



PAY GAPS ACTION PLAN 2023/24

SUMMARY 2023/24

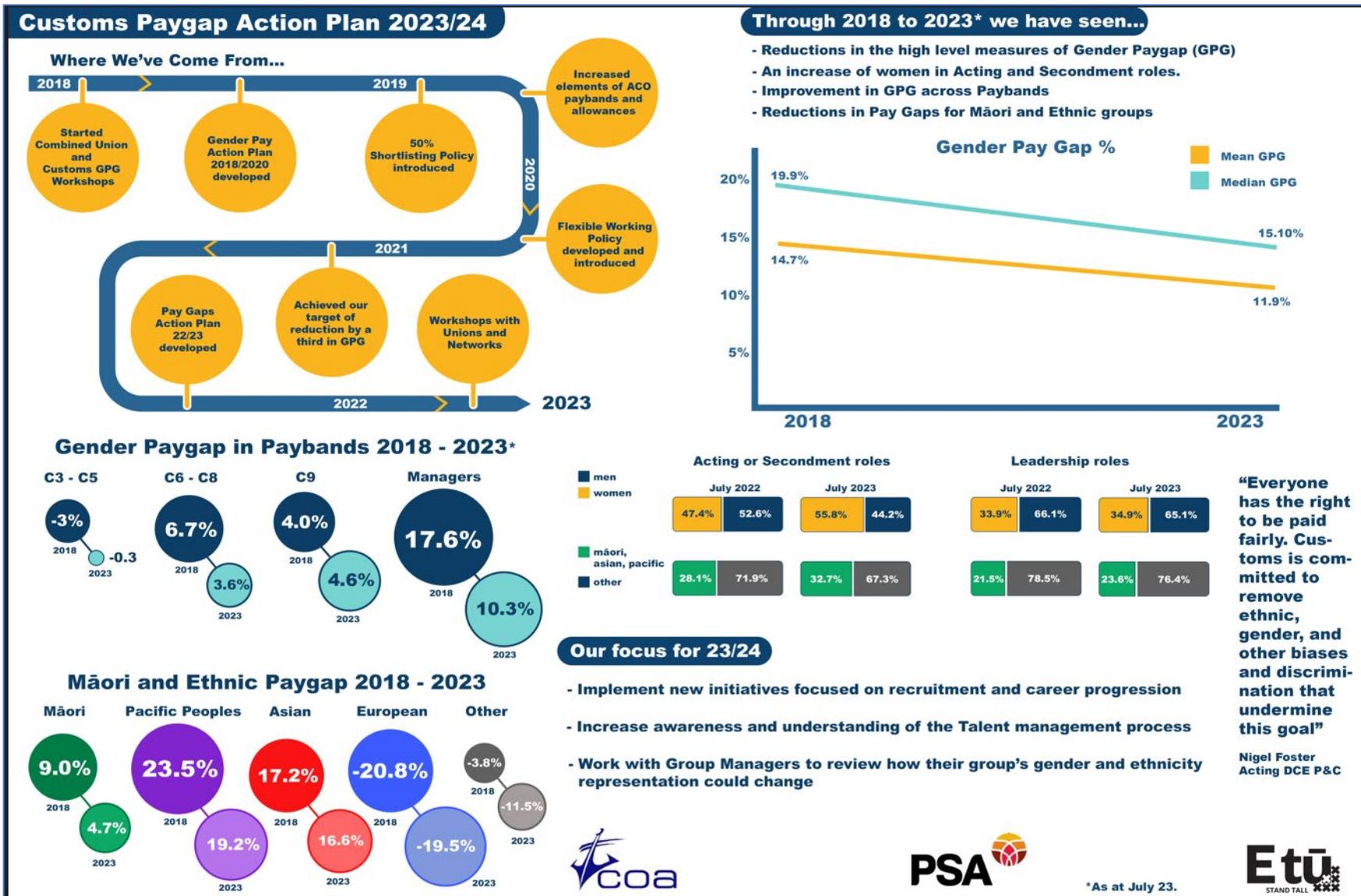
FULL REPORT

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

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2023/24 SUMMARY



PURPOSE

1. The purpose of this report is to provide an update on the Customs Pay Gap (PG) Action Plan for 2023/24.

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% from October 2020 levels by mid-2024.

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



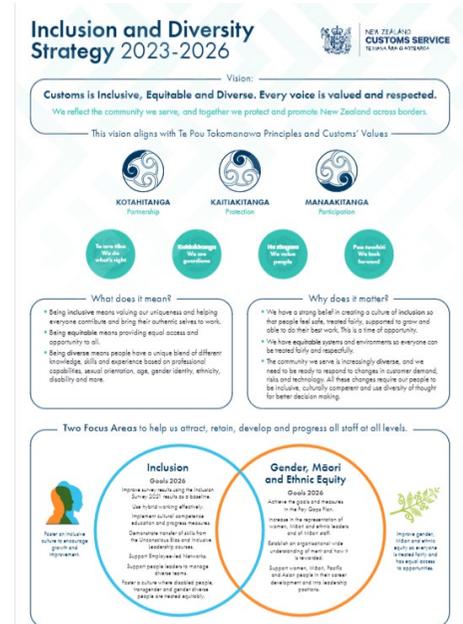
3. At Customs we want to eliminate pay gaps and to play a positive role in the outcome of lifetime earnings for all staff. Reducing the Gender Pay Gap (GPG) has been one of the five priorities for the Minister of Customs.

This work is connected to:

4. Within Rautaki Mana Ārai- Customs Strategy 2023-2028, People is one of the four Strategic Priority Areas and paying people fairly is a key focus within that area.

5. Our Pay Gaps (PGs) work forms a major part of our Inclusion and Diversity Strategy 2023-2026. Eliminating the Gender Pay Gap and increasing diversity in Customs' workforce are key elements of the two Focus areas within the Strategy: Inclusion and Gender, Māori, and Ethnic Equity.

6. We want to create an inclusive environment to attract and retain the best people regardless of gender, age, ethnicity, or background. Narrowing PGs is one element of our commitment to making sure that equity 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 operational outcomes. We have gender and ethnicity representation targets for our workforce and leaders in the [Strategy](#).



7. 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.

8. We are equally focused on reducing our Māori and ethnic PGs and a number of our PG initiatives and our I&D Strategy 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?



9. 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.

10. 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 twenty-two foundation initiatives that are now embedded and contributing to reducing Pay Gaps.

11. 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.

12. In 2021 we broadened the focus from Gender to PGs for women, Māori and ethnic groups and again placed it on the Longroom and Customs' external website.

13. We have regularly provided the Minister with updates on metrics and actions in our Quarterly Reports over the last four years.

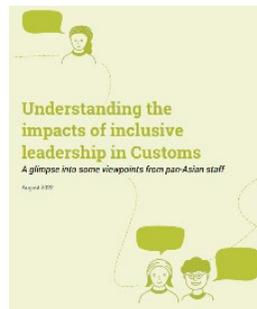
14. Our research and development of initiatives has been guided and informed by guidance from Te Kawa Mataaho (TKM) via their Kia Toipoto – Public Service Action Plan 2021 – 2024. We have used The Gender Pay Principles Ngā Mātāpono Utu Ira Tangata – to find out more information visit the [Public Service Commission website](#) and search “Kia Toipoto”.

15. 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

16. 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 as part of our regular six 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 in this work as we develop our Action Plans and seek their guidance.
17. In the last 12 months we have run three workshops with Union and Network representatives with the focus on understanding the barriers to increasing diversity in those joining and progressing through Customs. Some comments from participants at the start of the process are in the box to the right.
18. The Asian Network's qualitative research on "Understanding the Impacts of Inclusive Leadership in Customs" informed this work along with courageous personal feedback from participants. (See insert). This work has contributed to new initiatives being introduced this year.

'I have acted up in a role successfully but when I interview I don't perform well'
'The mentoring opportunities through the Women's Network have really helped'
'I am keen to make an impact and be noticed early'
'I need more time to be really good at my job before I can apply for the next step'
'I don't see myself in a leadership role (right now)'
'I want to develop in ways that let me go for promotion'
'I need more encouragement to build my confidence'
'Interested in knowing more about acting and secondment opportunities and process'



Drivers of our Pay Gaps

19. A significant reason for the size of our Gender, Māori and ethnic PGs comes from our long tenure and history. Our larger (77.2%) Operational Workforce in Customs was 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 and fewer Māori, Pacific, and Asian staff.
20. 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 pay bands covered by the collective agreement.
21. We also have around 105 Assistant Customs Officers (ACO) representing 7.7% of all staff. This role attracts women due in part to the ability for some, to work part-time hours and as a result 71.4% are currently women. However, this role has the lowest pay band in Operations.

22. 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.
23. We have also seen the impact the disproportionate representation of Pākehā within mostly senior pay bands, has on the mean PGs after each round of across-the-board percentage increases in salaries in previous years.
24. 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.
25. 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. As a result, over time, representation at all levels will change reducing the historical vertical segregation. Overall, 50.1% of our workforce are women, but more of our senior roles are occupied by men contributing significantly to the GPG. (See Leadership Levels pg. 15 later)
26. The Maritime Group, temporarily set up during the pandemic to support the Maritime Border Order, increased significantly (20%) the numbers of staff within Operations employed on a fixed term basis. Whilst relatively equal numbers of women and men joined the Maritime Group the inclusion of a large number of men in the lowest pay bands had a greater relative impact on the men's average salary

and therefore contributed to reductions in the mean and median GPGs in 2021 and 2022 and through to June 23 when the final group of these fixed term staff left.

