

Who Earns More and Why? New Zealand's Ethnic Communities Pay Gaps Revealed

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**NEW ZEALAND POLICY
RESEARCH INSTITUTE**
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Acknowledgement

This research was commissioned by the Ministry for Ethnic Communities. We are grateful for their support and commitment to better understanding the experiences of Ethnic Communities in Aotearoa.

Disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD) which is carefully managed by Stats NZ. For more information about the IDI and LBD please visit <https://www.stats.govt.nz/integrated-data/>.

Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers.

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.



Why Do We Care about Ethnic Communities Pay Gaps?

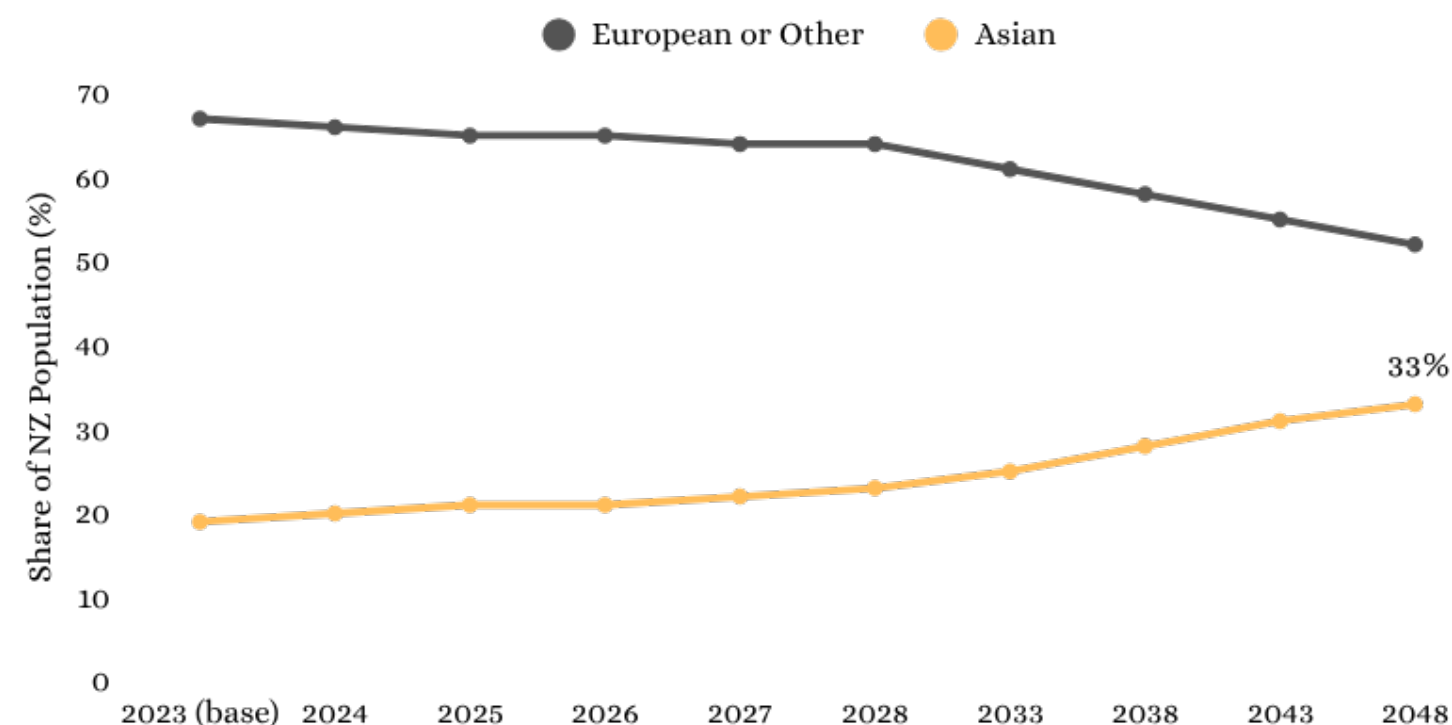
Policy anchor

MEC's Strategy 20222025

A pathway to an Aotearoa New Zealand where ethnic communities feel at home

Priority 03 :

Develop and support initiatives to improve economic outcomes, including addressing barriers to employment

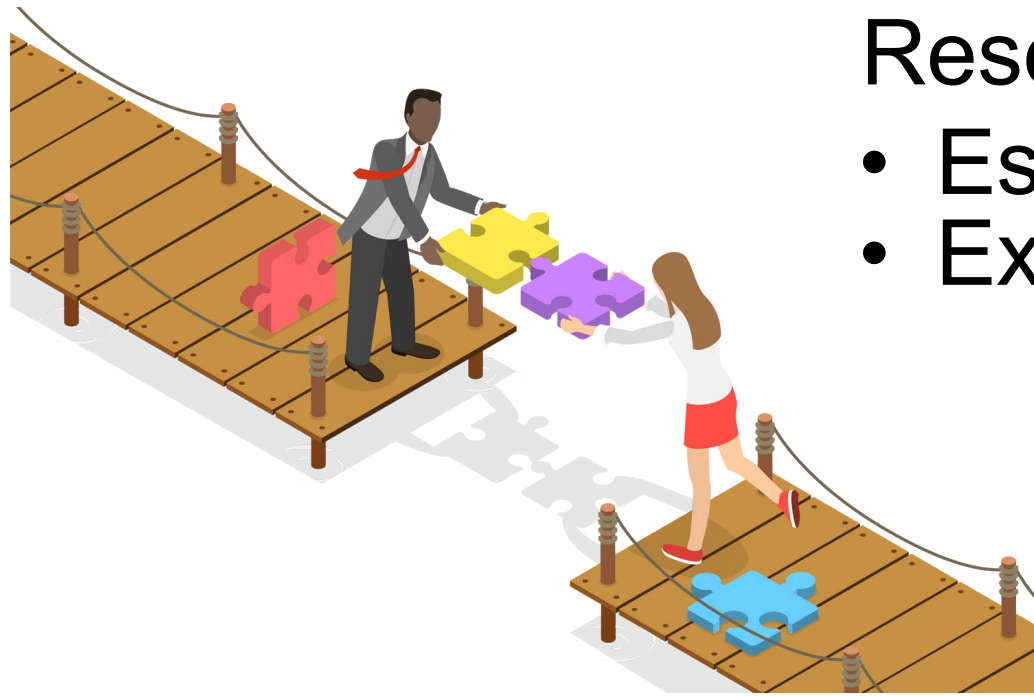


Core reasons

- Ethnic Communities share of NZ population is growing 

- Pay gaps = unfair pay 

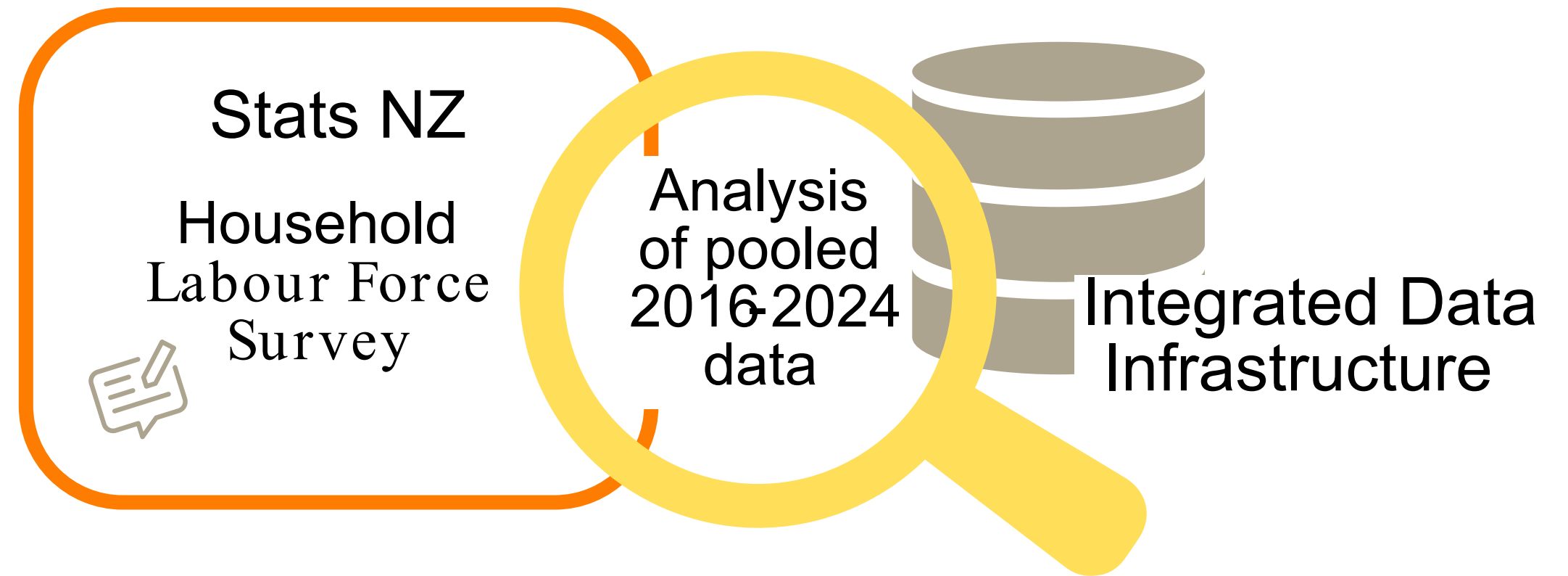
- Wasted talent = weaker economy 



Research aims to:

- Estimate pay gaps among Ethnic Communities in New Zealand.
- Explore factors contributing to these pay gaps.

