



Eliminating the Public Service Gender Pay Gap 2018–2020 Action Plan

Final progress report November 2021



Te Kawa Mataaho
Public Service Commission



Manatū Wāhine
Ministry for Women



**Te Kāwanatanga
o Aotearoa**
New Zealand Government





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Ministers' foreword

The progress we've achieved under the Public Service Gender Pay Gap Action Plan 2018–20 clearly demonstrates that focused efforts to close gender pay gaps can drive change.

The Public Service gender pay gap is lower in 2021 than it has ever been, at 8.6 percent. Since 2018, the pay gap has fallen more than in any other three-year period since measurement began in 2000.

Women's leadership is at an all-time high: women hold 53.5 percent of senior leadership positions. All Public Service agencies have checked and corrected pay inequalities in the same or similar roles, for men and women. Almost 80 percent of public servants work flexibly, with women only slightly more likely to work flexibly than men.

These numbers represent real change, change which is helping us to build a fairer, more diverse, and inclusive Public Service, to better reflect and serve our communities. This Government aims to establish the Public Service as an exemplar employer, and closing gender pay gaps is fundamental to this aim.

Agencies have worked hard to achieve the milestones of the Action Plan. They've maintained their focus on closing pay gaps, even as they have helped Aotearoa New Zealand navigate the unprecedented challenges COVID-19 has brought. Progress relies on us prioritising workplace fairness and equity, especially in tough times.

The Action Plan provides a strong base for further progress. Its focus on eliminating bias in workplace policies and systems has helped close pay gaps for all groups. However, we know we must do more to close gaps for Māori, Pacific peoples and ethnic communities, and especially for women who face the compounding effects of gender and other discrimination and biases.

To achieve further change, as we release this progress report, we're also launching Kia Toipoto, an ambitious three-year action plan to substantially reduce gender, Māori, Pacific and ethnic pay gaps.

Created and implemented with Te Rūnanga o Ngā Toa Āwhina, the Public Service Association Te Pūkenga Here Tikanga Mahi, the Ministry for Women, Te Puni Kōkiri, the Ministry for Pacific Peoples and the Ministry for Ethnic Communities, and employee-led networks. Kia Toipoto builds on our success so far and extends action to Crown entities, furthering our commitment to ensure all public servants are employed fairly and equitably.

Hon Chris Hipkins
Minister of State Services

Minister Jan Tinetti
Minister for Women

Executive summary

In 2018, the Public Service Gender Pay Gap Action Plan I Te Mahere Mahi Rerekētanga Ira Tangata 2018–2020 (the Action Plan) was launched. During the period of the Action Plan the Public Service gender pay gap has dropped from 12.2% in 2018 to 8.6% in 2021. This is the most significant progress since measurement of the Public Service gender pay gap began in 2000.

The Action Plan set specific milestones across four focus areas – equal pay, flexible work, addressing bias and discrimination in human resources policies and remuneration systems, and gender-balanced leadership – for thirty-four Public Service agencies covering more than 50,000 employees. Sustained effort and collaboration between agencies, employees, and unions has ensured this work has remained a priority. Maintaining and building on this success will be key to our ongoing progress.

Several factors have contributed to the success of the Action Plan so far, including:

- commitment to changing the system instead of changing women
- genuine collaboration between government, unions, and Public Service agencies
- coordinated and comprehensive action
- an infrastructure that provides support to agencies and holds them accountable for progress.

The Action Plan recognised that agencies' contexts are varied. For example, agencies range in size from over 9,000 employees to fewer than 50, and their gender pay gaps were between 36.6% and zero percent in 2018. This meant that agencies had to be given the opportunity to develop their own solutions, and the support and guidance to ensure what they were doing was evidence-based.

This approach saw all agencies develop their own annual action plans, firstly in 2019. They now publish these on their external facing websites.

The Action Plan has shown that progress can be made in a short timeframe by addressing the multiple workplace drivers of the gender pay gap. However, challenges remain – most of all, the difficulty of addressing ingrained beliefs and behaviours towards gender, ethnicity, work, and family.

