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**Human Rights Commission**



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TE KĀHUI RANGAHAU MANA TAURITE



# **Ethnic pay gaps:** **An industry level portrait for New Zealand**

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## 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/>.

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.

## Research aims

- Aim 1: Estimation of gender, ethnic, and intersectional (gender-ethnic) pay gaps by industry in New Zealand over 2016 to 2023
- Aim 2: Exploration of structural and contextual drivers of pay gaps
- Building on previous work on gender (Pacheco et al., 2019) and ethnic (Cochrane & Pacheco, 2022) pay gaps, our contribution is a focus on *industry level* and examination of *intersectional pay gaps*
- This presentation reports results for:
  - *Māori pay gap*: Māori vs. Europeans
  - *Pacific pay gap*: Pacific vs. Europeans
  - *Asian pay gap*: Asians vs. Europeans

## Data source, variables, and sample selection

- Data source: Household Labour Force Survey 2016 to 2023
- Variables:
  - *Pay*: total real hourly earnings
  - *Industry*: industry of main job at level 1 of ANZSIC (collapsed to 14 industries)
  - *Ethnicity*: administrative prioritisation into mutually-exclusive categories  
Māori > Pacific > Asian > MELAA > Other > European
- Sample selection:
  - Paid employees aged 16 to 64
  - Trim top and bottom 1% of hourly earnings distribution
- To mitigate small cell sizes:
  - Pool data over two years – 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23
  - Collapse 19 ANSZIC codes to 14 industry groupings

## Industry variable

	ANZSIC level 1		Collapsed to 14 industries
1	Agriculture, Forestry, and Fishing	1	Agriculture
2	Mining		
3	Manufacturing	2	Manufacturing
4	Electricity, Gas, Water and Waste Services	3	Construction
5	Construction		
6	Wholesale Trade	4	Wholesale
7	Retail Trade	5	Retail
8	Accommodation and Food Services	6	Hospitality
9	Transport, Postal and Warehousing	7	Logistics
10	Information Media and Telecommunications	8	Media & Finance
11	Financial and Insurance Services		
12	Rental, Hiring and Real Estate Services		
13	Professional, Scientific and Technical Services	9	Professional Services
14	Administrative and Support Services	10	Administrative Services
15	Public Administration and Safety	11	Public Administration
16	Education and Training	12	Education
17	Health Care and Social Assistance	13	Healthcare
18	Arts and Recreation Services	14	Arts & Recreation
19	Other Services		

## Method

- Aim 1: Pay gap calculation uses *mean* earnings rather than median:

$$\frac{\text{European mean real hourly earnings} - \text{Pacific mean real hourly earnings}}{\text{European mean real hourly earnings}} \times 100$$

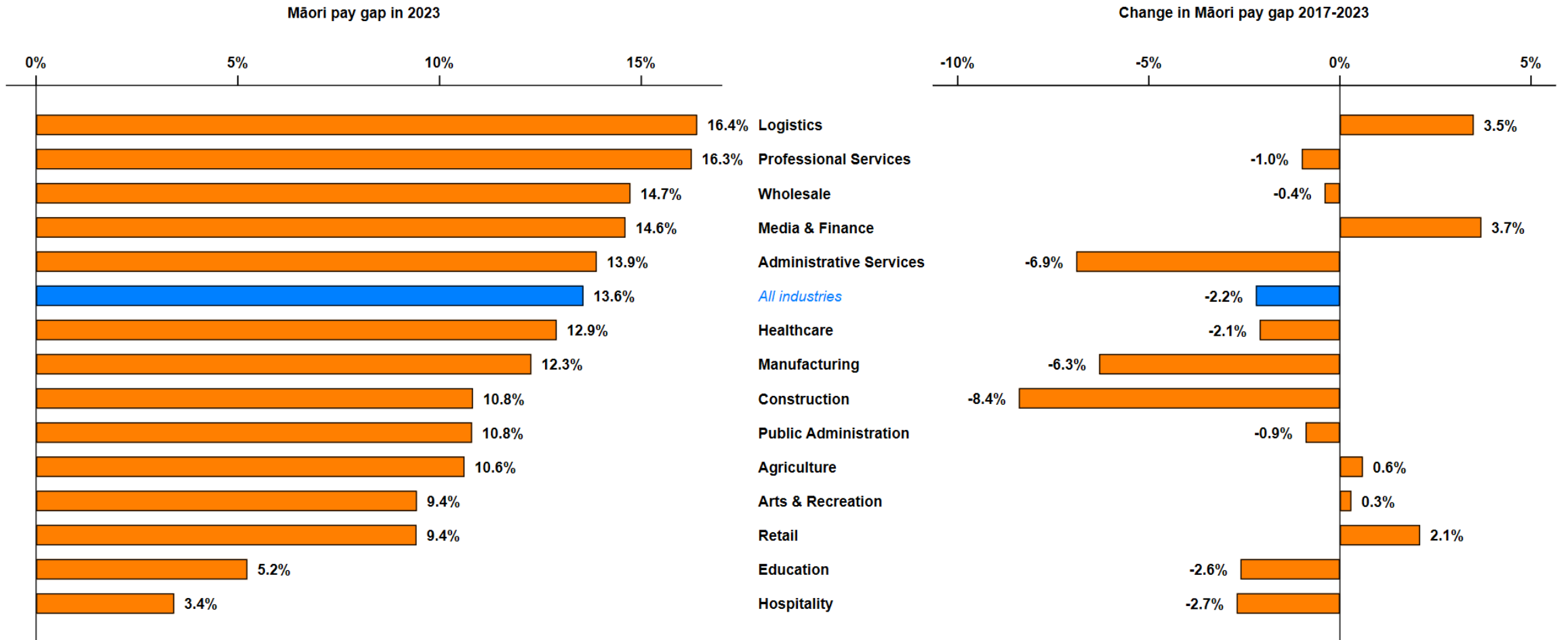
- Aim 2: Blinder-Oaxaca decomposition uses data across all years (2016-2023) to apportion each pay gap into ‘explained’ and ‘unexplained’ components
- Components estimated by posing counterfactual question, “*What would the Pacific pay gap be if Pacific peoples had the same characteristics as the pooled sample of European and Pacific peoples?*”
- Heckman correction applied to account for selection bias