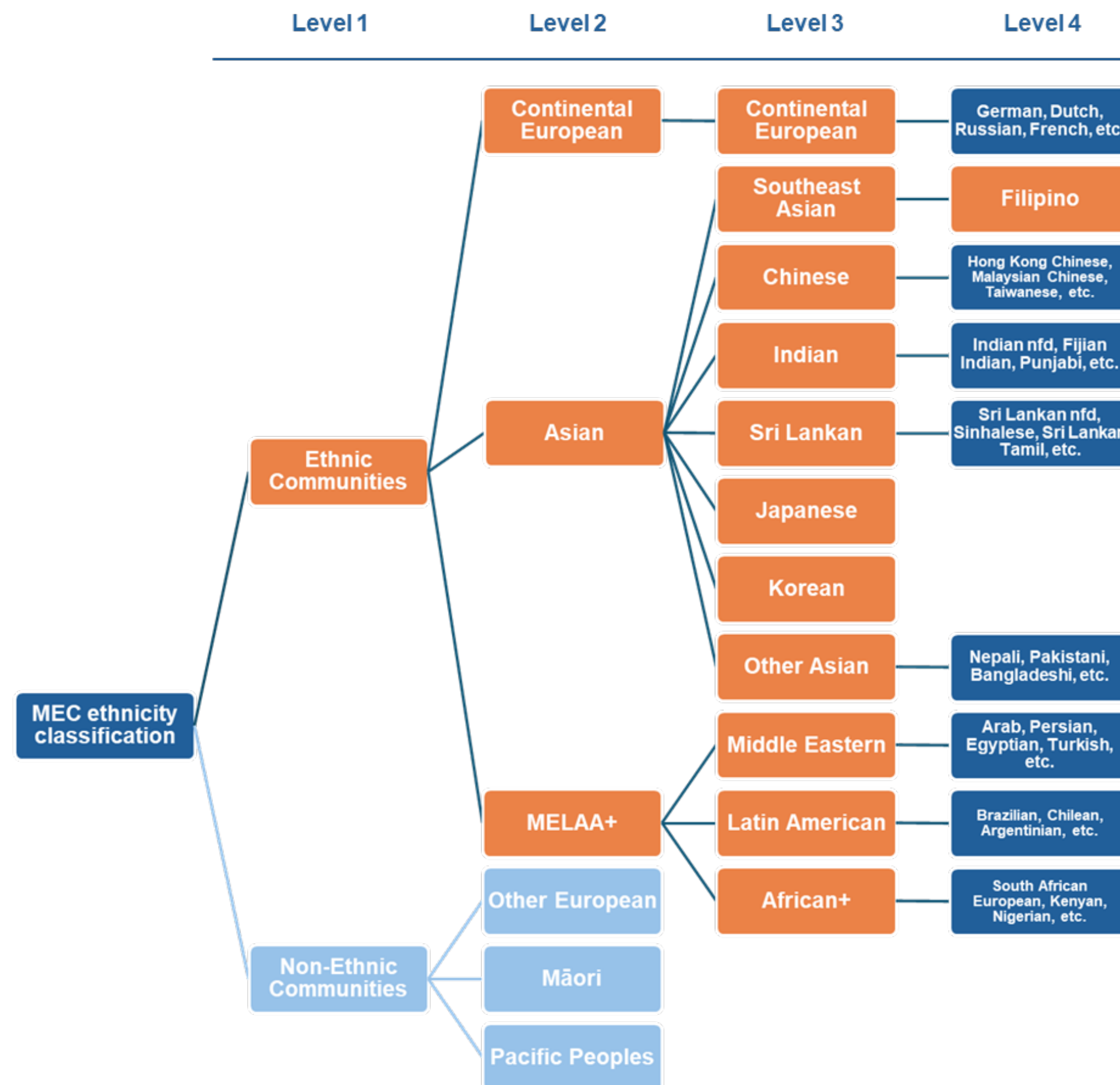
Data sources



The pay gap is the percentage difference between the average hourly pay of sole NZ Europeans and that of an ethnic community

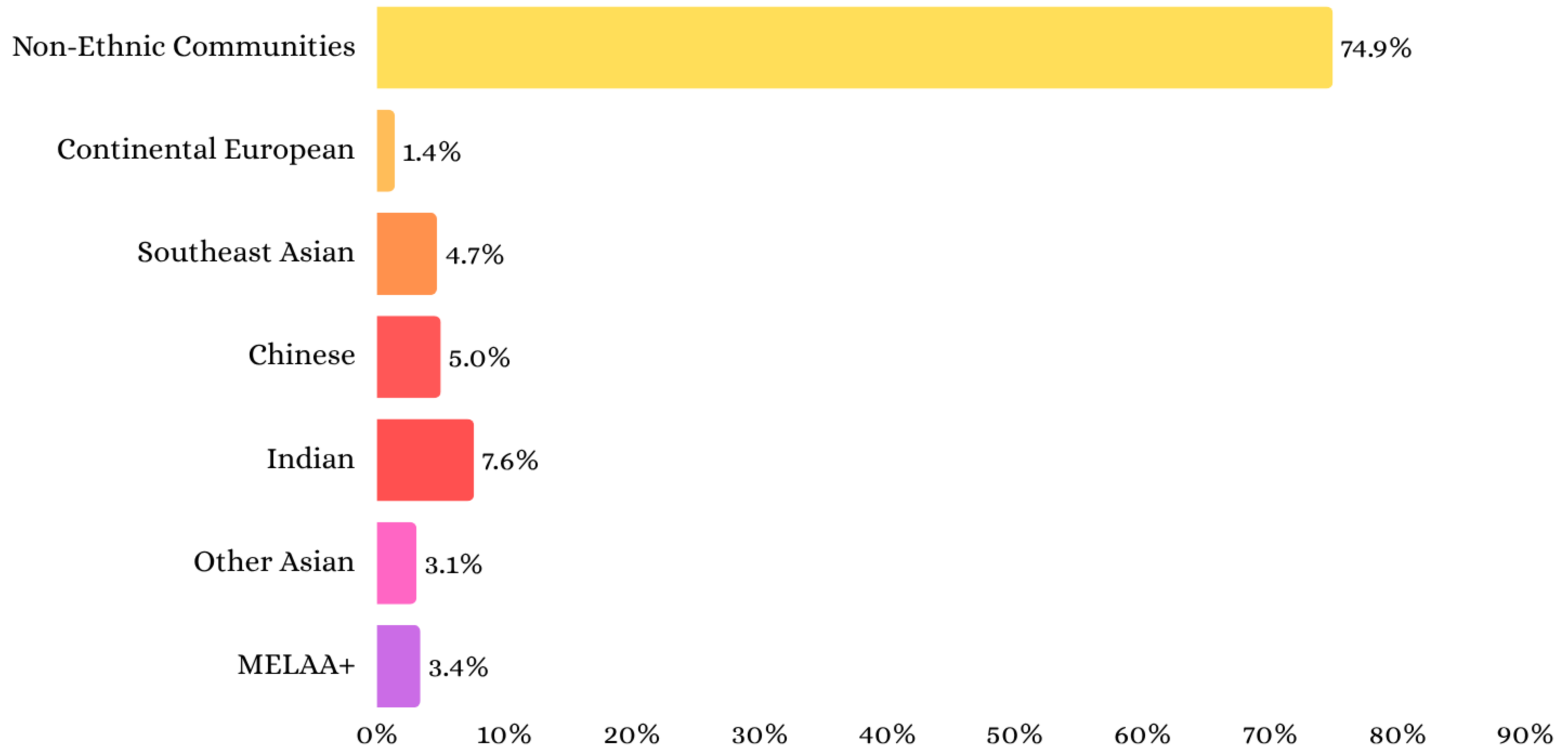


Ministry for Ethnic Communities' ethnicity classification





Share of the 2025 working-age labour force by Level 2 Ethnic Communities



Source: Ministry of Business, Innovation and Employment. (2025). Ethnic Communities labour market statistics snapshot – June 2025.

