



# **PAY GAPS ACTION PLAN 2022/23**

## **SUMMARY 2021/22**

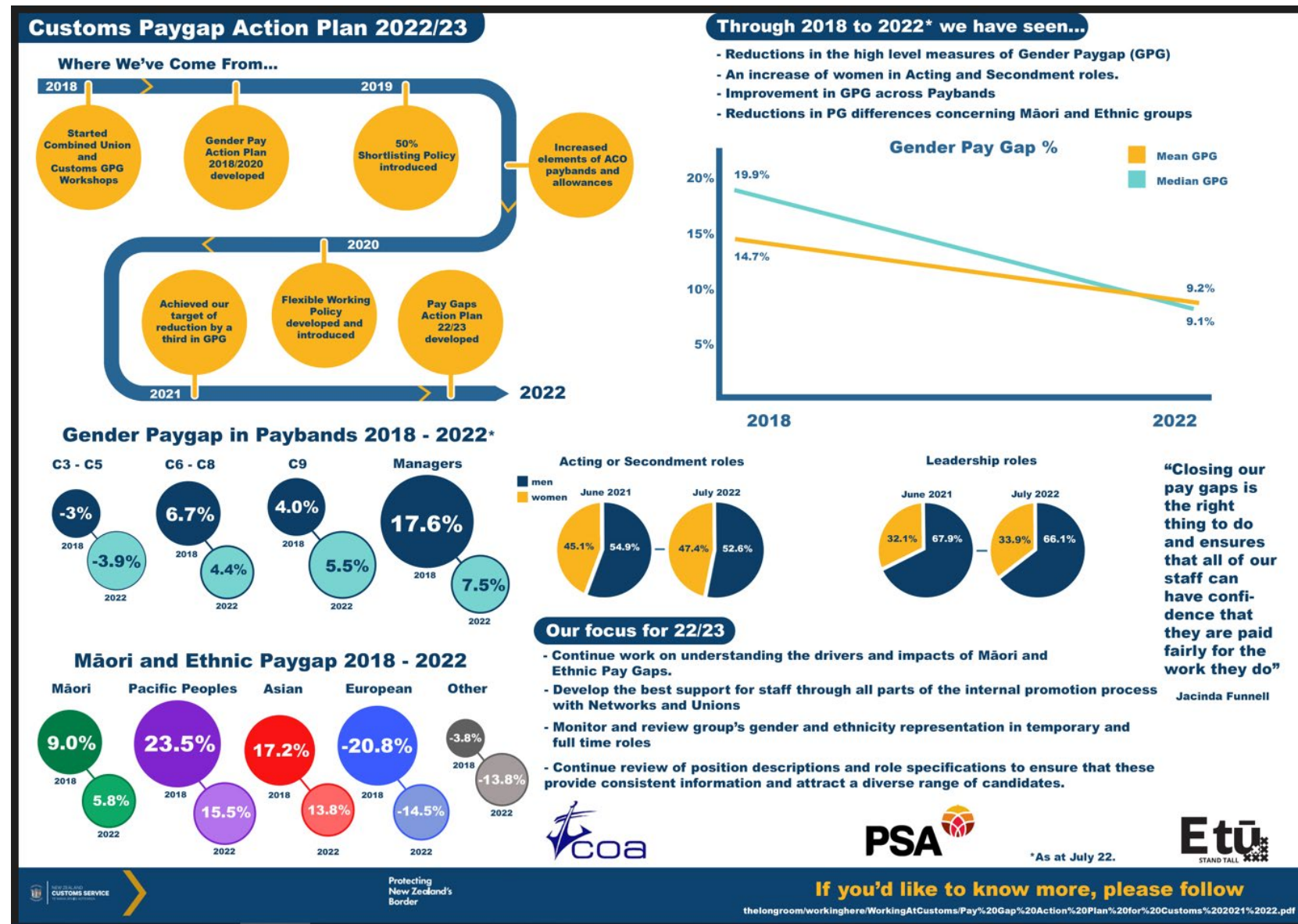
## **FULL REPORT**

***“to ensure that all our people and those who join Customs  
have equal opportunities to develop and earn”***

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## 2022/23 SUMMARY



## PURPOSE

1. The purpose of this report is to provide an update on the Customs Pay Gap (PG) Action Plan for 2022/23.

## Background

### Our PG objective remains:

to ensure that all our people and those who join Customs have equal opportunities to develop and earn.

### Our aim is:

to eliminate pay gaps entirely over time, with the focus being to further reduce them by 2% by mid-2024

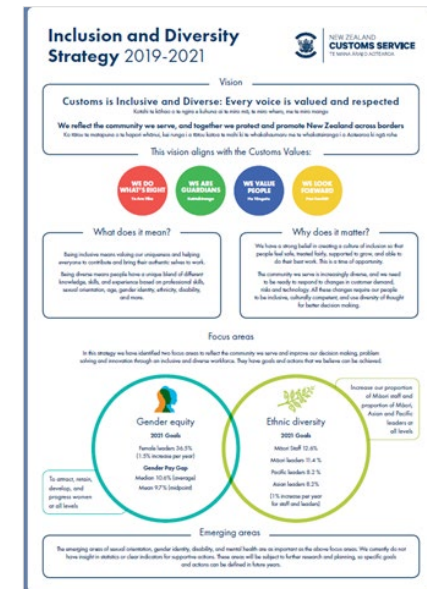
2. We do this work because it's the right thing to do and will lead to more fairness and equity in our workplace. It is completely aligned to our values.



3. At Customs we want to eliminate pay gaps and to play a positive role in the outcome of lifetime earnings for all staff. Reducing the Gender Pay Gap has been one of the five priorities for the Minister of Customs.

## This work is connected to:

4. Our Pay gaps work forms a major part of our Inclusion and Diversity Strategy 2019-2021. Eliminating the Gender Pay Gap and increasing diversity in Customs' workforce are key elements of the two Focus areas within the Strategy: Gender Equity and Ethnic Diversity.



5. We want to create an inclusive environment to attract and retain the best people regardless of gender, age, ethnicity or background. Narrowing pay gaps is one element of our commitment to making sure that equality and inclusivity are a core part of our culture. We have a strong belief in creating a culture of respect and inclusion so that people feel comfortable and able to do their best work. We know that a diverse workforce leads to better decision making, leadership, problem solving, and outcomes. We have gender and ethnicity representation targets for our workforce and leaders in the [Strategy](#) that we monitor quarterly.
6. We are committed to ensuring that everyone has equal opportunities for recruitment, development, and promotion. The right people for the right role based on merit. This is regardless of differences such as gender, ethnicity, age, disability, family status.

7. We are equally focused on reducing our Māori and ethnic pay gaps and a number of our GPG initiatives and I&D Strategy that we have embedded will assist in reducing these. They directly support **Te Pou Tokomanawa** - Customs Māori Framework and are aligned with **Papa Pounamu** Priority Areas.

## How we got here?

8. Our approach to reducing the Gender Pay Gap was developed in early 2018. In July 2018 we commissioned independent work by UMR Limited to inform our strategies.
9. We engaged with our Unions and jointly developed the current Gender Pay Action Plan 2018-2020 which was approved by CEB and jointly launched in September 2018. The plan identified 22 foundation initiatives that are now embedded and contributing to reducing Pay Gaps.
10. The original plan, along with data and background references was placed on Customs Intranet (The Longroom) and briefed all Management groups and many ad hoc groups in late 2018 and early 2019.

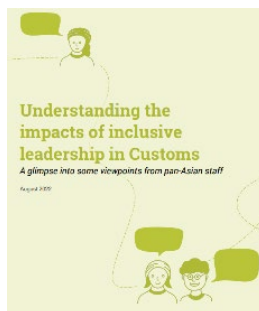


11. The current Pay Gaps Action Plan 21/22 action plan was briefed to Customs Executive Board (CEB) in August 21. That plan broadened the focus from Gender Pay Gaps to Pay Gaps for women, Māori and ethnic groups – hence the change in name and again placed it was placed on the Longroom and Customs' external website.
12. Reducing the gender pay gap has been one of the five priorities for the Minister of Customs. We therefore have provided the Minister with updates on metrics and actions in our Quarterly Reports over the last three years.
13. Our research and development of initiatives has been guided and informed by guidance from Te Kawa Mataaho (TKM) via their Kia Toipoto – Public Service Action Plan 2021 – 2024. We have used The Gender Pay Principles I Ngā Mātāpono Utu Ira Tangata – to find out more information visit the [Public Service Commission website](#) and search “Kia Toipoto”.
14. Also as additional TKM guidance has been released this year we have reviewed our initiatives to ensure they remain aligned and will continue to use the guidance as it comes out over the next year.



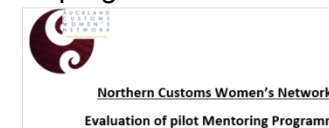
## Union, Employee and Network Engagement

15. We first engaged with our three unions (Customs Officers Association, PSA and Etū) early in April 2018, to discuss our research and potential approaches to reducing the GPG in one of our 6 weekly Forums. This led to specific collaborative workshops to further develop our strategies based on the framework outlining the impacts on staff through the employee lifecycle that have underpinned our initiatives. We continue to engage with Unions as we develop our Action Plans and seek their guidance.



16. Through the Inclusion and Diversity Council and direct contact we also have engaged with our Networks<sup>1</sup> on our progress and proposed actions for the next Pay Gaps Action plan. Our recent focus has been on increasing diversity in those joining and progressing through Customs and understanding the barriers to doing so.
17. The Asian Network this year commissioned, with support from Customs, qualitative research on “Understanding the Impacts of Inclusive Leadership in Customs”. Some of this research will inform our understanding of potential barriers.
18. Similarly, the Northern Customs Women’s Network recently completed the evaluation of their Pilot Mentoring Programme. Every mentee reported an increase in confidence and felt the

programme helped with their personal/career development. Three mentees were successful in attaining a rank promotion during the programme duration. A second programme has been initiated, it will be nine months long and comprise of 23 pairings and will again be supported by Customs.