## Method

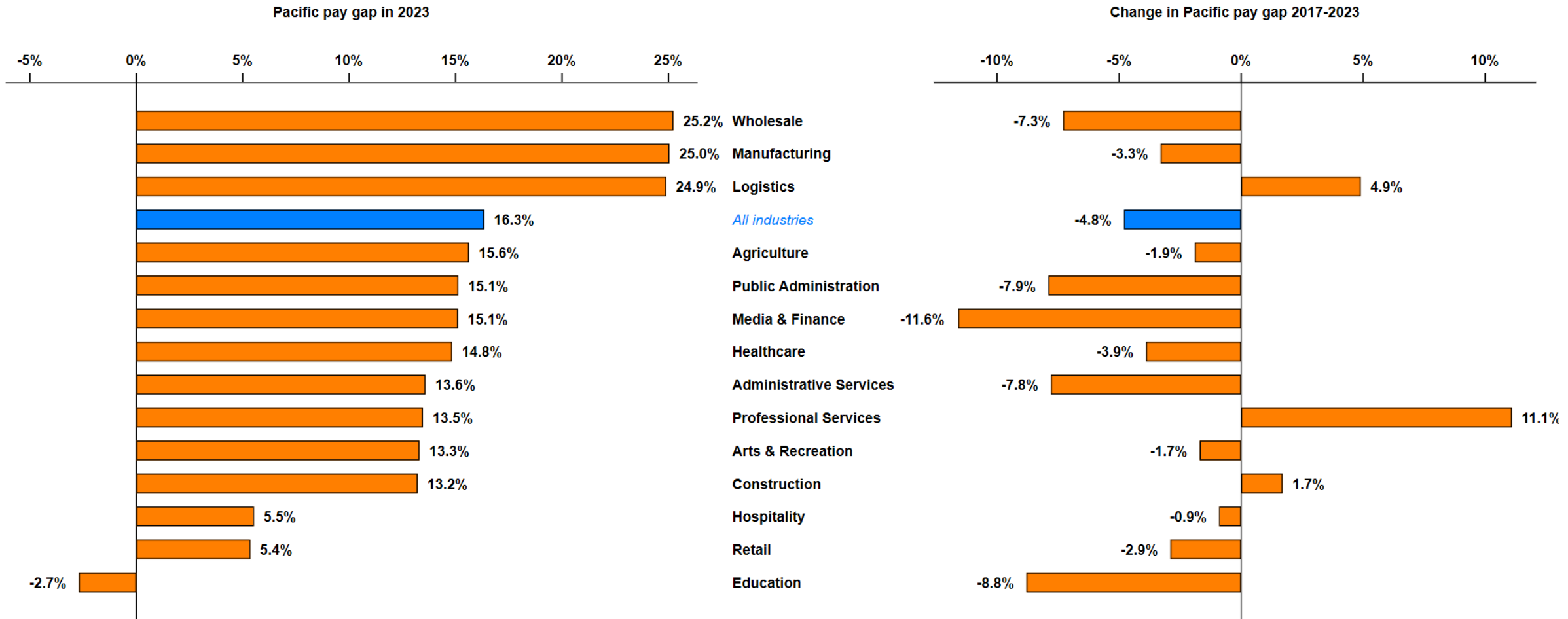
- Characteristics accounted for in Blinder-Oaxaca decomposition:

Category	Variables
Demographic characteristics	Sex, age, age-squared, country of birth
Household characteristics*	Sole parent, partnered status, number of dependent children, household income
Regional characteristics	Region of residence
Education characteristics	Highest qualification attained
Job-related characteristics	Occupation, part-time work, permanent job, job tenure, employment continuity, union membership
Industry characteristics	Industry of main job