27. As expected, as the COVID risk reduced and these temporary staff left their fixed term employment, we have seen increases in our PGs 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 upward pressure on their Pay Gaps.

Our updated initiatives to close Pay Gaps

28. We have five areas of focus for our initiatives that reflect the 'employee lifecycle' framework; recruitment, promotion, career development, pay and reporting. They aim to reduce the drivers of pay gaps outlined above. They are outlined in Table 1. to the right.
29. There are 21 initiatives that we have in place, in progress or will be introduced in the next 12 months. They are in the Table 1. and new additions in red are those that have been added as a result of our workshops with Unions and Networks. Many align with the Kia Toipoto Action plan expectations. (Appendix C).
30. There are also initiatives that have now been either implemented or are part of our business as usual and so no longer appear in the list of current initiatives. They are outlined below in Table 2.

Table 2.

Completed or in place as BAU. Removed from 23/24 Table of Initiatives.		
Recruitment	Mixed gender panels; unconscious bias training for all selection panels	In place
Recruitment	All final sign offs for appointments need to show % shortlists, unconscious bias training, mixed gender panels and attached salary calculator outcome	In place
Recruitment	Regular report on representation across Groups	In place
Career development	Flexible by Default policy	In place
Pay	Consideration of Assistant Custom Officer low pay claim	Completed
Pay	Provide those who take career breaks and Customs approved study leave based on their most recent grade	In place
Pay	Check the starting salaries of those who have joined in the year for any Pay Gap differences	In place
Reporting	Regular open reporting of gender and ethnicity mix of secondment, promotions and acting appointments	In place

Table 1.

Initiatives for 23/24			
Reduce the inequities in	Strategies	Status	Measures
	Colour Key: Black - previous initiatives; Red - new/updated initiatives from Union/ELN workshops; Blue - new - from other sources		
Recruitment	Use the Salary Comparator to inform fair and informed offers for starting salaries and those on promotion.	In place	Quarterly compliance check, and frequency of salary revisions
Recruitment	Recruiting processes updated to attract and select diverse candidates informed by other Agency approaches. Include tracking by gender through the stages of recruitment.	In progress	% of women, Māori and ethnic staff in Customs and in leadership roles; gender mix through recruitment
Recruitment	Continue to have at least 50% women on shortlists for all roles with widening the pool the first action.	In place	100% compliance, no. of exemptions
Recruitment	Develop 'bite size' recruitment advice videos to support staff in conjunction with the Networks. Aid interview preparation and provide material for those seeking roles in conjunction with Networks, via the LMS.	In progress	Report on frequency and effectiveness with metrics tbc
Recruitment	Improve staff understanding of recruitment process and improve capability to perform. Advice/info on interviews given to candidates prior to interview.	In progress	tbd
Recruitment	Improve manager understanding of recruitment process responsibilities and improve capability to apply the process and make fair selection decisions.	In progress	tbd
Recruitment	Educate and coach all our people on the acting and secondment policy and how it should be implemented.	In progress	tbd
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, Māori and ethnicities in leadership roles
Promotion	Unconscious bias and gender pay material for all leaders, as well as recruitment panels.	In progress	% of leaders who have undertaken the training
Career development	Actively support specific development programmes e.g. Network assistance, Womens Network mentoring assistance.	In place	Participant self report measures; % of women and ethnicities in leadership roles; Mentoring programme Outcomes
Career development	Publicise and 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 are now in the 'Inclusive Leadership' Expectation in the Performance Review Discussion process.	In place	% of women in each leadership level with a development plan
Career development	All People Policies reviewed for inclusion and to remove bias in line with updated Kia Toipoto guidance.	In progress	Policies Reviewed
Career development	Demystify the intent, process, and channels of Talent Management for all staff with a view to build understanding and awareness.	In progress	Numbers completing module over time
Career development	Introduce 'Quietly Powerful leadership' sessions/modules for individuals and leaders.	In progress	Numbers completing module over time
Career development	Promote the 'Inclusive Leadership' sessions for all leaders.	In progress	Numbers completing module over time
Pay	Conduct Like for Like Analyses across Paybands each year.	In place	% change in mean PG's
Pay	Conduct analysis of non base remuneration and allowance earnings, and compare to 2022 initial data set.	In progress	% difference in non base rem earnings
Pay	Moderation of Performance Grades and One off payments with a Gender and Ethnicity lens before final decisions are determined.	In place	Moderation is completed
Reporting	Regular open monitoring and reporting on panel and candidate makeup.	In progress	Annual monitoring
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

Progress in the last 12 months

Recruitment

31. We monitored the starting salaries for men and women in the last 12 months as part of our research on the impact staff joining and leaving have had in the previous month. This now includes similar analyses for Māori, Pacific peoples, and Asians.
32. 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. We have in the last 12 months completed the set-up of a Position Description (PD) Handling process in alignment with TKM guidance. When PDs are updated for a new recruitment process, they are reviewed against a new PD template and inclusive language guidelines, before being advertised.
33. As at the end of June 2023, 25 % percent of all current leaders have completed **unconscious bias** training specifically focused on preparation for being involved with recruitment. In addition, all selection panel members must have completed the modules within the 12 months prior to being on the panel.
34. 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 the Inclusion and Diversity Council as well as Unions.

35. A definition for merit, which mirrors the definition used by TKM is now in use for recruitment process.

Performance and Pay

36. As a regular part of the Performance Review process, we again in 2023 reviewed, the proposed **performance grades** and 'one off' payments and there were no significant gender or ethnicity bias in the performance ratings.
37. 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 slight reduction in the GPG for **total remuneration** from 20.1% in June 20 down to 19.2% in June 23. (More detail in Appendix B)
38. We completed "**Like for Like**" checks on Manager and Specialist Salaries in the last 12 months and adjusted accordingly.

Promotion and Career development

39. Our Flexible Work policy has been updated this year and aligned with the TKM flexible-work-by-default guidance. An associated Hybrid Working Training Programme has been developed and implemented for people leaders.
40. This has provided an opportunity to reset expectations around how Flexible Work Arrangements work; the



Quick Guide: Hybrid Working Team Charter

Hybrid Working is another term used for flexible work option 'place of work' where employees work some of the time in the office and some of the time from home. It is also used for people working in a different city or region to their team's main location.



different types available, review periods, requirements in relation to the Employment Relations Act 2020 and opportunity to set clear parameters.

41. As at the end of June 2023, 33.2% of all Customs staff have completed some form of **unconscious bias training** (either attended a workshop online or face to face and/or completed an eLearning package).
42. As part of the last **talent management** process in November 2022, 50% of women were identified as High Potentials through the dynamic talent maps, up 11% on the previous year.
43. This year we have developed and launched learning resources that aim to increase awareness and help staff understand how the Performance Review and Development (PRD) and talent processes can work effectively for staff in all stages of their career journey. The learning resources include:
 - an eLearning module that helps staff explore the processes and likely scenarios by following the journey of diverse personas.
 - a people leaders' follow-up workshop, designed to help leaders get the best out of these processes for their people.
44. Our Women's Networks organised a speed mentoring event using internal leaders as the mentors. They also posted short articles in the Customs Longroom about women in secondment positions, their experiences, advice, and insights. Their mentoring programme continues to be a



great success. Mentees have been selected for the third year and mentors are currently being selected. Lunchtime talks have been held to encourage discussion and thinking about career development and opportunities women can pursue.

45. Customs also had three participants in the past 12 months on the Pacific Women's Professional Development Programme.

Reporting – Data Analysis and trends

46. We have continued to improve our data analysis capability giving us a better understanding of the role staff joining and leaving, promotions and pay changes have each month on all our pay gaps. We have extended analyses to include gender and PGs based on **Total Remuneration** (i.e., allowances and overtime payments) (see Appendix B.)
47. We have tracked monthly changes across the pay bands with higher PGs i.e., Managers and Specialists and C9 Band (Advisors, Team leaders and Chief Customs Officers).
48. We **report quarterly** on progress and initiatives to the Customs Executive Board and the Minister.
49. We have examined Māori and Ethnic PGs **within Functional Groups**, and this will continue to be a focus for the coming year. (Appendix B)

Māori and ethnic pay gaps

50. 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.

51. It outlines a number of strategies. The strategy most relevant to PGs 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)
52. We report quarterly on Māori and ethnic pay gaps. The analyses still show the combined impact of both gender and ethnicity (intersectionality) on pay gaps (Appendix B). We have shared this data and trends with our Māori, Asian, Pasifika, Rainbow, and Women's networks representatives in our workshops with our Unions.

Contribution to development of TKM Public Sector Wide guidance

53. We have continued to provide input to the development of TKM guidance and our Action Plan continues to be recommended as one of a number for other agencies to review on certain topics.
54. We have over the year separately shared information, our salary comparator, and data with a number of public sector agencies.