## Drivers of our Pay Gaps

19. A significant reason for the size of our GPG, Māori and ethnic pay gaps comes from our long tenure and history. Our larger (79.8%) Operational Workforce in Customs has primarily been recruited at the lower ranks within the organisation and from them grown its capability. Although we have long been committed to equal pay, like many public sector organisations, our intakes and the higher levels of our organisation have had more men than women for many years and fewer Māori, Pacific, and Asian staff. This **vertical segregation** leads to managers and specialist pay bands contributing the most to the PGs with some small impacts from the most senior of the paybands covered by the collective agreement.
20. We also have around 94 Assistant Customs Officers (ACO) representing 6.1% of all staff. This role attracted a large number of women due in part to the ability for some, work part-time hours and as a result 61.7% are currently women. However this role has the lowest pay band in Operations.

<sup>1</sup> Women’s Network, Māori Network, Pasifika Network, Asian Network and Rainbow Network

21. Within the smaller Corporate workforce we see some **occupational segregation** with more women than men in lower paid occupational groups and the opposite in some higher paid occupational groups.
22. We also have seen the impact the disproportionate representation of Pākehā within mostly senior paybands, has on the mean PGs after each round of across the board percentage increases in salaries in previous years.
23. Our research has identified historical differences in starting salaries and the likely impact of parental leave on later levels of earnings and the GPG. Our 'Like for Like' analyses and changes will have reduced the current impact of some of these impacts on staff.
24. Things have changed significantly in recent years, and at entry level, we now attract and select a more balanced mix of women and men and increasing numbers of Māori and ethnicities. Over time, this will feed through the organisation to improve the representativeness at all levels so reducing the vertical segregation. Overall 47.0% of our workforce are women, but more of our senior roles are occupied by men contributing significantly to the GPG. (see Leadership Levels later)
25. The Maritime Group, set up 18 months ago and which supports the Maritime Border Order, increased significantly (20%) the numbers within Operations' with staff employed on a fixed term basis. Whilst relatively equal numbers of women and men have joined the Maritime Group the inclusion of a large number of men in the lowest paybands had a greater relative impact on the men's average salary and therefore contributed to a reduction in the mean GPG.
26. As expected as this workforce is de-escalated in line with COVID risk and these staff leave as their fixed term employment ceases, we see upward pressure and changes in our Pay Gaps offsetting other improvements. We were able to offer around 50 staff from this workforce full time employment which has increased our Asian and Māori representation but similarly created some upward pressure on their Pay Gaps.

## Our initiatives to close Pay Gaps

27. The initiatives we have are divided into five areas of focus; recruitment, promotion, career development, pay and reporting and aim to reduce the above drivers. They are outlined in the table below:

28. Within the employee lifecycle framework there are 24 initiatives that we have in place. We have implemented the initiatives over the last three years and most are now embedded. Others have been added and others updated and reviewed further. They align with the Kia Toipoto Action plan expectations. (Appendix C).

Initiatives Status 22/23			
Reduce the inequities in	Strategies	Status	Measures
Recruitment	Mixed gender panels; unconscious bias training for all selection panels	In place	Quarterly Reporting of compliance
Recruitment	Develop a tool and advice to allow fair and informed offers for starting salaries and those on promotion	In place	Quarterly compliance check, and frequency of salary revisions
Recruitment	Further review with Networks and Unions internal and external recruiting processes to attract and select diverse candidates, other Agency approaches, stage of recruitment tracking	In progress	% of women Māori and ethnic Groups in Customs and leadership roles
Recruitment	All final sign offs for appointments need to show % shortlists, unconscious bias training, mixed gender panels and attached salary calculator outcome	In place	Quarterly Reporting of compliance
Recruitment	Move to at least 50% women on shortlists for all roles	In place	100% compliance, no. of exemptions
Recruitment	Regular report on representation across Groups	In place	Pay Gaps across Groups monitored and reported 6 monthly
Promotion	Active encouragement for women to take up permanent and temporary leadership roles via development conversations and Career Development Board feedback	In place	% of women and ethnicities in leadership roles
Promotion	Unconscious bias and gender pay material for all leaders	In progress	% of leaders who have undertaken the training
Promotion	Aid interview preparation and provide material for those seeking roles in conjunction with Networks, via the LMS	In progress	Report on frequency and effectiveness
Career development	Actively support specific development programmes e.g. Womens Network mentoring assistance	In place	% of women and ethnicities in leadership roles
Career development	Publicise, make available leadership and other development programmes to those on Parental leave and those working part time.	In place	Nos. of PLWOP and part time staff on courses
Career development	KPIs for Managers developing their staff	In place	% of women in each leadership level with a development plan
Career development	Flexible by Default policy	In place	Monitoring of formal requests
Career development	All People Policies reviewed for inclusion and to remove bias in line with Kia Toipoto guidance.	In progress	Policies Reviewed
Pay	Change the policy so that rate of annual leave is paid after a career break is unchanged	Completed	Done
Pay	Provide those who take career breaks and Customs approved study leave based on their most recent grade	In place	Checks done and 100% reviewed
Pay	Moderation of Performance Grades and One off payments <u>before</u> final decisions are determined by Gender and Ethnicity	In place	Moderation is completed
Pay	Consideration of Assistant Custom Officer low pay claim	Completed	Done
Pay	Conduct Like for Like Analyses across Paybands each year	In place	% change in mean PG's
Pay	Check the starting salaries of those who have joined in the year for any Pay Gap differences	In place	mean PG's statistical checks
Reporting	Move to regular open monitoring and reporting on panel and candidate makeup	In progress	Annual monitoring
Reporting	Pay Gap Action plans and material placed on Longroom	In place	Done
Reporting	Regular open reporting of gender mix of all the Performance Review Discussion outcomes and for any One Off Payments awarded	In progress	Annual monitoring
Reporting	Regular open reporting of gender and ethnicity mix of secondment, promotions and acting appointments	In place	Quarterly monitoring



## Progress in the last 12 months

### Recruitment

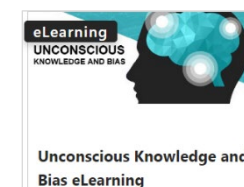
29. We completed research which showed there were no significant differences in the **starting salaries** for men and women in the last 12 months. This year we have also reviewed the starting salaries for Māori, Pacific peoples and Asians and again found no significant differences in starting salaries.
30. In 2021 using the guidance from the TKM on Person specifications, Job Descriptions and Recruitment processes, we developed a programme of initiatives for implementation over a two year period. In the last 12 months we have updated our **Job Descriptions** to reflect the role we play within the Public Service in both Māori and English. Stage 2 of this work is underway setting up the process aligned with TKM guidance, by which Job Descriptions, when updated for a new recruitment process, are reviewed for content and language before included with advertisements.
31. Thirty-three percent of all leaders have completed **unconscious bias** training specifically focused on recruitment. In addition, all selection panel members must have completed the modules within the 12 months prior to being on the panel.
32. We have continued to use the TKM Remuneration Guidance and human resource practices when reviewing our policies. In the development/review of HR policies normal process includes **consultation** with Inclusion and Diversity Council as well as Unions.

### Performance and Pay

33. As a regular part of the Performance process, we again in 2022 reviewed, before finalisation, the proposed **performance grades** and 'one off' payments and there were no significant gender or ethnicity bias in the performance ratings.
34. We have conducted successive analyses of other areas where pay decisions involve discretion e.g. access to overtime; payment of Special duties and higher duties allowances and have seen a reduction in the GPG for **total remuneration** from 20.1% in June 20 down to 14.3% in June 22. (More detail in Appendix B)
35. We completed "**Like for Like**" checks on Manager and Specialist Salaries in the last 12 months and made adjustments accordingly.

### Promotion and Career development

36. Our "**if not, why not**" **flexible work** policy and systems which were in place prior to Covid19 have been well tested in the last year. The response to its impact has been generally positive and the policy is aligned with the TKM flexible-work-by-default guidance.
37. As at the end of July 2022, 31% of all Customs staff has completed some form of **unconscious bias training** (either attended a workshop online or face to face and/or completed an eLearning package).



38. As part of the last **talent management** process in October 2021, 39% of women were identified as High Potentials through the dynamic talent maps. Our talent management process for 2022 will be completed in December this year with the expectation around 766 staff (of which 335 or 43.7% are women) will be included.

39. This year we introduced an **'Inclusive Leadership Development'** module because it aligns with our values and Papa Pounamu - Hautūtanga Ngākau Tuwhera - Inclusive Leadership. It is hosted on our Learning Management System and this module is key to how we achieve the aim of better reflecting the communities we serve, so we can deliver better outcomes by bringing forward a wider range of solutions. It is based on material from MBIE and their support is acknowledged. It was launched in June/July 22 and as at end of August 22, 32 managers and 56 non managers have already completed the module.



40. Customs also had three participants in the past 12 months on the Pacific Women's Professional **Development Programme** and two members of the Network attended Leadership New Zealand's Tu Mau Mana Moana programme, which is aimed at senior Pasifika public servants to encourage the application of Pacific cultural approaches to public sector issues. Eight women attended the virtual Southern Women in Public Sector Summit and we will again be supporting staff to attend the Women in Public Sectors summit in November 22.

## Reporting – Data Analysis and trends

41. We have continued to improve our data analysis capability giving us a better understanding of the roles joiners and leavers, promotions and pay changes have each month on all our pay gaps. We have extended analyses to include gender and pay gaps based on **Total Remuneration** (i.e. allowances and overtime payments) (see Appendix B.)
42. We have tracked monthly changes across the pay bands with higher pay gaps i.e. Managers and Specialists and C9 Band (Advisors, Team leaders and Chief Customs Officers).
43. We **report quarterly** on Pay Gaps progress and initiatives to the Customs Executive Board and the Minister.
44. We have updated the **gender identity** question when joining and within our Human Resources Information System to include 'another gender' or 'prefer not to say'.
45. We have started examining Māori and Ethnic pay Gaps Pay gaps **within Groups** and this is a focus for the coming year. (Appendix B)

## Māori and ethnic pay gaps

46. Our Te Pou Tokomanawa plan is the foundation of what we do and how we do it. We aim to build a strong culture where the principles of kotahitanga, kaitiakitanga and manaakitanga are woven through all our day-to-day activities. It outlines a number of strategies. The strategy most relevant to Pay Gaps is our commitment to building Māori Crown relationship capability across Customs through the broader public service Whāinga Amorangi work programme, and to support the revitalisation of

te reo Māori through the Maihi Karauna strategy. We are also committed to our work being aligned to the guidance of Kia Toipoto (Appendix 3)

47. We now report quarterly on Māori and ethnic pay gaps.
48. The analyses still show the intersectionality between gender and ethnicity remains (Appendix B) and differences across our staff. We have shared this data and trends with our Māori, Asian, Pasifika, Rainbow and Women's networks as part of ongoing workshops combined with our Unions. The feedback and focus of our work together so far is understanding barriers so we can improve our diversity across our Acting /Secondment opportunities, internal promotion and career development opportunities.