Pay Gap



Compared to NZ Europeans

Ethnic Communities earn
7.2%
less per hour on average



Among Ethnic Communities

Continental
Europeans



1.5%
more

MELAA+



0.6%
more

Compared to
NZ
Europeans



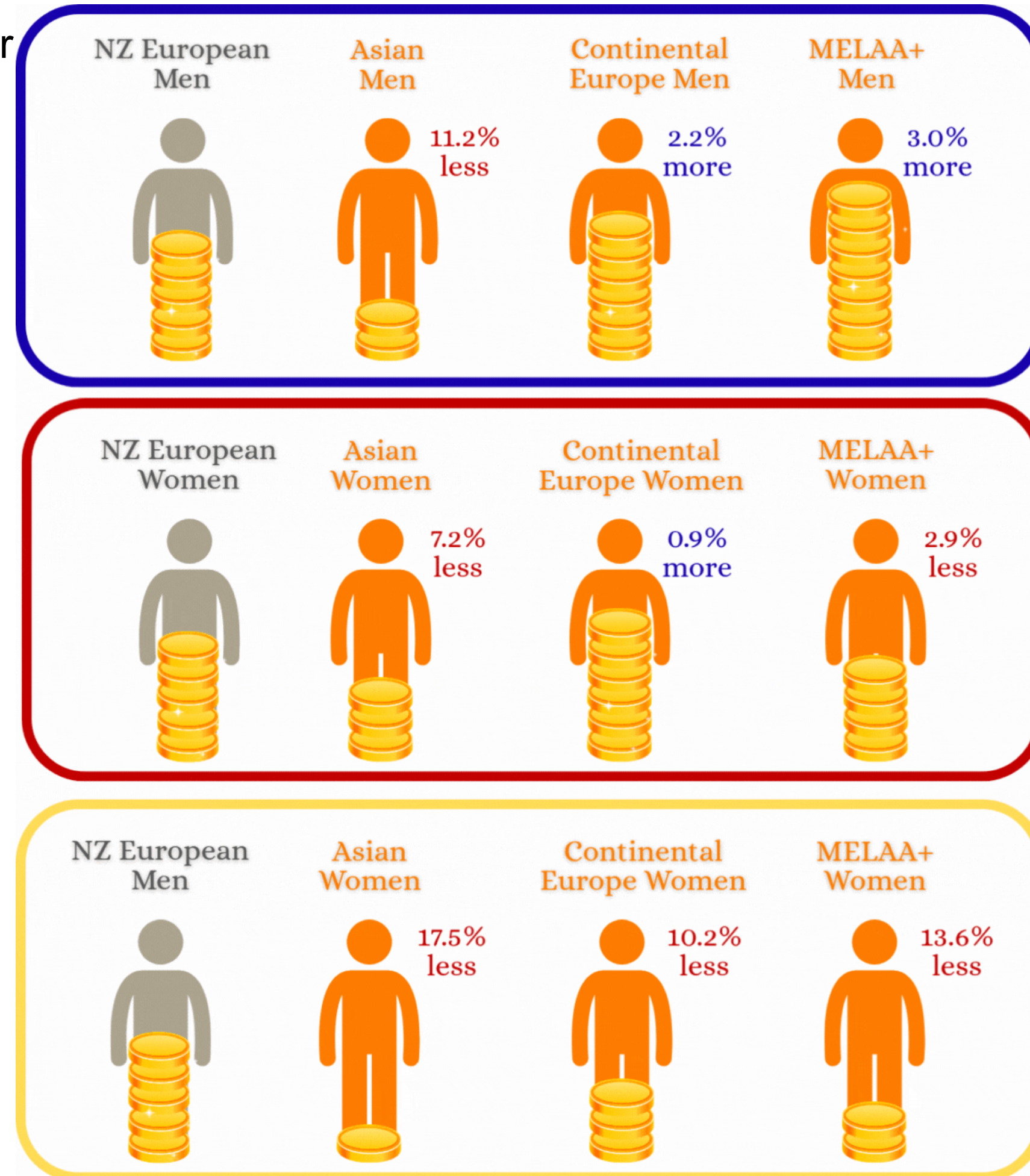
Asians



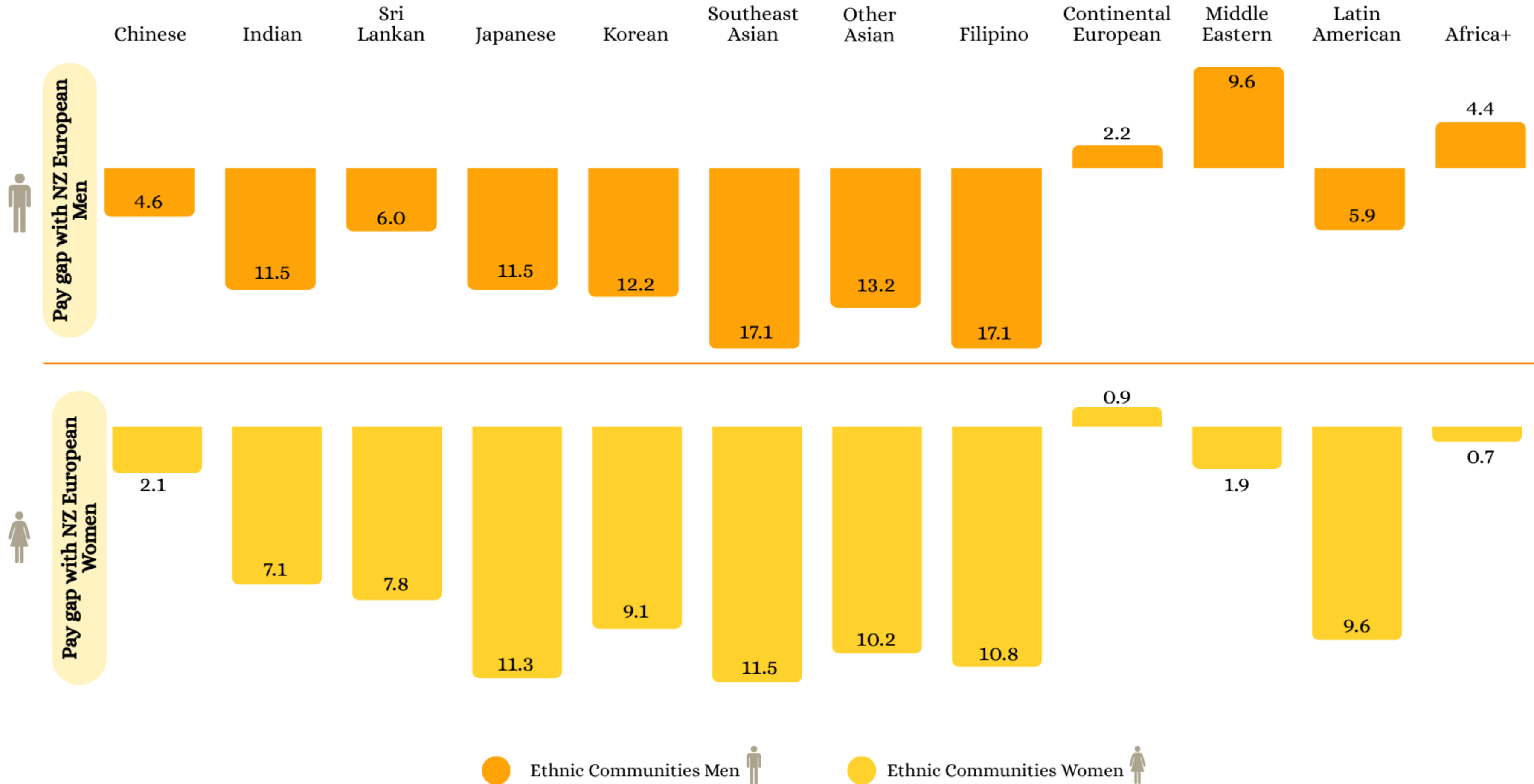
9.1%
less



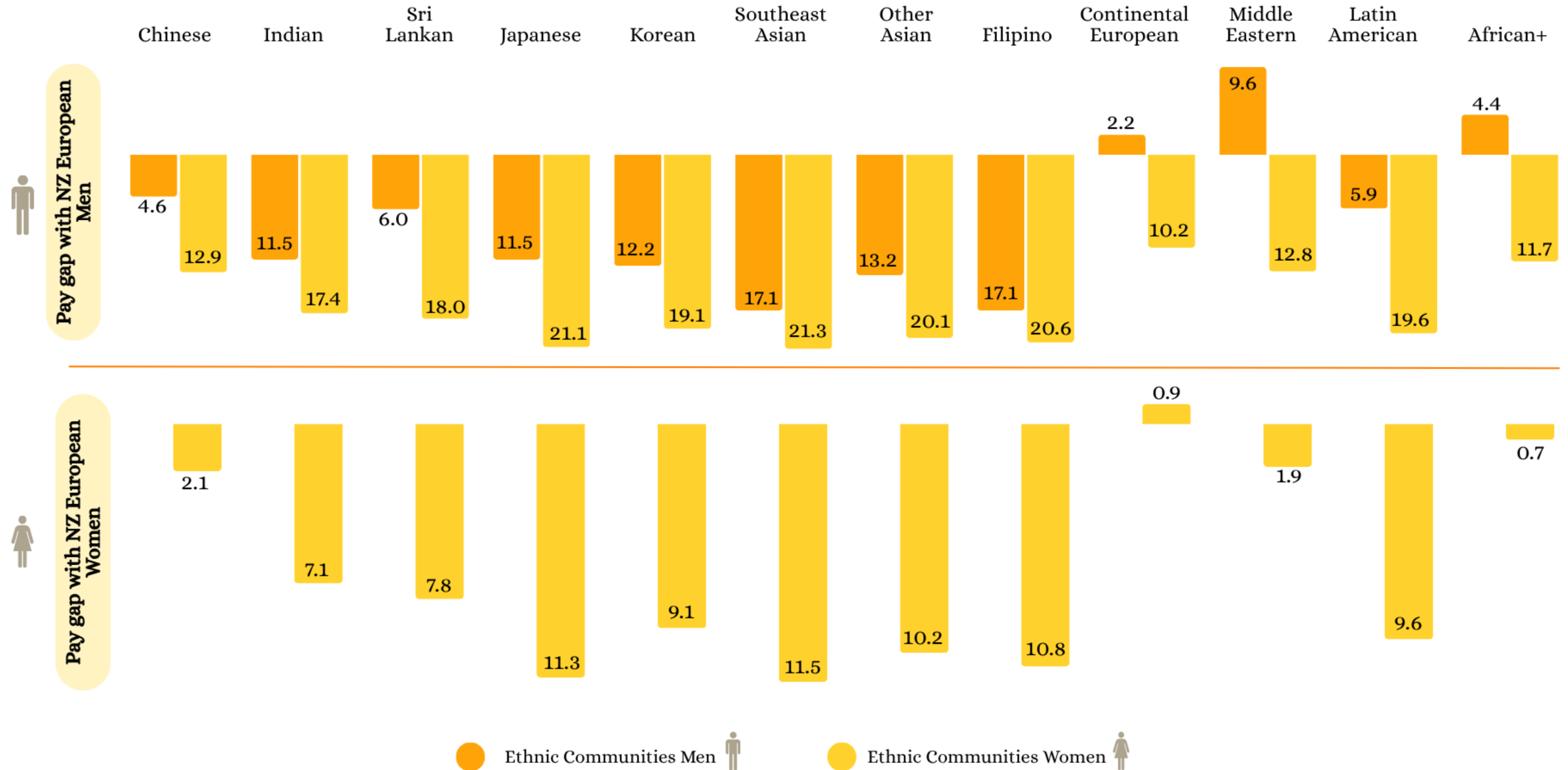
Pay gaps by gender



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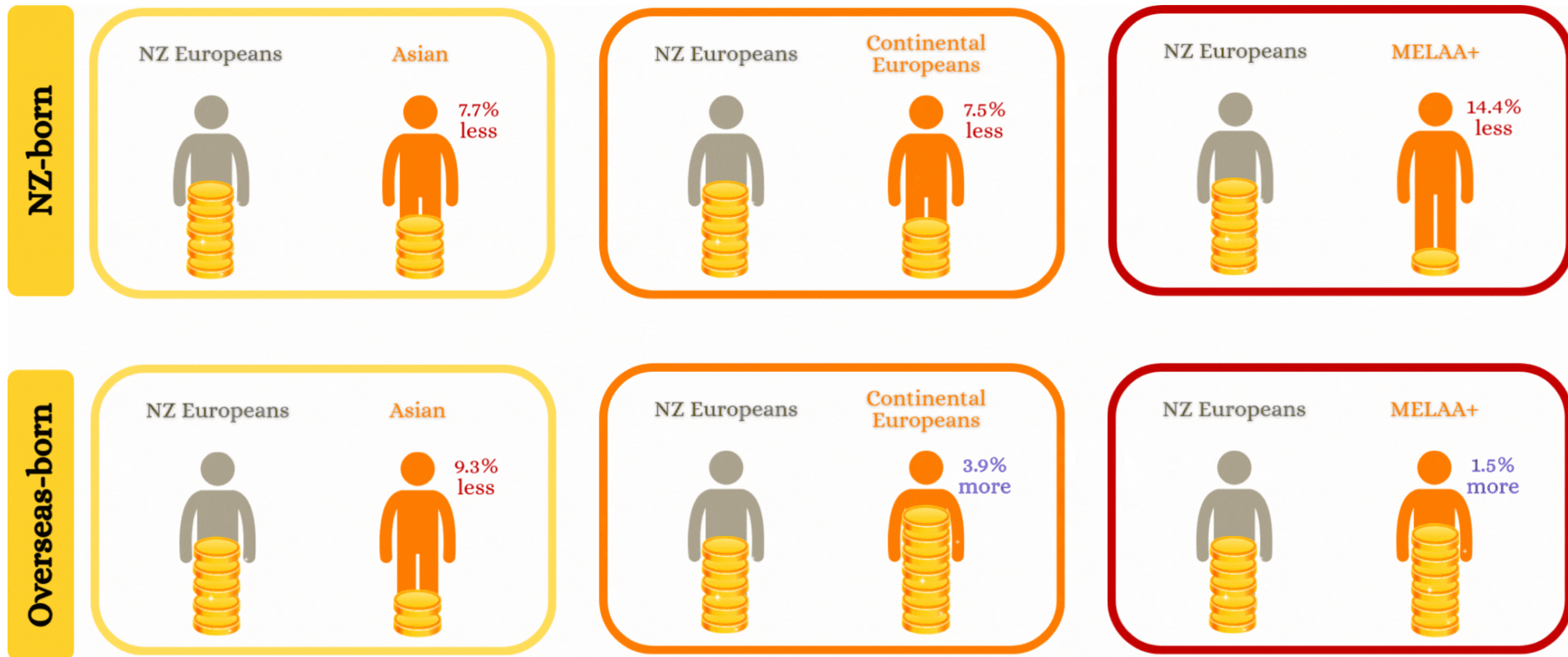