The impact of ingrained attitudes and beliefs can be seen not only in the gender pay gap. The Public Service also has substantial ethnic pay gaps and wāhine Māori, Pacific women and women from other ethnic communities face the compounding effects of both gender and ethnic bias. While the pay gaps facing almost all groups have decreased over the last year there is a lot more to do.

The COVID-19 pandemic, as with all economic downturns, has had a significant impact on women in Aotearoa New Zealand.¹

As the pandemic continues to affect Aotearoa New Zealand, it's imperative that focus is maintained on minimising its impact on women.

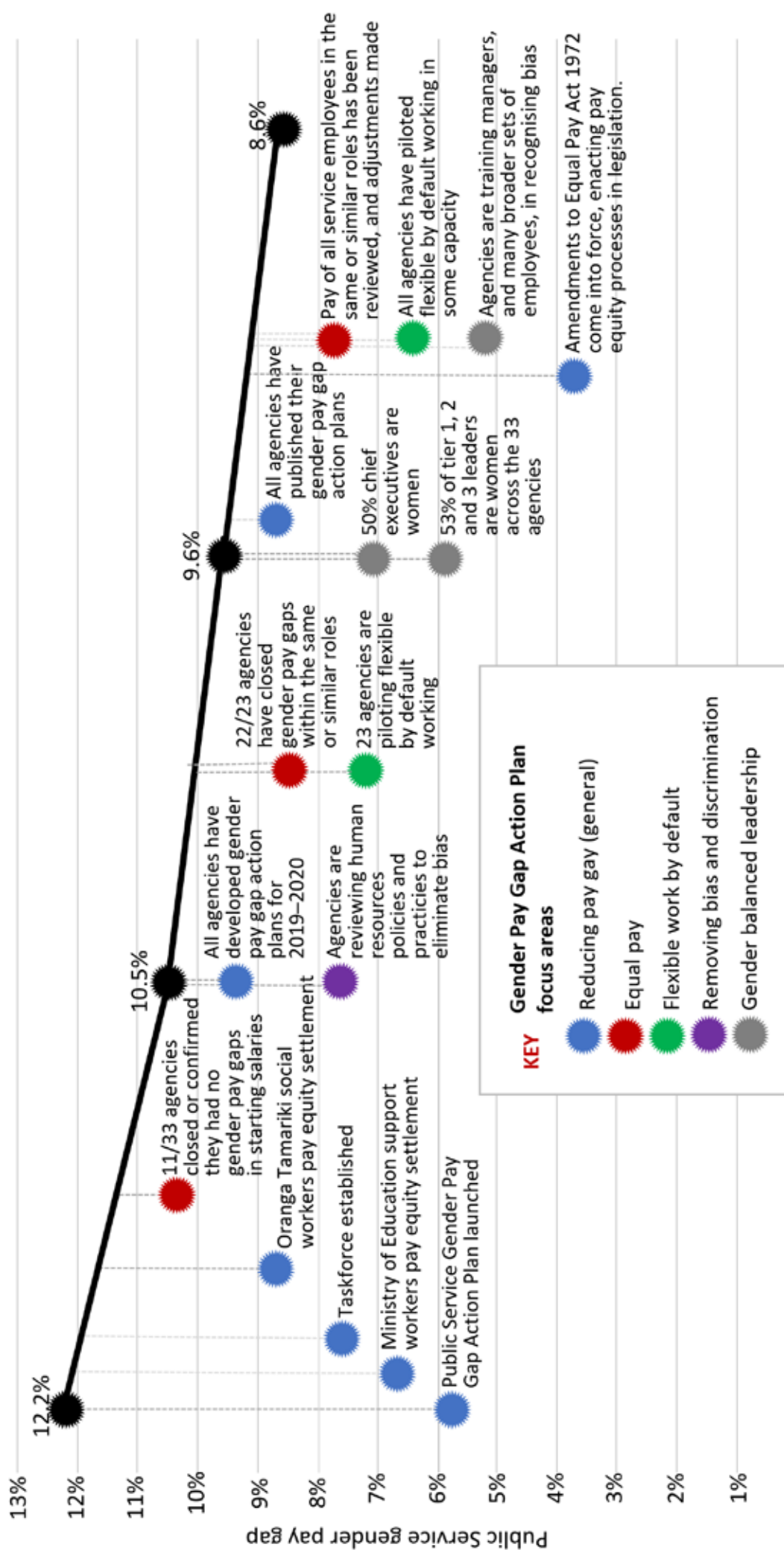
The Action Plan has provided a model for action that employers outside the Public Service can look to. Over the last three years, while the Public Service gender pay gap has decreased, the pay gap in the wider economy has changed little. Action is needed to close pay gaps across all sectors.