#### **Contribution to development of TKM Public Sector Wide guidance**

49. We have continued to provide input to the development of TKM guidance e.g. improving workforce and leadership representation. In addition, they have included a case study from Customs in their Annual report. We have separately shared information, our salary comparator and data with a number of public sector agencies over the year.

#### **Alignment with Kia Toipoto**

50. Appendix C outlines the status of our initiatives against the goals of Kia Toipoto.

#### **Observations in 2021/22**

51. Progress against some goals and targets has been challenging this year. Some initiatives where workshops were going to be

best done in person were delayed and for others, capacity was affected by operational priorities and illness.

52. The impact of the across the board constraints in pay for higher paid staff has contributed a little to a lower GPG in the Managers and Specialist paybands as the proportion of women in the paybands below the threshold who did get a rise, was greater than men.
53. Higher attrition has been both a risk and opportunity to reducing Pay Gaps in the last 12 months. The numbers leaving Customs in have increased for two reasons. A significant number have left our Maritime Group in anticipation of changes to their fixed term contracts as COVID Risk management processes and timeframes changed. There has also been higher unplanned attrition in the last 9 months across a number of Groups. Whilst the number of men and women leaving has been similar, the men's average salary increased a little as the leavers' average salary was slightly higher than the women's but with both still below the average. As a result, there was upward pressure on the mean GPG, the median GPG and Māori and ethnic group Pay Gaps from our leavers.
54. The opportunity higher provides comes from being able bring in a greater diversity of staff at different levels and in more numbers, than had the attrition been lower. In hard to fill specialist areas though, finding diverse staff in a low unemployment environment has been challenging.
55. We continue to see the impact on the mean GPG of one-off actions such as the hiring or loss of a senior specialist or two and recognise the need for these to be overcome by organisation wide initiatives.

56. The importance of our initiatives and policy around both external and recruitment into Customs becomes greater in the current climate with larger numbers being recruited in response to attrition and more internal movement.

## Measures

57. While clearly the high level indicators (Mean and Median GPG and Within Payband Mean PG) are important, we remain mindful that were we to focus only on those initiatives that might move the percentage down we could lose focus of the Customs' objective which is: *to ensure that all our people and those who join Customs have equal opportunities to develop and earn.*
58. There have been and will be fluctuations over time. Our focus is on the linear trends we see over time, both of which have reduced significantly since 2018. (see chart)

## Mean and Median GPG

59. Customs' **mean** GPG as at 31 July 22 was 9.2% an increase of 0.1% on July 21. Whilst it was lower during the year (8.2%) it increased in the last two months. We knew and noted the risks last year that whilst the addition of the Maritime Border Order (MBO) staff last year assisted in reducing the mean and median GPG through a large number of men joining as lower paid Assistant Customs Officers (Maritime), this positive impact would reduce as the MBO staff left. We are now seeing those impacts as staff leave.
60. In addition, in recent months a few men hired into higher paybands in specialist areas combined with the exits of some

higher paid women have offset some of the reductions in the GPG and contributing to the small increase the mean GPG,

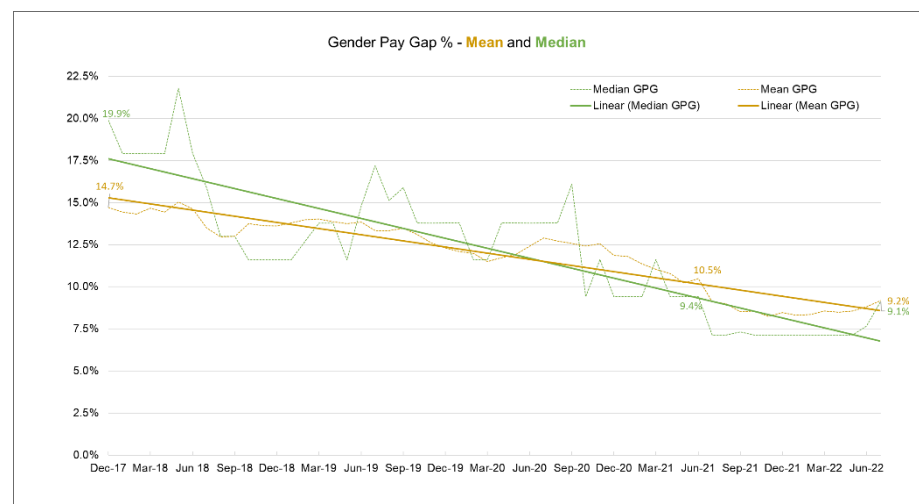
61. Women's median pay is substantially different than 2018 (see table).

	31-Mar-18	30-Jul-22
Women Median Pay	\$58,268	\$66,988
Men Median Pay	\$70,996	\$73,721
Median PG %	17.9%	9.1%

Customs' **median**

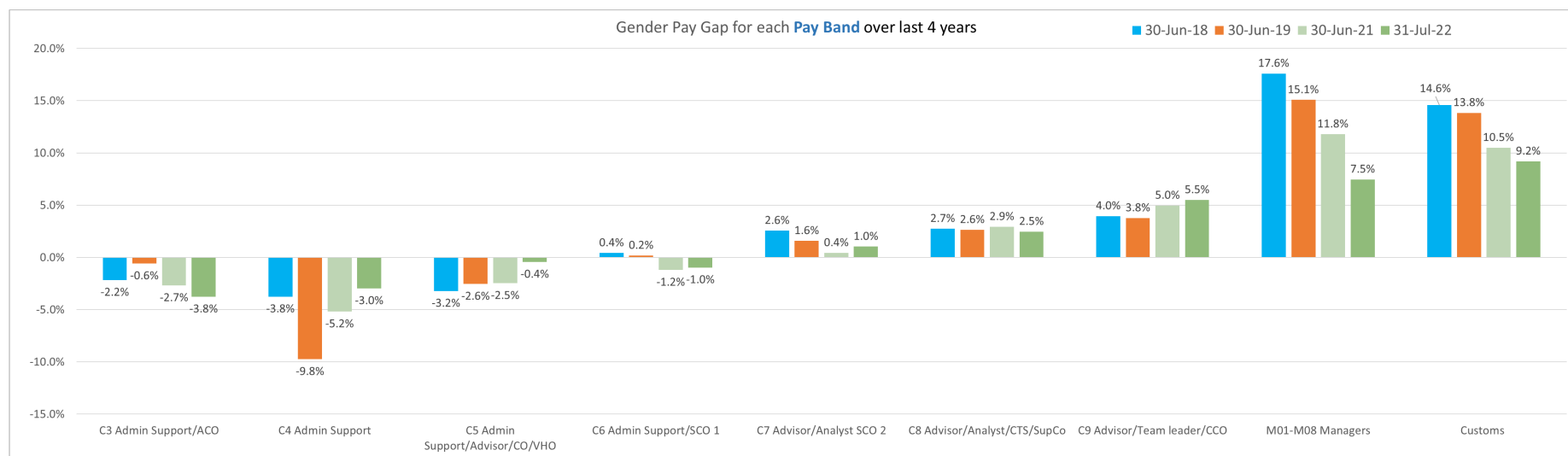
gender pay gap though is as at 31 July 22 was 9.1% an increase from 7.1% in July 21. Again whilst it remained at 7.1% for most of the last 12 months it increased in the last couple of months. The median was impacted by the exits of more MBO men staff and the exits of higher paid women.

## Paybands - Mean GPG



62. Our third high level measure monitors mean GPG comparisons within each pay band. The bands where the GPG is below zero are those where the mean GPG is higher for women than men. Over the last 3 years there has been good progress across most of the bands that are above zero with the exception of one – C9.

65. There has been a small increase in the **mean** GPG in the C9 band due to more women leaving above the women's average salary (3 though into the pay band above which is positive), and more men than women joining above their respective gender's average salary.



63. We have focused particularly on achieving reductions in the Manager and Specialists and C9 bands using 'Like for Like' reviews of salaries and making adjustments for all staff who appear to be underpaid relative to others (based on role and performance).

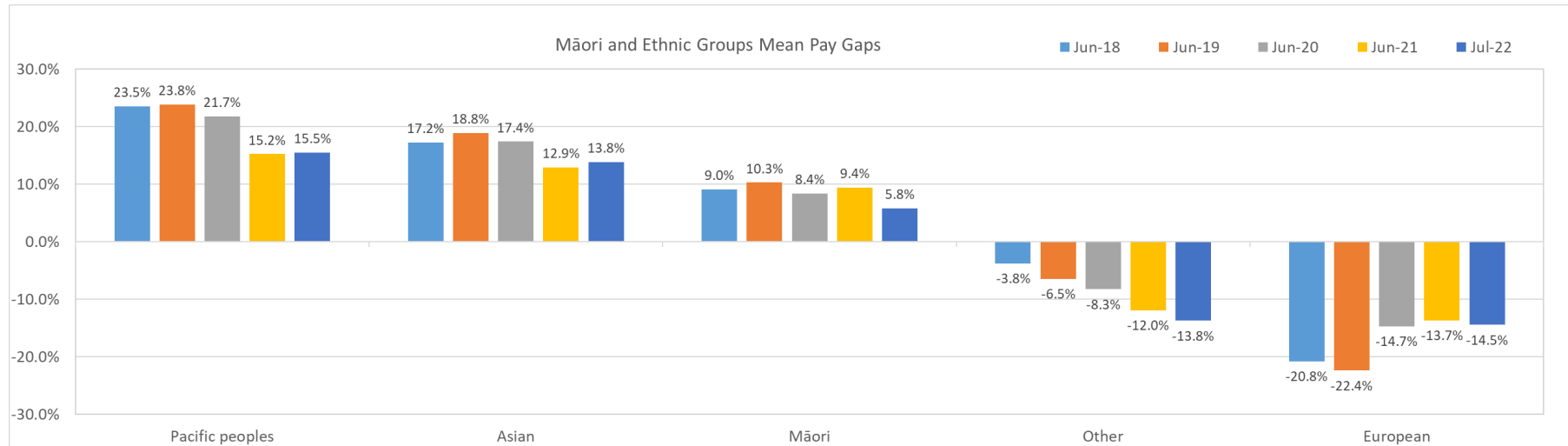
64. In the last 13 months the mean GPG for the Managers and Specialists has **reduced** by 4.3%. The representation of women in these pay bands is no higher but their average pay within the bands has, relative to men, increased a little in each of 4 of the 8 bands with 2 bands remaining unchanged. 'Like for like' adjustments have an impact here.