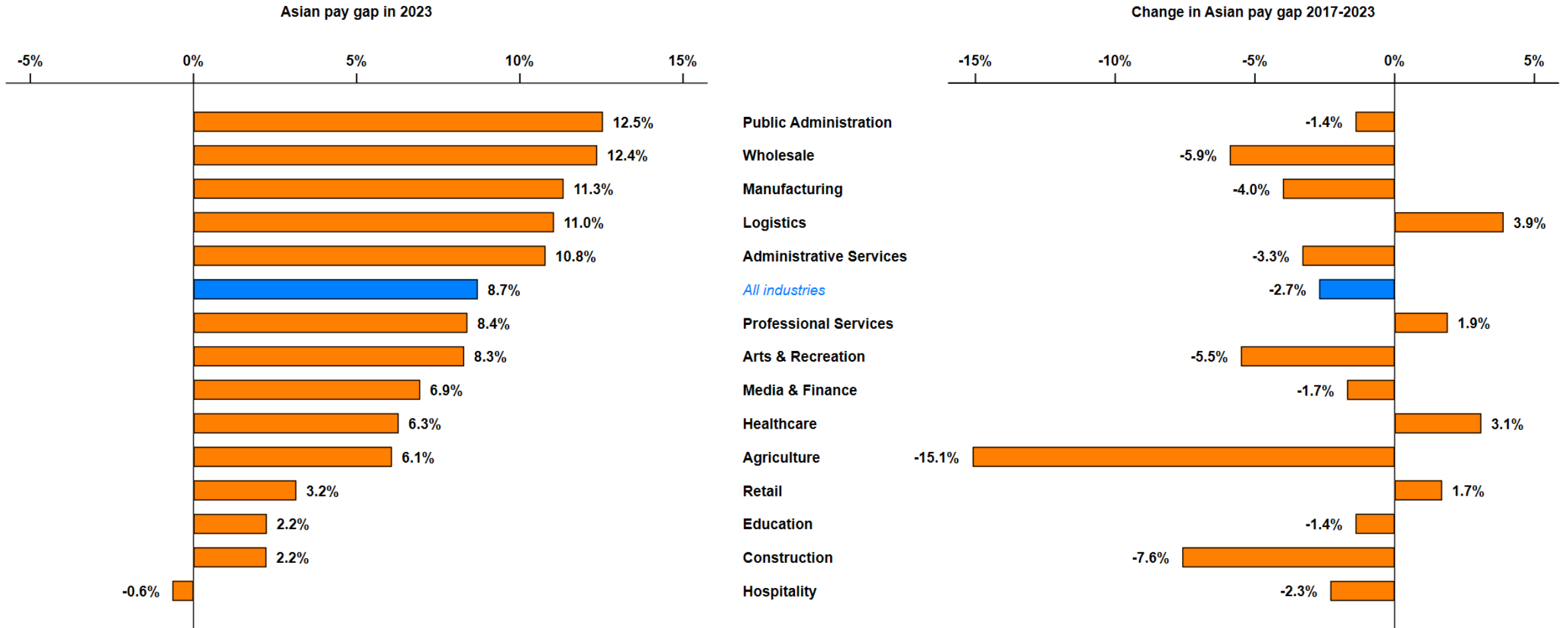
# Māori vs. European pay gap 2023: level and trend