The next phase of this work will focus on embedding the gains made to date in Public Service departments and broadening the scope and reach of the work. Action will extend to include closing ethnic pay gaps and accelerating gains for wāhine Māori, Pacific women, and women from ethnic communities. Alongside this, the success of the plan to date in the Public Service has created momentum to go wider and put Crown entities on a similar pathway.

¹ Statistics New Zealand, COVID-19s impact on women and work, 4 November 2020, accessed at www.stats.govt.nz/news/covid-192-impact-on-women-and-work

Closing the gender pay gap

In 2018, the Public Service Gender Pay Gap Action Plan | Te Mahere Mahi Rereketanga Ira Tangata 2018 – 2020 was launched. During the period of the Action Plan, the public service gender pay gap has dropped by 30% (3.6 percentage points), from 12.2% in 2018 to 8.6% in 2021. This is the most significant progress since measurement of the public service gender pay gap began in 2000.





Concerted action was required to reduce the Public Service gender pay gap

Women's pay should reflect their skills, efforts, responsibilities and working conditions and demands free of the influence of gender bias.

Discrimination in employment on the basis of sex has been unlawful in Aotearoa New Zealand since 1972. Gender pay gaps shouldn't exist, but they do.

Gender pay gaps are driven by deeply ingrained societal attitudes and expectations about gender, paid work, and family and caring responsibilities.

Societal structures and systems mean that women do the bulk of unpaid caring and domestic work, which contributes to their concentration in low-paid, undervalued, and part-time work. Many women also face the compounding barriers of ethnic bias and discrimination.

In 2018 the Public Service gender pay gap was 12.2%. While it was trending down in the years between 2000 and 2018, the average drop was just 0.24% per year. At that rate, the gap wouldn't be closed until 2058.

The wide range of factors driving pay gaps can seem overwhelming. However, the Public Service Gender Pay Gap Action Plan shows how much is possible when stakeholders collaborate to take comprehensive and coordinated action.

Drivers of the gender pay gap

The gender pay gap is driven by multiple factors. This includes the undervaluation of work largely performed by women, a concentration of women in lower-paid occupations and part-time work, the uneven distribution of unpaid caring and domestic work, limited options for flexible work in higher-paid roles, and under-representation of women in leadership.

Bias and discrimination play a major role in workplaces. Bias is embedded in the design of workplace policies and practices, and affects day-to-day behaviours like who is deferred to in meetings and the degree to which we value different people's contributions.

In 2017, empirical research on the gender pay gap in Aotearoa New Zealand found that approximately 80% of the gender pay gap was "unexplained".²

This means that it can't be attributed to the type of work women are doing, women's education and qualifications, their age or household characteristics such as whether they have children.

Particularly interesting is that women's higher levels of qualification are not fully reflected in their wages.³

² Gail Pacheco, Chao Li and Bill Cochrane (2017) Empirical evidence of the gender pay gap in New Zealand, Report commissioned by the Ministry for Women, New Zealand.

³ Isabelle Sin, Steven Stillman and Richard Fabling (2017) What drives the gender wage gap? Examining the roles of sorting, productivity differences, and discrimination, Motu Economic and Public Policy Research.

Government, Public Service chief executives, agencies, and unions decided to act

In 2018 Government, Public Service leaders and the Public Service Association (the PSA) launched the Public Service Gender Pay Gap Action Plan I Te Mahere Mahi Rerekētanga Ira Tangata 2018–2020 (the Action Plan).

This Action Plan set out to substantially reduce the gender pay gap in Public Service agencies in three years by changing the way Public Service workplaces operate.