66. However, when we examine the **median** C9 band pay gap has **reduced** significantly from 4.0% down to 0.8% by years end primarily as a result of more men joining below their respective men's median salary than women below their median salary.

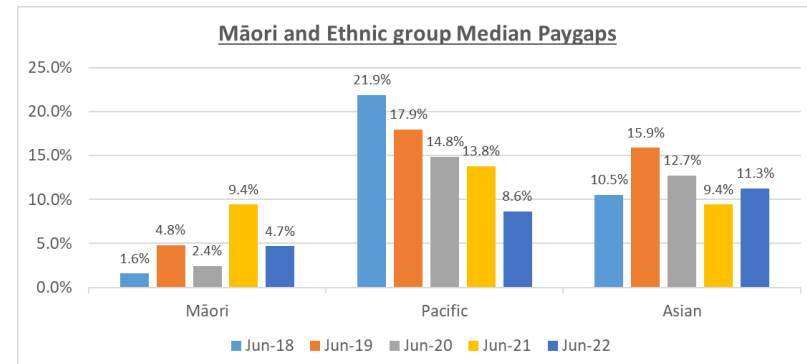
67. Our increased data analysis capability has allowed us to monitor and understand the relative distribution of women and men across each pay band e.g. promotion of a number of women out of a lower pay band may reflect a number of initiatives coming to fruition but this movement will lead to more women at the lower end of the next higher pay band and an

interim increase in the GPG for that band and for the band they have left.

## Māori and Ethnic Pay gaps



68. Overall, there are reductions in the mean GPG since 2018. However there are mixed outcomes within the last year. The movements, both positive and negative, in our **mean** and **median** (see chart below) pay gaps over the year have been influenced by changes in the numbers of diverse staff around the country as part of our workforce under the Maritime Border Order. The majority of these positions are on lower pay bands. (more detail in Appendix B).



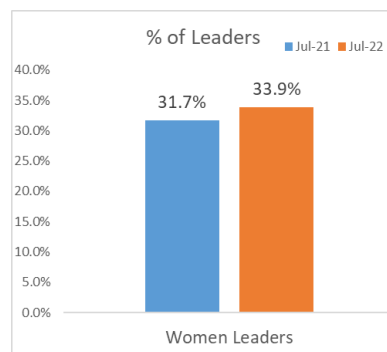


69. What we do see is the average salary for wāhine Māori has **increased** substantially in the last 12 months but we don't see the same for Asian and Pacific women. (Appendix B). We are doing more work to understand the relative impacts of joiners and leavers in both mean and median pay gaps (table further below) noting the size of the comparators (e.g. 'non asian') in the analyses.

### Leadership Levels

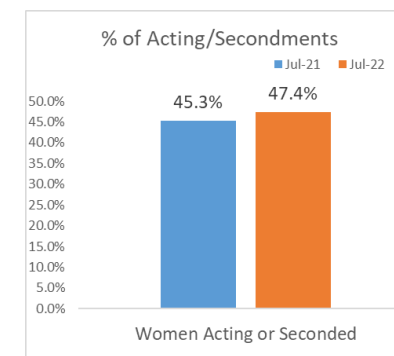
70. There are three second level metrics we are monitoring. They are important indicators of our development and leadership pipelines and give us an indication of how some of our initiatives are progressing.
71. The acting and secondment roles are critical opportunities to gain experience and confidence and are important precursors to applying for and having success in selection panels for leadership roles.

72. The percentage of **Women leaders**<sup>2</sup> is 33.9% currently. This is an **increase** of 2.2% on the last twelve months from 31.7% in July 2021. We are monitoring the ethnicity of our leaders over time as part of our Inclusion and Diversity strategy.



73. The percentage of women in **acting** or **secondment** roles is 47.4%, and The percentage of women in **acting or secondment** roles is 47.4%, an **increase** of 2.1% from 45.3%

12 months ago and has been trending up from 36.8% in 2018 when we first started monitoring. We are looking for it to be consistently 50% or greater. of 2.1% from 45.3% twelve months ago and has been trending up from 36.8% in 2018 when we first started monitoring. We are looking for it to be consistently 50% or greater.



### Senior Leadership roles. (Tiers 2 and 3<sup>3</sup>)

74. We are mindful of the **Gender Balanced Leadership** Public sector-milestone and the expectation that Agency levels are between 40-60% women. The percentage of those in Senior Leadership roles is currently at 35.7%. The target is to be at or higher than 40% by December 2023.
75. The plan to increase the representation in tiers 2 and 3 is the same approach that we are taking across all levels of the organisation to improve our diversity through the attraction, recruitment, promotion and career development initiatives to increase the representation in our pipelines.
76. More detailed measures are at **Appendix B**.

<sup>2</sup> Those with people reporting to them

<sup>3</sup> Tier 2 and 3 leadership levels include the DCE's and those directly reporting to them.

## Actions for 2022/23

77. The focus for 22/23 is to continue to embed and monitor the 24 initiatives that impact across the employee lifecycle.
78. A number of initiatives from this year impacted directly or indirectly by COVID will be continued in the next 12 months. These are:
- Focus on recruiting reach and methods for attracting diverse candidates in hard to get specialties by :
    - reviewing other agency methods and share with hiring managers
    - utilising guidance from relevant Ministries
    - utilising the data from our candidate tracking system to track the gender and ethnicity of applicants and how many progress at each stage of the selection process
  - Encouragement to managers to support the allocation of short term secondment / acting up opportunities across all of their teams utilising Talent Management material.
  - Continue the work on better understanding the drivers and impacts of Māori and Ethnic Pay Gaps. We will do this by:
    - progressing the workshops we have underway with our Unions and Networks over the next 12 months to:
      - develop the best support for staff through all parts of the internal promotion process
      - utilise the independent qualitative research from the Asian Network to broaden this knowledge
      - develop materials, assistance including the LMS for all staff to help them prepare for selection

- Actively support via Recruiting, L&OD and via Networks
  - career development sessions for staff
  - actively support internal mentoring programmes
- Work with Group Managers to review how their group's gender and ethnicity representation across all levels could change.
- Continue Stage 2 of the review of position descriptions and role specifications to ensure that these provide consistent information and attract a diverse range of candidates.

## Summary

79. Significant changes to the size and makeup of the workforce over the last 12 months have led to recent upward pressure on some pay gap measures that as expected have offset other improvements. Other metrics have improved in the period.
80. Our initiatives are becoming embedded and the norm are influencing the systems, structures, culture and opportunities.
81. We are learning about ways to increase the diversity of staff joining and moving up our organisation through engagement with our Networks. This partnership work will continue over the next 12 months so we can reduce the impact of pay gaps for our Māori and ethnic staff. As this is done we can set targets for the reduction of Pay Gaps for Maori and Ethnic Groups.

## APPENDIX A

### Gender Pay Gap Calculations

- 82. Our calculations are aligned with the Organisational gender pay Gaps – measurement and Analysis guidelines<sup>4</sup> provided by SSC and Statistics NZ.
- 83. We use Full-Time equivalent (FTE) instead of hourly pay to calculate a gender pay gap i.e. those working part time have their salaries annualised.
- 84. We include the following pay elements in our analyses.
  - Income includes: Salary Payment, In Lieu of benefits, Equalisation Superable
  - Other payments paid hourly not included: Flexibility allowances Market Allowance
- 85. Those Seconded within the organisation have only their base pay included in the calculations and without any higher duties pay included.
- Note: In the Appendices that follow there is a fair amount of data and some knowledge of the calculations outlined on this page and the drivers of the Pay Gaps is helpful. More detail on these can be obtained by making direct contact with our Point of Contact. Scott Rennie: Principal Advisor Workforce Planning and Strategy, email: [Scott Rennie](mailto:Scott.Rennie@stats.govt.nz)

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<sup>4</sup> Stats NZ (2018). *Organisational gender pay gaps: Measurement and analysis guidelines*. Retrieved from [www.stats.govt.nz](http://www.stats.govt.nz).

## APPENDIX B

### Calculation of Average or Mean Gender Pay Gap

$(\text{Average of all men's salaries} - \text{average of all women's salaries}) / \text{Average of all men's salaries} = \% \text{ Gender pay Gap}$

**Median = middle value**

$(\text{Median of all men's salaries} - \text{Median of all women's salaries}) / \text{Median of all men's salaries} = \% \text{ Gender pay Gap}$

### Māori and Ethnic Pay Gap Calculations

**Maori Pay pay gap (Māori to non-Māori)**: The difference between the average salary for non-Māori employees and the average salary of Māori employees, and are expressed as a percentage of the average salary of non-Māori employees.