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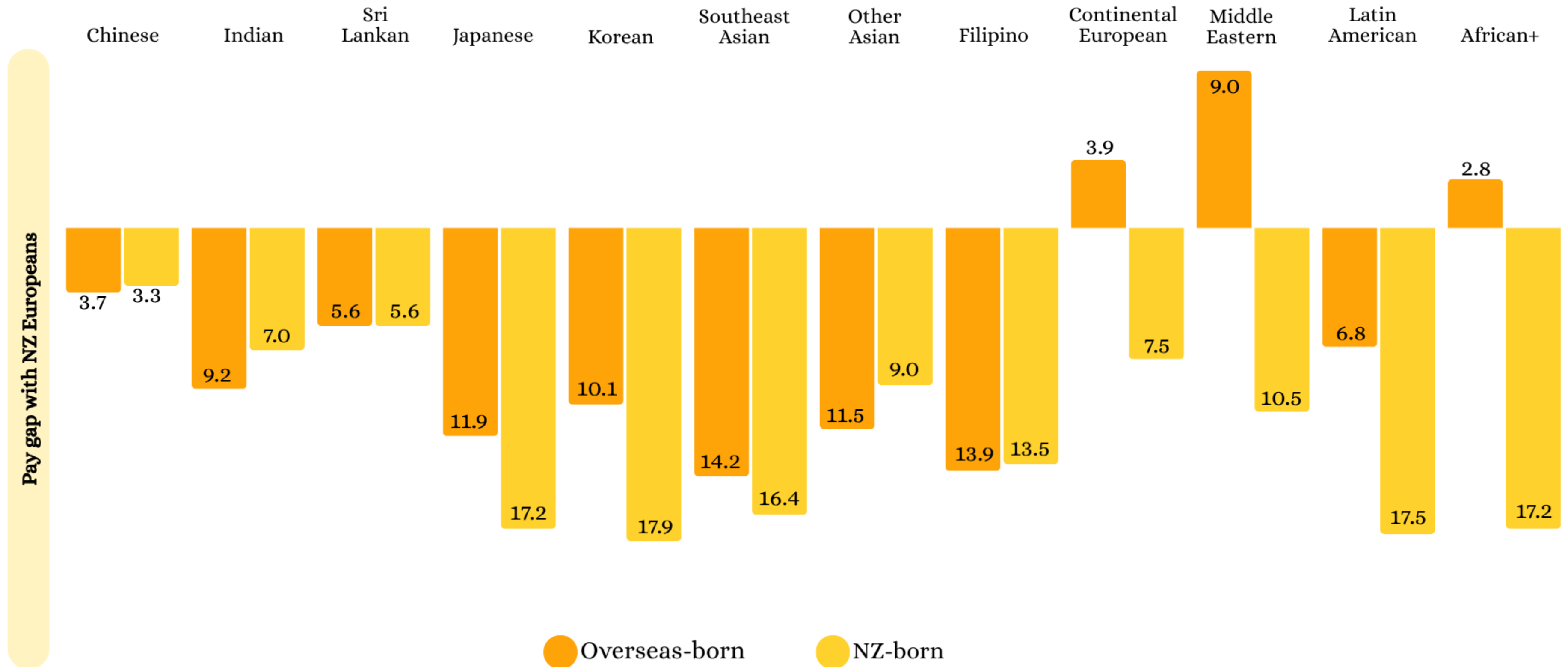


Pay gaps by place of birth

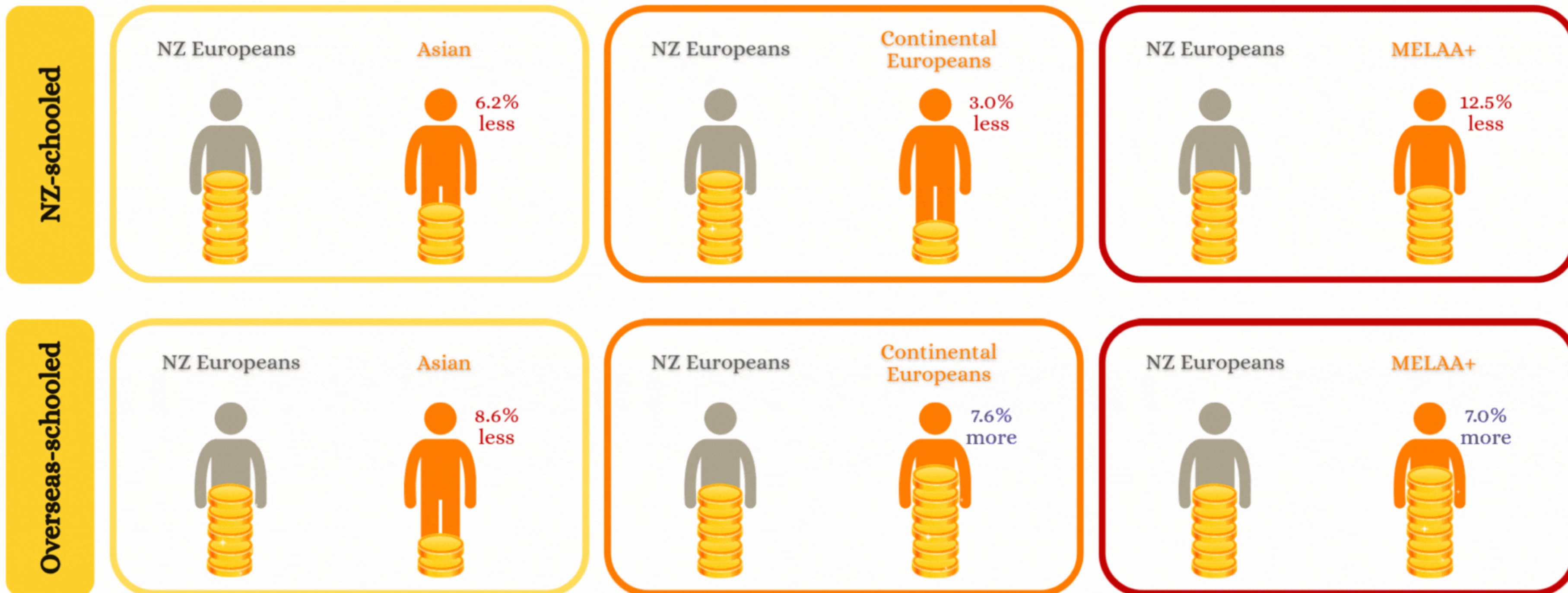




Ethnicity Communities, regardless of birthplace, tend to earn less on average

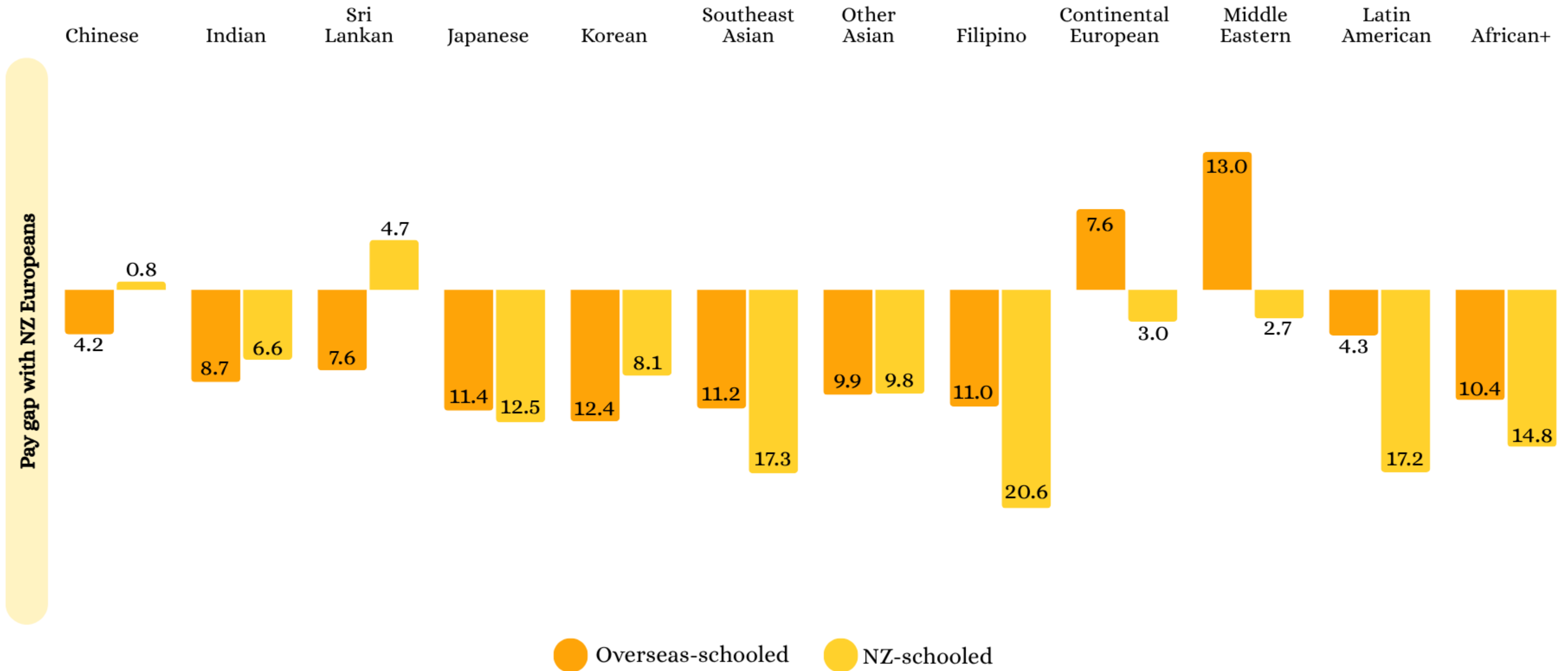


Pay gaps by place of schooling





Ethnic Communities, regardless of place of schooling, tend to earn less



Why the difference?

Factors
favouring NZ
Europeans



Occupation



Demographic



Industry



**Unexplained differences
arising from:**



Non-monetary
preferences like
work-life balance



Unmeasured skill-
related characteristics



Discrimination or
unconscious bias

Factors favouring
Asians



Region



Education

Why the difference?

