



# **GENDER PAY GAP ACTION PLAN 2020**

25 March 2020

# GENDER PAY GAP ACTION PLAN FOR CUSTOMS 2020

## PURPOSE

1. The purpose of this report is to provide an update on the Customs Gender Pay Gap (GPG) Action Plan for 2020.

## Background

### Our GPG objective is:

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

### Our aim is:

to eliminate the gender pay gap entirely over time, with the focus being to reduce it by a third by October 2020.

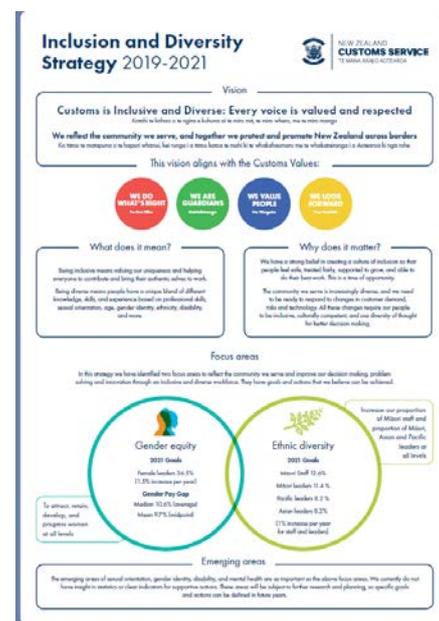
2. We do this work because it's the right thing to do and will lead to more fairness and equality in our workplace. It is completely aligned to our values.



3. At Customs we want to eliminate the gender pay gap and to play a positive role in the outcome of lifetime earnings for women. Reducing the gender pay gap is one of the five priorities for the Minister of Customs.

## Inclusion and Diversity Strategy 2019-2021.

4. This work now 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 strongly believe in a respectful and inclusive culture.
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 ethnicity, age, disability, family status, and more.
7. We are also focused on reducing our ethnic pay gaps and a number of the initiatives will assist in reducing these. They directly support **Te Pou Tokomanawa - Customs Māori Framework**. However, the primary focus currently is on reducing the GPG.



### Programme of Work 2018-2020

8. Customs started its research and planning in earnest to reduce the GPG in early 2018. We reviewed both State Services Commission (SSC), Ministry for Women's (MfW) and UK advice on methodologies for reporting the GPG. Having reviewed the literature we developed a standard definition of what pay elements will be included in our analyses. Appendix A outlines the detail.
9. We conducted considerable research to understand the data, and causes of Gender Pay Gaps and continue to do so and this informs the actions and strategies that will work within our organisation.
10. In March 2018, we conducted briefings to the Customs Executive Board (CEB) on the GPG trends, drivers and potential strategies. Engagement with the our Union partners followed (see later) and this led in mid-2018 to internal briefings on the gender pay gap to all senior leaders, their management teams. From this point on we have continued to provide material for all staff on the Intranet (known as the Longroom). We also report quarterly to our Minister on progress.

11. In July 2018 we commissioned work by UMR Limited to inform our strategies and the Customs Gender Pay Gap Action Plan 2018 – 2020 was formally launched in September 2018 in conjunction with our Union partners.

12. During the performance review rounds, a number of initiatives were implemented for the first time. As part of the October 2018 and 2019 rounds a 'Like for Like' review of Managers and Specialists salaries was conducted and some adjustments to salaries made.



13. We have contributed to Public Sector discussions and approaches on methods for analysing the gap, monitoring the impact of starting salaries and recruitment, proposals for conducting like-for-like analyses and most recently the Flexible by default pilot. We continue to contribute to the guidance being developed by the SSC and the MfW.

14. Our research and development of initiatives has been guided and informed by The Public Service Gender Pay Gap Action Plan I Te Mahere Mahi Rerekētanga Ira Tangata which sets in place a series of Public Service-wide actions and milestones for completion during 2019 and 2020 and also The Gender Pay Principles I Ngā Mātāpono Utu Ira Tangata which provide a framework to guide actions and approaches to closing GPGs.