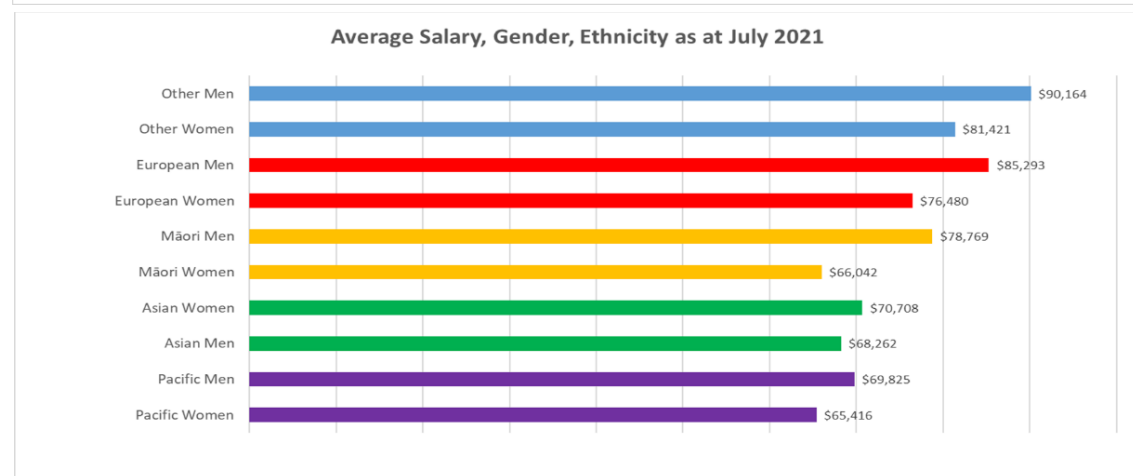
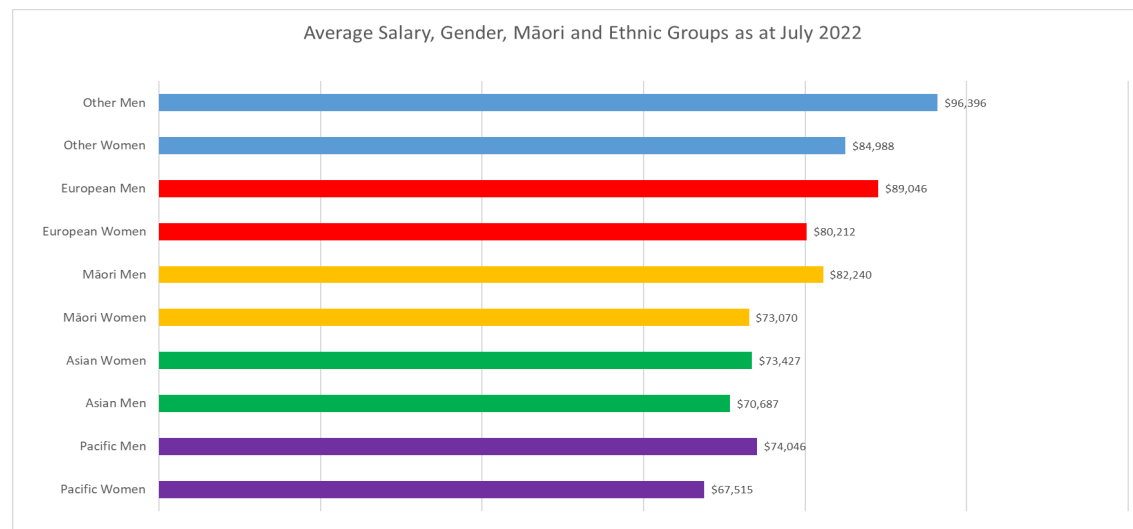
$$(\text{Average Salary}^{\text{Non-Māori}} - \text{Average Salary}^{\text{Māori}}) / \text{Average Salary}^{\text{Non-Māori}} \times 100$$

**Asian Pay Gap (Asian to non-Asian)**: The difference between the average salary for non-Asian employees and the average salary of Asian employees, and are expressed as a percentage of the average salary of non-Asian employees.

$$(\text{Average Salary}^{\text{Non-Asian}} - \text{Average Salary}^{\text{Asian}}) / \text{Average Salary}^{\text{Non-Asian}} \times 100$$

## Average Salaries – intersectionality of gender and ethnicity

86. There are differences in the salaries across all our ethnicities<sup>56</sup> with Other Men<sup>7</sup> in blue having the highest average salary and Pacific Women the lowest. What is apparent is that Māori, Asian and Pacific People's salaries are mainly lower than the top three categories. With the exception of Asian Women, within ethnicities, all women's salaries are lower than men.
87. All averages have increased on last year but their relative position remains the same. What is encouraging is that the largest increase in average salary was for wāhine Māori (\$7,028 increase in last 12 months). This has happened in part through increases in salary for current staff, promotions and fewer lower paid women as MBO staff left.
88. We don't see the same increases for Asian and Pacific women and are looking at these differences currently.

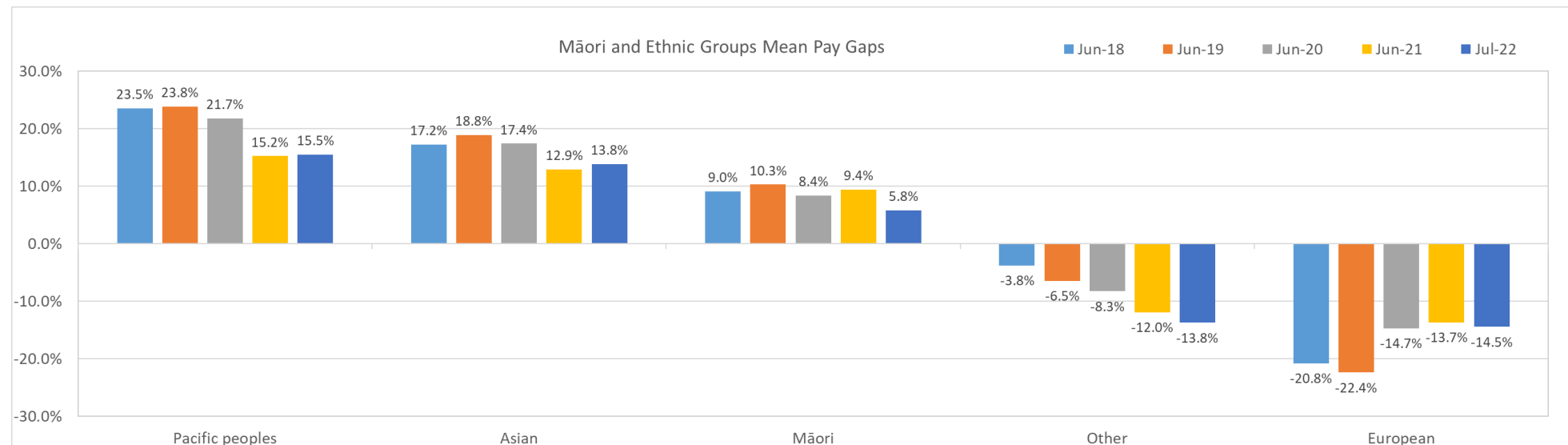


<sup>5</sup> Based now on any of three identified ethnicities

<sup>6</sup> The category MELAA (Middle Eastern, Latin America, Africa) was not included because the numbers are too small and may have created a risk to privacy to include

<sup>7</sup> Other – the category allocated when the staff member identifies an ethnicity that is not one of the ethnicities shown in the chart.

## Māori and Ethnic Pay gaps over time

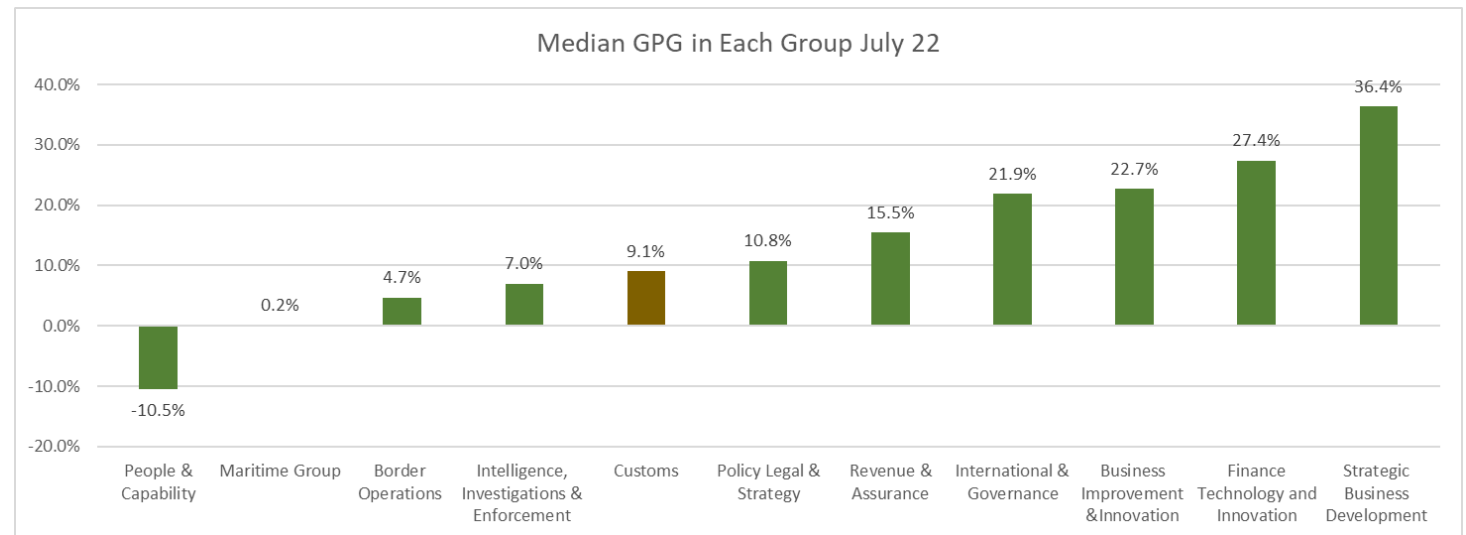
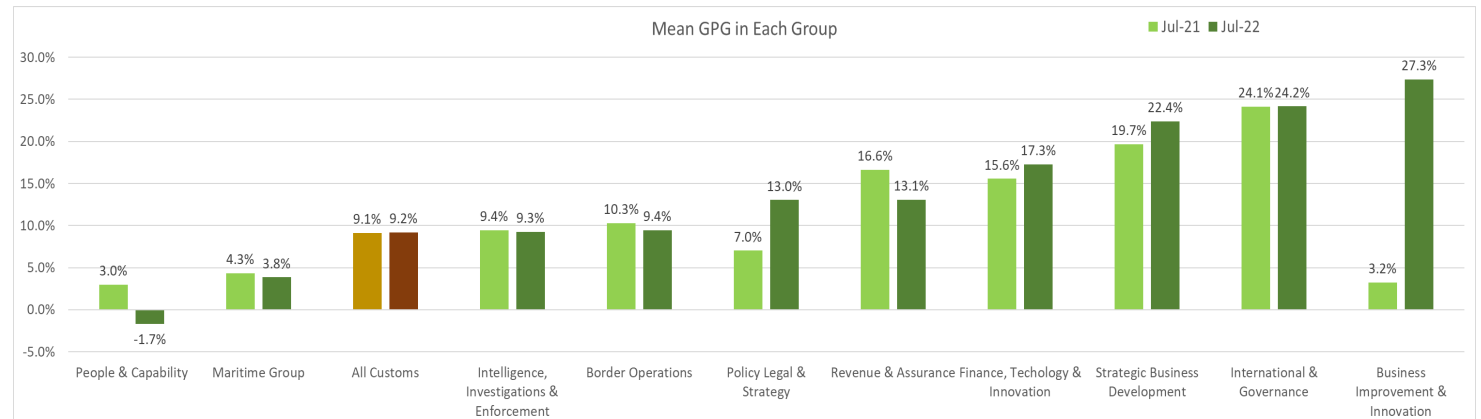


89. There has been an increase in the Pacific People's pay gap in the last 13 months. Whilst we saw an increase in the Pacific People's average salary (\$2,787) we had a few leave Customs with the result that the Pacific average salary increase was less than its comparator's increase. In addition to this 30 more of the comparator's staff left compared to joiners at salaries below their average. These effects lead to the increase in the Pacific Peoples' pay gap.
90. Likewise, whilst the Asian average salary increased (\$2,420) we had a net twelve Asian staff increase in Customs but at salaries below the Asian average. As a result, the Asian average salary increase was less than the increase of its comparator. In addition to this seven more of the comparator's staff left compared to the number of comparator joiners at salaries below their average. These effects lead to the increase in the Asian pay gap in the last 13 months.
91. The decrease in the Māori pay gap is also a combination of factors. Overall while a number of Māori staff left Customs, many from the Maritime Group, those that joined Customs assisted in raising the Māori average (\$5,694) and by more than its comparator's increase. In particular 25 more of the comparator's staff left compared to the number of comparator joiners at salaries below their average.



