



PAY GAP ACTION PLAN FOR CUSTOMS 2021/22

Purpose

1. The purpose of this report is to provide an update on the Customs Pay Gap (PG) Action Plan for 2021/22.

Background

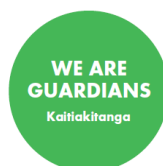
Our PG objective is:

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

Our aim is:

to eliminate 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 equality 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 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.

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, and more.

- # Inclusion and Diversity Strategy 2019-2021
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**NEW ZEALAND
CUSTOMS SERVICE**
TAKIRI HIAKI KAIHĀKANA
- ## Vision
- Customs is Inclusive and Diverse: Every voice is valued and respected**

Kotahi te huarua e tika ki te huarua o te ao me te, ko wai whaka, me te wai whaka me te.
- We value the community we serve, and together we protect and promote New Zealand across borders**

Ko tātou te kaitiaki i te huarua whakatahi, he tōtahi i te huarua kore, ko tākou huarua me te whakarāwhiri i te kaitiaki me te kaitiaki oia.
- This vision aligns with the Customs Values:
- WE DO
WHAT'S RIGHT
(to others)

WE ARE
GUARANTEES

WE VALUE
PEOPLE
(in progress)


WE LOOK
FORWARD
(to the future)
- ### What does it mean?

Being inclusive means valuing our colleagues and helping everyone contribute to achieving our common goals.

Being diverse means people have a unique blend of differing knowledge, skills, and experience based on professional ability, sexual orientation, age, gender identity, ethnicity, disability, and more.

Why does it matter?

We know a strong talent pool consisting of diverse individuals who are people like us, shared fairly, important to grow, and able to do their best work. This is how it works.


The community we serve is increasingly diverse, and we need to be ready to respond to changes in customer demand, risk and technology. All these changes require us as people to be inclusive, culturally competent, and one diversity of thought for better decision making.
- ### Focus areas
- In this strategy we have identified two focus areas to reflect the community we serve and improve our decision making, problem solving and innovation through inclusion and diversity initiatives. They have goals and targets that we believe can be achieved.
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Gender equality

2021 Goals

 - Female leaders 36.5%
(1.5% increase per year)
 - Gender Pay Gap
Median 10.5% (improved)
 - Gender 9.7% (improved)

To attract, retain, develop, and progress women at all levels.



Ethnic diversity

2021 Goals

 - Māori Staff 12.6%
 - Māori leaders 12.4%
 - Pacific Leaders 8.2%
 - Asian Leaders 8.2%
 - 17% increase per year for staff and leaders

Increase our proportion of Māori staff and proportion of Māori, Asian and Pacific leaders at all levels.
- ### Emerging areas
- The emerging areas of sexual orientation, gender identity, disability, and mental health are important to the above focus areas. We currently do not have enough evidence or clear indicators for supportive actions. Further research will be added to further research and planning on specific groups and actions which we define as long term areas.

8. Customs started its research and planning in earnest to reduce the GPG in early 2018. We reviewed both Public Services Commission (PSC), 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. This now includes the calculations for Māori and Ethnic Pay Gaps.

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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 gaps, 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 PSC and the MfW.