Alignment with Kia Toipoto

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

Observations in 2022/23

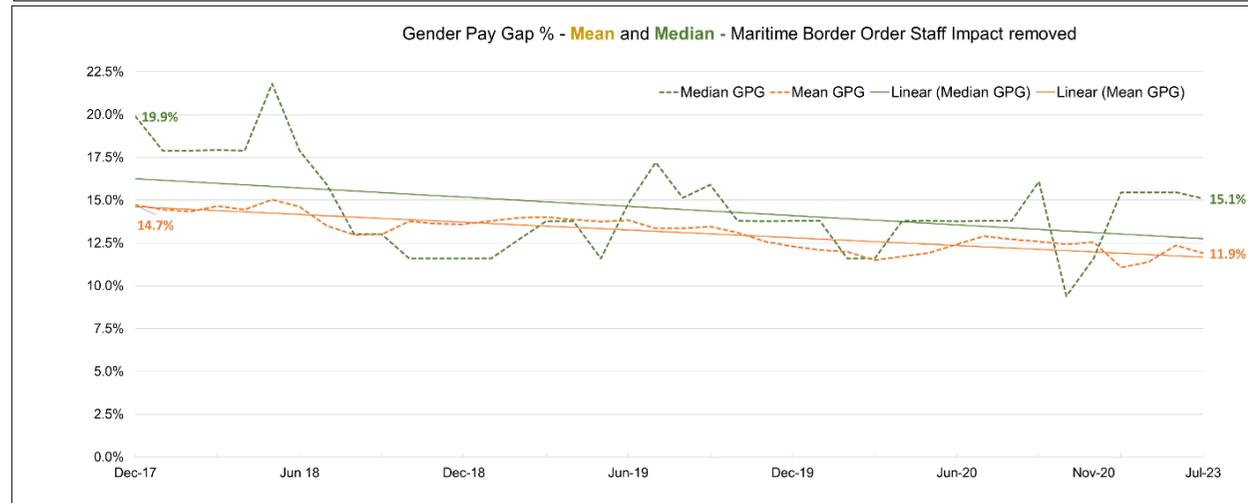
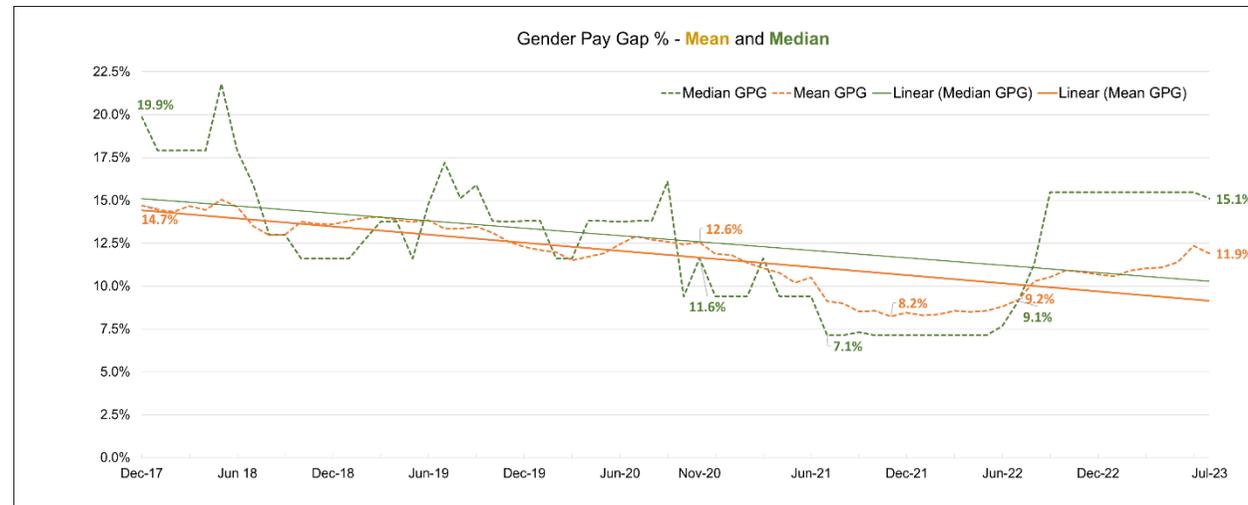
56. The temporary "positive" reduction in PGs resulting from the fixed term staff brought on to enable Maritime Border Order in 2020/22 has now gone and the expected significant rises in both mean and median GPG and PGs for Asian and Pacific Peoples are apparent. The impact was the men's overall average salary went up comparatively more than the women's resulting in a 1.1% increase in the GPG in one month alone.
57. A combination of Public Sector Pay Adjustment (PSPA) and 'Like-for-Like' adjustments for people in Manager and Specialist (M&S) roles resulted in slightly higher increases in salary for men than women. This contributed a small (0.09%) influence on the M&S increase in the last year.
58. Given the unusual impacts of the fixed term Maritime Border Order (MBO) staff in the October 2020-June 23 period the pre COVID October 2020 timeframe provides a recent good baseline for us to monitor our progress from here on and against which to reset our targets.
59. We continue to see the impact on the mean GPG of one-off actions such as the hiring or loss of a highly paid senior specialist and recognise the need for these to be overcome by other organisation wide initiatives.
60. 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

61. 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.*
62. 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 charts).

Mean and Median GPG

63. Customs' **mean** GPG as at 31 July 23 was 11.9%, an increase of 2.7% from 9.2% in July 22. The GPG has gradually been rising over the last 12 months. We knew and noted the risks last year that whilst the addition of the MBO staff (October 20-December 22) assisted in reducing the mean and median GPG through a large number of men joining as lower paid Assistant Customs Officers (Maritime), this 'positive' dip in rates would reduce as the MBO staff left.
64. With high numbers of men and women leaving from the lowest pay bands the impact was that the men's overall average salary went up comparatively more than the women's average resulting in the increase in the GPG in the last 12 months.



65. The top chart shows the trend down in mean and median over the last 6 years and the dip from November 20 onwards. The second chart shows the trend down were we to consider the Nov 20 - June 23 period unusual and

removed from these from the trendlines. The trend down is still apparent but not as significant as in chart above.

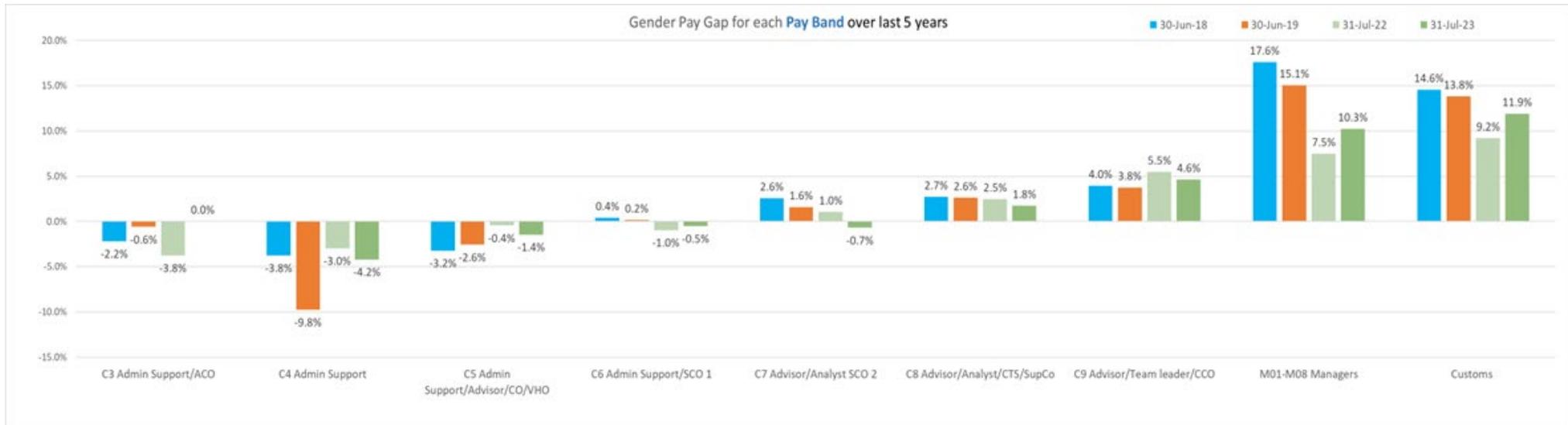
66. Customs' median gender pay gap as at 31 July 23 was 15.1% and whilst lower than the 2018 baseline, when compared to July 22 which was 9.1%, it reflects a rise of 6.0%.

67. The men's median was similarly impacted by the exits of lower paid MBO men which pushed their median salary into a higher payband increasing the median GPG. The women's median was impacted more by exits of

	31-Mar-18	31-Jul-23
Women Median Pay	\$58,268	\$74,223
Men Median Pay	\$70,996	\$87,400
Median PG%	17.9%	15.1%

Pay bands - Mean GPG

68. 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 generally some reduction across most of the bands that are above zero except for one in the last year – Managers and Specialists.
69. We have focused particularly on achieving reductions in the Manager and Specialists and C9 bands using 'Like for Like' reviews of salaries and adjusting for all staff who appear to be underpaid relative to others (based on role and performance).



women paid around their median salary which also placed upward pressure on the median GPG.

70. In the last 12 months the mean GPG for the Managers and Specialists has increased by 2.8%. The representation of

women in these pay bands is now 4.2% higher than last year but currently in the lower Managers and Specialists pay bands. Countering this, more men left at a salary below the men’s Managers and Specialists average placing upward pressure on the GPG for these pay bands. This combined with a few women who left above the average and others joining below the women’s average salary combined led to the increase in the Managers and Specialists.