15. Also as additional SSC guidance has been released in 2019<sup>1</sup> we have reviewed our initiatives to ensure they are aligned and will use these as the basis for new initiatives over the next year.

## Union and Employee Involvement

16. We 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 our six weekly Forums. This led to specific collaborative workshops to further develop our strategies based on the framework below that have underpinned our initiatives.

<sup>1</sup> Eliminating the Public Service Gender Pay Gap 2018-2020 Action Plan; Ensuring gender is not a factor in setting starting salaries; Ensuring gender is not a factor in salaries for the same or similar roles; Implementing the Gender Pay Principles and removing gender bias in recruitment processes.



22. The only part of the research on the Longroom we have not shared were the verbatim comments from the participants to completely respect their privacy. There are though a number of case studies that have been anonymized with comments attached from participants that tell important stories in their own words.

## Drivers of the Gender Pay Gap

23. A significant reason for the size of our gender pay gap comes from our long tenure and history. Our larger (81.2%) Operational Workforce Customs has primarily 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. This **vertical segregation** leads to managers and specialist pay bands contributing the most to the GPG with some small impacts from the most senior of the paybands covered by the collective.
24. We also have around 124 Assistant Customs Officers (ACO) representing 9.2% of all staff. This role has attracted a large number of women due to the ability to work part-time hours and as a result 73.4% are currently women. However this role has the lowest pay band in Operations.
25. Within the smaller Corporate workforce we see some more **occupational segregation** with more women than men in lower paid occupational groups and the opposite in some higher paid occupational groups.
26. We also have now seen the impact the disproportionate representation of men within mostly senior paybands, has on the mean GPG after each round of **across the board percentage increases in salaries**.
27. Our research has identified historical differences in **starting salaries** and the likely impact of parental leave on later levels of earnings and the GPG.
28. Things have changed significantly in recent years, and at entry level, we now attract and select a more balanced mix of women and men. Over time, this will feed through the organisation to improve the gender balance at all levels so reducing the vertical segregation. Overall 47.7% of our workforce are now women, but more of our most senior roles are occupied by men contributing significantly to the GPG. (see Leadership Levels later)
29. We are now increasing the numbers of lateral entries into the organisation within the Operations groups within Customs so the opportunity to change the diversity of more senior positions is growing.

## Actions to Close the Gender Pay Gap

30. 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 this table:

Current Initiatives			
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	Review internal and external recruiting processes to attract and select diverse candidates	Completed	Diversity of new staff
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
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 place	Report on frequency
Career development	Actively support specific development programmes e.g. speed mentoring	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	Under consideration	% of women in each leadership level with a development plan
Career development	Consider making all positions are flexible/part time	In progress	Monitoring of formal requests
Career development	All People Policies reviewed for inclusion and to remove bias.	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	In place	Moderation is completed
Pay	Consideration of Assistant Custom Officer low pay claim	Completed	
Pay	Conduct Like for Like Analyses across Paybands	In place	% change in mean GPG
Pay	Check the starting salaries of those who have joined in the last 2 years identify those low for no apparent reason	In place	% change in mean GPG
Reporting	Move to regular open monitoring and reporting on panel and candidate makeup	In place	Quarterly monitoring
Reporting	Regular open reporting of gender mix of all the Performance Review Discussion outcomes and for any One Off Payments awarded	In place	Quarterly monitoring
Reporting	Regular open reporting of gender mix of secondment, promotions and acting appointments	In place	Quarterly monitoring

31. Within the employee lifecycle framework there are 22 initiatives that we have in place and one we are considering. We have implemented the initiatives over the last 18 months and the promotion and career development initiatives which are more recent, will gather pace and underpin the focus for 2020.
32. Examples of initiatives that align with the Public service-wide milestones include:
- **Equal pay.** We have had discussion with union partners regarding a possible pay claim for our Assistant Customs Officers. In the 2019 there were changes within the Collective agreement to elements of the ACO remuneration occurred as a result. We have conducted 'Like for Like' Analyses where gaps are apparent and made corrections as a result.
  - **Flexible working by default.** Customs is taking part in the public service flexible-work-by-default pilot initiative launched in December 2018 by the Minister for Women and run by the Gender Pay and Pay Equity Taskforce. This is one of our Gender Pay Gap initiatives. We have a large number of staff working 24/7 and others in roles which can be challenging to support flexible working. We are taking part in the pilot so

that these challenges can be put on the table, discussed with other like agencies and common solutions determined. We continue to work with our Union partners to identify workable solutions and the experiences, tools and resources from the pilot are informing our work.