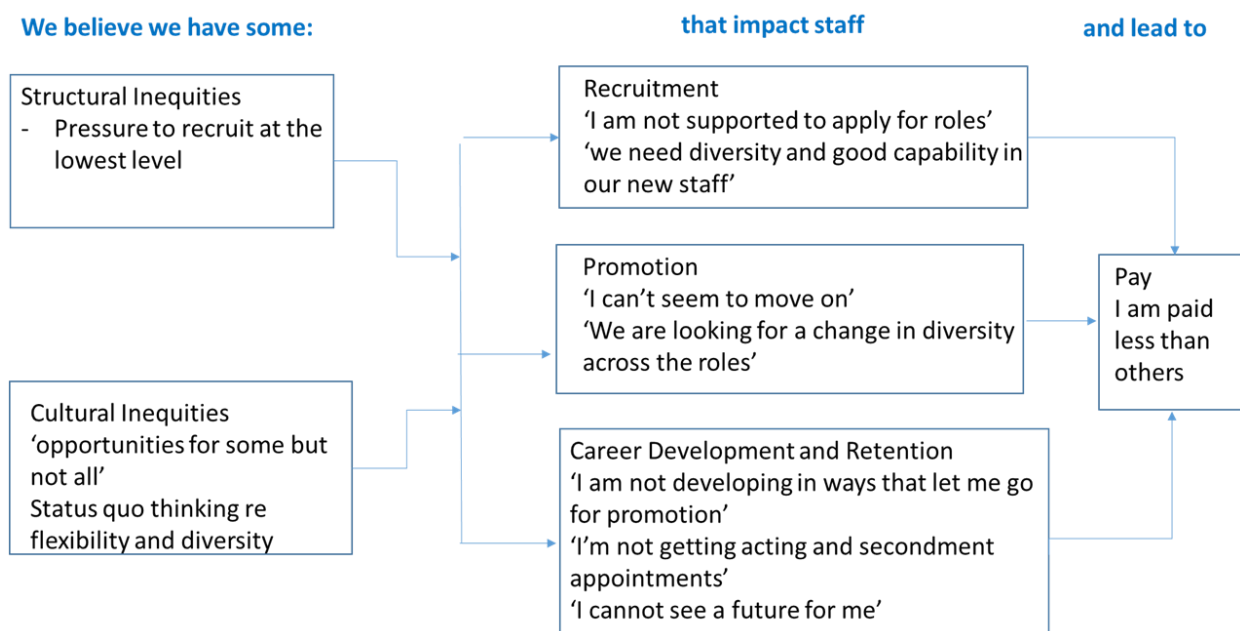
Our research and development of initiatives has been guided and informed by [The Public Service Gender Pay Gap Action Plan | Te Mahere Mahi Rerekētanga Ira Tangata](#) which sets in place a series of Public Service-wide actions and milestones for completion during 2019 and 2020 and also [The Gender Pay Principles | Ngā Mātāpono Utu Ira Tangata](#) which provide a framework to guide actions and approaches to closing PGs. We have made good use of the guidance and resources of the Gender Pay Taskforce <https://www.publicservice.govt.nz/our-work/the-gender-pay-gap-and-pay-equity/> and most recently <https://www.publicservice.govt.nz/assets/SSC-Site-Assets/Workforce-and-Talent-Management/Guidance-Measuring-and-beginning-to-address-Maori-and-ethnic-pay-gaps-in-the-PS-April-2021.pdf>

14. Also as additional PSC guidance was released in 2019 and 2020¹ 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

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 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 below that have underpinned our initiatives.

¹ 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.



16. When the Gender Pay Gap Action Plan 2018 – 2020 was formally launched it was done so in conjunction with our union partners. Christine Stevenson, our Acting Comptroller at the time, acknowledged the important contribution of our union partners in our work at that point;

“Through discussions at the Forum and in additional workshops they were instrumental in developing the story of how our staff are impacted by the behaviours and processes that lead to the Gender Pay Gap”.

17. Research commissioned from UMR Research on the GPG (see below) within Customs was an initiative that also came from this combined work.

18. We continue to work with our Union partners and currently we are focused on updating the above framework to reflect the impacts of Pay Gaps for Māori and ethnic groups.

External research

19. In mid-2018 and in conjunction with our Union partners we commissioned the independent company UMR Research Limited to undertake research on the experience of the gender pay gap on our staff, and their thoughts about the nature of the drivers of that gap. The research outcomes were reviewed with our Union partners and the CEB and the research report was promulgated.

20. Over 10 weeks UMR Research conducted 21 one on one interviews with a representative group of women who agreed to take part. The final group of participants were chosen by UMR so we do not know who they were. To date we have used the research to inform and check the relevance of the Gender Pay Gap Action Plan's strategies that were being developed. We have continued to use the research to better understand the effects and causes of the Pay Gaps in Customs, to inform the advice to our leadership and managers and improve of our processes.

21. 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 our Pay Gaps

22. A significant reason for the size of our GPG, Māori and ethnic pay gaps comes from our long tenure and history. Our larger (80.4%) 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.
23. We also have around 110 Assistant Customs Officers (ACO) representing 7.0% 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 71.8% are currently women. However this role has the lowest pay band in Operations.
24. 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.
25. 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.
26. 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.
27. 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 47.7% of our workforce are women, but more of our senior roles are occupied by men contributing significantly to the GPG. (see Leadership Levels later)
28. In the last 12 months through the introduction of the Maritime Group, which supports the Maritime Border Order, we have increased significantly (20%) the numbers into Customs within the Operations' groups so the opportunity to change the diversity of a number of positions has temporarily changed. We are mindful that when this requirement finishes that gaps could widen again if we do not recruit from this temporary workforce.
29. To support the Maritime Border Order, the new Maritime Group has around 243 new Assistant Customs Officers Maritime (ACOMs) and 40 supervisors. The gender mix among our ACOMs is 43.2% women and 56.8% men and these are in the lowest payband in

Customs. The slightly higher percentage of men in this low payband group has created downward pressure on the GPG.