The Plan involved comprehensive, co-ordinated, and concerted action across the 34 Public Service agencies that employ over 50,000 people. While many agencies were already acting to reduce their gender pay gap, this was largely in isolation and there was no mechanism to share practice or ensure a consistent approach was being taken.

The Action Plan required agencies to measure, analyse, address, and publish their gender pay data for the first time.

It set system and agency level milestones focusing on:

- ensuring starting salaries and salaries for the same or similar roles are free of gender or other types of bias
- treating all roles as flexible unless there's good business reason for them not to be (flexible-work-by-default)
- removing bias from all human resources and remuneration systems and policies
- achieving gender balance in leadership.

The Gender Pay Principles, also launched in 2018, provided a foundation for the Action Plan and have been reflected throughout the Action Plan's work programme. These principles were developed by the Gender Pay Principles Working Group, consisting of representatives from the PSA, Te Kawa Mataaho – the Public Service Commission, and Public Sector agencies.

The Action Plan set measurable milestones and agencies were supported to achieve them

The Action Plan was a call to action. It balanced specific and measurable milestones with support and guidance. Te Kawa Mataaho and Manatū Wāhine – Ministry for Women established a dedicated Gender Pay Taskforce I Te Rōpū Mahi Rerekētanga (the Taskforce) to co-ordinate, support and drive the work. These dedicated resources, located in a central government agency, were key to ensuring agencies had access to evidence-based advice and guidance.

At its core, the Plan required agencies to develop and publish their own gender pay gap action plans. In developing these plans, the Taskforce guided agencies in the measurement and analysis of their own gender pay and representation data. Using this data and engagement with employees, agencies made decisions about where to focus their attention and how to achieve the milestones in the Action Plan.

This individualised approach:

- ensured agencies understood and owned their own problems
- ensured that actions could be tailored to the agencies' contexts, including where they were starting from, and their size, workforce composition and function
- drove ongoing learning by creating an annual cycle of planning, implementation, monitoring and review
- created accountability and transparency by requiring plans to be published
- added another source of information to help the Taskforce, unions, and Public Service leaders to monitor progress across the system.



The Action Plan was reviewed due to the impacts of the COVID-19 pandemic

The Action Plan was reviewed in May 2020 because the COVID-19 pandemic placed, and continues to place, significant pressure on Public Service agencies. To respond to this pressure, and to support continued progress, agencies were asked to prioritise work on closing gender pay gaps within the same roles, and in starting salaries and implementing flexible-by-default work practices.

Greater clarity was also provided about what they needed to do to meet milestones, by making those for the end of 2020 more specific. For example, instead of requiring that all managers understand the impacts of bias and are equipped to address it, the milestone changed to ensure all managers have completed bias training.

Te Kanorau me te Whai Wāhitanga Diversity and Inclusion

When the Action Plan was launched Public Service chief executives were already taking collective action. Papa Pounamu, a governance group of chief executives, was established in 2017 to coordinate diversity and inclusion practices across the Public Service and to support leaders to meet their diversity and inclusion obligations and goals.

Its current work programme, Te Kanorau me te Whai Wāhitanga, operates in parallel with the Action Plan to maximise impact. Its current priorities are listed below, and they retain a focus on improving representation of diversity groups:

- **Te āheinga ā-ahurea** Cultural competence
- **Te Urupare i te Mariu** Addressing Bias
- **Hautūtanga Ngākau Tuwhera** Inclusive Leadership
- **Te whakawhanaungatanga** Building relationships
- **Ngā tūhononga e kōkiritia ana e ngā kaimahi** Employee-led networks.

Pay equity

Pay equity is about women and men receiving the same pay for doing jobs that are different, but of equal value. Occupations predominantly performed by women are typically lower paid than occupations predominantly performed by men.

In November 2020, amendments to the Equal Pay Act 1972 came into force. These were designed to make it easier for pay equity claims to be raised and jointly investigated, making court-based processes a last resort.

The Taskforce is responsible for creating tools and resources to enable parties to pay equity claims to progress claims consistently with the Equal Pay Act, and ultimately achieve pay equity. These tools and resources support the parties throughout

the process, from raising a claim to pay equity negotiations/settlements. The process used by the parties is central to achieving robust, valid, and sustainable outcomes.