- **No Bias or Discrimination in Remuneration Systems or Human Resource Practices.** There are a number of initiatives within these areas e.g. unconscious bias training; and the introduction of a salary comparator to assist with the determination of starting salaries. We are reviewing the suggested new initiatives from SSC<sup>2</sup>.
  - **Gender Balanced Leadership.** There are initiatives focused on increasing the diversity and encouraging the development of women within all roles and also within our leadership roles e.g. the move to 50% shortlisting for roles; and active support for specific development programmes such as e.g. speed mentoring.
  - **Transparency Reporting** and monitoring are an important part of tackling any inequality and also an important action. We provide updates on our GPG progress to our Managers, the Union forum, Inclusion and Diversity Council and Women's Network and post on the Longroom our Research, examples of initiatives and FAQs to increase awareness and action.
33. We continue to be mindful of the Public Service wide milestones for introducing initiatives and consider we remain in a good place to meeting them.

## Progress made in 2019

### Recruitment

34. We introduced additional guidance to our recruitment policy which:
- encourages hiring managers to seek female candidates based on merit to improve Customs' pipeline of female leaders.
  - requires hiring managers to take all reasonable steps to include at least 50 per cent suitably qualified female candidates on their shortlists for positions and, if not possible, to seek an exemption from the Deputy Chief Executive People and Capability.
  - requires selection panels to include at least one woman with responsibility for selection decisions.
  - requires all selection panel members to have completed Customs' Unconscious Knowledge and Bias Selection Decisions e-learning module in the last 12 months.
35. We have reviewed the recent guidance from the SSC<sup>3</sup> on Person specifications, Job Descriptions and Recruitment processes and identified a number of further initiatives we are considering for implementation within the next 6 -18 months and beyond. e.g.

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<sup>2</sup> Implementing the Gender Pay Principles and removing gender bias in recruitment processes.

<sup>3</sup> Implementing the Gender Pay Principles and removing gender bias in recruitment processes

recognising the value of Mahi Aroha; reviewing person specifications and position descriptions and better targeted recruiting for diverse groups.

### **Performance and Pay**

36. As a regular part of the Performance process, we monitored the gender makeup of proposed performance grades and one off increases in pay within each pay band and there was no significant gender bias in the performance ratings and one off increases in the round.
37. Within the terms of the 2019 Collective Agreement settlement we increased elements of the lowest paid Assistant Custom Officer pay bands.

### **Flexible by default**

38. Customs has contributed to the Pilot Flexible by Default initiative being run by the Gender Pay and Pay Equity Taskforce from the SSC and MfW focusing on how to make all roles within their organisations flexible, unless there is a good business reason not to.
39. Over the year we conducted workshops with Managers and Staff to inform the development of flexible working options for Customs. We have taken to the CEB a series of proposals for further consultation with staff and Unions on a “if not, why not” approach to flexible working. CEB agreed in principle to an approach to flexible working that is “if not, why not?” We are in the process of testing this approach with staff and with our Unions.

### **Unconscious Bias Workshops**

40. We ran a number workshops made up of blended on line and face to face discussions on Unconscious Knowledge & Bias through the year for 194 people.
41. In addition, 185 staff have completed the module Unconscious Knowledge & Bias Selection Training for Recruitment Panel members.

### **Career development**

42. Just over 425 (170 women) staff were considered through our talent management process.
43. The diversity of the participants for our leadership and development courses was carefully considered and we supported the Women's network to run sessions on CV writing and Interview preparation and speed mentoring programmes.
44. Thirty seven women from all levels were supported to participate in 2019 Women in Public Sector programme.

