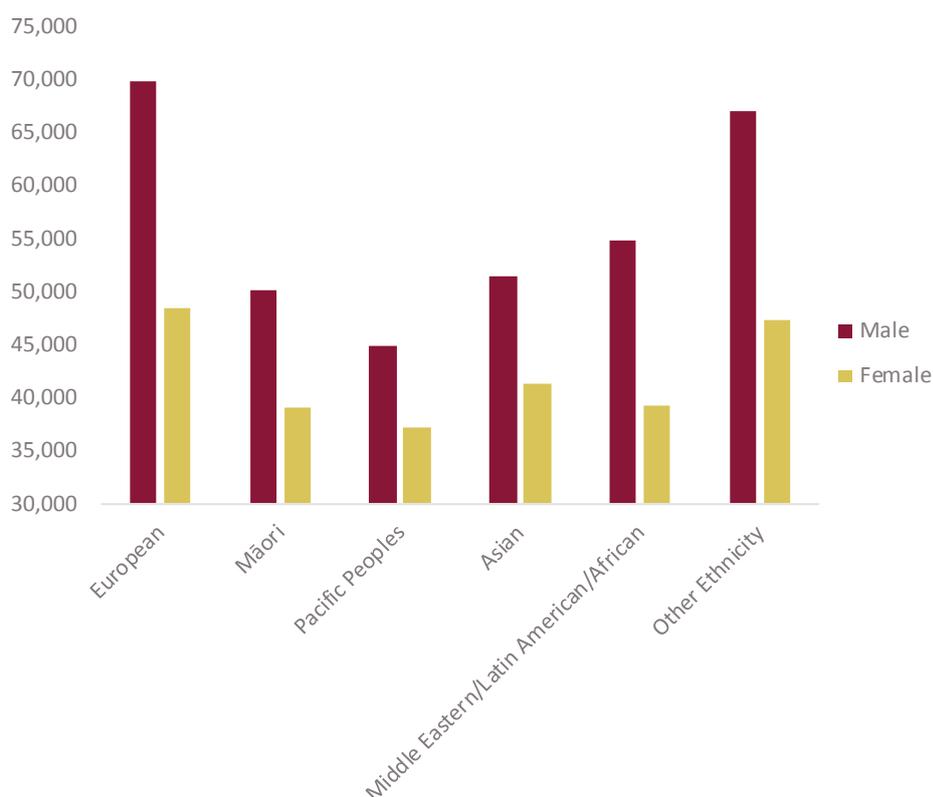
Table 2.1 shows the breakdown of workforce and population by gender. It highlights that 60 percent of the female population was in the workforce, compared to 70 percent of the male population.

Table 2.1 Breakdown of workforce and population

	2018		2013	
	Female	Male	Female	Male
Workforce	1,158,711	1,286,430	954,450	1,046,559
Population	1,930,260	1,846,107	1,754,574	1,621,842
Percentage of population in workforce	60	70	54	65

Figure 2.3 graphs the average incomes for employed females and males in each ethnicity group; it highlights that some ethnicities' gender income gap is exacerbated by the ethnic income gap. As at the 2018 Census, European men have the highest average total income overall, and that European women are have the highest income for females. Māori males earn \$50,200 on average; this was approximately \$20,000 less that European men and only slightly more (\$1,700) than European females. It also highlights that the lowest earners were Pacific Peoples females, followed by Māori females.

Figure 2.3 Ethnicity and gender income gap



3 Local Government gender income gap

The Local Government workforce was 54 percent female. Of the female workforce, 69 percent earned between zero income and \$70,000. While 69 percent of the male workforce earned \$60,000 or above. This difference is highlighted in Figure 3.1.

The average gender income gap in Local Government was \$19,831. This has decreased from \$20,454 (\$690) since the 2013 Census. This is shown in Table 3.1.