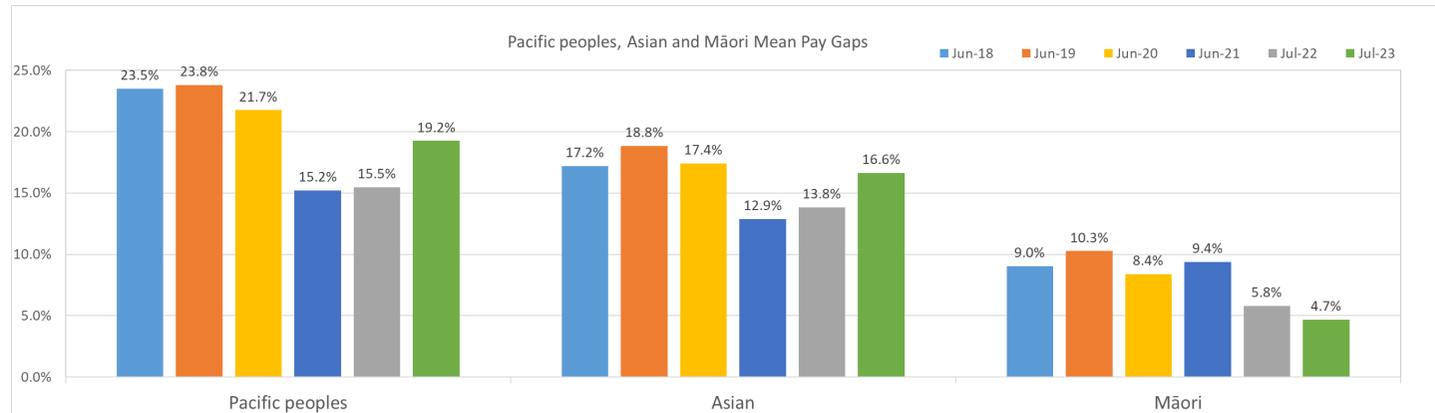
- 71. There was a favourable decrease in the GPG for the C9 pay band due to two factors with more women joining the pay band and increases in salary for those already in the band.
- 72. Our increased data analysis capability has allowed us to monitor and understand the relative distribution of women 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

- 73. 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 charts to the right and below) pay gaps over the year have again been

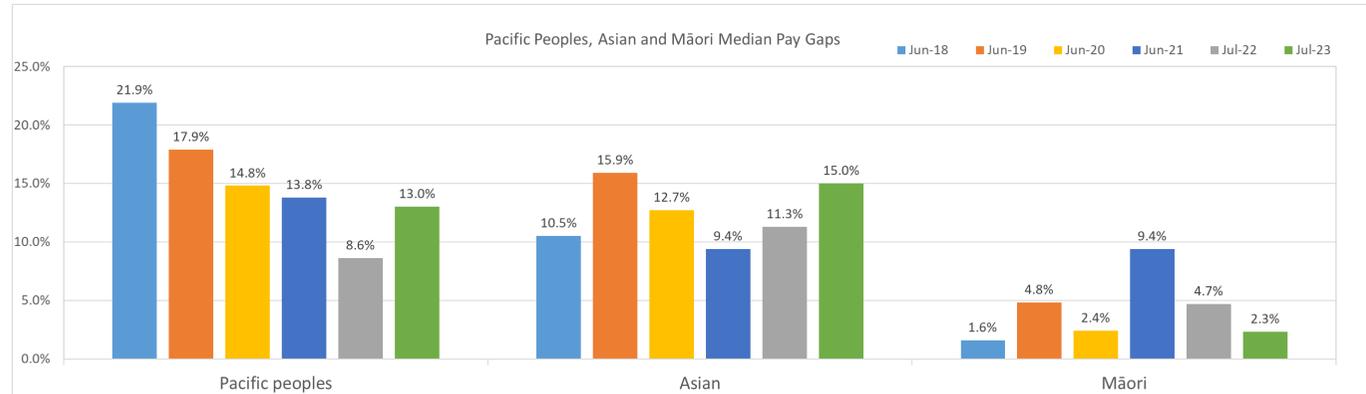
influenced by changes in the numbers of temporary Māori and ethnic staff leaving Customs around the country as our work under the Maritime Border Order reduced. The majority of these positions were on lower pay bands as were their comparators. (More detail in Appendix B).

- 74. Pacific Peoples’ and Asian PGs have overall trended down since Customs started monitoring them in June 2019 helped by the influx of Maritime Border temporary staff of all ethnicities mainly into lower paid some of whom moved into permanent roles. The PGs spiked upward as of June 2023 due to the larger number of their low paid comparators (Non-Pacific Peoples’ staff and non-Asian staff) leaving below their mean salaries.
- 75. What we can see though is that the PGs for all three groups are lower than they were prior to impact of the Maritime staff from June 2020 onwards.
- 76. It is pleasing to see the Māori mean pay gap has reduced even through the COVID period and is currently at its lowest point.



77. We have seen similar causes and impacts on the median PG for these three groups.

78. What we see is the average salaries for ngā tane Māori and wāhine Māori have **increased** substantially in the last 12 months although higher for the men. What we also see in contrast to last year, are increases for Asian and Pacific women. (More in Appendix B).



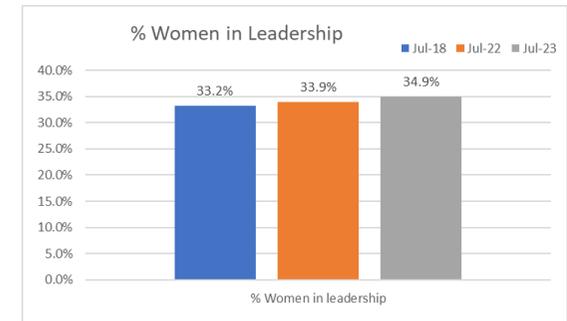
79. The work we now do to regularly map and determine the relative impacts of those joining and leaving has helped us better understand the changes in both mean and median PGs in the last year.

Leadership Levels

80. 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.

81. We recognise that acting in roles and secondments are critical opportunities to gain experience and confidence and are important precursors to applying for and having success in selection panels for leadership roles.

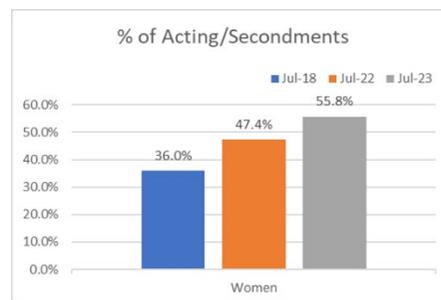
82. The percentage of Women leaders¹ is 34.9% currently. This is an increase of 1.0% on the last 12 months. This is above the Inclusion and Diversity (I&D) Strategy target for December 2023 of 34.0% which is encouraging.



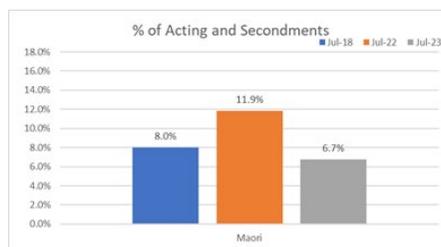
83. We are monitoring the ethnicity of our leaders over time as part of our Inclusion and Diversity strategy.

¹ Those with people reporting to them.

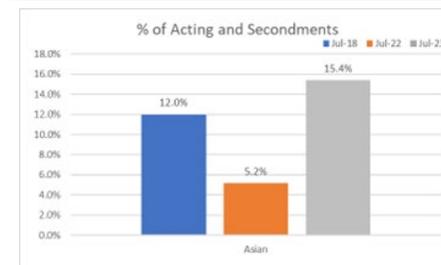
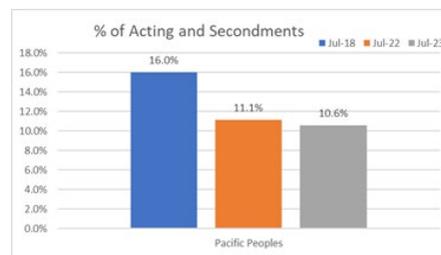
84. The percentage of women in **acting** or **secondment** roles is 55.8%, an **increase** of 8.4% 12 months ago and has been trending up from 36.8% in 2018 when we first started monitoring. This currently exceeds our I&D strategy of 50% target for this goal.



85. The % of Māori, Asian and Pacific Peoples combined in Acting or Secondment Roles is 29.8%, an increase of 5.4% from 24.4% 12 months ago largely driven by an increase in the number of those identifying as Asian.



86. However, we looked at separately, from July-18 to Jul-23 we have seen inconsistent trends in Māori, Asian and Pacific Peoples representation in Acting or Secondment Roles. These findings have influenced the new initiatives developed this year.



Senior Leadership roles. (Tiers 2 and 3²)

87. 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.

88. 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.

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

Actions for 2023/24

90. The focus for 23/24 is to focus on the new added initiatives over the next 12 months:

- Implement new initiatives focused on recruitment and career progression.
 - continue reviewing other agency methods.
 - utilising guidance from relevant Ministries.
 - further develop materials, assistance including the LMS for all staff to help them prepare for selection.
- Increase awareness and understanding of the Talent management process.

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

- › Work with DCE's and Group Managers to review how their group's gender and ethnicity representation across all levels could change.