### **Like for Like Analyses**

45. We conducted a second ‘Like for Like’ check on our Managers and Specialists payband and included this year, analysis of the C9 payband (Chief Customs Officers, Senior Policy

Advisors). It has had the highest mean GPG gap, after the Managers and Specialists, of around 3.6% and is currently now 1.7%.

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

46. We have contributed to guidance on proposals for conducting Like-for-Like analyses and methods for reducing the differences in starting salaries offered to men and women. We were invited to present to the State Services Commission's 'Workshops on salaries for same or similar roles (Like-for-Like)'.
47. We have also separately shared information, our salary comparator and data with a number of other Public sector agencies.

### **Observations in 2019**

48. Our view is that all the initiatives contribute small collective improvements in the GPG metrics but as importantly show to our staff that inclusion and fairness of opportunity is important.
49. From a straight metrics perspective we have learnt that the improvements are blunted by one off actions such as across the board increases in pay and the hiring of a senior man or loss of senior women.
50. In addition we have also noticed that whilst attrition is comparatively low at around 7% attrition, 59.2% of those leaving in the last year were women and they were overrepresented in a couple of paybands.

### **Measures**

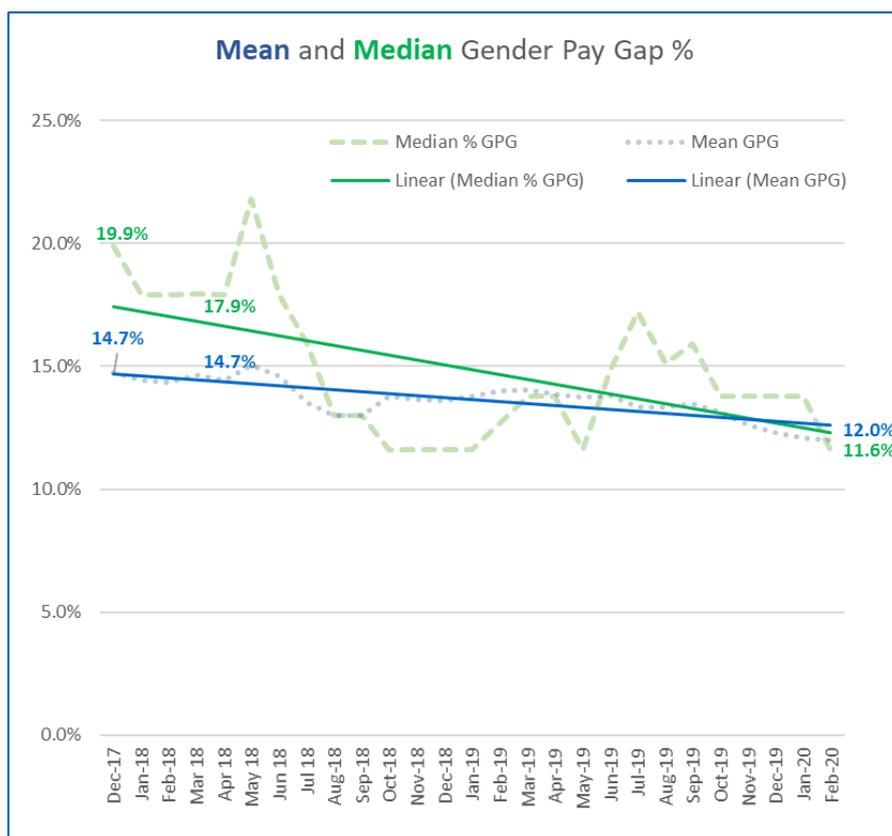
51. While clearly the high level indicators (Mean and Median GPG and Within Payband Mean GPG) are important, one of the things we took away from our work with the Unions was that were we to focus only on those initiatives that might move the percentage down we could lose focus of the Customs' objective. Our objective is to ensure that all our people and those who join Customs have equal opportunities to develop and earn.
52. For example an initiative could see a change in the representation of women among the very high pay grades and it might move the mean GPG by 0.3 %. But the initiative may be relevant only to the 56 women in the Managers and Specialists bands and needs balancing with an initiative that supports some of the 426 women on less than \$66K a year and which might move the GPG percentage less but make a big difference to this larger group of women staff. We need to be mindful they are also typically from groups at the front line and from which we will grow our future women leaders.
53. We have seen in the last 12 months<sup>4</sup> reductions in the high level measures of GPG and in the second level measures of a key enabler - increased numbers of women in leadership roles.