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Factors favouring
Continental
Europeans



Region



Demographic



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Occupation

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Unmeasured skill-
related characteristics



Discrimination or
unconscious bias

Factors favouring
MELAA+



Region



Demographic



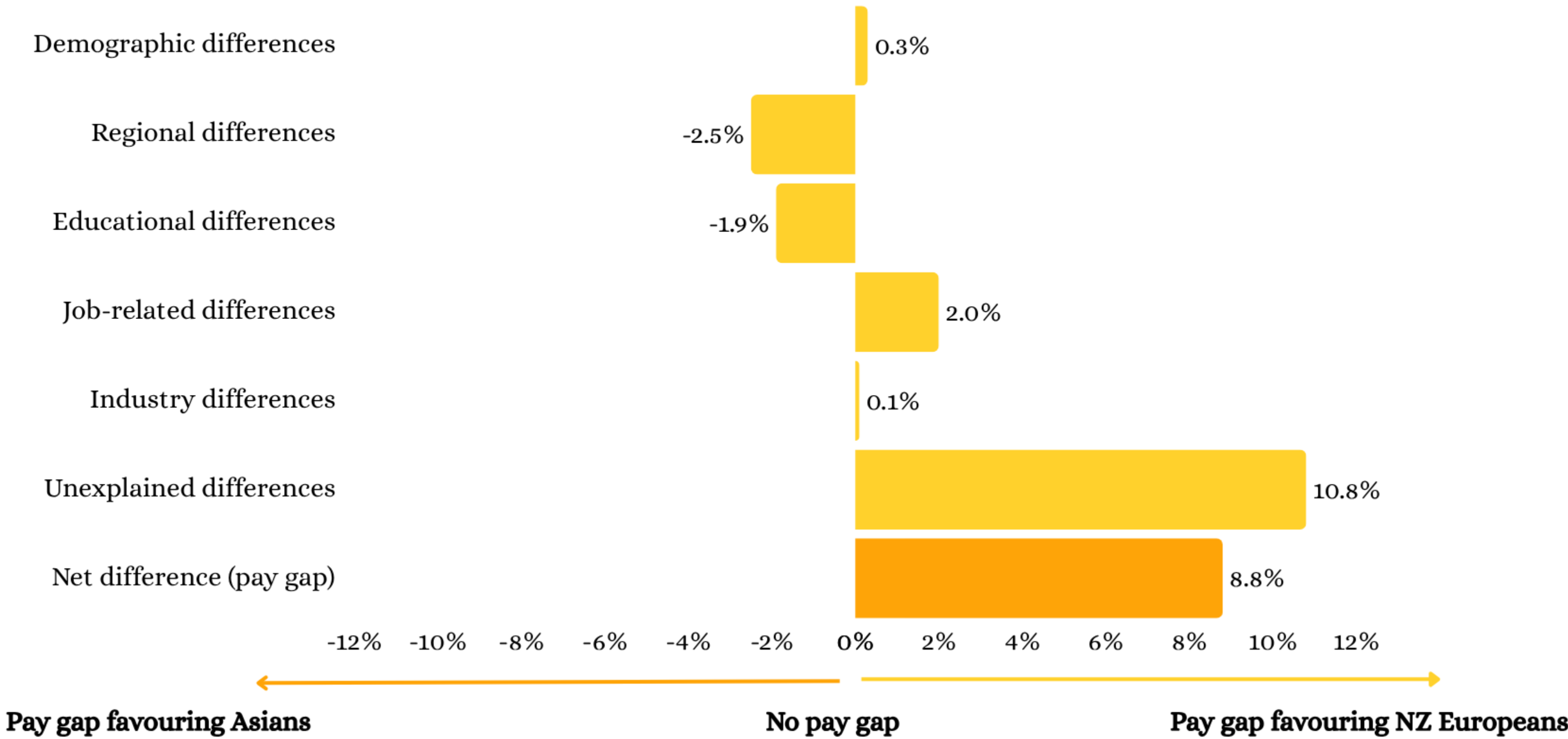
Education

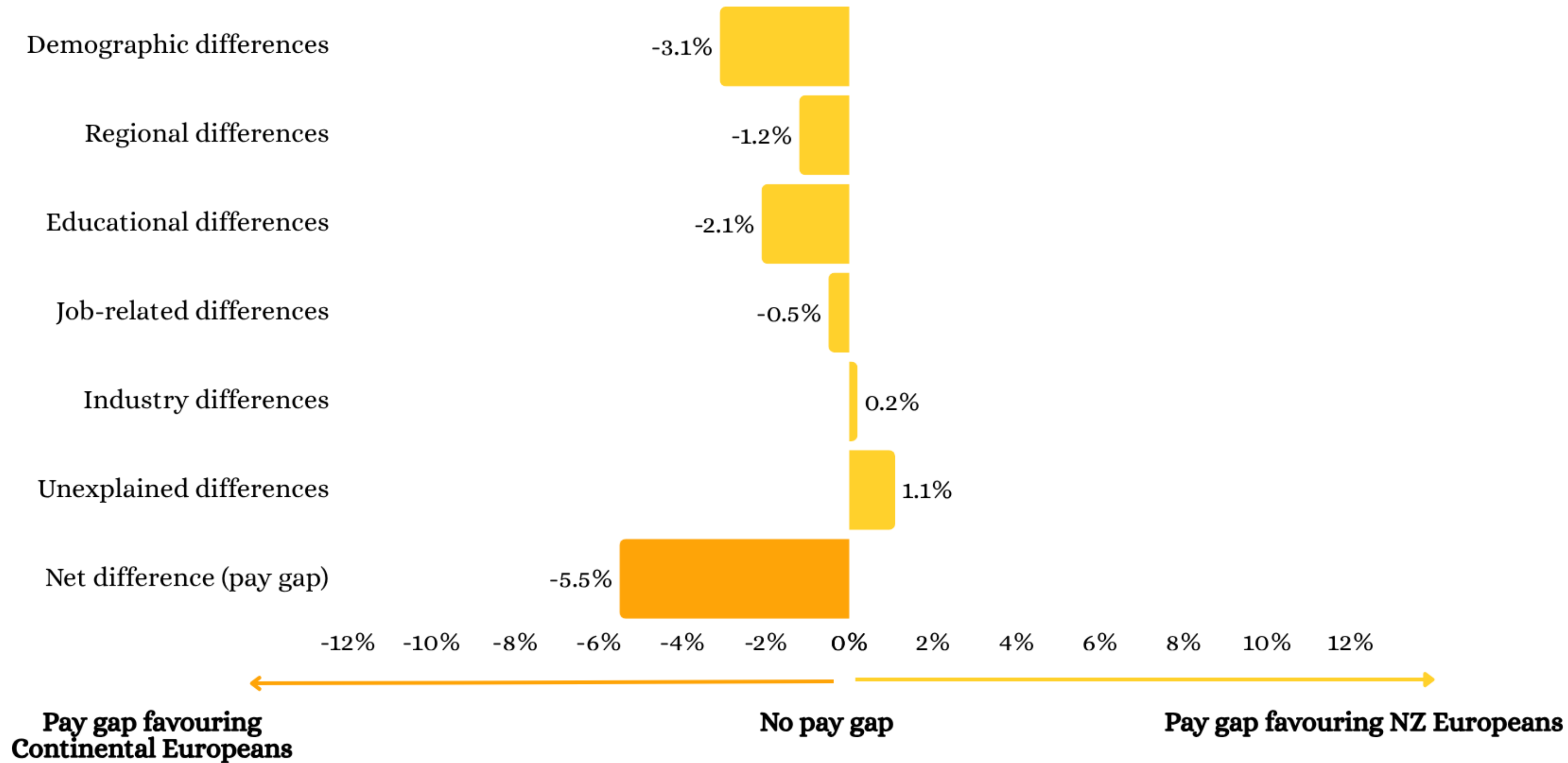


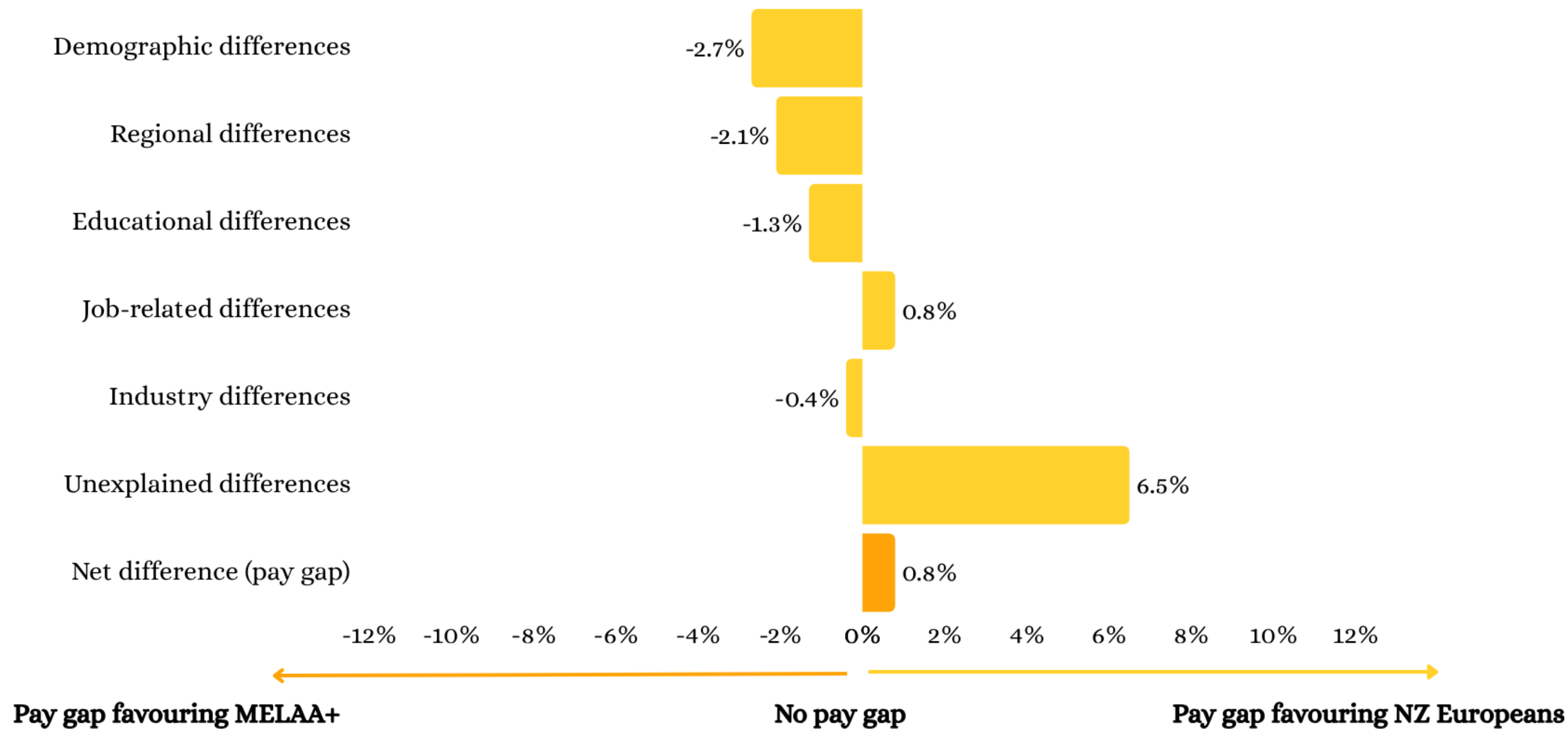
Industry



Degrees without dividends? Asians do not get the same returns to education as NZ Europeans