30. The impact of the new staff joining the Maritime Group and other recent recruiting in the last 12 months has had different impacts on Pay Gaps for Māori and ethnic groups. Pacific Peoples' average salary increased and the Non Pacific Peoples' average decreased so there is a decline in the size of Pacific PG which is a 'positive' result. Likewise the Asian average salary has increased and the Non-Asian average decreased so there is a decline in the Asian PG again a 'positive' result. A significant number (16.9%) of Māori have joined the Maritime Group however the majority were in the lower pay bands so the Māori average salary declined a little and more so than the Non-Māori average leading to an increase in the Māori GPG which is a 'negative' result.

Actions to Close Pay Gaps

31. 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 CDB 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 | In place | % of women in each leadership level with a development plan |
| Career development | Flexible working policy - if not why not introduced | In place | 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 before 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 |

32. Within the employee lifecycle framework there are 22 initiatives that we have in place. We have implemented the initiatives over the last 3 years and the promotion and career development initiatives which are more recent, will continue to gather pace and be the focus for 2021/22.

33. Examples of initiatives that align with the Public service-wide milestones include:

- **Equal pay.** We have had discussions with union partners regarding pay claims for our Assistant Customs Officers. In 2019 there were changes within the Collective agreement to elements of the ACO remuneration as a result. We have conducted 'Like for Like' Analyses where gaps are apparent and made corrections as a result.
- **Flexible working by default.** This is one of our Gender Pay Gap initiatives. Customs took 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. We have a large number of staff working 24/7 and others in roles which can be challenging to support flexible working. In 2020 though we introduced our Flexible Working Policy based on an "if not- why not" approach.
- **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 have reviewed the initiatives from the PSC, implemented many of them and intend to implement the remainder by June of 2023².
- **Gender Balanced Leadership.** There are initiatives focused on increasing 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; active support for specific development programmes such as e.g. speed mentoring and close monitoring of acting and secondment opportunities.
- **Transparency Reporting** and monitoring are an important part of tackling any inequality and also an important action. We provide updates on our PG progress to our Managers, the Union forum, Inclusion and Diversity Council and Networks and post on the Longroom our Research, examples of initiatives and FAQs to increase awareness and action. We also place the previous version of this Action plan on our Longroom and external Website and will do the same with this version.

34. 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 2020/21

Data Analysis and trends

35. We have increased our data analysis capability significantly giving us far better understanding of the roles "joiners and leavers", promotions and pay changes have each month on all our pay gaps.

² Implementing the Gender Pay Principles and removing gender bias in recruitment processes.

Recruitment

36. We updated our recruitment policy which:

- encourages hiring managers to seek a diverse range of candidates based on merit to improve Customs' pipeline of leaders
- requires hiring managers to take all reasonable steps to include at least 50 per cent of suitably qualified women 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
- confirms the opportunity for whanau support during the interview process.

37. We completed research which showed there were no significant differences in the starting salaries for men and women in the 2020 year.

38. We have reviewed our Maritime Group recruiting process to understand the impact it has had on PGs. A key finding was that fewer women than men applied for the frontline leadership roles and those that did so were less successful in being appointed. The review identified areas to focus on over the next year and we have so far shared the review with our Unions, Inclusion and Diversity Council and Women's network.

39. We have identified from the guidance from the PSC³ on Person specifications, Job Descriptions and Recruitment processes a number of further initiatives for implementation within the next 12-24 months. e.g. recognising the value of Mahi Aroha; reviewing person specifications and position descriptions and better targeted recruiting for diverse groups.

40. We have considered the advice in the PSC Remuneration Guidance and human resource practices and conducted a current state analysis of Customs' current practice, compared to the PSC guidance. Customs is in the process of reviewing all policies. Consultation on development/review of HR policies now includes the Inclusion and Diversity Council, Networks as well as our usual union engagement.

41. This analysis highlighted some specific actions for Customs that will be undertaken over the next 12 months. These actions include:

- how a summary of annual performance and pay progression outcomes can be provided to staff (these are currently provided to all three unions within Customs)
- continue to include gender and diversity data in pre-moderation performance discussions at business area and group level
- continue to analyse pay data by pay band and range and consider how this can be summarised and shared with staff.

³ Implementing the Gender Pay Principles and removing gender bias in recruitment processes

Performance and Pay

42. As a regular part of the Performance process, we again in 2020 monitored the gender makeup of proposed performance grades and one off increases in pay within each pay band and found there was no significant gender bias in the performance ratings and one off increases in the round.
43. We have conducted initial analyses of other areas where pay decisions involve discretion e.g. access to overtime; payment of Special duties and higher duties allowances and are working through the findings.

Flexible by default

44. Customs “if not, why not” flexible work policy and systems have been developed and implemented within the last year. They are aligned with the Public Service Commission (PSC) flexible-work-by-default guidance.