# Pacific vs. European pay gap 2023: level and trend

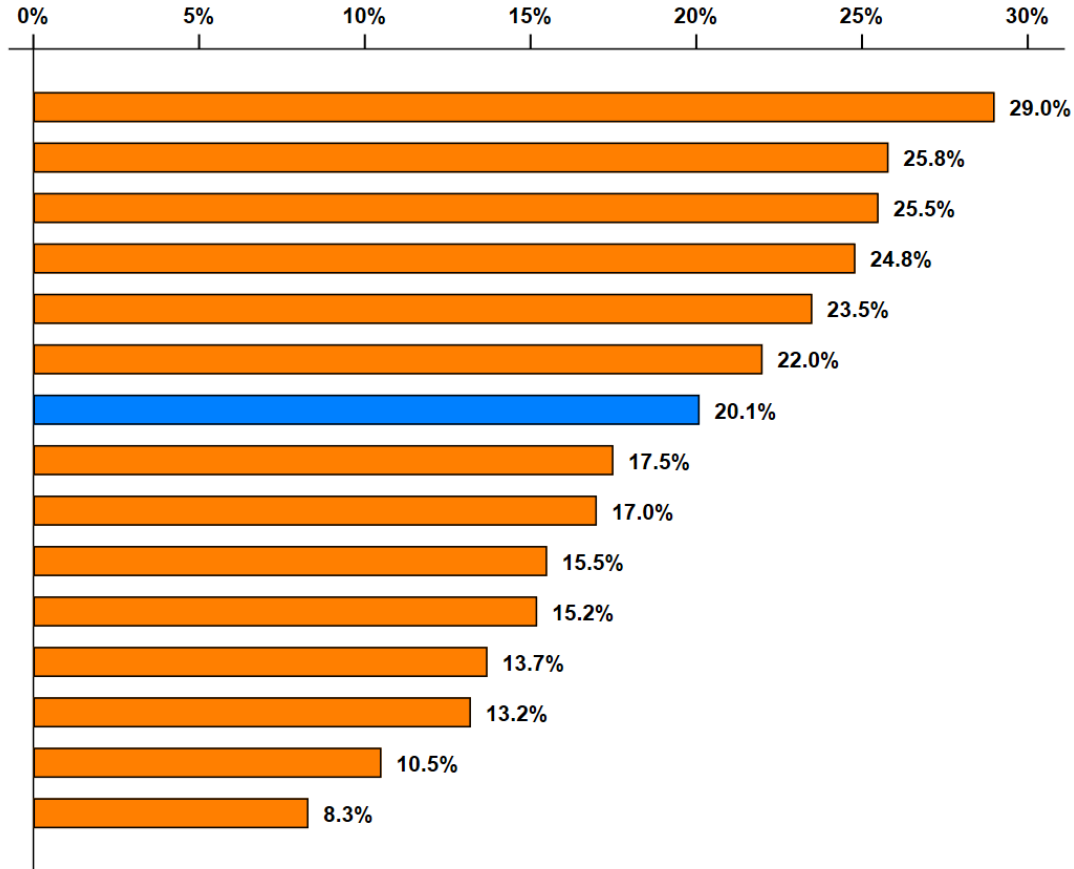


# Asian vs. European pay gap 2023: level and trend

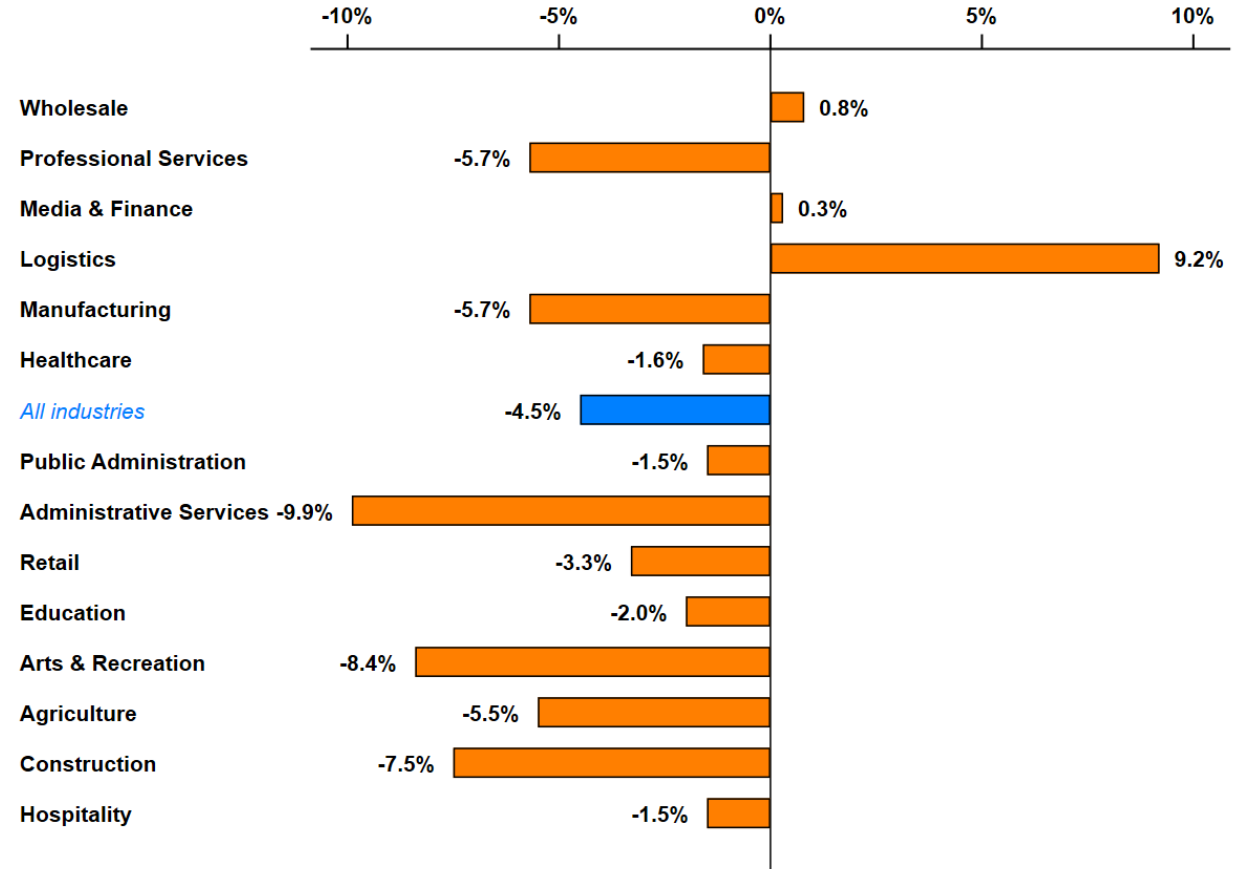