Table 3.1 Female and male workforce size and average income

	2018		2013	
	Female	Male	Female	Male
Workforce	15,066	12,966	9,075	8,703
Average income (\$)	62,115	81,946	57,488	77,861

Figure 3.1 Number of female and male workforce in each income bracket

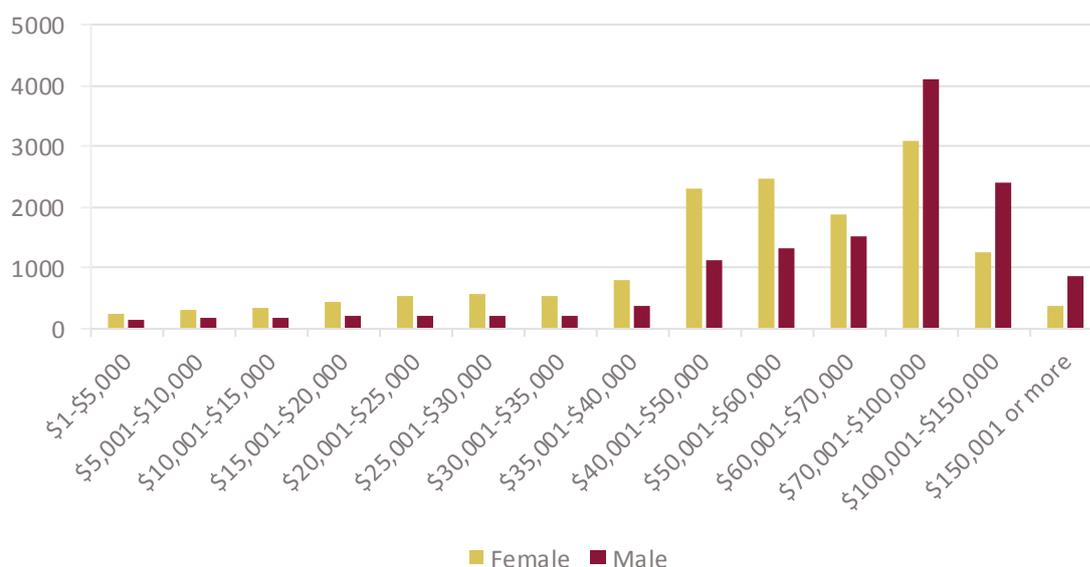


Figure 3.2 shows the number of female and male Local Government workforce per occupation and Figure 3.3 shows the average income for female and male in each occupation. These graphs show that the chief executives, general managers and legislations workforce in Local Government consists of 1,161 males and 828 females, and that the males earn on average \$117,526, and females earn \$95,435 on average, an income gap of \$22,091.

Figure 3.2 Number of female and male Local Government workforce in each occupation