Summary

91. The rises in our Pay Gaps in the last 12 months to just under pre COVID levels illustrates the impacts our temporary MBO staff have had on our Pay Gaps in the last 2 years.
92. The identification of comparison points in October 2020 prior to the changes will allow us to better monitor our Pay Gap progress.
93. The work done with our Networks and Unions was significant. Our resulting new initiatives are included to reduce our Pay Gaps through further increasing the diversity of our workforce across all levels.
94. There have been improvements in a number of key indicators in the last year across our pay gaps.
95. Our challenge will be to implement the new initiatives we have developed and embed them.

APPENDIX A

Gender Pay Gap Calculations

96. Our calculations are aligned with the Organisational gender pay gaps – measurement and Analysis guidelines³ provided by TKM and Statistics NZ.
 97. 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.
 98. We include the following pay elements in our analyses.
 - Income includes Salary Payment, in lieu of benefits, Equalisation (allowance paid on top of base salary to maintain payments at a previous level for a defined period, and which abates as the base salary increases).
 - Other payments paid hourly not included: Flexibility Allowances, Market Allowance.
 99. 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: Chief Advisor Workforce Planning, email: [Scott Rennie](mailto:Scott.Rennie@stats.govt.nz)

³ Stats NZ (2018). *Organisational gender pay gaps: Measurement and analysis guidelines*. Retrieved from www.stats.govt.nz.

APPENDIX B

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

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

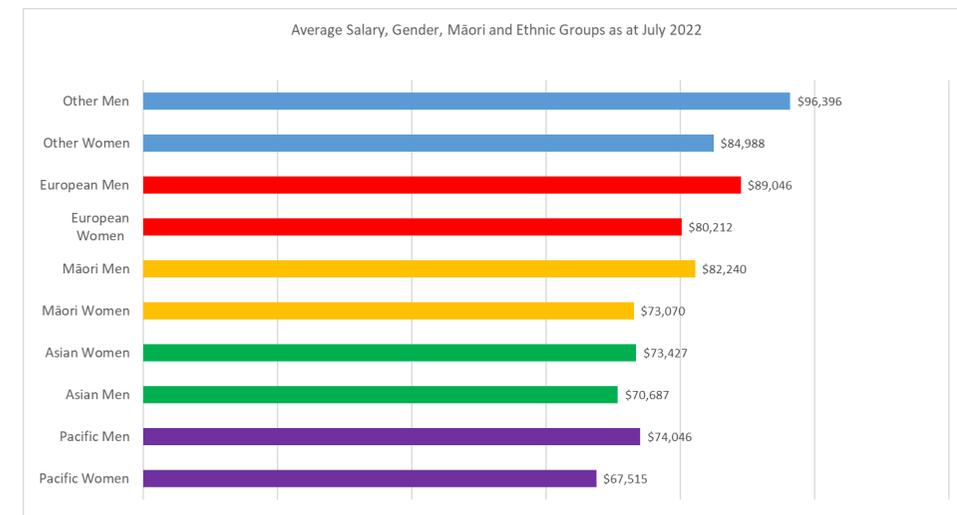
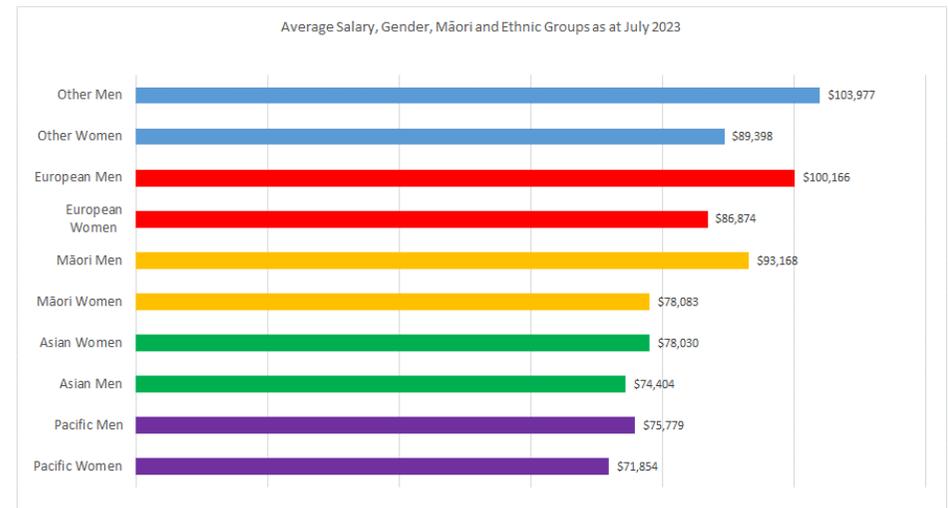
$$(\text{Average Salary}^{\text{Non-Māori}} - \text{Average Salary}^{\text{Māori}}) / \text{Average Salary}^{\text{Non-Māori}} \times 100$$

Asian Pay Gap (Asian to non-Asian): The difference between the average salary for non-Asian employees and the average salary of Asian employees, 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

100. There are differences in the salaries across all our ethnicities⁴⁵ with Other Men⁶ in blue having the highest average salary and Pacific Women the lowest.
101. What is apparent is that Māori, Asian and Pacific People’s salaries are mainly lower than the top three categories. Except for Asian Women, all women’s’ salaries are lower than men.
102. All averages have increased on last year, but their relative position remains the same.
103. What is encouraging is that we had increases for women that identify as Asian (\$4,603 for Asian women versus \$3,717 for Asian men) and Pasifika women (\$4,339 for Pasifika women versus \$1,733 for Pasifika men) that were higher than those for men. This was due primarily to the impact of staff joining and leaving rather than changes in salaries.
104. The increase in the Māori women’s average salary (\$5013) was higher than the increase in average salaries for Asian women and Pasifika women.
105. The comparatively larger increases for European men and Māori men were influenced by the loss of lower paid MBO staff.



⁴ Based now on any of three identified ethnicities.

⁵ 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.

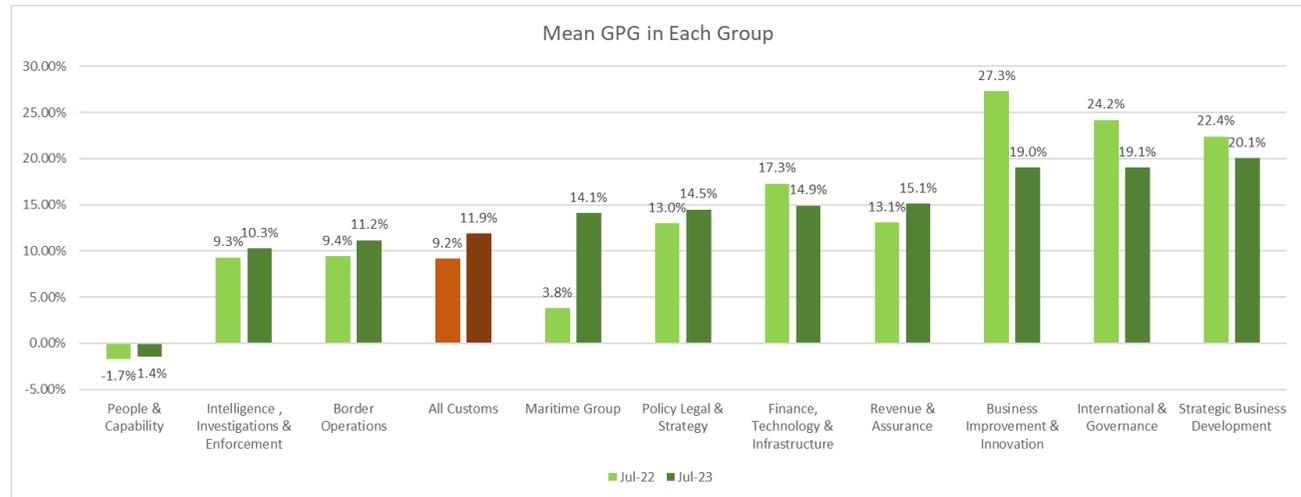
⁶ Other – the category allocated when the staff member identifies an ethnicity that is not one of the ethnicities shown in the chart.

Gender Pay Gaps across our Functional Groups

106. 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.

107. 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 the Strategic Business Development Group Data Analytics staff have joined.