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<sup>4</sup> The following data is as at 29 February 20 unless otherwise advised.

## Mean and Median

54. Customs' aim is to reduce our pay gaps by a third (4-5%) by October 2020.
55. Despite some monthly fluctuations, there are downward trends over time in both the mean and median Gender Pay Gaps.
56. The **mean** gender pay gap as at 31 March 2018 was 14.7%, has trended down and was 12.0% as at 29 February 2020, the lowest it has ever been but not yet at our target of 9.7%.
57. Note the Public Sector-wide mean GPG was 10.6% as at 30 June 2019<sup>5</sup>.



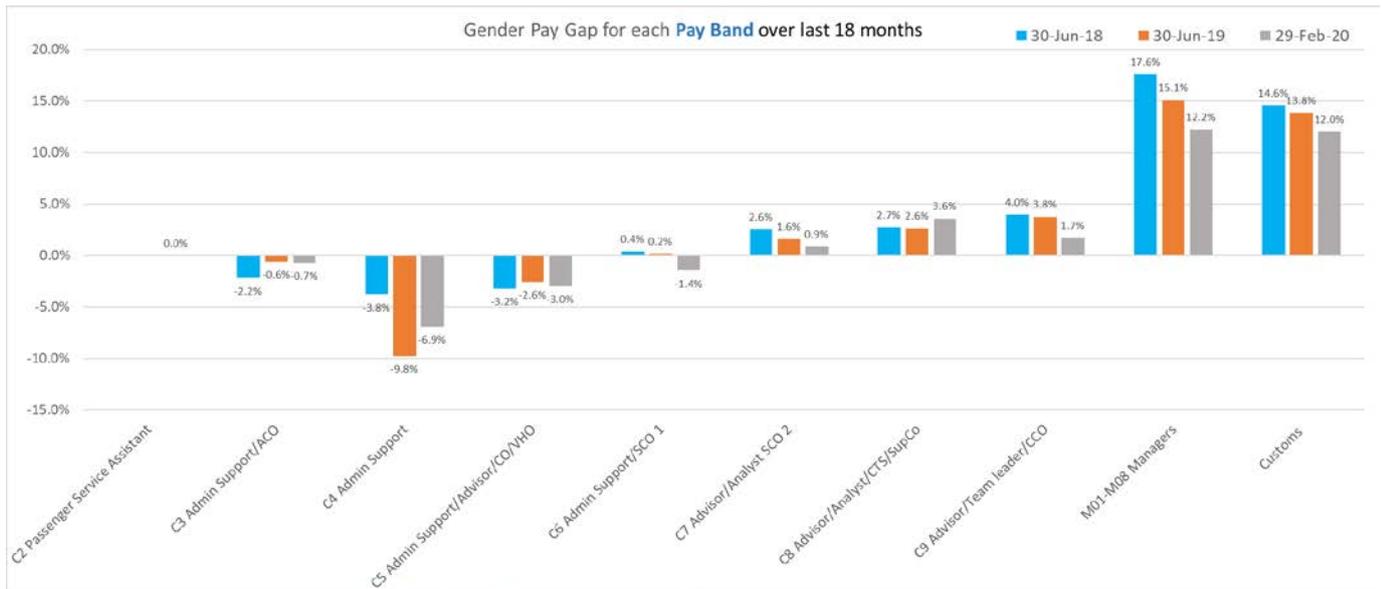
58. Customs' **median** gender pay gap in 31 March 2018 was 17.9%, has trended down and is now 11.6% as at 29 February 2020 and is on track to be close to our target of 10.6%.

	31 March 2018	29 February 2020
Female Median Pay	\$58,268	\$62,137
Male Median Pay	\$70,996	\$70,301
Median GPG %	17.9%	11.6%

## Paybands Mean GPG

59. Our third high level measure we focus on and monitor is mean GPG comparisons within each payband. The bands where the GPG is below zero are those where the mean GPG is higher for women than men. There has been good progress across most of the bands that are above zero. 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).