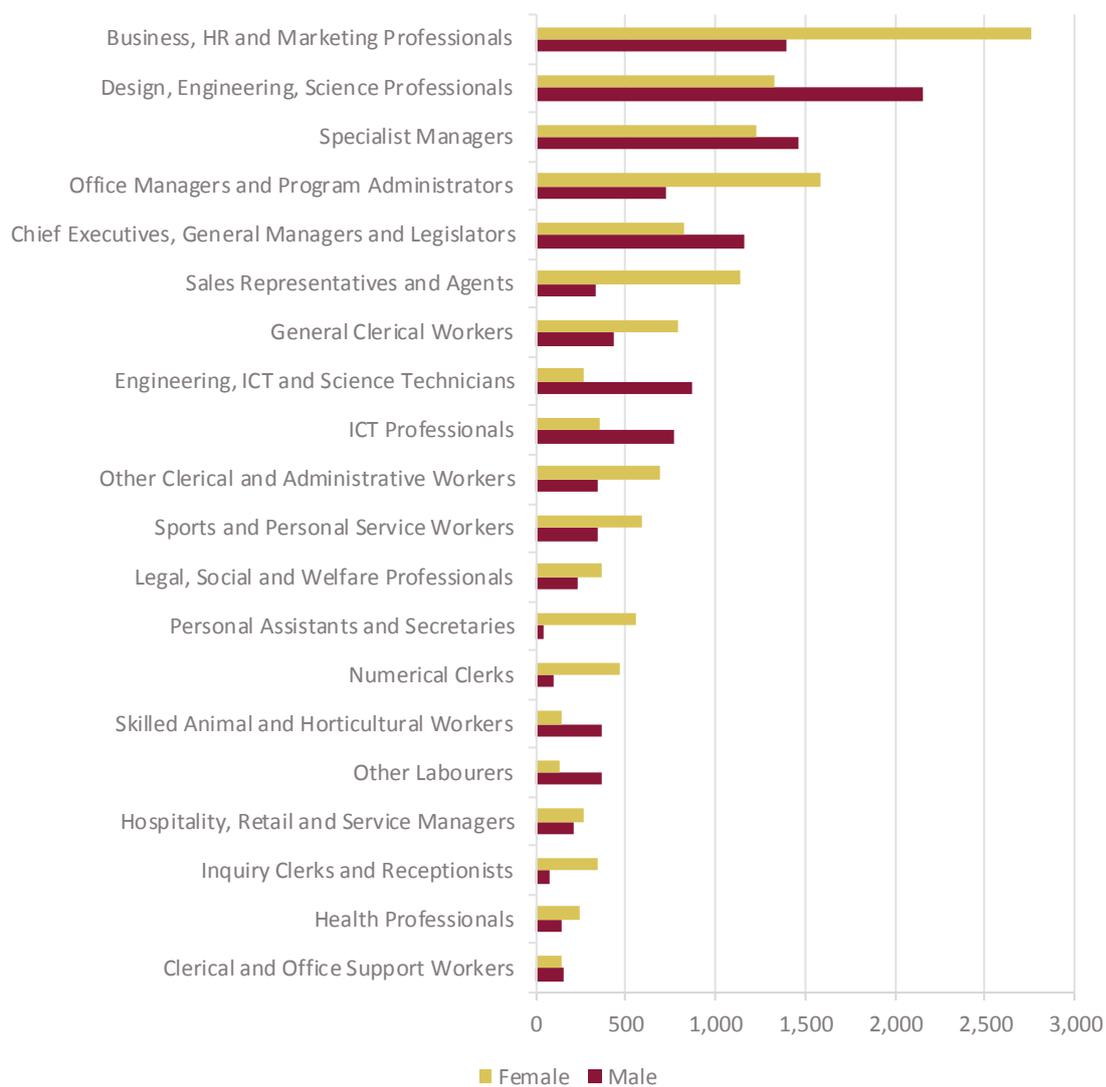