In the first year of the Action Plan, two pay equity claims were settled. These were for Oranga Tamariki social workers, and for Ministry of Education support workers. In 2020 a further claim was settled for Teacher Aides working in schools. These settlements have led to pay increases of 30% on average for over 24,000 employees.

These settlements have already contributed to the reduction in the Public Service gender pay gap, and as current claims settle there will be further impacts. At the time of writing, there are 23 pay equity claims underway using the new legislative framework.

The Public Service gender pay gap has dropped substantially

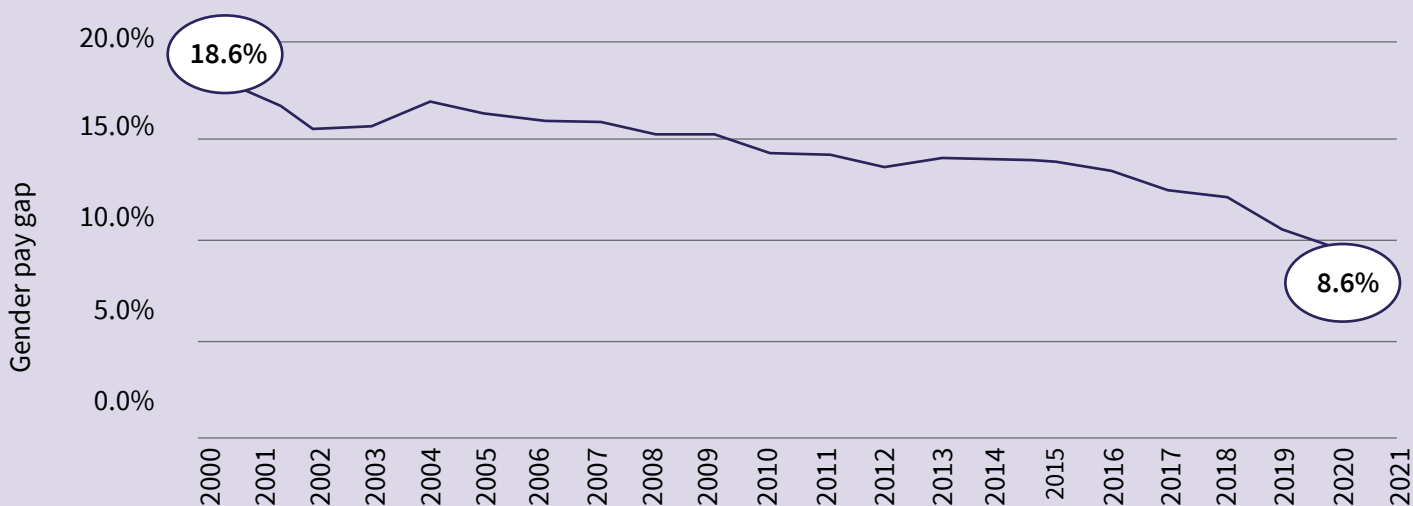
The Public Service gender pay gap has dropped from 12.2% to 8.6% between 2018 when the Plan was launched and 2021. Every year of the Action Plan has seen a decrease more than three times the prevailing trend for the 15 years prior to the Action Plan being put in place.⁴

Pay gaps have reduced for all groups of women across the period of the Action Plan, but pay gaps for wāhine Māori, Pacific women and women from ethnic communities have remained consistently higher than for European women.

The average salary for wāhine Māori is nearly \$8,000 per year less than European women and for Pacific women nearly \$16,000 per year less.