# Māori women vs. European men pay gap 2023: level and trend

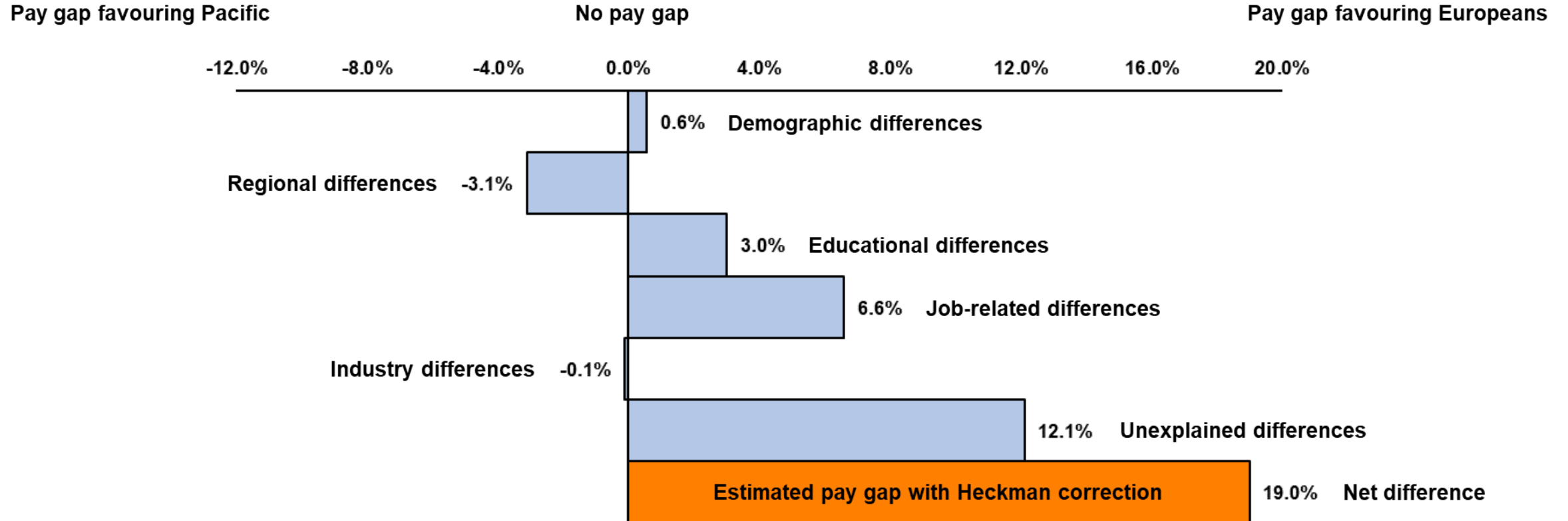
Māori women vs. European men pay gap in 2023



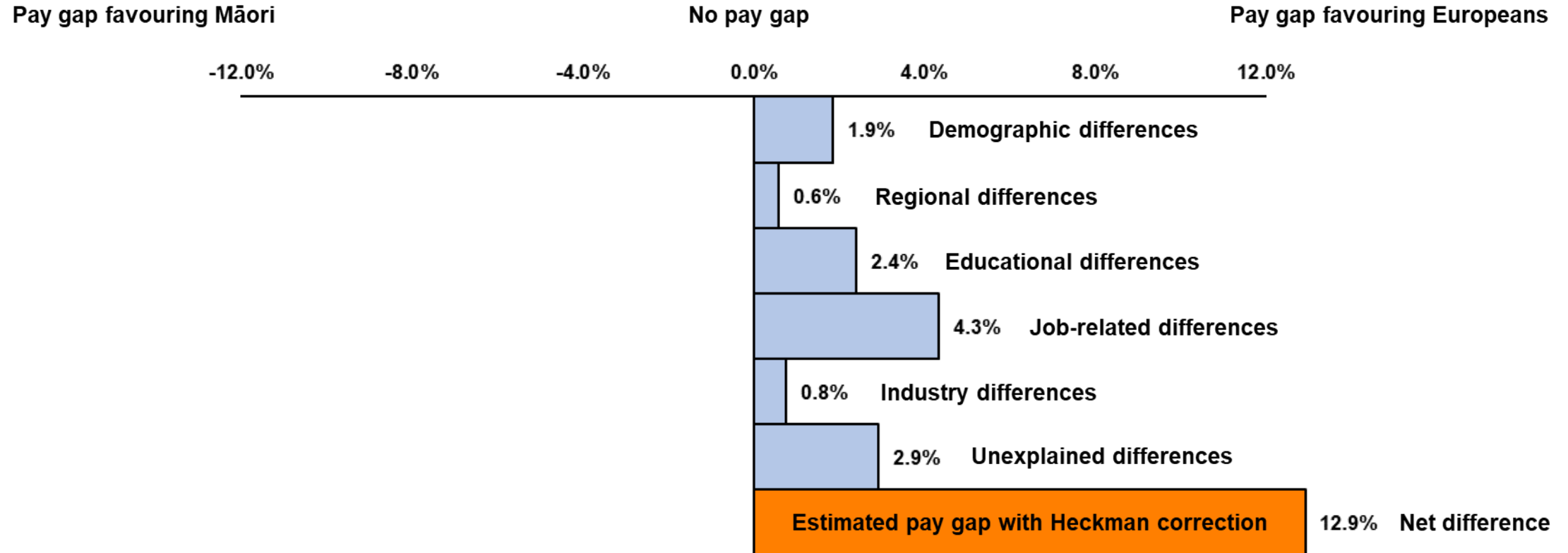
Change in Māori women vs. European men pay gap 2017-2023