## Gender Pay Gaps across our Functional Groups

92. Monitoring and understanding the causes of the mean and median GPG within our groups provides insight to the influence occupational segregation has on our overall GPG. It illustrates the opportunities and importance of encouraging the development of staff at all levels within each group directly to the managers.
93. There is significant occupational segregation (i.e. range of roles) in the Finance Technology and Infrastructure group contributing to the high mean GPG. Increases in that group reflect specialist IT and Data Analytics staff joining along with lower paid women in corporate service roles. In Strategic Business Development Data Analytics staff have joined.



## Pay Gaps across our Functional Groups<sup>8</sup>

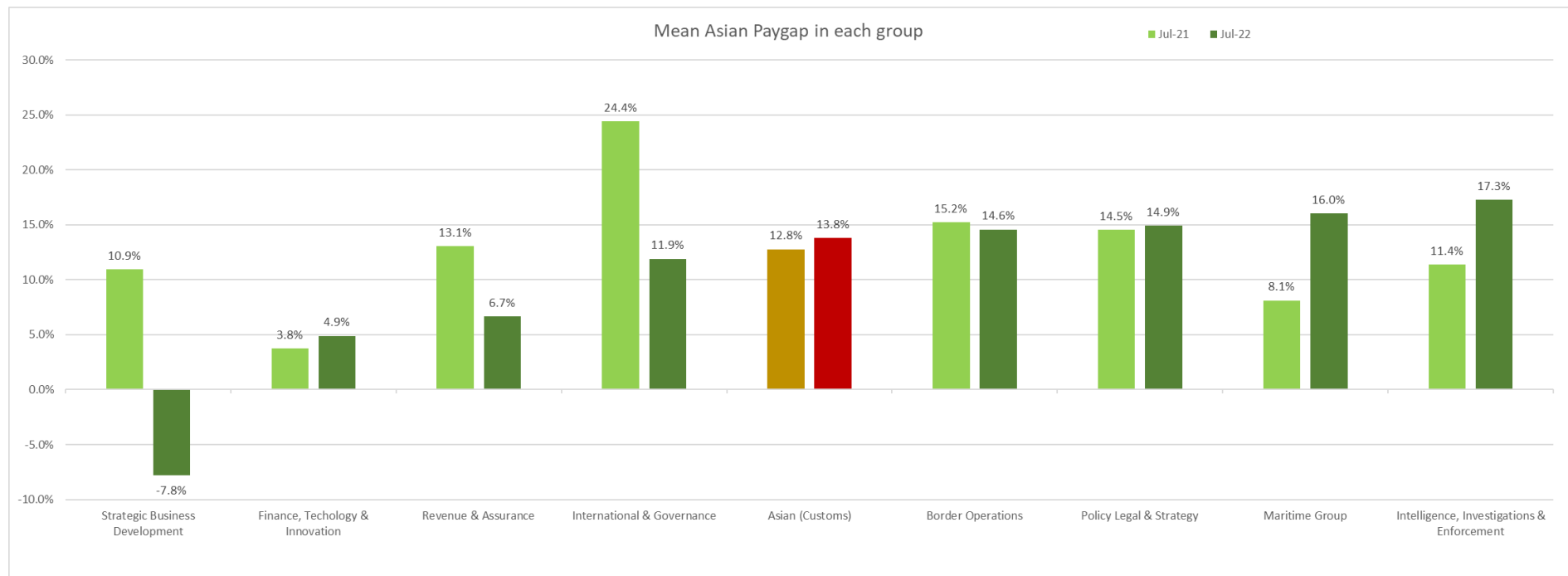
94. The Māori Pay Gaps across our groups, with the exception of one, are comparatively low and six are lower this year than last.
95. The Pacific People's Pay Gaps in some groups are quite high but again six are lower than last year.



<sup>8</sup> Where the numbers in a particular group were low and ran the risk of breach of privacy the data for that group is not presented

96. The Asian Pay Gaps across our Groups are consistent and high. Unlike the two pictures above, the gap for Finance Technology and innovation is one of the lowest.

97. Only four are lower than last year.



## Representation across our Groups staff, Managers and Median GPG

98. We are now looking closer at the representativeness of men and women and managers across groups. This data informs the work we will do in the next year around increasing the diversity and reducing pay gaps in a number of groups.
99. The lower representation of women and women managers in most Operations groups is impacted by the longer tenure in these groups and may reflect historical career breaks impacting promotion opportunities.

### Operations groups

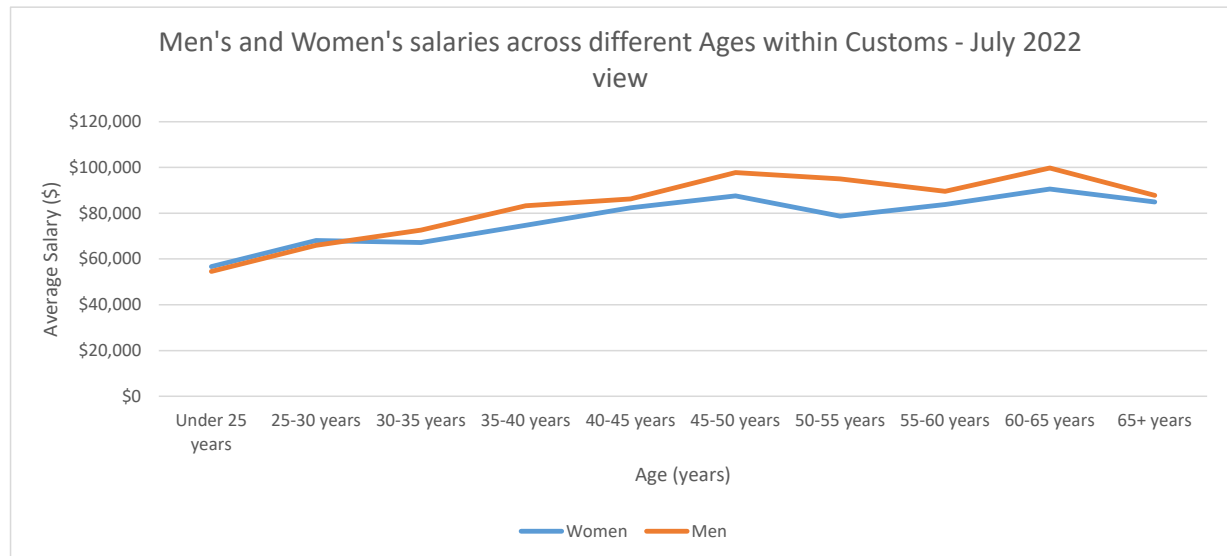
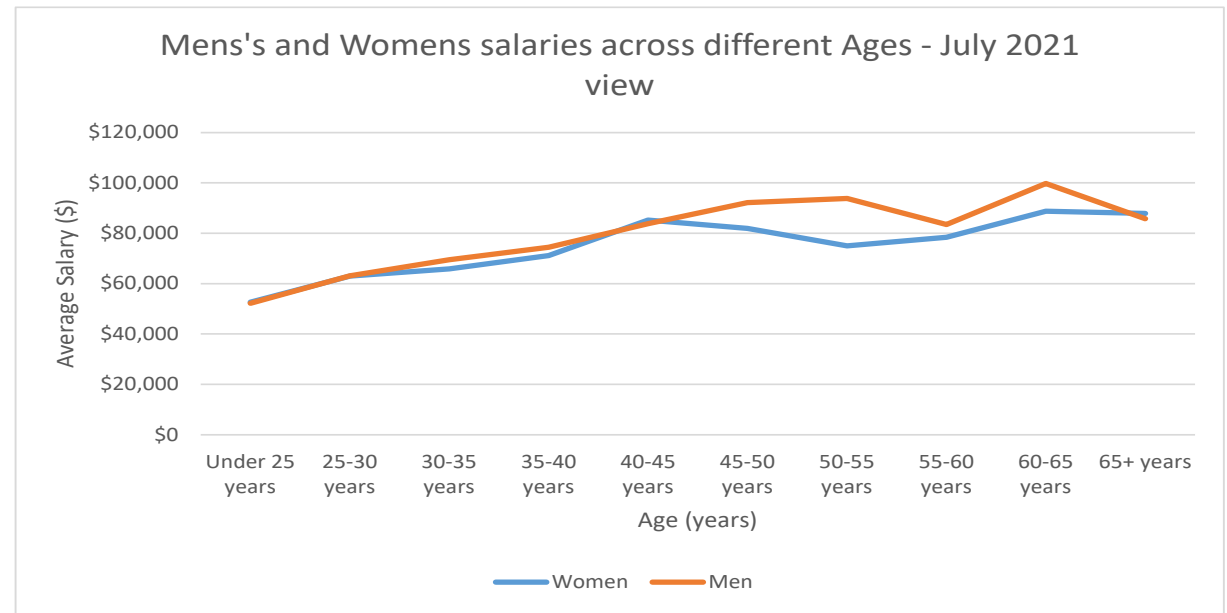
Group	% Women	% Men	% Women managers	% Men managers
BOPS	52.0%	48.0%	33.8%	66.2%
II&E	38.1%	61.9%	32.7%	67.3%
MG	33.5%	66.5%	29.6%	70.4%
R&A	46.5%	53.5%	20.0%	80.0%
SBD	51.4%	48.6%	66.7%	33.3%
BI&I	45.5%	54.5%	33.3%	66.7%
<b>Total Operations</b>	<b>45.4%</b>	<b>54.6%</b>	<b>32.0%</b>	<b>68.0%</b>