<sup>5</sup> Last comparable data available from HRC Survey – Public Service Workforce Data 2019



60. Our current interest and focus is to understand what has happened to cause the C8 band to increase within the last 7 months noting it is the only band above zero that has increased.<sup>6</sup>
61. We have found it important to maintain visibility, monitor and understand the relative distribution of women and men across each payband e.g. promotion of a number of women out of a payband may reflect a number of initiatives coming to fruition but this movement will lead to more women at the lower end of the higher payband and an interim increase in the GPG for that band and possibly for the band they have left.

### Leadership Levels

62. 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.
63. 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.
64. The number of **Women leaders**<sup>7</sup> is currently 35.1%, an increase of 2.8% (or 6) in the last twelve months and slightly behind the target of 8. We are at the same time monitoring the ethnicity of our leaders over time as part of our Inclusion and Diversity strategy.
65. The percentage of those in **acting or secondment** roles. Whilst this is now at 52.6% up from 42.6% twelve months ago we are looking for it to be consistently 50% or greater.

<sup>6</sup> The C2 Passenger Service Assistant is a temporary role, only has 6 staff within it (4 men,2 women) and they are all paid the same.

<sup>7</sup> Those with people reporting to them

### Senior Leadership roles. (Tiers 2 and 38)

66. 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 37%. The target is to get to 40% by December 2021.
67. 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.

**More detailed measures are at Appendix B.**

### Actions in 2020

68. Having made progress on structural and policy initiatives (Pay and HR systems) to date, in 2020 we will focus on two significant sets of concurrent actions:
  - An increase in womens' representation in leadership roles through growing and nurturing the pipeline of qualified women.
  - Continuous monitoring and review of starting salaries and salaries offered on promotion.
69. Our focus for this year will be on promotion and career development strategies to increase the representation of women in higher paybands across Customs. These will include measures to improve womens' access to opportunities that can increase their skills and position them to successfully apply for new roles and leadership roles. They will include:
  - Continued support to mentoring programmes through our Womens' Networks.
  - The continued fair allocation of short term secondment /acting up opportunities across all paybands.
  - Interview and CV preparation support for all levels.
  - Implement a range of measures to simplify access to flexible working arrangements.
  - Monitoring and further work to understanding the drivers for attrition for women in particular for those within in a couple of paybands.
70. We will also review the implementation and timeframe for new initiatives<sup>9</sup> to increase attraction through the recruitment cycle and to increase diversity on shortlists and at selection panels.

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<sup>8</sup> Tier 2 and 3 leadership levels include the DCE's and those directly reporting to them. Those temporarily seconded or in acting roles are excluded.

<sup>9</sup> Utilising guidance from SSC Guidance: Implementing the Gender Pay Principles and removing gender bias in recruitment processes.

## Summary

71. Considerable progress though has been made in 2019 to embed our initiatives and they are influencing the systems, structures, culture and opportunities for all women in Customs. The focus will be on the further development and career opportunities in 2020,
72. Our overall measures are trending downward and we are making progress but we are unlikely to hit our target for the mean GPG of 9.7% by October 2020. We now understand much more about how pay gaps work than we did when we set that target two years ago and our updated action plan is more realistic about the speed of change that is possible. We believe that we have put the foundations in place for us to eliminate the gap over time.

## Gender Pay Gap Calculations

73. Our calculations are aligned with the Organisational gender pay Gaps – measurement and Analysis guidelines<sup>10</sup> provided by SSC and Statistics NZ.
74. 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.
75. 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
76. Those Seconded within the organisation have only their base pay included in the calculations and without any higher duties pay included.