Policy discussion – Closing Ethnic Communities pay gaps

Government system levers

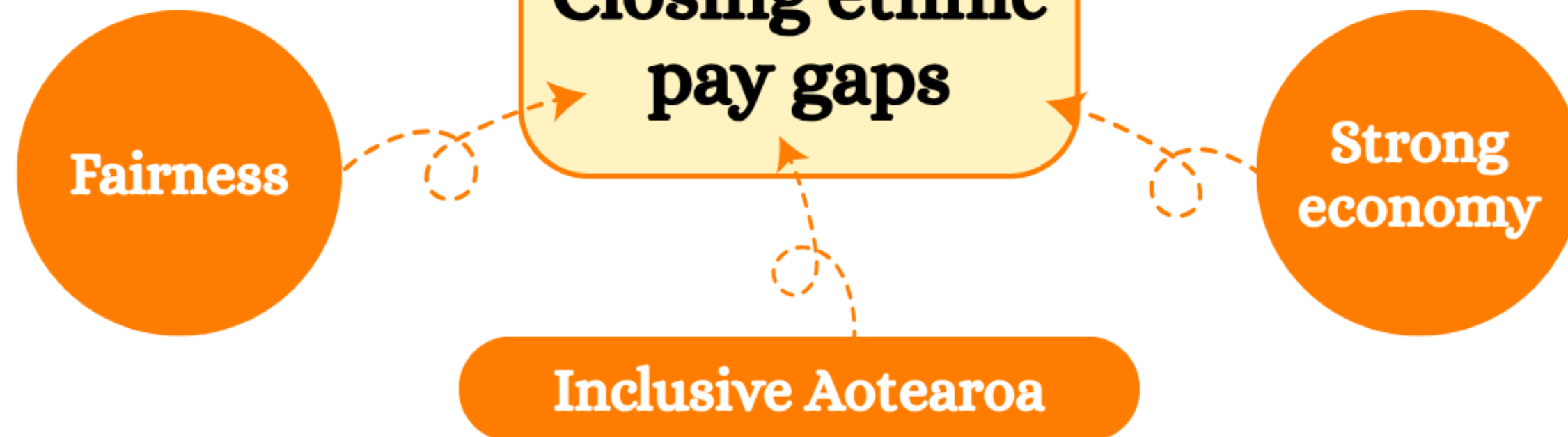


- **Expand the Equal Pay Act** to explicitly cover ethnicity alongside gender
- **Develop a strong successor to Kia Toipoto** – the Public Service Pay Gaps Action Plan
- **Strengthen and extend ethnicity pay gap reporting**
- **Invest in ethnicity-disaggregated data infrastructure** to monitor outcomes and progress
- **Remove systemic barriers to employment**, e.g. improve recognition of overseas qualifications and experience
- **Reassess recent pay equity changes**
- **Lead by example in the Public Service** through transparent pay, inclusive recruitment, and diverse leadership

Organisation & Employer actions



- **Audit and report pay gaps** by ethnicity and gender; act on results
- **Recognise overseas experience and qualifications fairly**
- **Increase ethnic diversity in leadership**
- **Build cultural competence and inclusive leadership capability**
- **Establish safe feedback channels and co-design inclusion initiatives** (without placing the burden of change on EC staff)
- **Champion inclusion as an economic and innovation advantage**, not just a compliance goal
- **Encourage ethnicity pay gap reporting**, using existing gender pay tools as models
- **Support pay transparency initiatives** to make fair pay standard practice



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Report: Pay gaps among Ethnic Communities in Aotearoa New Zealand

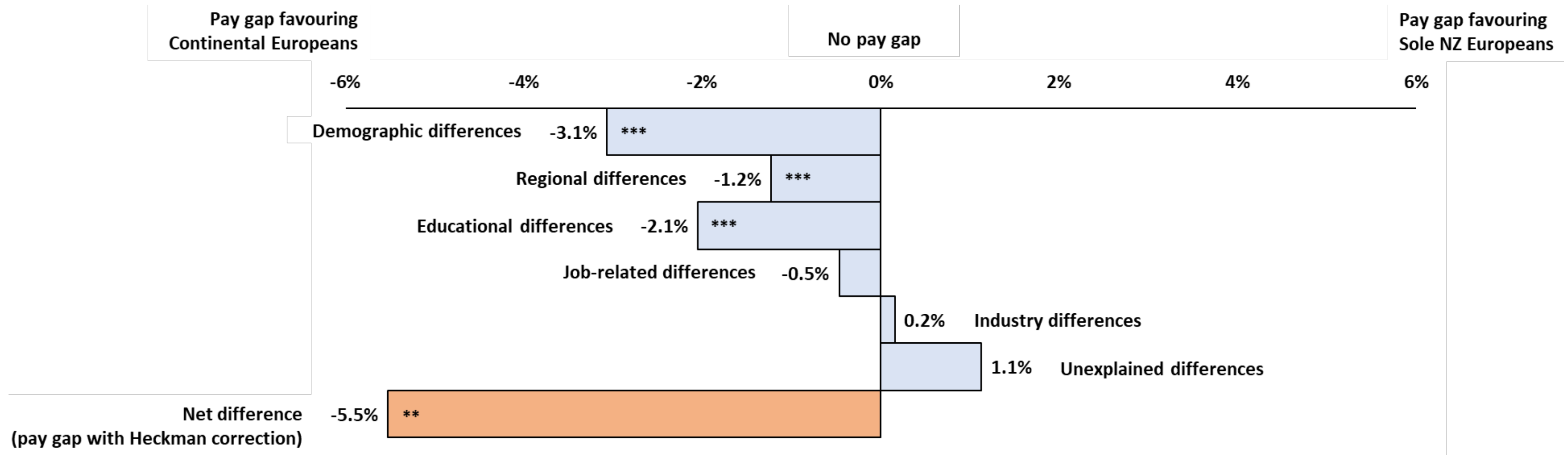
Pay gaps among Ethnic Communities in Aotearoa New Zealand



EXTRA SLIDES

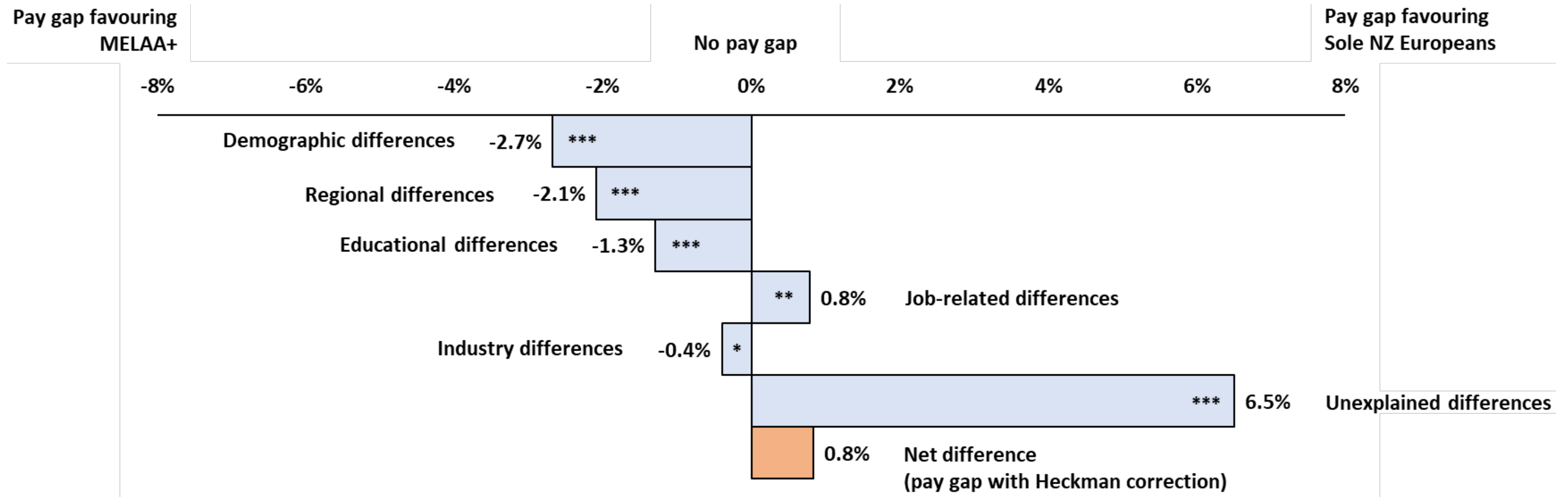
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Continental Europeans



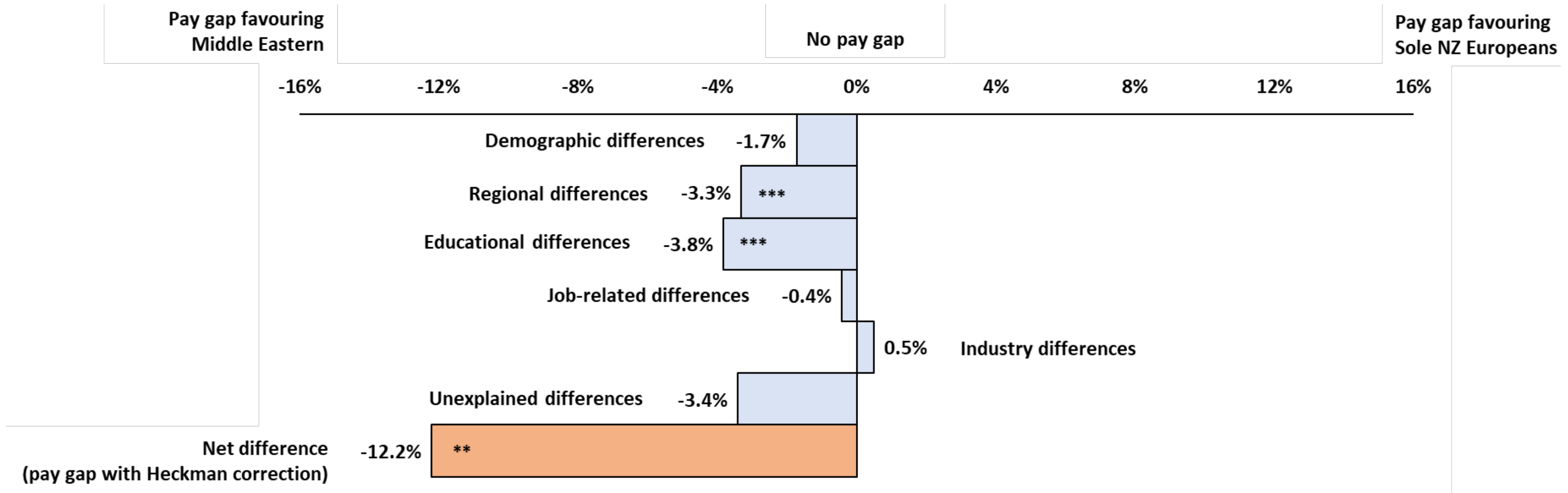
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MELAA+