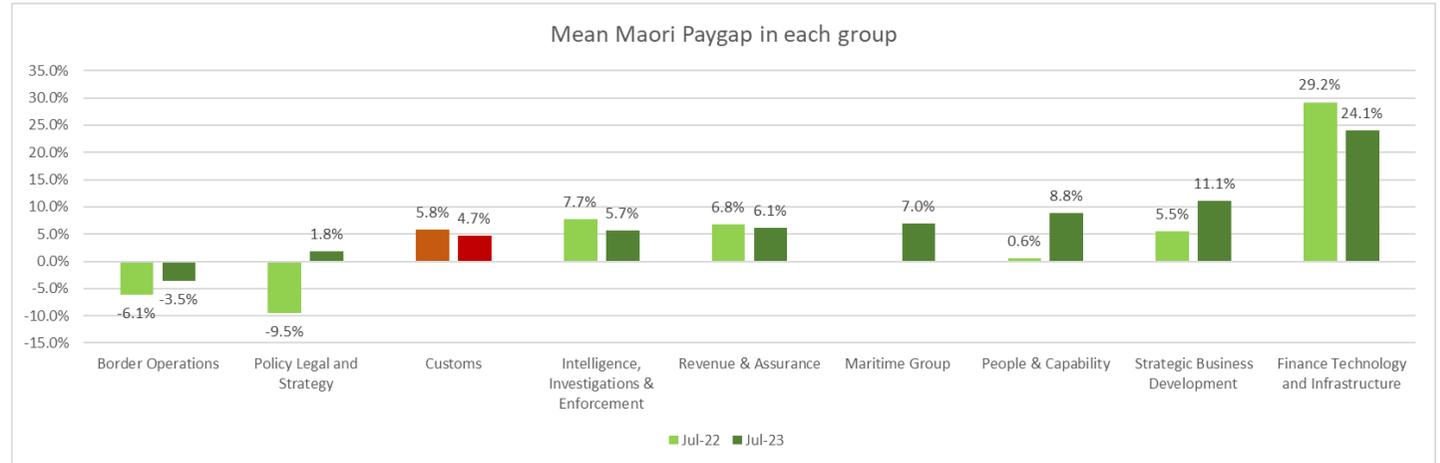
108. It is encouraging to see the decline in GPG across the groups that had the three highest gaps in July 2022, however they still have the highest GPG by Customs group.



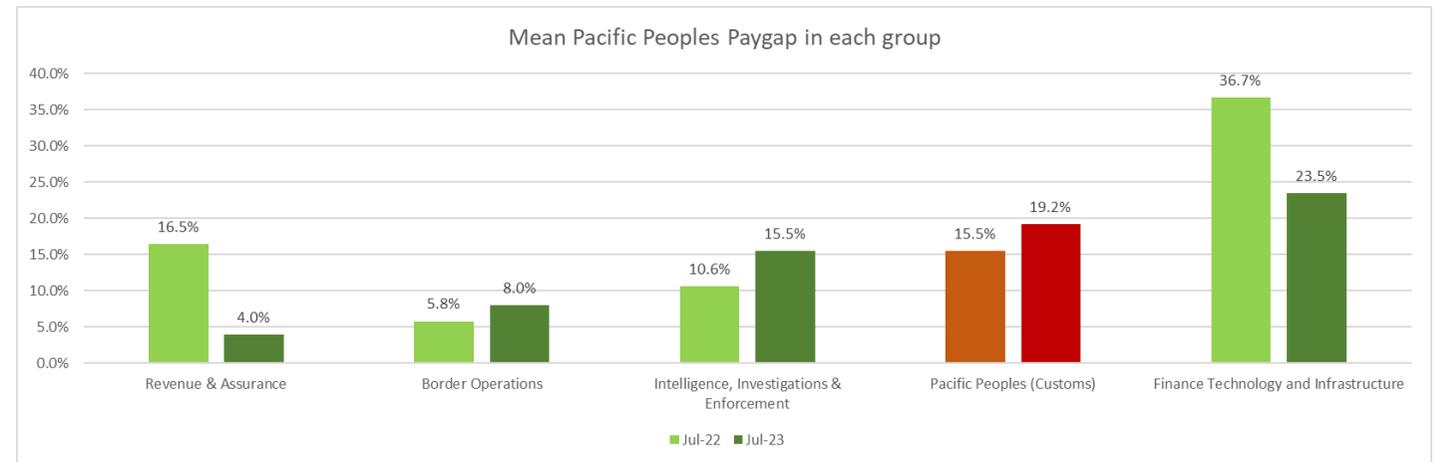
109. In each of these three groups the favourable GPG results for July 2023 were helped by a combination of
- a few highly paid women starting above the women's average salary in the group.
 - some highly paid men left Customs at salaries above their respective group men's average salaries.
110. The median chart shows the upward movement in the Customs median GPG caused by the impact of the large numbers of men and women leaving the Maritime group.
111. The Maritime Group (which had the MBO staff) has changed significantly in the last 12 months hence the differences in their measures.
112. Comparing the median group GPGs to those 12 months ago we see falls in the median GPG for the top two groups in July 2022.

Pay Gaps across our Functional Groups⁷

113. The Māori PGs across our groups, except for one, are comparatively low and three are lower this year than last year.

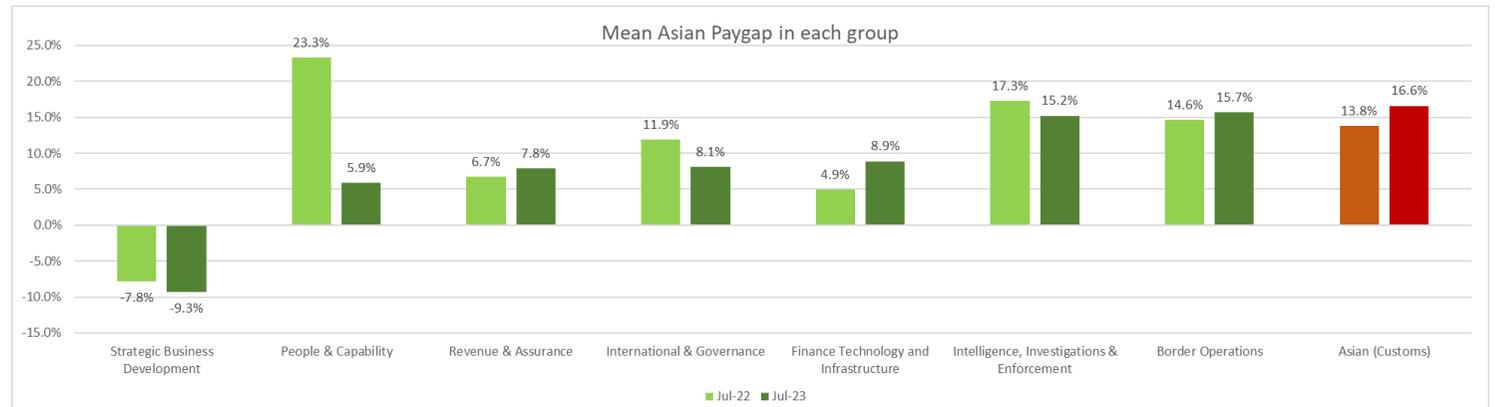


114. The Pacific People's PGs in some groups are quite high but again two are lower this year than last year.



⁷ 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

115. The Asian PGs across our Groups are consistent and high. The gap for Strategic and Business Development group is the outlier and only four are lower than last year.



Representation across our Functional Groups - Staff, Managers and Median GPG

116. We are now looking closer at the representation of men and women and managers across groups. This data outlines the opportunities to increase the diversity and reducing pay gaps in a number of groups.
117. 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.
118. Looking at the results in the tables below it is encouraging to see increases in the representation of women across Operations and Corporate groups at a total level over the past 12 months. For Manager representation there is an increase in the % of Women leadership in Corporate groups (37.5% to 41.5%) and a slight increase in Operations groups (32.0% to 32.3%) over the past 12 months.

As at July 2023

Group	% Women	% Men	% Prefer not to Say	% Women Managers	% Men Managers	% Prefer not to Say Managers
BI&I	53.8%	46.2%	0.0%	33.3%	66.7%	0.0%
BOPS	53.9%	45.9%	0.2%	32.8%	67.2%	0.0%
DCOPS	66.7%	33.3%	0.0%	0.0%	100.0%	0.0%
II&E	40.8%	59.2%	0.0%	32.7%	67.3%	0.0%
MG	29.4%	70.6%	0.0%	7.1%	92.9%	0.0%
R&A	55.6%	44.4%	0.0%	36.0%	64.0%	0.0%
RECNZ	60.0%	40.0%	0.0%	100.0%	0.0%	0.0%
SBD	48.6%	51.4%	0.0%	50.0%	50.0%	0.0%
Total Operations	49.1%	50.8%	0.1%	32.3%	67.7%	100.0%
BEBS	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
FT&I	46.0%	54.0%	0.0%	33.3%	66.7%	0.0%
I&G	50.0%	50.0%	0.0%	33.3%	66.7%	0.0%
P&C	62.5%	37.5%	0.0%	70.0%	30.0%	0.0%
PL&S	64.2%	35.8%	0.0%	41.7%	58.3%	0.0%
Total Corporate Groups	53.4%	46.6%	0.0%	41.5%	58.5%	0.0%