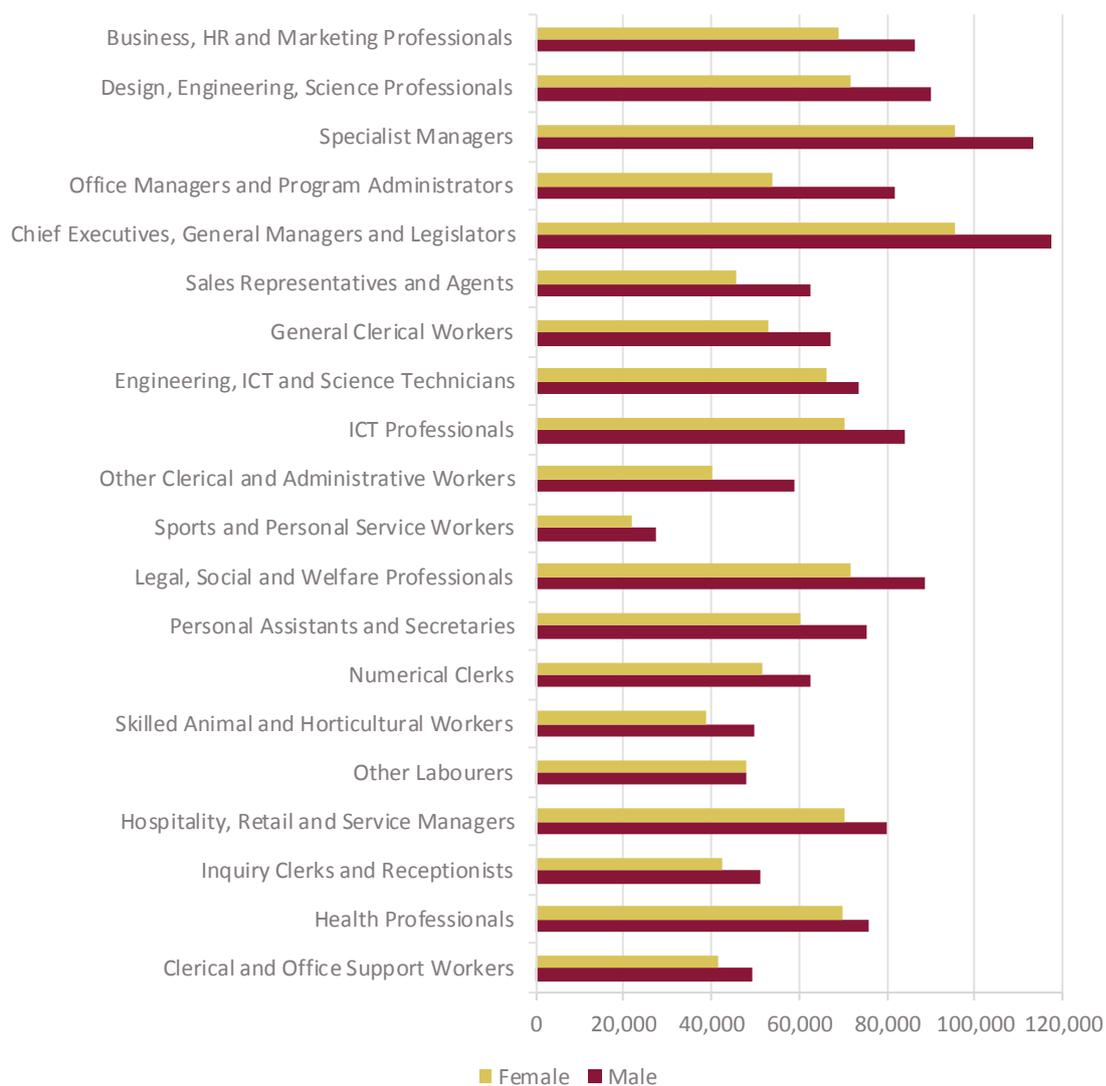