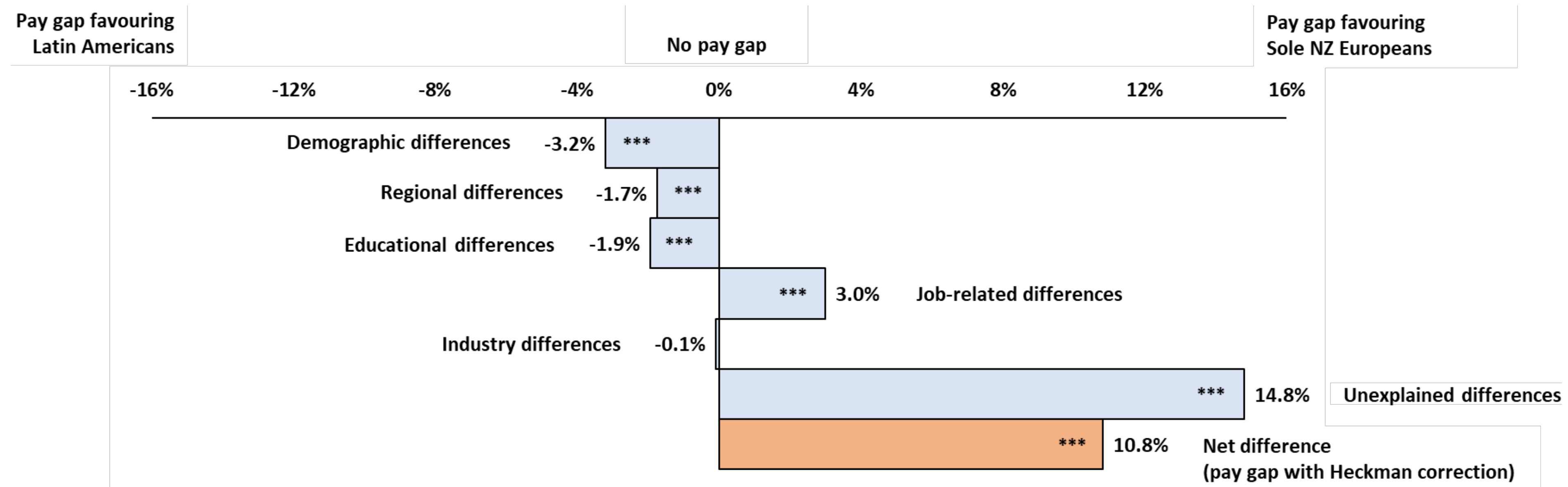
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Middle Eastern



Who Earns More and Why? New Zealand's Ethnic Communities Pay Gaps Revealed

Latin Americans



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African+

Pay gap favouring
African+

No pay gap

Pay gap favouring
Sole NZ Europeans

-8% -6% -4% -2% 0% 2% 4% 6% 8%

Demographic differences

-3.0%

Regional differences

-1.9%

Educational differences

-0.7%

0.4%

Job-related differences

Industry differences

-0.7%

**

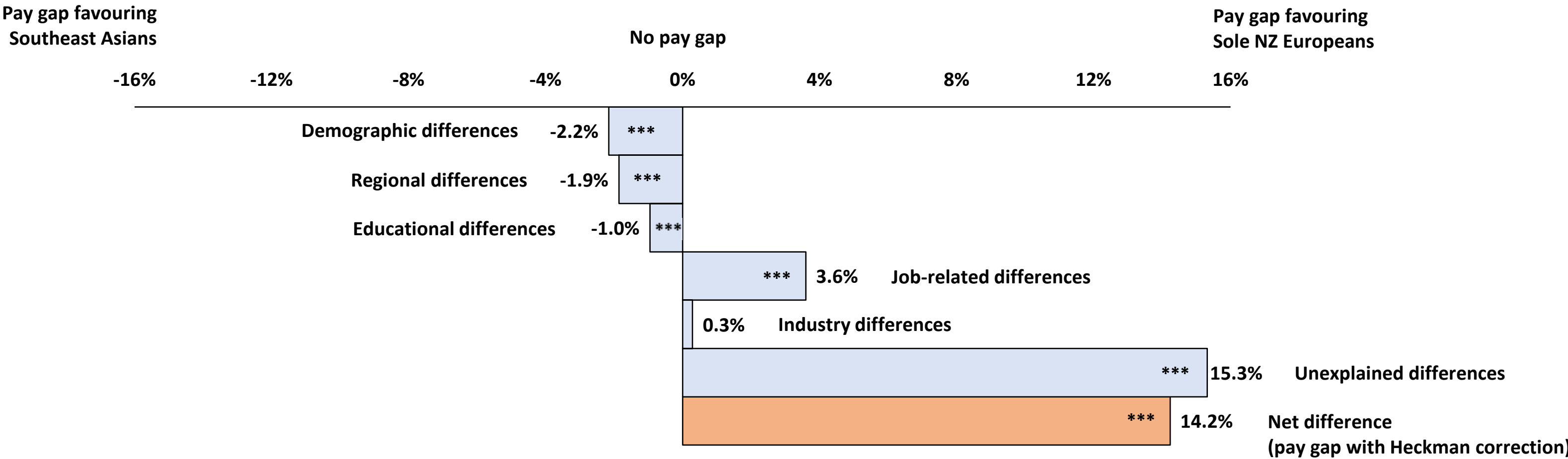
6.5%

Unexplained differences

0.6%

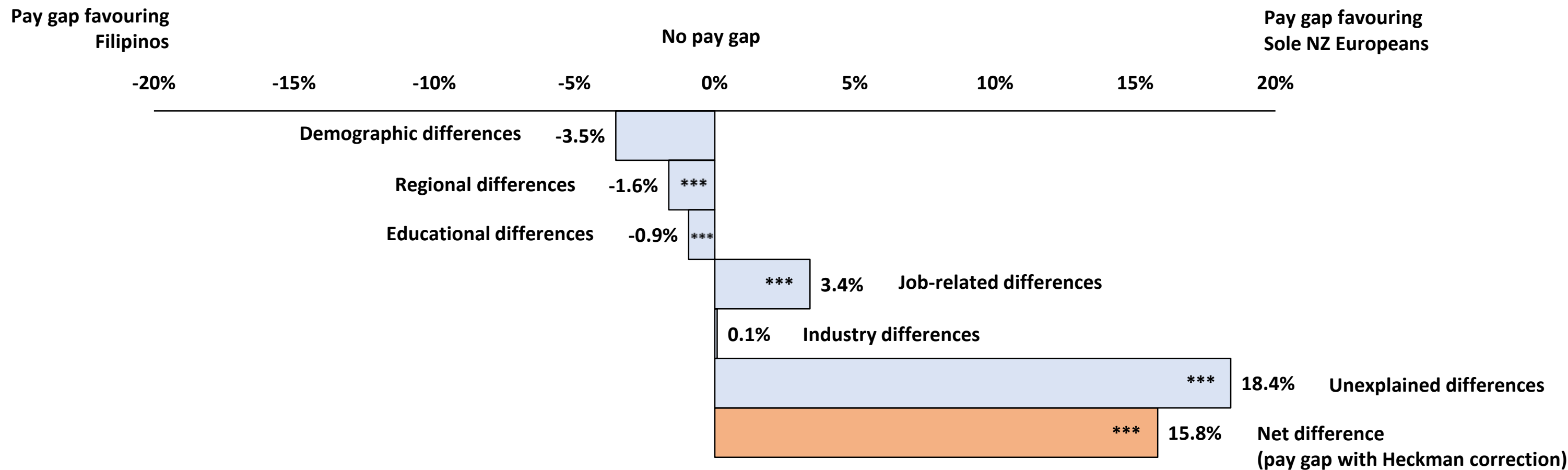
Net difference
(pay gap with Heckman correction)

Southeast Asian



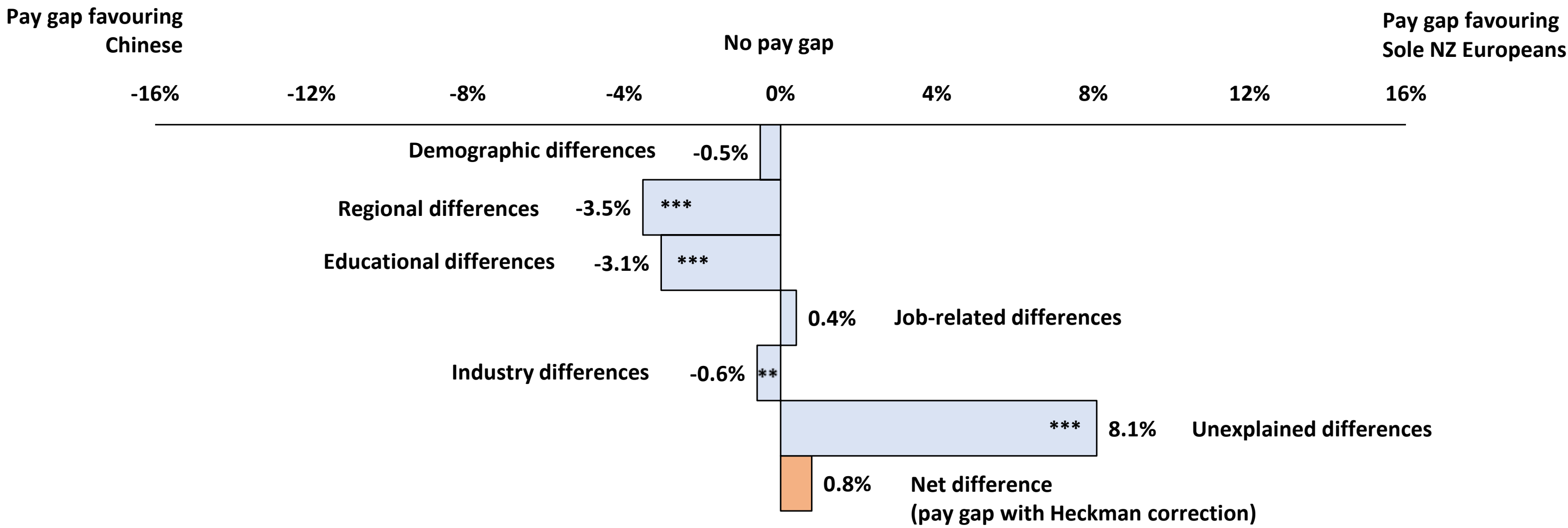
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Filipino