### Calculation of Average or Mean Gender Pay Gap

(Average of all men's salaries – average of all women's salaries)/ Average of all men's salaries = % Gender pay Gap

### Median = middle value

(Median of all men's salaries – Median of all women's salaries)/ Median of all men's salaries = % Gender pay Gap

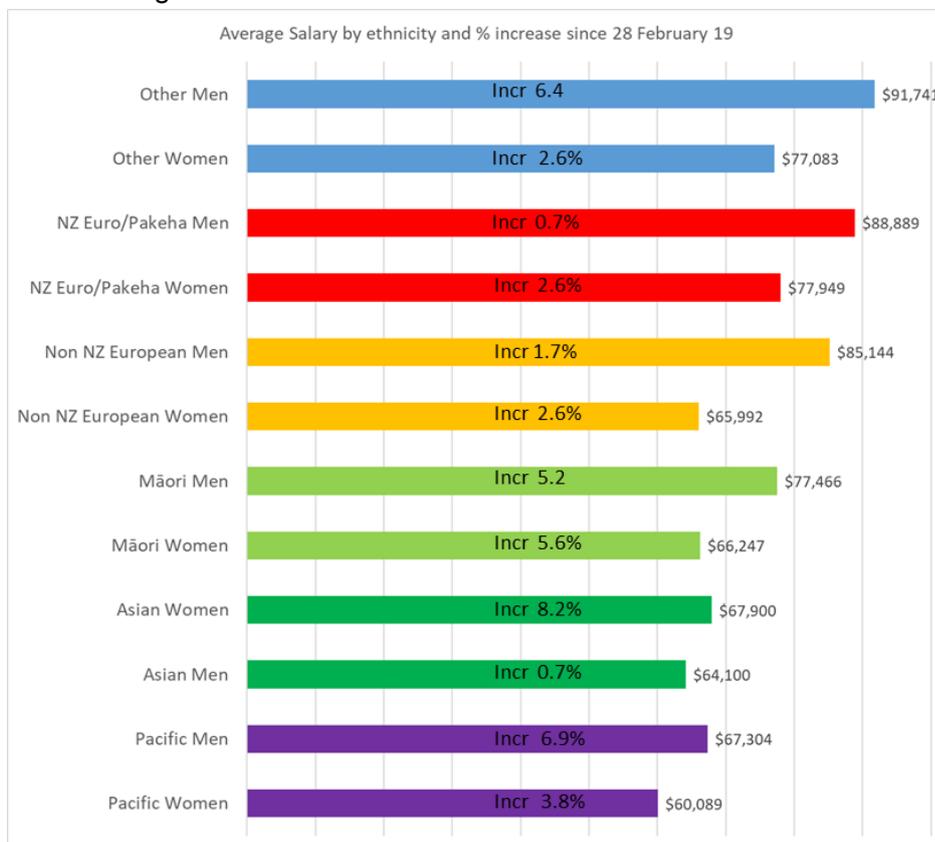
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<sup>10</sup> Stats NZ (2018). *Organisational gender pay gaps: Measurement and analysis guidelines*. Retrieved from [www.stats.govt.nz](http://www.stats.govt.nz).

## Ethnicity Pay Gaps

77. The majority of our initiatives will also assist in the reduction in Ethnicity Pay gaps. But it is evident there is much further to go.

78. There are differences in the salaries across our ethnicities<sup>1112</sup> with Other Men<sup>13</sup> in blue having the highest average salary and Pacific People’s the lowest. What is apparent is that Maori, Asian and Pacific People’s salaries are mainly lower than the top three categories. With the exception of Asian Women, within ethnicities, all womens’ salaries are lower than men’s.