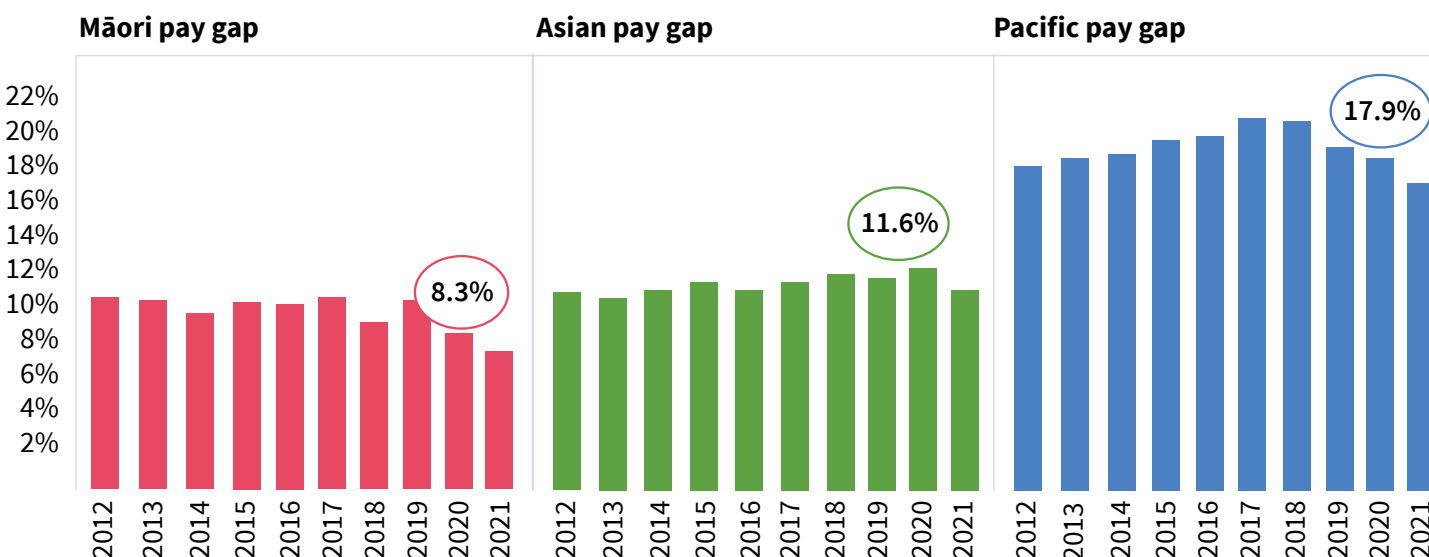
Ethnic pay gaps remain, and the Pacific pay gap is particularly high. Over the three years since the launch of the Action Plan, the Māori pay gap has decreased from 11.2% in 2018 to 8.3% in 2021, and the Pacific pay gap has decreased from 21.6% in 2018 to 17.9% in 2021. However, there has been less improvement in the Asian pay gap from 12.6% in 2018 to 11.6% in 2021.

Public Service gender pay gap trend



Source: Te Kawa Mataaho Public Service Commission – Workforce data

Trends in ethnic pay gaps over the last nine years



⁴ An average yearly drop of 0.24%.

Agencies made significant changes to achieve most of the Action Plan milestones

The sections below outline the milestones set by the Action Plan and the progress that has been made in each focus area.

Status in 2018	Action Plan Milestones	Achievements
Equal Pay		
Agencies have pay gaps within the same roles despite the Equal Pay Act 1972.	By the end of 2019 two thirds of agencies will have closed any gender pay gaps within the same roles. By the end of 2020 all agencies will have closed any gender pay gaps within the same roles. Pay Equity Principles are used to address Pay Equity Claims in the Public Service (and State sector).	All agencies closed gender pay gaps within the same or similar roles. The pay of 53,000 employees has been reviewed. Three pay equity claims have been settled and 23 are in progress. Robust pay equity claim processes are supported by resources, governance, and advice.
Flexible-by-default		
There are inconsistent approaches across the Public Service. Access to flexible work is largely dependent on individual managers rather than organisational policies.	By the end of 2019 at least 15 agencies will be piloting flexible-by-default approaches (i.e. treating all roles as flexible unless there is a good business reason for any role not to be). By the end of 2020 all agencies: <ul style="list-style-type: none"> • will have trialled flexible-by-default practices • will have flexible-by-default policies and systems in place which are aligned with the flexible-by-default guidance. 	All agencies have implemented flexible-by-default work arrangements based on the guidance. Some agencies are doing further work on how to apply this approach across their workforce, particularly for frontline workforces. We have surveyed employees through Te Taunaki the Public Service census and 80% of employees, both men and women, work flexibly.
No bias or discrimination in remuneration systems and human resource policies and practices		
Training and development in bias is not uniformly provided within agencies. HR and remuneration policies have not been reviewed for gender bias.	By the end of 2018 there will be no gender pay gaps in the starting salaries for the same roles. By the end of 2020, agencies will: <ul style="list-style-type: none"> • have engaged with Taskforce guidance • have a plan and target date for completing their review of HR policies and practices • ensure all managers have completed bias training • have a plan in place to provide all relevant staff with bias training on an ongoing basis. 	All agencies have closed gender pay gaps in starting salaries for the same or similar roles. All agencies have reviewed HR policies to remove gender and other forms of bias or have a plan to do so. All agencies have bias awareness training underway or in development for their workforce.
Gender balanced leadership		
48.8% of tiers one, two and three leadership roles are held by women.	By the end of 2019 women will hold at least 50% of the roles in the Public Service's top three tiers of leadership. By the end of 2019 all agencies will set a target date and plan for achieving gender balance in their own top leadership positions.	53.5% of tiers one, two and three leaders are women across the Public Service. Half of chief executives are women.