As at 30 June 22

Operations groups

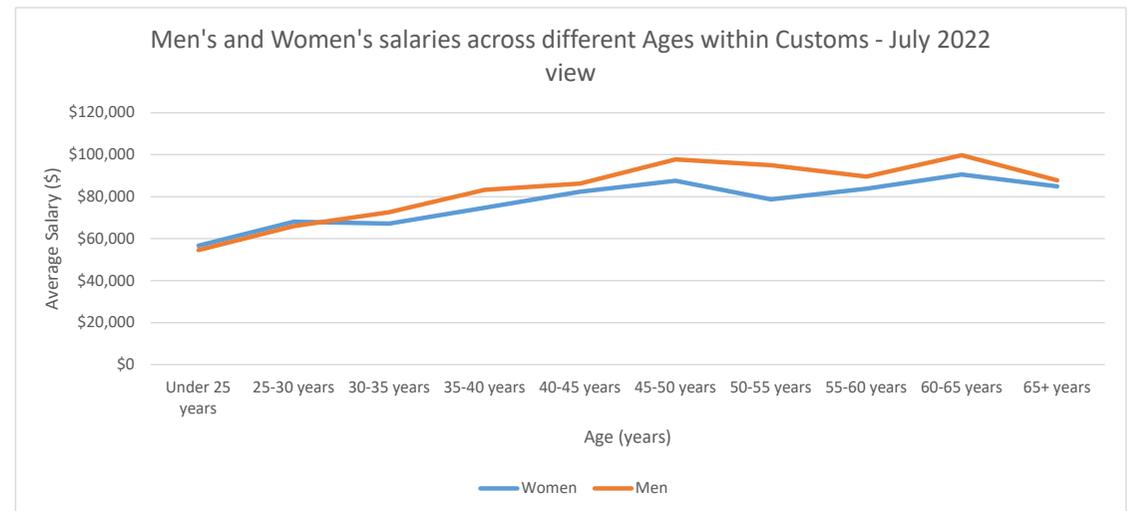
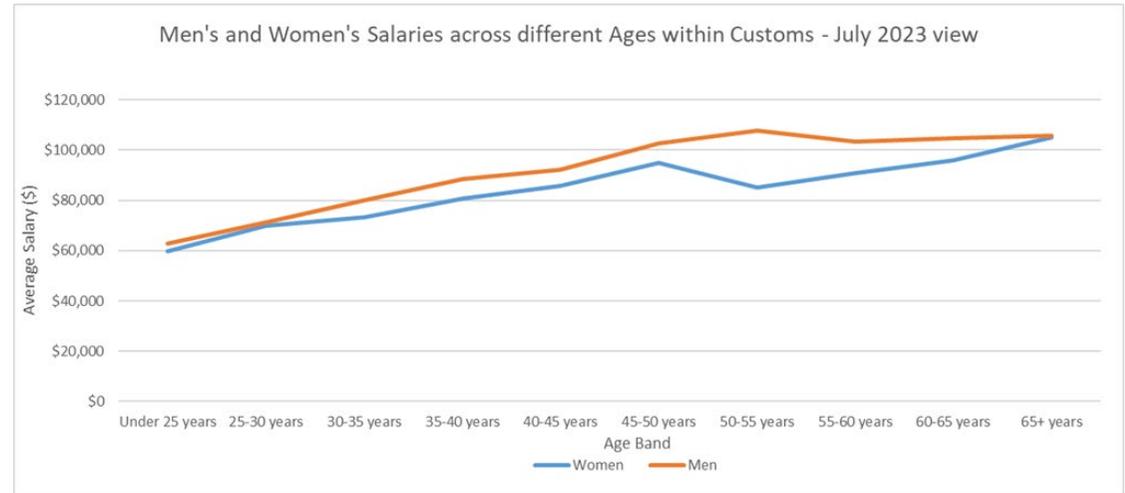
Group	% Women	% Men	% Women managers	% Men managers
BOPS	52.0%	48.0%	33.8%	66.2%
II&E	38.1%	61.9%	32.7%	67.3%
MG	33.5%	66.5%	29.6%	70.4%
R&A	46.5%	53.5%	20.0%	80.0%
SBD	51.4%	48.6%	66.7%	33.3%
BI&I	45.5%	54.5%	33.3%	66.7%
Total Operations	45.4%	54.6%	32.0%	68.0%

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%
Total Corporate	52.1%	47.9%	37.5%	62.5%

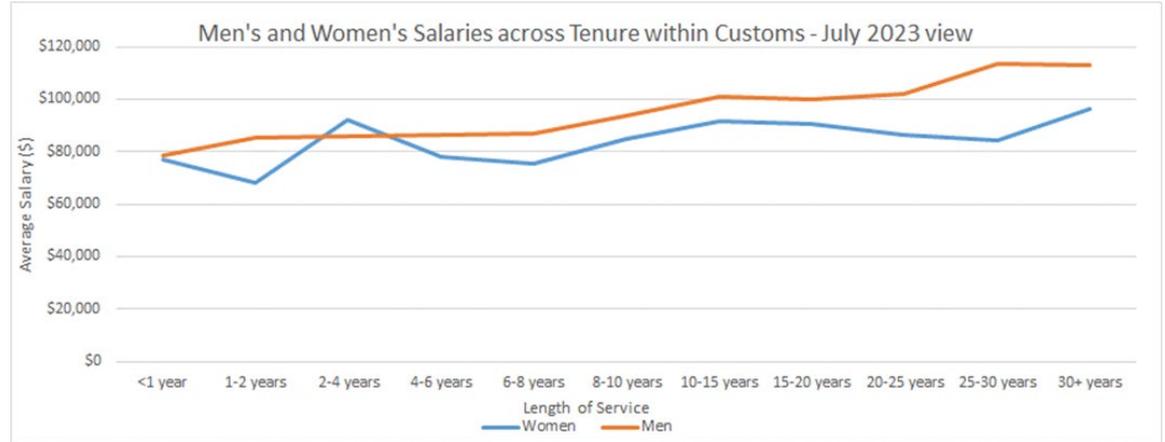
Age

- 119. Mean gender pay gaps continue to exist among staff aged 35-40 years, growing larger with age, peaking at 50-55 years, but then closing again getting to 65+ years plus.
- 120. The peak in the gap between men and women's salaries (\$23K) at the 50 - 55-year category is larger than what it was 12 months ago (\$16K) ago.
- 121. What is encouraging are the closing of the gaps between men's and women's salaries between age bands 35-40,45-50 and 60 years and above.



Tenure

- 122. Gender pay gaps exist at most tenures as shown in the chart to the right.
- 123. Career breaks and previous formal or informal barriers to promotion are thought to have contributed to the patterns we see here across tenure. A number of our initiatives aim to reduce these potential impacts in the future.
- 124. Over the last 12 months there were encouraging narrowing of gaps in tenure categories for five tenure categories. For the 20+ tenure categories the 20-30 years gap narrowed by \$9.3K over the last 12 months. However, gaps have grown for six tenure categories over the past 12 months.



Workforce Representation

125. The representation of women has increased across Customs by 3.1% as a whole and in Manager Roles in the last 12 months by 1.0%.

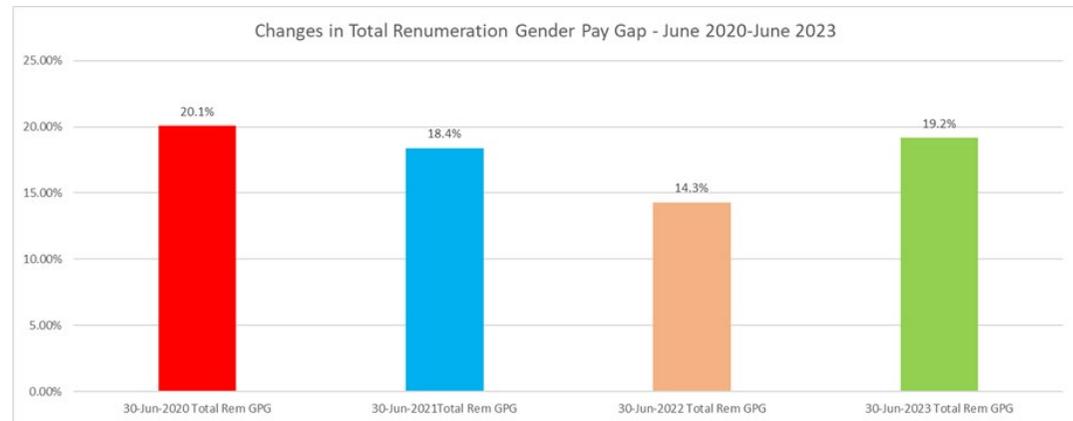
126. We see evidence of a more diverse workforce than 12 months ago with decreases in European representation translating to increases in Asian and Pacific Peoples' representation. However, a slight decrease in Māori numbers impacted by the reductions in the MBO workforce.

127. Asian, Pacific Peoples' and MELAA Manager's representation also rose however Māori numbers fell further than Māori total representation numbers.