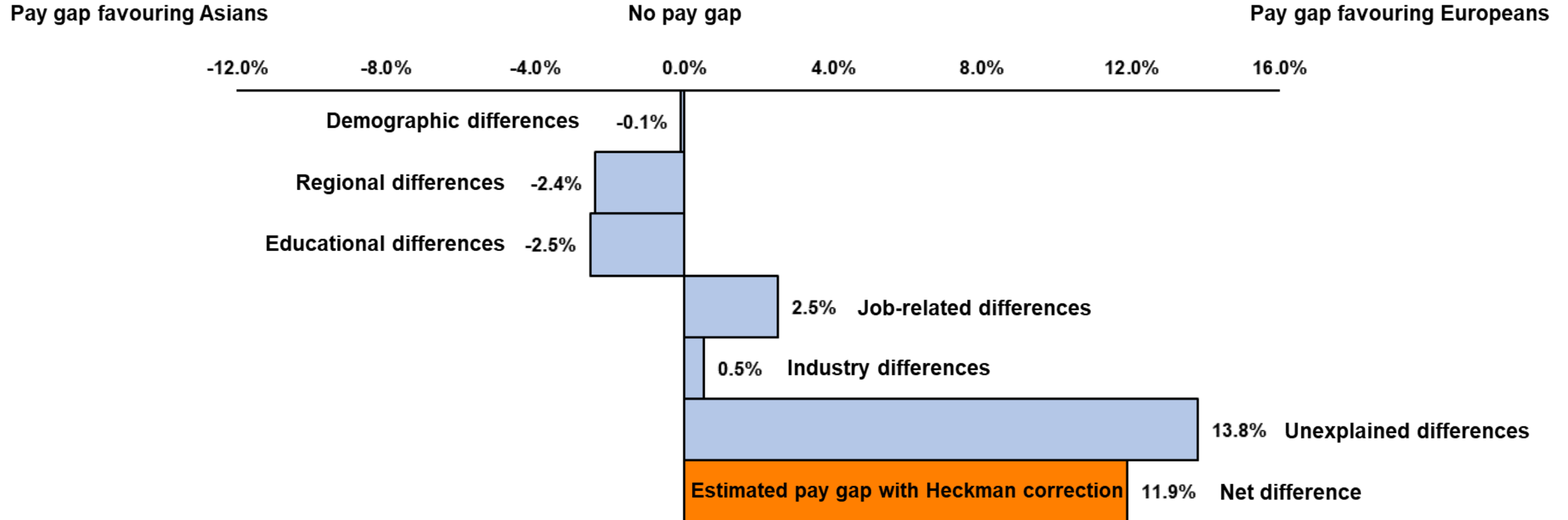
# Decomposition of Pacific pay gap for *All industries* 2016-2023 pooled



# Decomposition of Māori pay gap for *All industries 2016-2023 pooled*



# Decomposition of Asian pay gap for *All industries* 2016-2023 pooled



## Conclusions

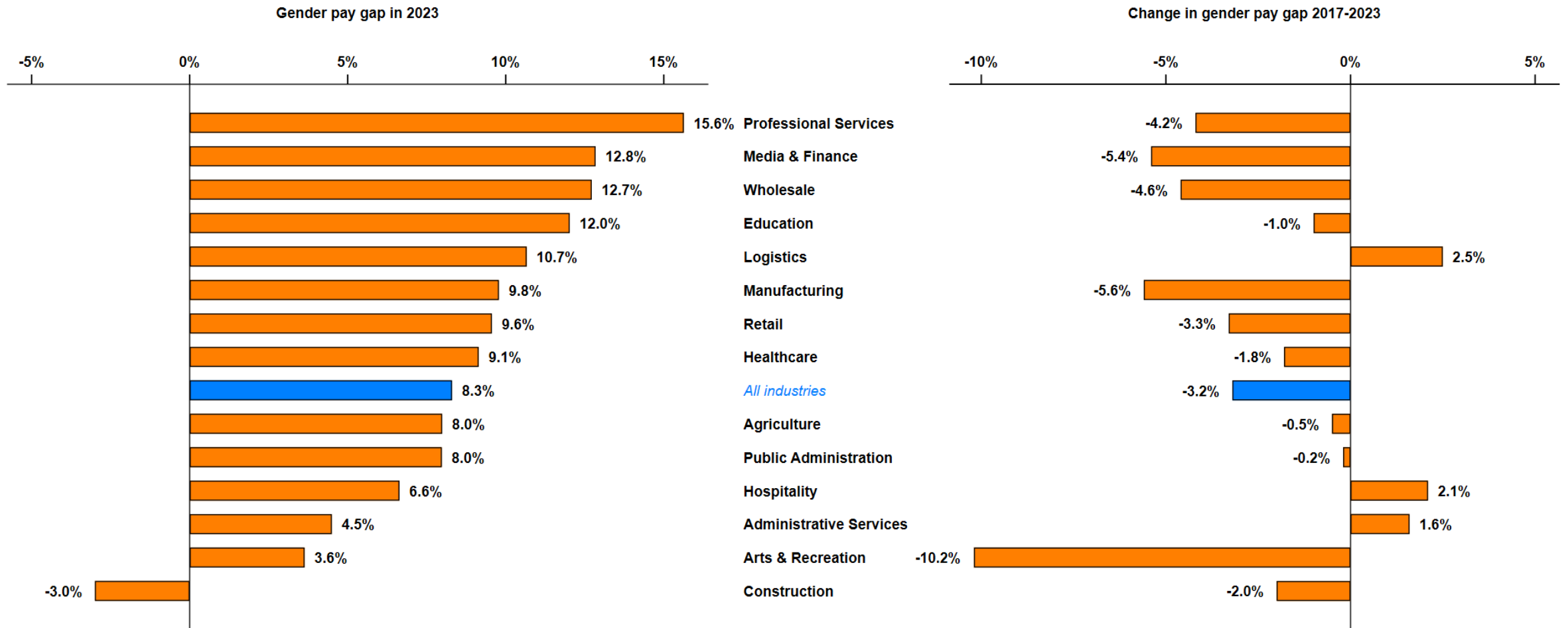
- In 2023, ethnic pay gaps ranged from 8.7% (Asian) to 16.3% (Pacific), and these gaps widen when overlaid with gender
- Largest ethnic pay gaps tend to be in Wholesale Trade, Logistics, and Manufacturing
- For Māori and Pacific, gaps in these industries are driven by *occupational segregation*
- Smallest ethnic pay gaps tend to be in low-paying industries (e.g., Hospitality, Retail), although Education (average-paying industry) also has small pay gaps
- Overall (all industries), all ethnic pay gaps have decreased over recent years (except Logistics industry)
- Pacific and Asian pay gaps (across all industries) are mostly 'unexplained', while Māori pay gap is mostly 'explained'