Unconscious Bias Workshops

45. As at June, 2021 29% of the organisation have completed the foundational blended bias training and 70% of our leaders have completed either the foundational training or recruitment bias training.

Career development

46. We expanded our talent management process and 613 (260 women) staff were considered in 2020 and the diversity of the participants for our leadership and development courses was carefully considered.
47. Sixty two women from all levels were supported to participate in 2020 Women in Public Service Summit programme.

Like for Like Analyses

48. We are now confident that we have eliminated ‘like for like’ gender pay gaps, and that the major driver of our gender pay gap is the smaller number of women in senior, higher paid, roles compared with men. We will continue to conduct ‘like for like’ analyses for those paybands where there are pay gaps.

Māori and ethnic pay gaps

49. We have begun a programme of analyses utilising the PSC guidelines to understand Māori and ethnic pay gaps. The analyses confirmed the intersectionality between gender and ethnicity. To date we have:
- examined pay gaps over the last three years in Customs and the impact of staff brought in for the Maritime Border Order on these gaps (see Appendix B)
 - gaps across organisational groups
 - confirmed the impact of age, tenure and pay gaps on PGs.

Contribution to development of SSC Public Sector Wide guidance

50. We have continued to contribute to PSC 'Workshops' and the development of guidance and have also separately shared information, our salary comparator and data with a number of other Public sector agencies.

Observations in 2020/21

51. Our initiatives continue to collectively contribute small reductions that overall are leading to reductions in the GPG and some impact on PGs.
52. We continue to see the impact of one off actions such as the hiring or loss of a senior person and recognise that these fluctuations need to be overcome by organisation wide initiatives. The impact of the across the board increases in pay were seen in 2020 but they will be less in 2021 given the pay constraints and the increases being only within the collective and lower pay bands.
53. We have seen the impact of the influx of a large number of staff primarily into the lowest pay bands and with relatively equal numbers of women and men. It has contributed to reducing the GPG (see later) but had different impacts on Māori and ethnic pay gaps (see later). In contrast a lower voluntary exit rate of 5.3% in FY 20/21⁴ provides fewer opportunities for the gender and ethnicity mix of our workforce to change and with it Pay Gaps.

Measures

54. While clearly the high level indicators (Mean and Median GPG and Within Payband Mean PG) are important, one of the things that came 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 remains to ensure that all our people and those who join Customs have equal opportunities to develop and earn.
55. We have seen in the last 12 months⁵ reductions in the high level measures of GPG and in some of our second level measures of a key enabler - increased numbers of women in leadership roles.

Mean and Median

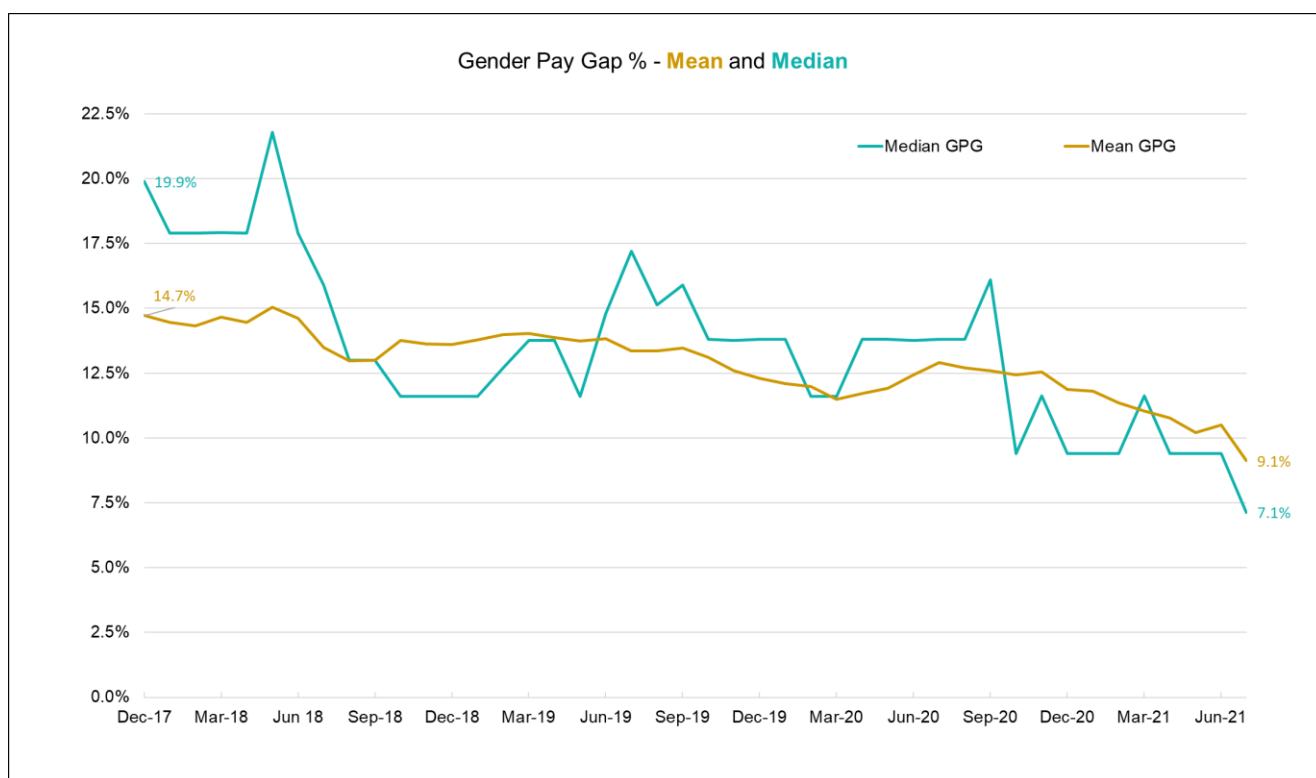
56. Customs' aim has been to reduce our gender pay gap by a third (4-5%) from the levels in March 2018.
57. There are monthly fluctuations in both the mean and median GPG figures as staff join, leave and are promoted within the organisation. Our focus therefore is on the trends we see over time, both of which are reducing. (see chart below)
58. Customs' **mean** GPG as at 31 July 21 was 9.1%. When compared to the PG of 14.7% as at 31 March 2018 the goal of being a third lower three years later has been met and the trend downwards continues.