The comprehensive and coordinated approach to system change has facilitated success

Commitment to system change

The Action Plan has focused on system change, with the aim of achieving sustainable gains. The Plan's approach recognised that to achieve this, it had to tackle all the workplace drivers of gender pay gaps.

Previous efforts to reduce gender pay gaps or increase women's representation in leadership, both in Aotearoa New Zealand and overseas, have often focused on helping women navigate workplace barriers, but have done little to remove the barriers themselves.

While system change isn't an easy or quick solution, this Action Plan has shown that measures can be taken in the short-term to reduce gender pay gaps and build momentum, while also laying the foundations for changes that will make workplaces fairer for all.

The drivers of gender pay gaps are interconnected and mutually reinforcing, requiring co-ordinated action on multiple fronts. For example, as agencies work to put in place flexible-by-default policies, more senior job opportunities could open up to women, thus contributing to gender-balanced leadership.

The Action Plan took an evidence-based approach drawing on Aotearoa New Zealand and international research and reports, and input from agencies, employees, and unions. There wasn't and still isn't a clear and agreed path to sustainably eliminating gender pay gaps.

As a result, the plan put in place mechanisms to support ongoing learning and improvement, in the form of individual agency action plans and system level data collection, enabling the impact of actions to be monitored.

While gender has been the starting point of this work, the system change approach has led to improved equity and fairness more widely. For example, to achieve the equal pay milestone, agencies reviewed the salaries of all their employees, and adjusted pay when they identified any form of inequity, whether caused by gender bias, ethnic bias, or other factors. One agency, for instance, found significant inequities were caused by a policy of setting starting salaries lower for internal hires than for external hires.

Collaboration between Government, chief executives, agencies, unions, and the Taskforce

Collaboration is at the heart of the success of the Action Plan. The Government mandate for the Action Plan set clear expectations, and it was established as a joint initiative between Public Service chief executives and the PSA. Joint ownership provided a solid base of collective commitment to achieving the milestones and increased the likelihood of achieving sustainable outcomes. Heads of Human Resources and other practitioners implementing the Action Plan have been confident they have their leadership and unions' support.

The PSA has worked with the Taskforce from the earliest stages of implementation, bringing its expertise, on-the-ground knowledge, and a long history of commitment to gender equity. It has collaborated with the Taskforce to create guidance, deliver workshops, and monitor progress. The PSA also maintained the spotlight on ensuring the Gender Pay Principles are reflected throughout the implementation process.



For instance:

- agencies have been expected to involve employees and unions from the earliest stages of developing their action plans, in accordance with the Gender Pay Principle of participation and engagement
- guidance developed by the Taskforce recommends increased transparency of policies and processes, in accordance with the Gender Pay Principle of transparency and accessibility.

Throughout the implementation of the Action Plan, agencies have collaborated with the Taskforce and with each other. There is significant expertise in the Human Resources departments of the Public Service and the collaborative approach taken by all has enabled on-the-ground expertise to inform guidance, ensuring it's fit-for-purpose and has the confidence of those using it.

Agencies that were well advanced in their work at the time the Action Plan was launched have contributed their solutions and experience throughout the three years of the Plan. Case studies of successful work have been welcomed by other agencies and helped to create a supportive network of practice.