# Thank you!

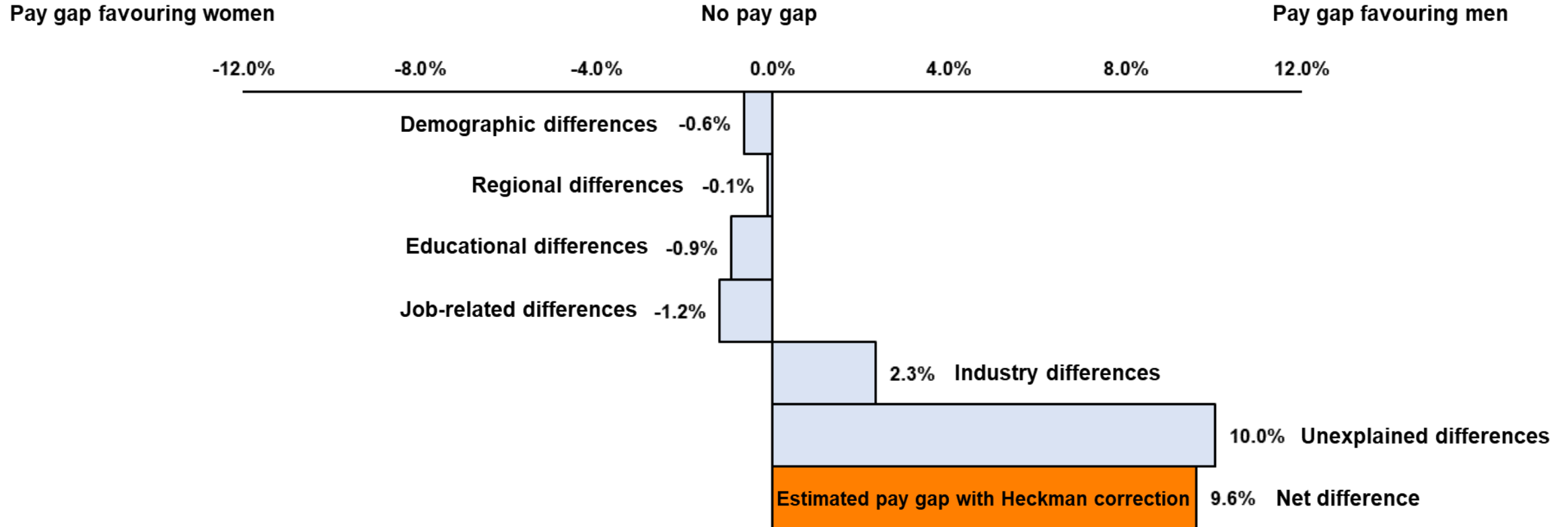
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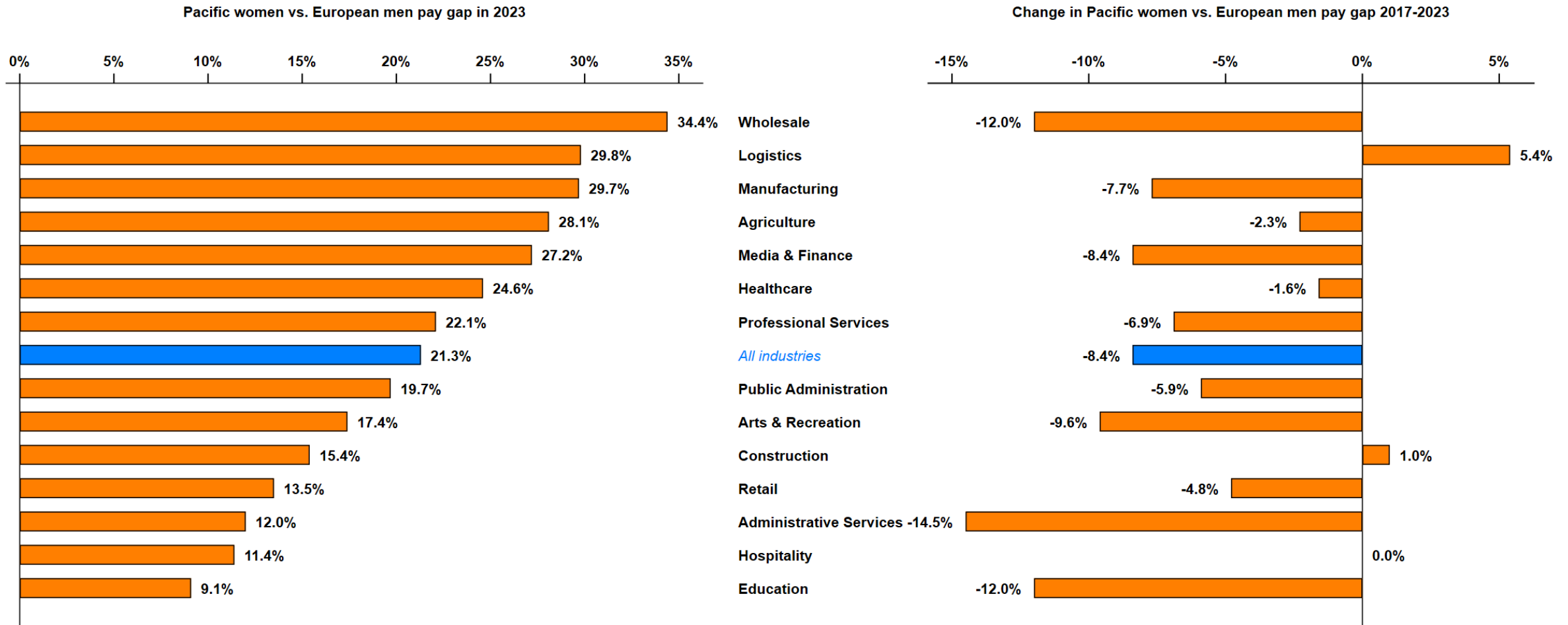
# Gender pay gap 2023: level and trend