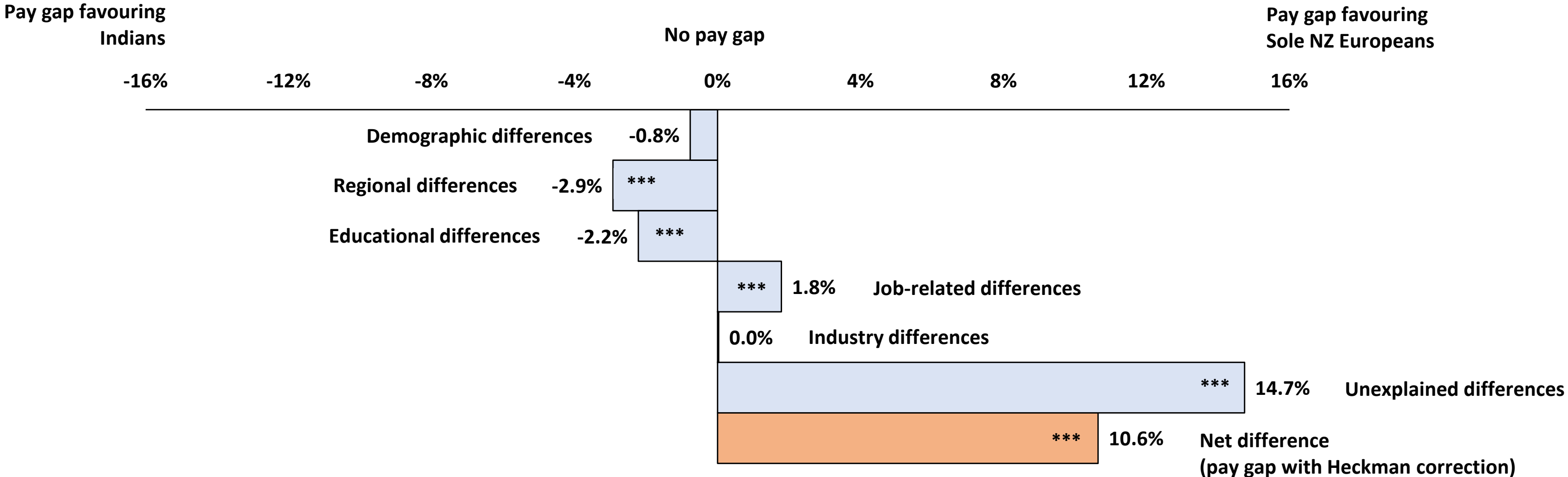
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Chinese



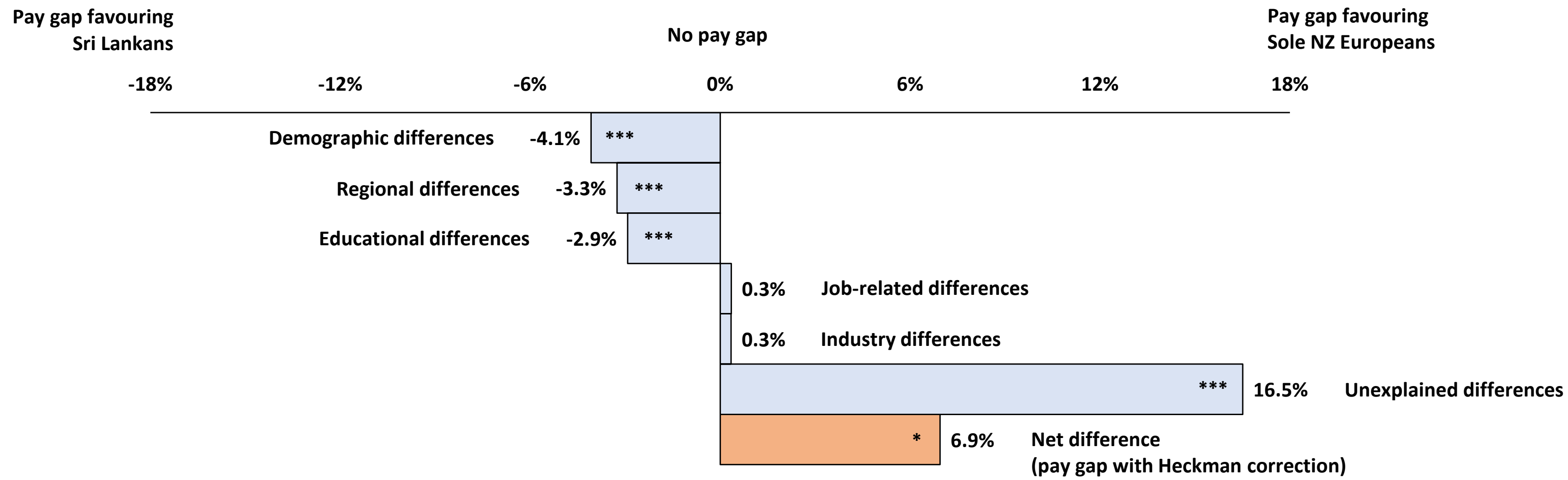
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Indian



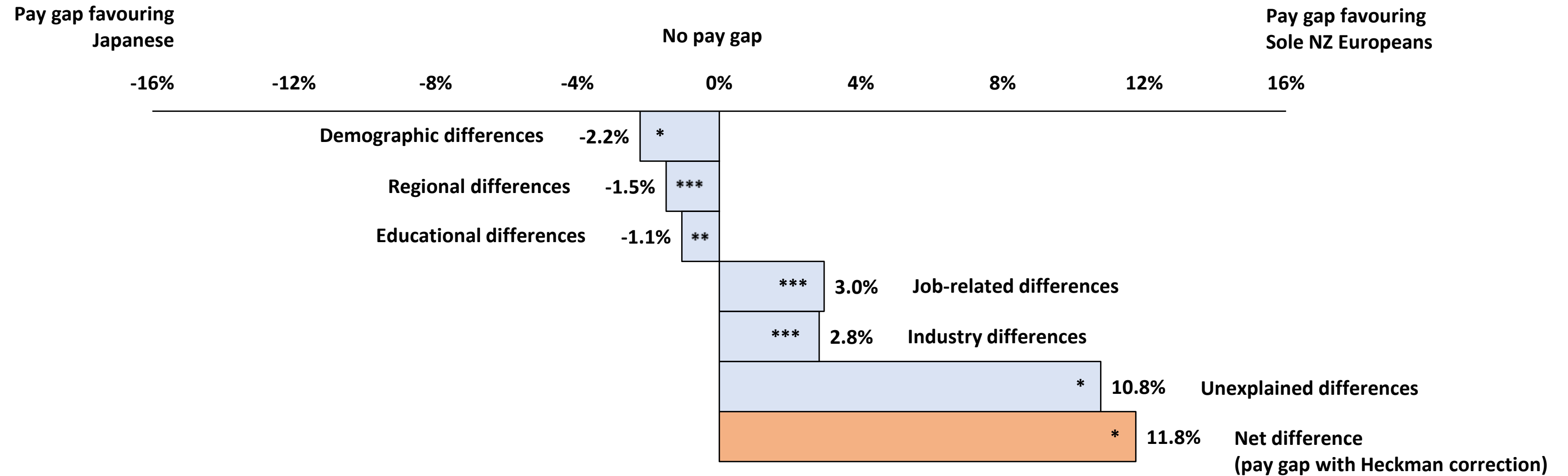
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Sri Lankan



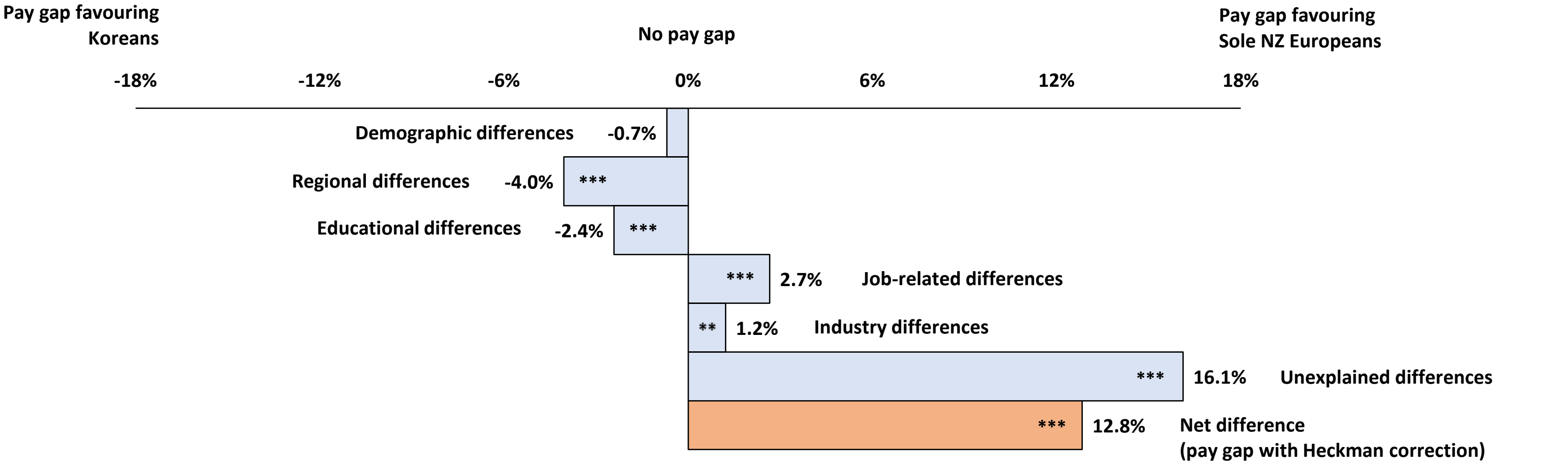
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Japanese



Who Earns More and Why? New Zealand’s Ethnic Communities Pay Gaps Revealed

Korean



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Other Asian