⁴ excluding Maritime Border Order external staff on fixed term contracts

⁵ The data is as at 30 June 21 unless otherwise advised.

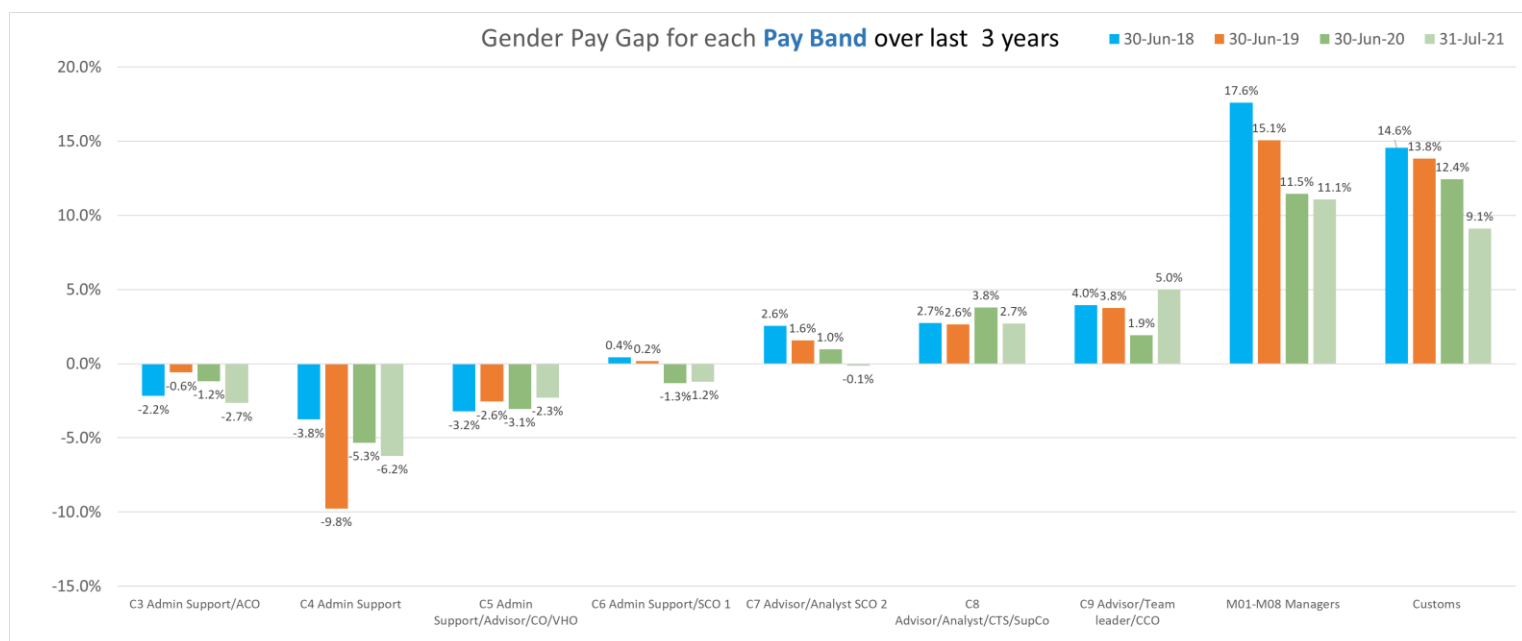
59. Customs' **median** gender pay gap as at 31 July 21 was 7.1%. When compared to 17.9% on 31 March 2018 the goal of reducing by a third has been met and the trend downwards is greater than for the mean.
60. The influx of a large number of staff to support the Maritime Border Order (MBO) around the country has contributed to the reduction in GPG in the last year. With significant numbers of men joining these roles and in the lowest paybands, the male average salary overall has decreased relative to that for women.