# Decomposition of gender pay gap for *All industries 2016-2023 pooled*

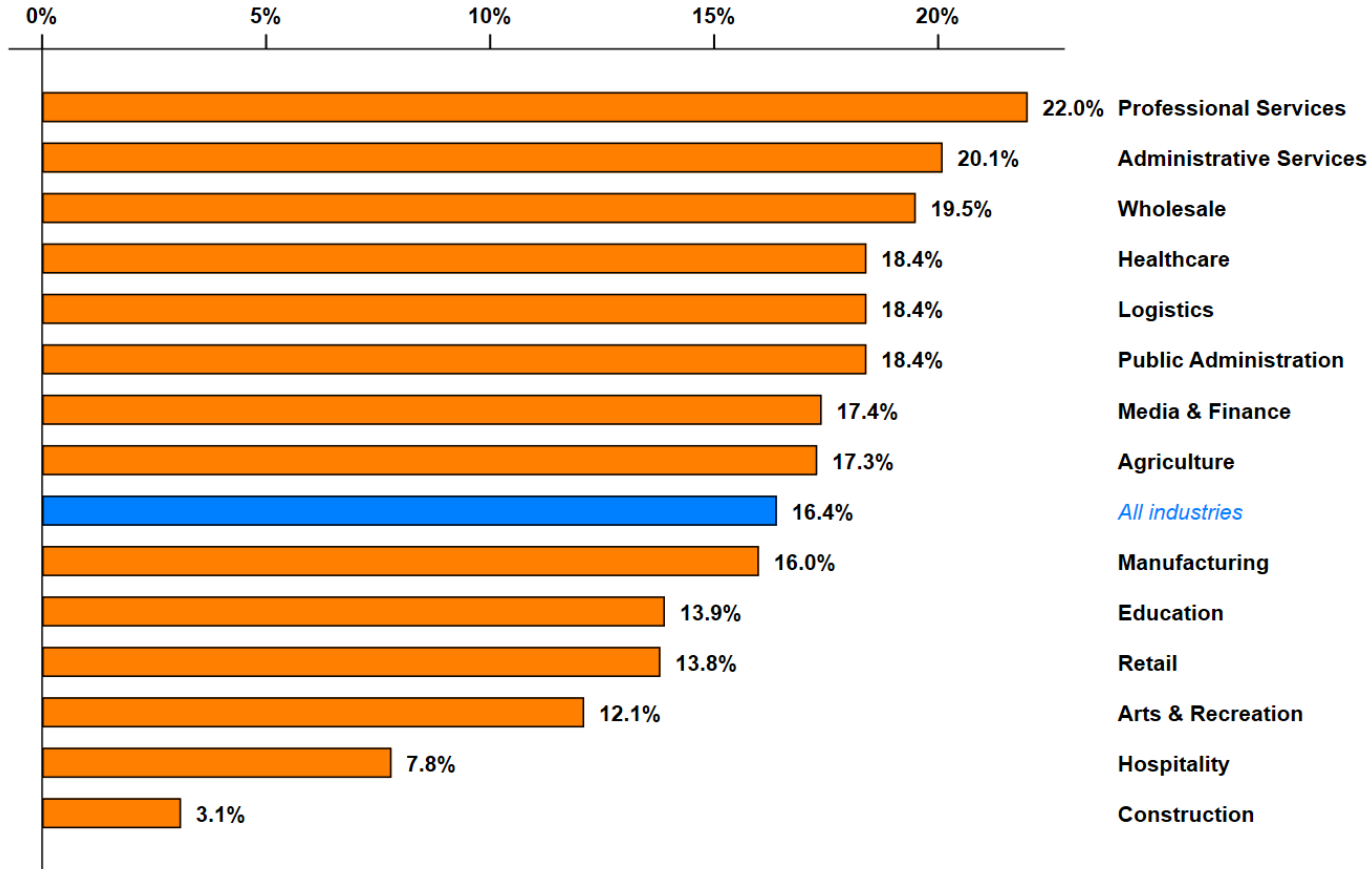


# Pacific women vs. European men pay gap 2023: level and trend



# Asian women vs. European men pay gap 2023: level and trend

Asian women vs. European men pay gap in 2023



Change in Asian women vs. European men pay gap 2017-2023