### Corporate groups

Group	% Women	% Men	% Women managers	% Men managers
FT&I	45.2%	54.8%	29.2%	70.8%
P&C	66.1%	33.9%	69.2%	30.8%
PL&S	58.9%	41.1%	45.5%	54.5%
I&G	47.0%	53.0%	18.8%	81.3%
<b>Total Corporate</b>	<b>52.1%</b>	<b>47.9%</b>	<b>37.5%</b>	<b>62.5%</b>

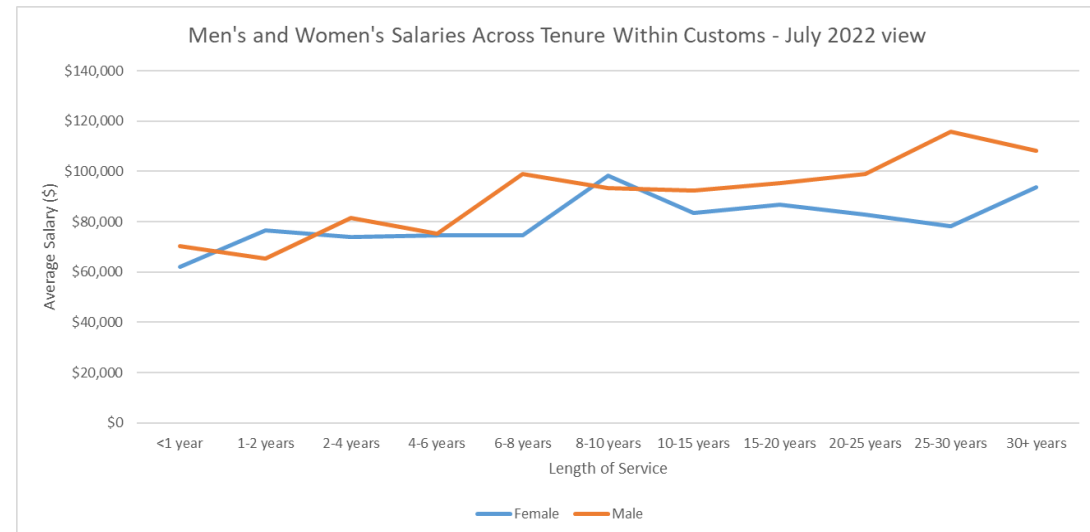
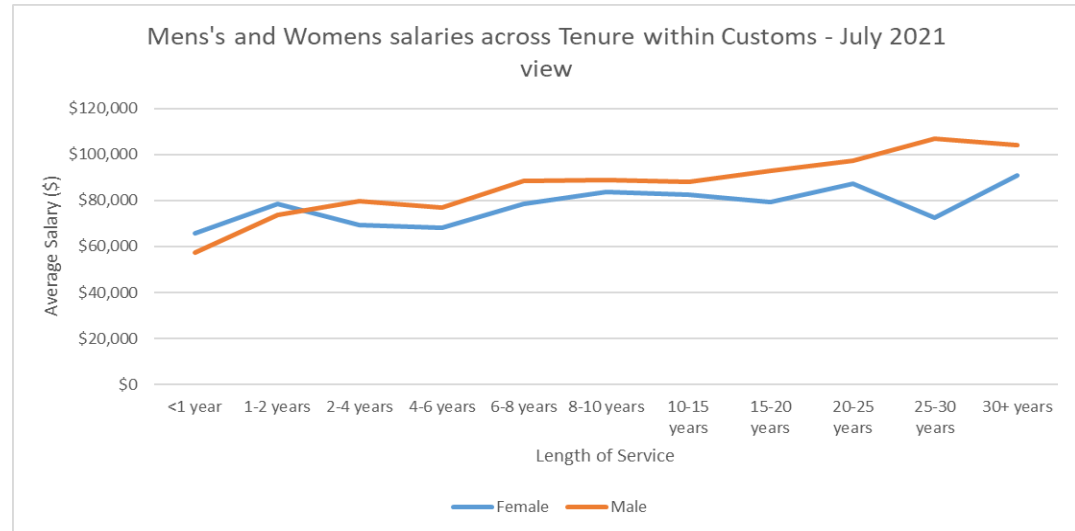
## Age

100. Mean gender pay gaps continue to exist among staff aged 35-40 years and are larger with age until they start to close again for those 65+ years and older.
101. However, the distribution of the gap between men's and women's salaries is similar to that when last reviewed 12 months ago. There is through a closing of the gap between men and women between age bands 40-45 years and above.



## Tenure

102. Gender pay gaps in favour of men exist at most tenures as shown in the chart to the right.
103. Career breaks and previous formal or informal barriers to promotion are thought to have contributed to the patterns we see here across both age and tenure. A number of our initiatives aim to reduce these potential impacts for the future.
104. Over the last 12 months though there has been a widening of the gap in the 4-10 year tenure band compared to July 2021 with the men's average salary increasing by \$10K in the 6-8 year tenure and the women's average salary falling \$4K. Gaps have also widened in the 20+ tenure categories also over the last 12 months. We are working on the causes.





## Workforce Representation

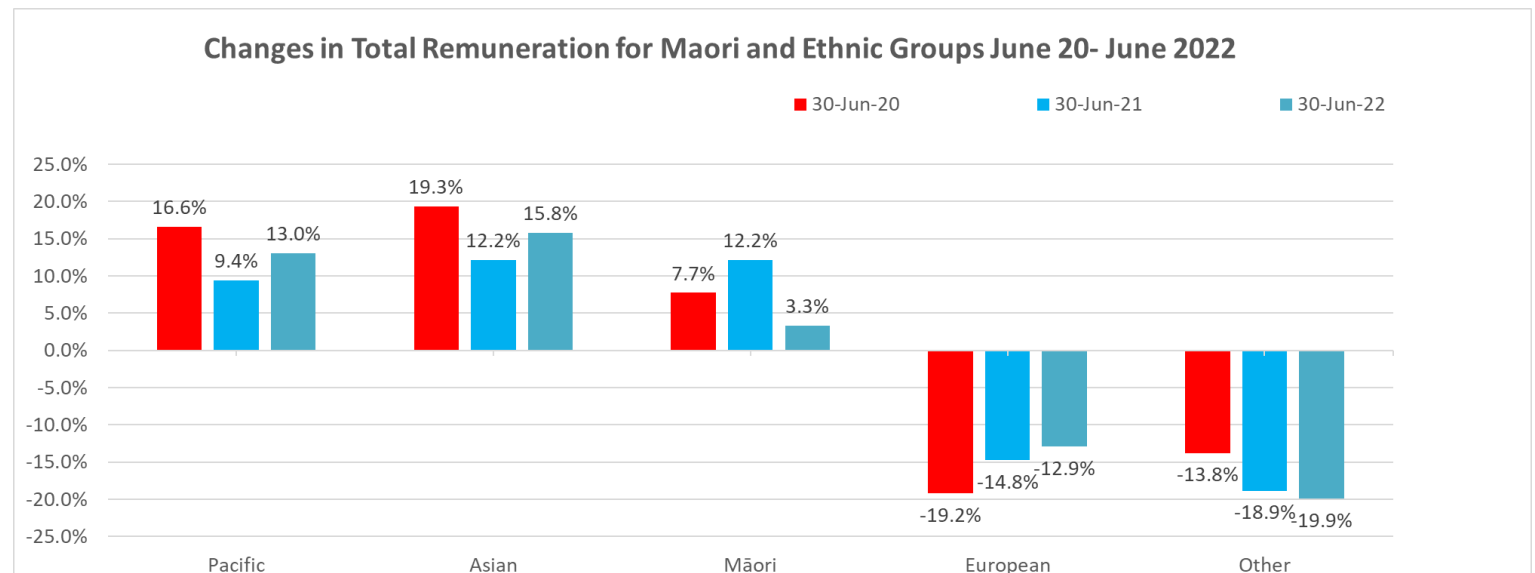
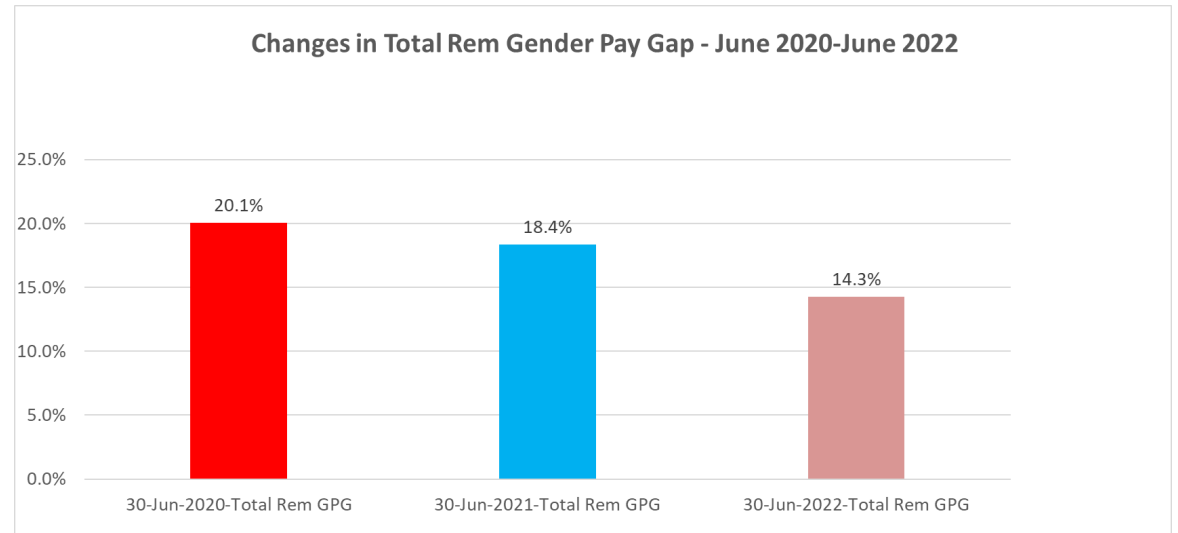
105. The representation of women has dropped a little but the representation women in Manager Roles has increased in the last 12 months by 2.1%.
106. The representation of Māori and Ethnic groups has changed in the last 12 months with some ups and downs but virtually unchanged in Managers than compared to 12 months ago hence the continued focus in the actions for the coming year

	Jul 21 Workforce representation%	Jul 22 Workforce representation%	Jul 21 All managers%	Jul 22 All managers%
<b>Men</b>	52.4%	52.9%	68.3%	66.1%
<b>Women</b>	47.6%	47.0%	31.7%	33.9%
<b>Prefer not to say</b>	0.0%	0.1%	0.0%	0.0%
<b>European</b>	70.4%	69.8%	80.8%	81.7%
<b>Māori</b>	11.6%	10.6%	10.4%	10.4%
<b>Asian</b>	15.7%	16.4%	5.4%	5.0%
<b>Pacific Peoples</b>	9.9%	10.1%	6.7%	6.7%
<b>Middle Eastern/LatinAmerican /African</b>	1.1%	1.5%	0.8%	0.8%
<b>Other</b>	4.3%	4.3%	6.7%	6.7%

## Total Remuneration

107. The Total Remuneration (Base remuneration and Allowances) GPG has decreased from June 2020 to June 2022 reflecting the trends in base remuneration.