Figure 3.3 Female and male average income in each occupation of the Local Government



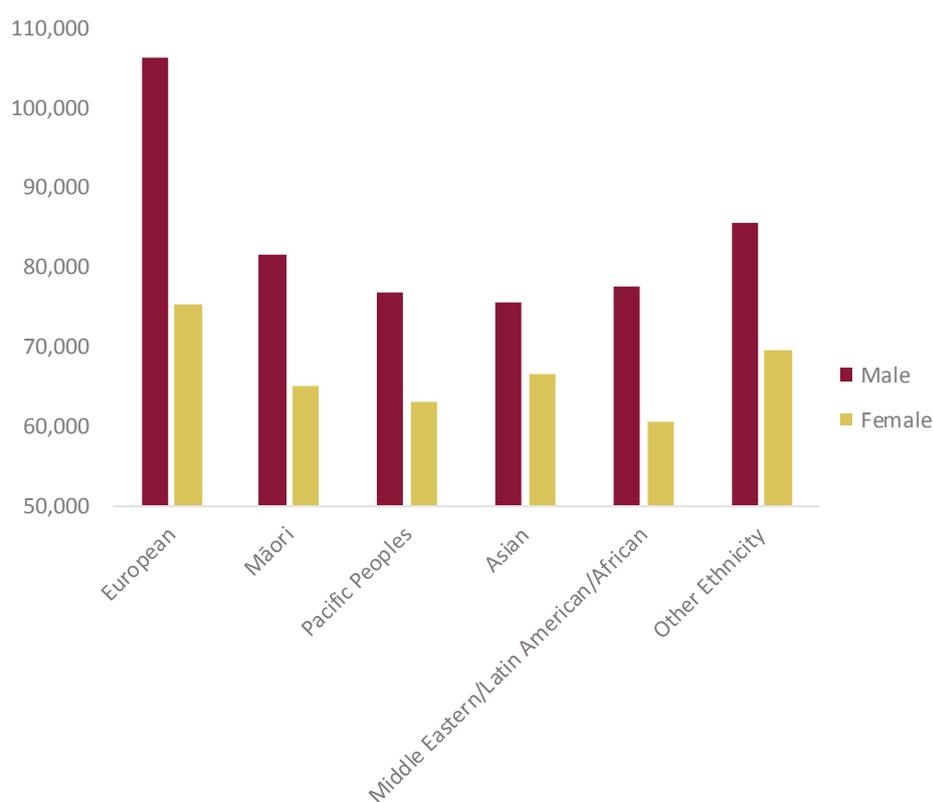
Local Government’s gender pay gap follows the same pattern as the wider New Zealand gender pay gap, although the gender pay gap was slightly bigger in Local Government.

Unfortunately, BERL did not have access to the ethnic and gender income gap data at Local Government level. As such, it has been assumed that the ethnic and gender income gap follows a similar pattern at Local Government level as it does in New Zealand as a whole.

To further understand what the ethnic and gender income gap may look like in Local Government, we have looked at an occupation that Local Government heavily employs. Local Government employees 1,176 urban and regional planners, and with 9,030 urban and regional planners in New Zealand, the Local Government employs 13 percent of this workforce. Figure 2.3, shows that within this occupation the patterns were no different than the overall income gaps identified in this report. Also, it shows that certain ethnicities face two income gaps: the gender income gap and the ethnic income gap.

More information on the ethnic pay gap can be found in our report that was created in partnership with Ngāi Tahu, called Change Agenda: Income equity for Māori.⁵

Figure 3.4 Ethnicity and gender pay gap for urban and regional planner



⁵<https://www.berl.co.nz/sites/default/files/2019-11/Tokona%20te%20Raki%20-%20Income%20Equity%20for%20Maori.pdf>

4 Conclusion

The report highlights that there is a significant gender income gap in New Zealand; the gender income gap was \$17,037 for employed people according to the Census 2018. Ministry for Women's research shows that the overall gender pay gap can also mask important differences in outcomes for groups of women. The findings of the report supports this statement as European females earned an average total income of \$48,500, and the lowest earners were Pacific Peoples females, followed by Māori females who had an average total income of \$39,100.

At Local Government level, the average gender income gap was \$19,831 for employed people. This was slightly more than the national gender income gap. The report concluded that Local Government's gender and ethnic income gap follows the same pattern as New Zealand's gender and ethnic income gap. On this basis, the report concludes that certain ethnicities in Local Government face two pay gaps: the gender pay gap and the ethnic pay gap.

Confronting and combating the gender pay gap and the ethnic pay gap is important; reducing these pay gaps would create a more inclusive New Zealand, and would positively impact on the social, economic, environmental and cultural wellbeing of our communities. This evidenced based research can assist Local Government to consider the impact of the gender income gap and ethnic income gap on its communities' wellbeing. There is an opportunity for Local Government to lead the way with equality within its workforce, and this may have flow-on effects for wellbeing in its community.