79. In four of the six ethnicities the increase in salary over the last 12 months was higher for women than men.

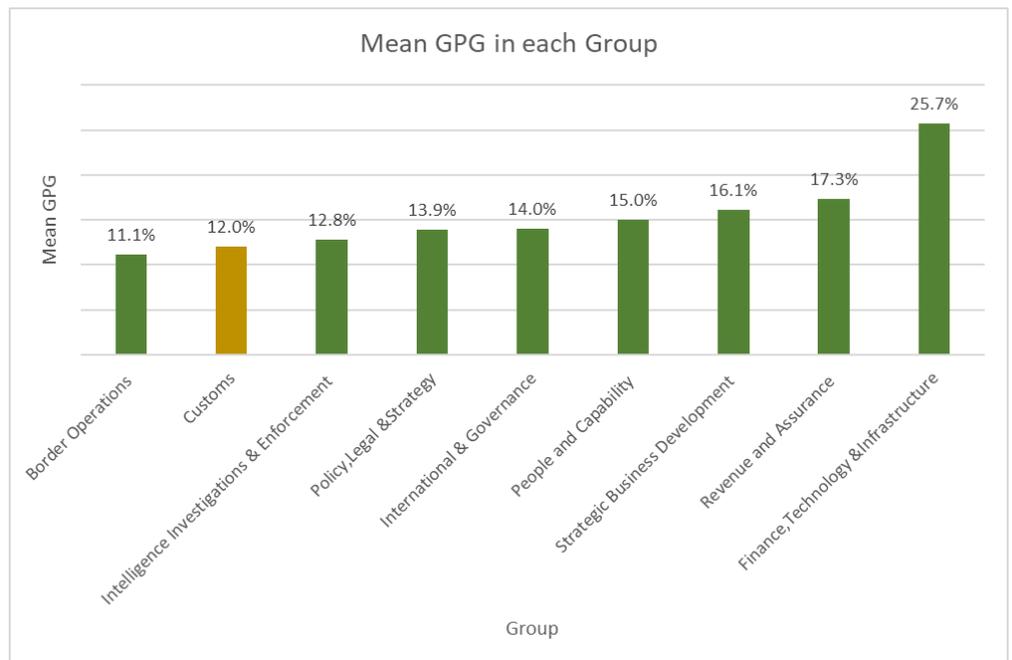
<sup>11</sup> \* based on the first identified ethnicity only

<sup>12</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>13</sup> Other – the category allocated when the staff member identifies an ethnicity that is not one of the ethnicities shown in the chart.

## GPG across our Functional Groups

80. Monitoring and understanding the causes of the mean 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.



81. There is significant occupational segregation (i.e. range of roles) in the Finance Technology and Infrastructure group contributing to the high mean GPG.

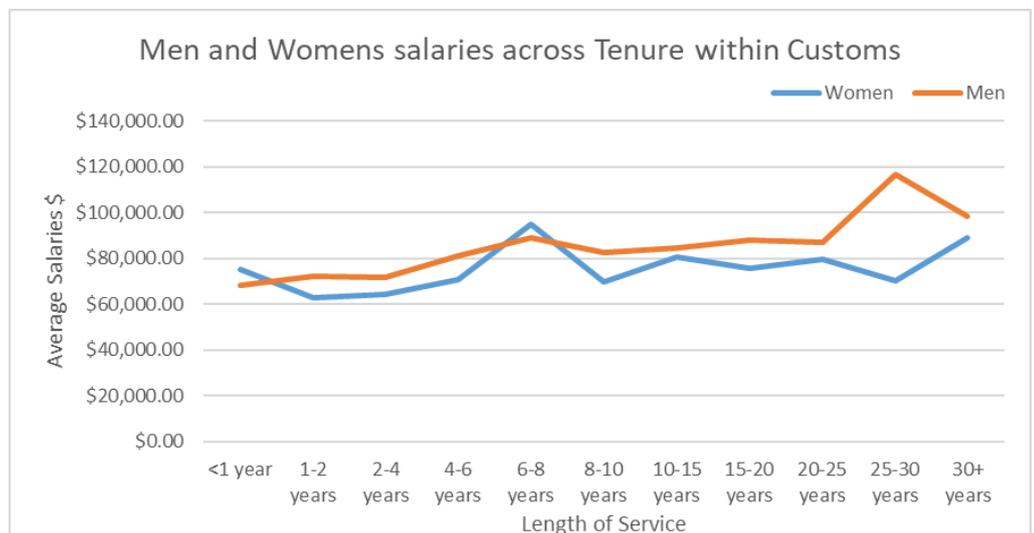
## Age

82. Mean gender pay gaps exist among staff aged 35-40 years and are larger with age until they start to close again for those 65+ years and older.



## Tenure

83. Gender pay gaps in favour of males exist at most tenures with one clear exception and become more significant for those who have been in Customs longer than 20 years.



84. 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.