| | 31 March 18 | 30 July 21 |
|-------------------|-------------|------------|
| Female Median Pay | \$58,268 | \$64,838 |
| Male Median Pay | \$70,996 | \$69,823 |
| Median PG % | 17.9% | 7.1% |



Paybands - Mean GPG

61. 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. Over the last 3 years there has been good progress across most of the bands that are above zero but less so in the last year for some of these.
62. 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)



63. Our current interest and focus is to understand the cause of the C9 increase in the latter months of 2021. Our increased data analysis capability has allowed us to monitor and understand the relative distribution of women and men across each payband e.g. promotion of a number of women out of a lower payband 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 payband and an interim increase in the GPG for that band and for the band they have left.

Leadership Levels

64. 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.

65. 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.

66. The percentage of **Women leaders**⁶ is 31.7% currently (79 out of 249 leaders at Customs). This is a decrease of 2.0% on the last twelve months from 33.7% in July 2020 (68 women leaders out of a total of 202 Customs leaders) in part due to new Maritime Group roles. We are monitoring the ethnicity of our leaders over time as part of our Inclusion and Diversity strategy.

67. The percentage of women in **acting or secondment** roles is 45.5% and whilst down 12.1% from 57.6% twelve months ago (in part due to new Maritime Group roles) it has been trending up from 36.8% in 2018 when we first started monitoring and we are looking for it to be consistently 50% or greater.

⁶ Those with people reporting to them

Senior Leadership roles. (Tiers 2 and 3⁷)

68. 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 34.8%. The target is to be at or higher than 40% by December 2023.
69. 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 2021/22

70. We will do further analysis and monitoring of impacts of initiatives including:
- the receipt of and opportunity for, various allowances and extra payments
 - examine pay gaps when based on total remuneration received (including all allowances and payments as they are not included in the Pay Gap calculations)
 - examine the information available on pay for those contracted to Customs and the assurances those contractors make with regard to Pay Gaps
 - comprehensive monthly monitoring of changes in remuneration arising from secondments, promotions, “joiners and leavers”.
71. We will specifically focus on better understanding the drivers and impacts of Māori and Ethnic Pay Gaps. This will enable us to determine if our current initiatives will also assist in reducing pay gaps, identify new initiatives required and determine targets. We will do this by:
- continuing the workshops we have underway with our Unions and engage with our Networks
 - commissioning independent qualitative research to broaden this knowledge on the impacts of pay gaps on Māori and ethnic groups as we did with the GPG.
72. Review our promotion and career development strategies to increase the representation of women, Māori and ethnic groups that are underrepresented across Customs. Particular focus will be on the elements of initiatives aimed at increasing staff skills to position them to successfully apply for new roles and leadership roles. They will include:
- determine and develop the best support through all parts of the internal promotion process and support to mentoring programmes

⁷ 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.

- encouragement to managers to support the allocation of short term secondment /acting up opportunities across all of their teams.

73. Continue the review of position descriptions and role specifications to ensure that these provide consistent information and attract a diverse range of candidates.

Summary

74. Considerable progress though has been made in 2020 to embed our initiatives and they are influencing the systems, structures, culture and opportunities albeit some were interrupted by Covid-19.

75. Our overall measures are trending downward and we are making progress. We have met the target for our Median GPG and for our Mean GPG. Our intent is to further reduce them by 2% by mid 2024.

76. We have a significant programme of work over the next twelve months. In parallel we also want to understand more about how we can also reduce the impact of pay gaps for our Māori and ethnic staff. This work will enable us to then determine by how much we might be able to reduce their pay gaps before we set some targets for doing so.

Gender Pay Gap Calculations

77. Our calculations are aligned with the Organisational gender pay Gaps – measurement and Analysis guidelines⁸ provided by SSC and Statistics NZ.
78. 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.
79. 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
80. 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

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.

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

⁸ Stats NZ (2018). *Organisational gender pay gaps: Measurement and analysis guidelines*. Retrieved from www.stats.govt.nz.

Average Salaries – intersectionality of gender and ethnicity

81. There are differences in the salaries across all our ethnicities⁹¹⁰ with Other Men¹¹ in blue having the highest average salary and Pacific People's 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's. It is important to note wāhine Māori average salary is the second lowest.