108. The picture is less clear for Māori and Ethnic groups. Some of the differences are thought to be influenced by the Base remuneration component but further work is underway.



## APPENDIX C

### Kia Toipoto Areas Status and Plans for 2023

Kia Toipoto focus area and milestones	Current status	Planned actions 2022 and status		Planned actions 2023	Success factors for 2023 actions
<p>Te Pono</p> <p><b>Transparency</b></p> <p><i>Agencies and entities publish annual action plans based on gender and ethnicity data and Union/employee feedback.</i></p> <p><i>Agencies and entities ensure easy access to HR and remuneration policies, including salary bands.</i></p>	<p>On track</p> <p>Publish internally and externally both Pay Gap Action plans and and Inclusion and Diversity Strategy</p> <p>Shared material with Networks</p> <p>Multi Union Collective Agreement (MUCA) and Individual Employment Agreements are published on Intranet (Longroom).</p> <p>Pay bands, pay ranges and allowances are included in these documents.</p> <p>Managers and Specialists remuneration ranges are on the Intranet</p>	Plans and Strategy Published	Completed	<p>All current versions placed on Longroom</p> <p>As new documents are finalised they are placed on the Longroom</p>	<p>Importance of transparency known by Communications and Remuneration staff.</p> <p>Communication to all staff the details of all pay agreements and ranges are on the Longroom</p>
		Updated MUCA 2022-25 is on the intranet	Completed		
		Individual Employment Agreement for 2022 is on the Intranet	Completed		
		Managers and Specialists remuneration ranges for 2021 are on the Intranet	Completed		

Kia Toipoto focus area and milestones	Current status	Planned actions 2022 and status		Planned actions 2023	Success factors for 2023 actions
<p>Ngā Hua Tōkeke mō te Utu</p> <p><b>Equitable pay outcomes</b></p> <p><i>By the end of 2022 entities ensure that starting salaries and salaries for the same or similar roles are not influenced by bias</i></p> <p><i>Agencies monitor starting salaries and salaries for the same or similar roles to ensure gender and ethnic pay gaps do not reopen.</i></p> <p>Pay equity processes are used to address claims and reduce the impact of occupational segregation.</p>	<p>Use of Salary comparator to provide GPG impact advice to Managers.</p> <p>Approving Manager has to review impact</p> <p>Unconscious bias training for Panel Members</p> <p>These practices and policy are part of normal practice for all recruiting</p> <p>Prioritised pay adjustments to the low pay group, with the flow on effect on women and ethnicities who are typically overrepresented across the low paid workforce.</p>	Checks in place that Panel members are have completed unconscious bias modules within the last 12 months	Completed	<p>Maintain the current policy and practices</p> <p>Continue to monitor and report on starting salaries for Women, Māori and other Ethnic Groups</p> <p>Further work analysing the allocation of non-base rem elements i.e. penal payments, allowances</p> <p>Like for Like or same and similar roles analysis that we typically do annually – we will do for M&amp;S group and useful to also look again and review current data across pay bands 3-9.</p>	<p>Reporting capability in place</p> <p>Recruiting staff and managers aware of policy and expectations.</p>
		Check starting salaries for men and women are not significantly different within paybands	Completed – no significant differences		
		Extend analyses to check starting salaries for Māori and Ethnic Groups are not significantly different within paybands	Completed - no significant differences		
		Like for Like checks done on Managers and Specialists (M&S) Pay bands	Completed and adjustments made		

Kia Toipoto focus area and milestones	Current status	Planned actions 2022 and status		Planned actions 2023	Success factors for 2023 actions
<p>Te whai kanohi i ngā taumata</p> <p>Katoa</p> <p><b>Leadership and representation</b></p> <p>By the end of 2024 the Public Service workforce and leadership are substantially more representative of society</p> <p>By the end of 2022 agencies/entities have plans and targets to improve gender and ethnic representation in their workforce and leadership</p>	<p>On track</p> <p>Customs I&amp;D goals are set and are monitored.</p> <p>Talent Management discussions are planned</p> <p>I&amp;D Strategy has targets in place and are monitored and reported on quarterly</p> <p>New strategy for 2023-2025 being developed</p> <p>Our I&amp;D and Pay Gaps plans includes strengthening Māori, Pacific and ethnic leadership representation and Asian representation across the workforce.</p>	Dynamic Talent Maps for each area updated and produced	Under Action	Support and encourage Managers to use the Talent Maps to determine acting and secondment opportunities and other development opportunities	<p>Ongoing support from and to Networks and Unions</p> <p>Capacity within People and Capability to:</p> <ul style="list-style-type: none"> <li>Talent management programme</li> <li>Leadership support</li> </ul> <p>Capacity with P&amp;C to:</p> <ul style="list-style-type: none"> <li>support I&amp;D strategy</li> </ul> <p>Engage Managers with any changes to attraction and recruitment policies new Strategy</p> <p>Senior Leadership support</p>
		Monitor and report on I&D Strategy and Pay Gaps Action plan progress against targets.	Completed	Implement the plan including:	
		Progress update to I&D Strategy	On Track	Review attraction and recruitment policies in line with Kia Toipoto guidance	
				Complete new I&D Strategy and Goals	
				Implement Actions within the new I & D strategy	
				Complete review and any changes to attraction and recruitment policies following engagement of Networks and union	
				With Group Managers to review how their group's gender and ethnicity representation across all levels could change.	

Kia Toipoto focus area and milestones	Current status	Planned actions 2022 and status		Planned actions 2023	Success factors for 2023 actions
<p>Te Whakawhanaketanga i te Aramahi</p> <p><b>Effective career and leadership development</b></p> <p><i>By mid 2023 agencies/entities have career pathways and equitable progression opportunities that support women, Māori, Pacific and ethnic employees to achieve their career aspirations.</i></p>	<p>Reviewing our promotion and career development strategies to increase the representation of women, Māori and ethnic groups that are underrepresented across Customs.</p> <p>Particular focus is on the elements of initiatives aimed at increasing staff skills to position them to successfully apply for new roles and leadership roles.</p>	Determine and develop the best support through all parts of the internal promotion process and support to mentoring programmes	Underway	Continue work with Networks and Recruiting to support all staff to be successful in applying for internal roles	<p>Completion of review and any changes to attraction and recruitment policies following engagement of Networks and union</p> <p>Ongoing support from and to Networks and Unions</p> <p>Capacity with P&amp;C to:</p> <ul style="list-style-type: none"> <li>• support I&amp;D strategy</li> <li>• funding for support</li> </ul>
		Encouragement to managers to support the allocation of short term secondment /acting up opportunities across all of their teams.	Underway	Examine pathways, approaches taken and provided by other Ministries	
				Utilise the independent qualitative research	
				<p>Develop materials, assistance including the LMS for all staff to help them prepare for selection</p> <p>Actively support via Recruiting, L&amp;OD and via Networks</p> <ul style="list-style-type: none"> <li>• career development sessions for staff</li> <li>• actively support internal mentoring programmes</li> </ul>	



Kia Toipoto focus area and milestones	Current status	Planned actions 2022 and status		Planned actions 2023	Success factors for 2023 actions
<p>Te whakakore i te katoa o ngā momo whakatoihara, haukume anō hoki</p> <p><b>Eliminating all forms of bias and discrimination</b></p> <p><i>By the end of 2023 entities have remuneration and HR systems, policies and practices designed to remove all forms of bias and discrimination.</i></p> <p><i>Agencies embed and monitor the impact of bias-free HR and remuneration policies and practices.</i></p> <p><i>Agencies/entities ensure leaders and employees learn about and demonstrate cultural competence.</i></p>	<p>Some work has already been completed in reviewing our Customs Position Description Template and identifying adjustments needed to bring the template in line with the Pay Gaps action plan.</p> <p>Unconscious Bias Training modules for Leaders and for Panel members</p> <p>Inclusive Leadership modules</p> <p>LMS Modules</p> <p>Te Pou Tokomanawa Programme underway.</p>	Stage 2 of the review of position descriptions and role specifications to ensure that these provide consistent information and attract a diverse range of candidates.	Under action	<p>Create a checklist that for people to use when drafting and updating PDs, to ensure the final content is checked against defined requirements as determined with SMEs.</p> <p>Update Template to replace gendered language, brevity, recognises other ways of working.</p> <p>As the review of HR policies progresses utilise TKM guidance on removing bias and discrimination.</p> <p>Te Pou Tokomanawa Programme key steps</p>	<p>Capacity with P&amp;C to:</p> <ul style="list-style-type: none"> <li>Support Position description work</li> <li>Policy reviews</li> </ul> <p>Leadership support for Te Pou Tokomanawa</p>
		Panel members prepared for interviews, ware of bias	Completed		
		Inclusive leadership Modules developed	Completed		
		Te Pou Tokomanawa Programme plan developed and agreed	Completed		

Kia Toipoto focus area and milestones	Current status	Planned actions 2022 and status		Planned actions 2023	Success factors for 2023 actions
<p>Te Taunoa o te Mahi Pīngore</p> <p>Flexible-work-by-default</p> <p><i>By the end of 2024 agencies and entities offer equitable access to flexible-by-default working and ensure it does not undermine career progression or pay.</i></p>				Review methodologies for reporting at remuneration review time that examines if the salary and career trajectory of those on FWAs are negatively impacted versus the rest of the population	Research capacity