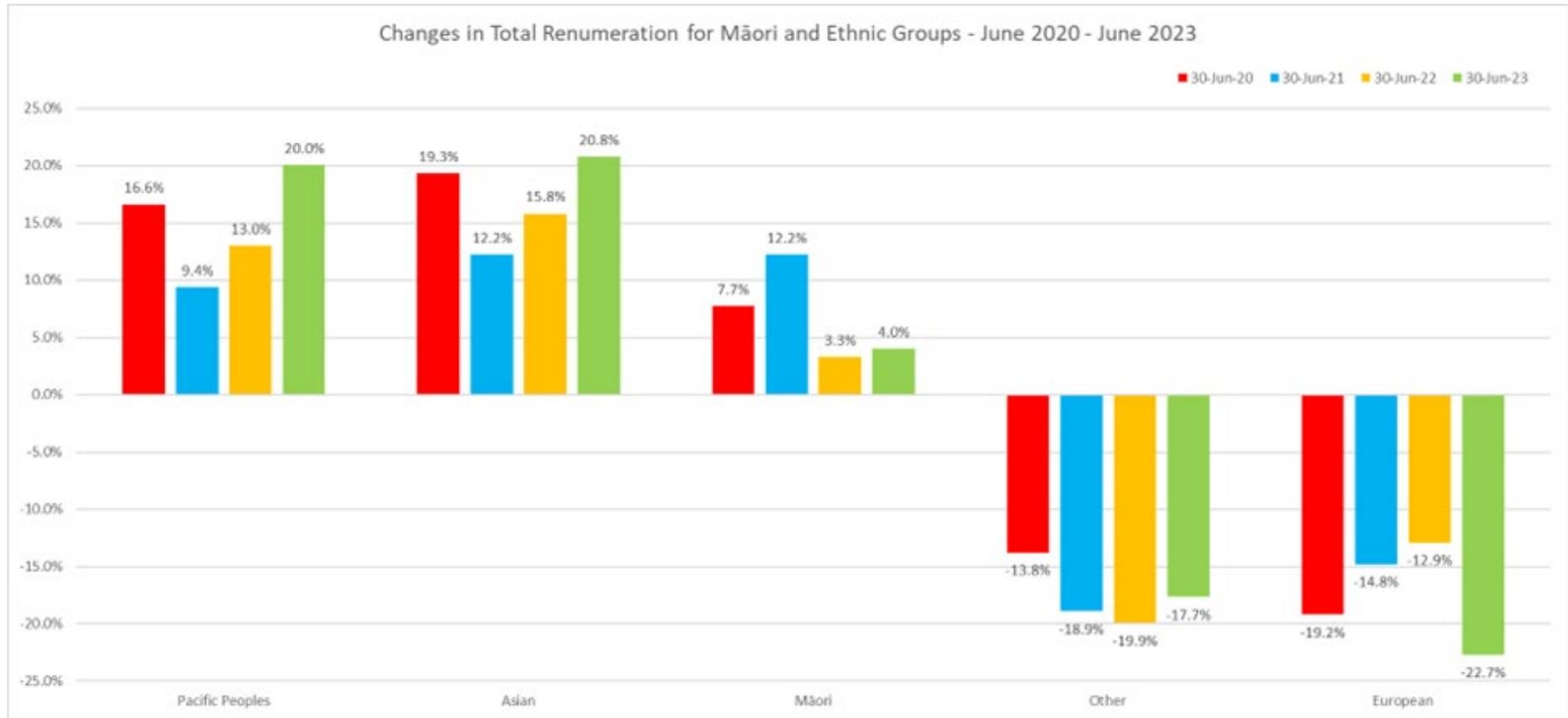
	Jul 22 Workforce representation %	Jul 23 Workforce representation %	Jul 22 All Managers %	Jul 23 All Managers %
Men	52.9%	49.8%	66.1%	65.1%
Women	47.0%	50.1%	33.9%	34.9%
Prefer not to say	0.1%	0.1%	0.0%	0.0%
European	69.8%	66.9%	81.7%	78.5%
Maori	10.6%	10.3%	10.4%	8.7%
Asian	16.4%	18.8%	5.0%	7.8%
Pacific Peoples	10.1%	11.9%	6.7%	8.2%
Middle Eastern Latin American African	1.5%	1.4%	0.8%	1.4%
Other	4.3%	4.4%	6.7%	6.8%

Total Remuneration

128. The Total Remuneration (Base remuneration and Allowances) GPG is a little lower than it was in June 2020. The intervening years were impacted by our additional MBO workforce.



129. 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 2023/24

Kia Toipoto focus area and milestones	Current status	Planned actions 2022/23 and status		Planned actions 2024	Success factors for 2024 actions
<p>Te Pono</p> <p>Transparency</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>	<p>Plans and Strategy Published</p> <p>All current versions placed on Longroom</p>	<p>Completed</p>	<p>All current versions placed on Longroom</p> <p>As new documents are finalised they are placed on the Longroom</p> <p>Sharing the new Pay gaps plan and initiatives with our Unions and Networks.</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>
		<p>Updated MUCA 2022-25 is on the intranet</p>	<p>Completed</p>		
		<p>Individual Employment Agreement for 2022 is on the Intranet</p>	<p>Completed</p>		
		<p>Managers and Specialists remuneration ranges for 2022 are on the Intranet</p>	<p>Completed</p>		

Kia Toipoto focus area and milestones	Current status	Planned actions 2023 and status		Planned actions 2024	Success factors for 2024 actions
<p>Ngā Hua Tōkeke mō te Utu</p> <p>Equitable pay outcomes</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 groups, with the flow on effect on women and ethnicities who are typically over-represented across the low paid workforce.</p>	<p>Checks in place that Panel members are have completed unconscious bias modules within the last 12 months</p>	<p>Completed</p>	<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>If data allows look at PG for Rainbow members.</p> <p>As our Network for staff with disabilities is developed consider PG measures.</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 certainly do for M&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>
		<p>Like for Like checks done on Managers and Specialists (M&S) Pay bands.</p> <p>Gender and ethnicity Representation checks done</p>	<p>Completed and adjustments made</p>		

Kia Toipoto focus area and milestones	Current status	Planned actions 2023 and status		Planned actions 2024	Success factors for 2024 actions
<p>Te whai kanohi i ngā taumata</p> <p>Katoa</p> <p>Leadership and representation</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&D goals are set and are monitored.</p> <p>Talent Management discussions are planned</p> <p>I&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&D and Pay Gaps plans includes strengthening Māori, Pacific and ethnic leadership representation and Asian representation across the workforce.</p>	<p>Dynamic Talent Maps for each area updated and produced</p>	<p>Under Action</p>	<p>Implement the plan including:</p> <p>Review attraction and recruitment policies in line with Kia Toipoto guidance</p> <p>Implement Actions within the new I &D strategy</p> <p>Implement new initiatives from following engagement of Networks and union</p> <p>With DCE's and Group Managers to review how their group's gender and ethnicity representation across all levels could change.</p> <p>PRD/talent module and accompanying workshop for leaders is currently being rolled out that broadens understanding of the PRD and talent process with a focus on inclusivity.</p>	<p>Ongoing support from and to Networks and Unions</p> <p>Capacity within People and Capability to:</p> <ul style="list-style-type: none"> Talent management programme Leadership support <p>Capacity with P&C to:</p> <ul style="list-style-type: none"> support I&D strategy <p>Engage Managers with any changes to attraction and recruitment policies new Strategy</p> <p>Senior Leadership support</p>
		<p>Monitor and report on I&D Strategy and Pay Gaps Action plan progress against targets.</p>	<p>Completed</p>		
		<p>Complete new I&D Strategy and Goals</p>	<p>Completed</p>		
		<p>Support and encourage Managers to use the Talent Maps to determine acting and secondment opportunities and other development opportunities</p> <p>Implement the plan including:</p> <p>Complete review and any changes to attraction and recruitment policies following engagement of Networks and union</p>	<p>Under Action</p>		

Kia Toipoto focus area and milestones	Current status	Planned actions 2023 and status		Planned actions 2024	Success factors for 2024 actions
<p>Te Whakawhanaketanga i te Aramahi</p> <p>Effective career and leadership development</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 under-represented 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>	<p>Determine and develop the best support through all parts of the internal promotion process and support to mentoring programmes</p>	<p>Underway</p>	<p>Continue work with Networks and Recruiting to implement new initiatives</p>	<p>Ongoing support from and to Networks and Unions</p>
		<p>Encouragement to managers to support the allocation of short term secondment /acting up opportunities across all of their teams.</p>	<p>Underway</p>	<p>Examine pathways, approaches taken and provided by other Ministries</p> <p>Develop materials, assistance including the Learning Management System for all staff to help them prepare for selection</p>	<p>Capacity with P&C to:</p> <ul style="list-style-type: none"> • support I&D strategy • funding for support
		<p>Work with Networks and Recruiting to support all staff to be successful in applying for internal roles</p>	<p>Completed</p>	<p>Actively support via Recruiting, L&OD and via Networks</p> <ul style="list-style-type: none"> • career development sessions for staff 	
		<p>Utilise the independent qualitative research developed in 2022 by the Asian Network.</p>	<p>Completed</p>	<ul style="list-style-type: none"> • actively support internal mentoring programmes 	

Kia Toipoto focus area and milestones	Current status	Planned actions 2023 and status		Planned actions 2024	Success factors for 2024 actions
<p>Te whakakore i te katoa o ngā momo whakatoihara, haukume anō hoki</p> <p>Eliminating all forms of bias and discrimination</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>Learning Management System Modules</p> <p>Te Pou Tokomanawa Programme underway.</p>	<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.</p>	<p>Completed</p>	<p>Update Template to replace gendered language, brevity, recognises other ways of working.</p> <p>Increasing the take up of all leaders on the Unconscious Bias and Inclusive Leadership Modules</p>	<p>Capacity with P&C to:</p> <ul style="list-style-type: none"> • Support Position description work <p>Priority set on key modules by Leaders</p> <p>Leadership support for Te Pou Tokomanawa</p>
		<p>Create a checklist 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>Completed</p>		
		<p>As the review of HR policies progresses utilise TKM guidance on removing bias and discrimination.</p>	<p>Under Action</p>		
		<p>Te Pou Tokomanawa Programme key steps</p>	<p>Under action</p>		

Kia Toipoto focus area and milestones	Current status	Planned actions 2023 and status		Planned actions 2024	Success factors for 2024 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>		Flexible Working Policy that offers flexible work that has been updated to incorporate hybrid working.	Completed	Review methodologies for reporting at remuneration review time that examines if the salary and career trajectory of those on FWAs are different to those not on FWA.	Research capacity
		We and are undertaking further training for managers ensuring all have a good understanding of the requirements	In progress		