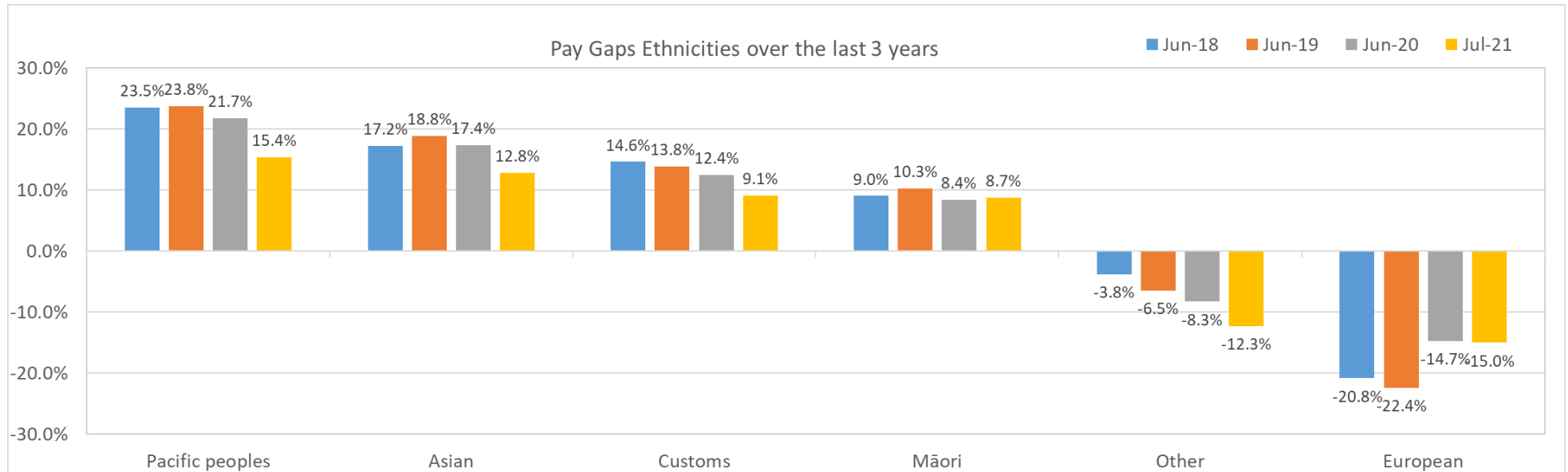


⁹ Based now on any of three identified ethnicities

¹⁰ 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

¹¹ Other – the category allocated when the staff member identifies an ethnicity that is not one of the ethnicities shown in the chart.

