

MEMBER UPDATE

Pay Equity Amendment Act 2025

Date: 21 May 2025

On Tuesday 6 May the Government announced its decision to make significant and immediate change to the Equal Pay Act and the related pay equity claims process. The changes were introduced in an Amendment Bill and passed under urgency on Thursday 8 May. The Equal Pay Amendment Act 2025 received Royal Assent on Friday 9 May

You can read the media release with the announcement [here](#). You can access the [cabinet paper](#) and high level [fact sheet](#) too. You can read Platform's full media release [here](#).

The proposed changes that came into effect on Friday 9 May include the discontinuation of existing pay equity claims that are not yet settled (33 claims), including those lodged with the Employment Relations Authority. A full list of current claims can be found at the end of [this article](#). In our case this means the first claim involving 15 employers lodged in July 2022, the second claim involving about 135 employers lodged in November 2023 and the third claim involving about 114 employed are discontinued. The ERA hearing which was scheduled to take place in August 2025 will not go ahead. The new Act limits the ERAs ability to fix wage rates by removing the prior requirement for a 'reasonable period to elapse'.

Other changes include:

- Raising the threshold for initiating a new claim from 60% to 70% for predominantly female workers.
- Requiring employers or unions to provide evidence when raising a claim to show that it has 'merit'. The prior low-level test of 'arguability' is gone. The new merit requirement introduces a higher bar for claims to proceed and allows employers to potentially stop the claim going ahead where employers believe the claim has no merit, resulting in the claim being immediately discontinued.
- A new 'hierarchy' of steps for choosing comparators – including a requirement to choose one in 'close proximity' to the employer where possible
- Removing the review requirement for future pay equity settlements.
- Introducing a 10-year period before any new claims can be raised for the same workers covered in a settlement – if it is considered necessary and supported by evidence of ongoing gender-based undervaluation. We understand that as the last pay equity wage rates for support workers were set in legislation in 2017, a new claim can only be initiated in 2027 and 2028 for support workers in our sector. This is still being verified.
- The scope of new claims can only include workers performing 'the same or substantially similar' work which means bigger claims, including a wider range of roles, is no longer allowed

What we know right now and the immediate steps we propose to take are as follows:

1. The legal team for the 15 employers in the original claim and the team representing Emerge and Pathways filed in the ERA a notice of discontinuance as the ERA no longer has jurisdiction to proceed with hearing about the Unions application. The ERA has confirmed that the scheduled hearing is vacated and no further action on the previously issued directions is required.
 2. A complete pause in all support workers' pay equity work or activity. All employer steering groups meeting and joint meetings with unions are cancelled.
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3. All information gathered by employers in all three claims will be kept in a secure repository. This can be accessed in future as the new Act allows work assessments conducted previously to be used.
4. We are assessing options available to us to advocate to Health NZ and Government by showing potential impact to our mental health and addition NGO and community sector.
5. Unions are assessing what steps and options are available to them beyond running campaigns and protests.
6. Budget 2025 is Thursday 22 May. We will wait to see whether there is any financial provision, either one off ongoing or as part of the contract funding CPI uplift to enable an increase to support workers' wage rates.

We are deeply disappointed by this decision, which has far-reaching implications and disregards the extensive work and evidence provided by the sector to demonstrate the systemic undervaluing of our workforce. These abrupt changes risk undermining workforce and service stability at a time of increasing service demand. We are particularly concerned about what we consider to be an abuse of a Parliamentary process, including the lack of inclusion of an impact regulatory and risk assessments in the cabinet paper, the lack of sector engagement prior to these changes being introduced and the fact that the bill has been fast-tracked under urgency through Parliament.

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