Pay Gaps over time

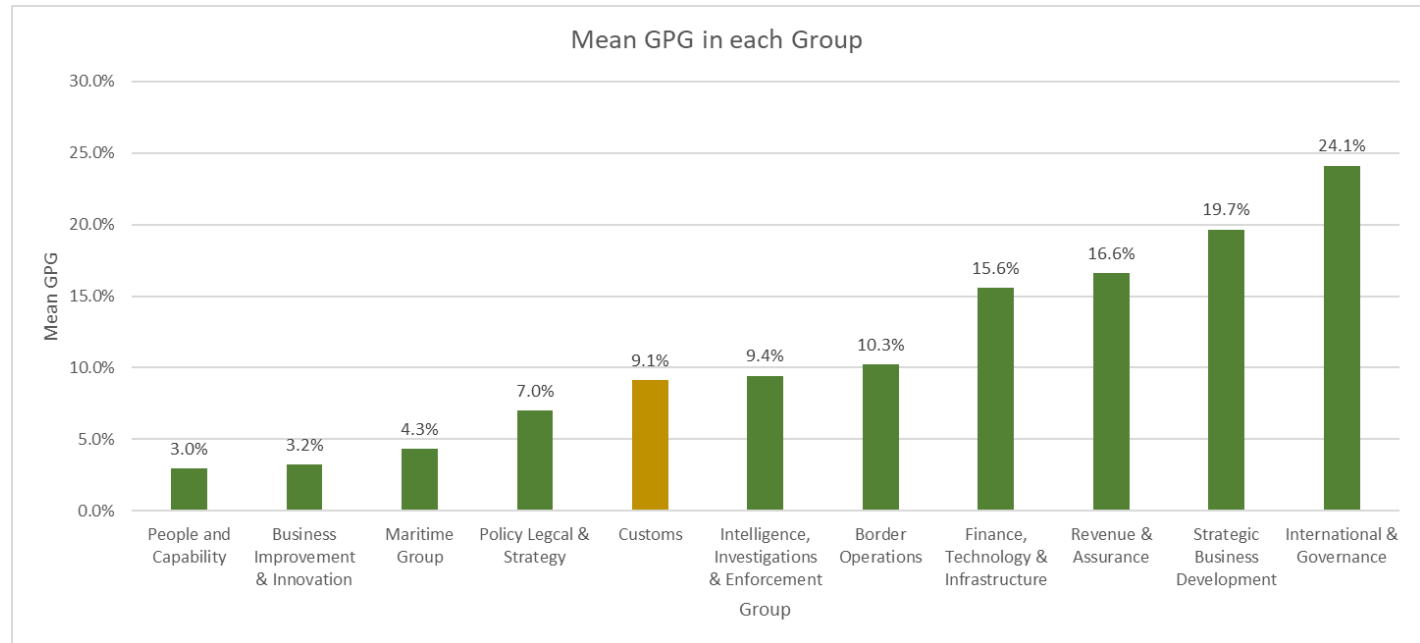


82. Many of our initiatives are likely to assist in the reduction in Māori and Ethnic Pay gaps. But it is evident there is much further to go. Significant numbers of the new MBO staff who are in the low paybands identify as European which has seen their average salary reduce relative to Māori and staff from Ethnic groups. In addition there have been some staff from Ethnic groups join above their average salaries. The combination of these factors has led to the pay gaps for Ethnic groups reducing over the last 15 months.
83. The impact of the extra numbers of primarily lower paid staff into Customs in support of the Maritime Border Order, and of whom a significant number were Māori, has led to the current slight increase in the pay gap for Māori. It is expected to reduce in future months.

GPG across our Functional Groups

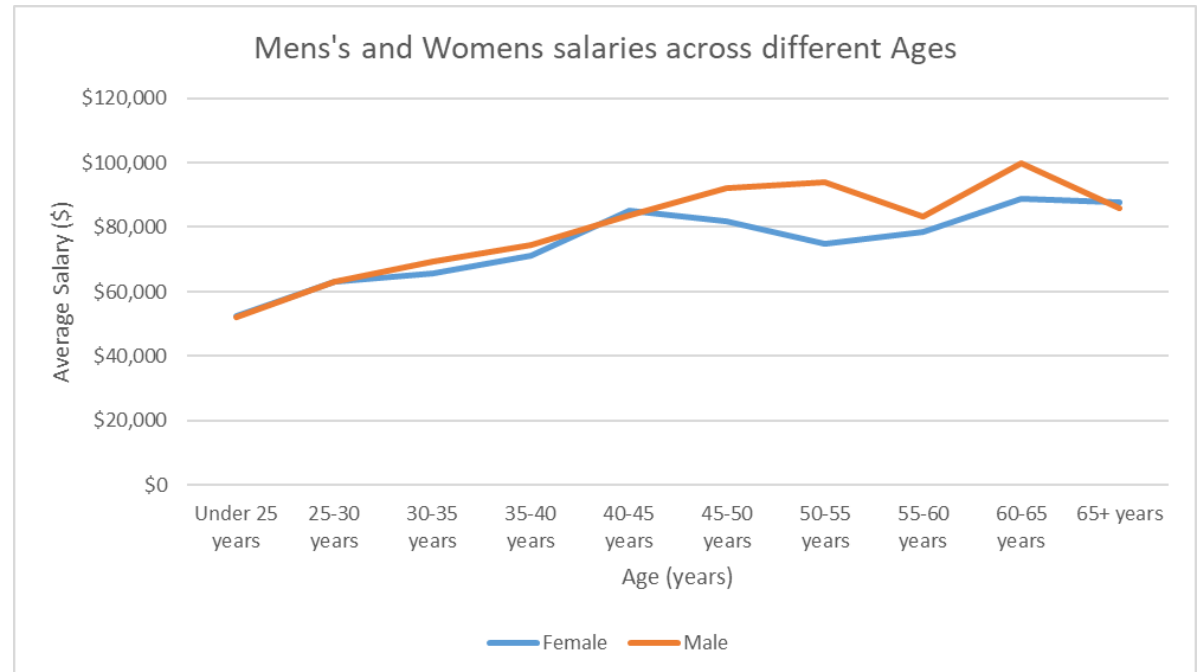
84. Monitoring and understanding the causes of the mean GPG within our groups provides insight to the influence occupational segregation has on our overall GPG. It illustrates the opportunities and importance of encouraging the development of staff at all levels within each group directly to the managers.

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



Age

86. 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. However the gap between men's and women's salaries is a little closer than when last reviewed 12 months ago



Tenure

87. Gender pay gaps in favour of men exist at most tenures with one exception and become more significant for those who have been in Customs longer than 20 years
88. 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.