Support and accountability

The system of support and accountability has been key to success. The Taskforce is a dedicated resource that has provided expert advice in support of agencies' work. As well as working one-on-one with agencies, it has published nine sets of detailed guidance, produced in partnership with unions and other experts, co-presented agency workshops with the PSA on each set of guidance and provided feedback to agencies on their action plans. This has provided agencies with significant opportunities to engage in the detail and to access support to work through complexities.

The milestones set out in the Action Plan were ambitious, specific, and timebound, to focus attention and further promote accountability. Agencies were required to publish annual action plans, increasing transparency of their pay and representation data, as well as the actions that they commit to take. The Public Service has a 20-year history of publishing annual gender and ethnic pay gaps and data about leadership representation.

The Action Plan has asked agencies to go further, by including data at a more granular level in their agency action plans.

The Taskforce published an interim report on progress in July 2020, laying out achievements as well as ongoing challenges. Transparency was also achieved through regular reporting to Ministers, a steering group of leaders from Te Kawa Mataaho and the Ministry for Women, and monitoring by joint Public Service and PSA forums.

The Gender Pay Taskforce was the Diversity Works Impact Winner for 2020. This award recognised the impact the work of the Taskforce was having and the success of the collaborative approach, collective commitment, and a clear plan of action. Since its establishment in 2018, the Taskforce has worked in partnership across the Public Service, the PSA, and others to support, monitor and assure the Action Plan and provide advice to government on progress and further action.

Increasing awareness about inequity in wider society

Awareness about inequity is growing and gaining more mainstream media coverage on the world stage. In Aotearoa New Zealand, Public Service agencies are increasingly working to meet the Crown's obligations under Te Tiriti o Waitangi. As noted earlier, many agencies were already taking action to increase gender equity when the Action Plan was launched.

The passing of the Equal Pay Amendment Act 2020 and the high-profile of the first pay equity settlements for Oranga Tamariki social workers and Ministry of Education support workers and teacher aides raised consciousness about gender pay inequity and the gender pay gap more generally. This meant that the Action Plan was welcomed as a means of providing support for agencies to address the issues they were already highly engaged with.

Future action will respond to the challenges experienced to date

Closing the Public Service gender pay gap and creating fairer working environments for women and others remains the ultimate goal. There's significant work ahead to achieve this, overcome the challenges that have been encountered during this first Action Plan and meet new challenges as they emerge.

Addressing ethnic pay gaps and the compounding impacts of gender and ethnicity

As noted above, over the three years since the launch of the Action Plan, there have been reductions in the Māori and Pacific pay gaps and progress has been made for the lowest paid groups, Pacific women and men.

However, ethnic pay gaps remain substantial. In addition, the intersection between gender and ethnicity creates greater barriers and wider gaps for wāhine Māori, Pacific women, and women from ethnic communities.

The intersection of gender and ethnicity also means that to eliminate the gender pay gap, the impact of ethnic bias must be specifically addressed, and to eliminate the ethnic pay gap, the impact of gender bias must be addressed.

Over the next three years focused action will be taken to close ethnic pay gaps and pay gaps facing wāhine Māori, Pacific women, and women from ethnic communities.

Addressing bias and turning policy into practice

Tackling bias and translating policy change into practice are significant challenges facing this work. As previously referenced, research has shown that bias is a major factor in the gender pay gap.⁵

The Action Plan aims to tackle bias by changing systems and policies and influencing individual behaviour. There were milestones about influencing individual decision-making through training, and system changes through the detailed review and amendment of remuneration and human resources policies, to reduce or remove the scope for bias to influence decision-making.

This has resulted in significant changes to remuneration and HR policies, with a particular focus on new flexible-by-default policies.

As these are new for many agencies, it will take time for these policy changes to translate to practice change in some areas, and this will be a continued area of focus.

Further investment in training will be required, and the Public Service's Diversity and Inclusion programme, led by Papa Pounamu, expects all Public Service employees to complete bias awareness and cultural competency training.

The Action Plan has emphasised the importance of agencies working with employees and unions as they plan, implement, and monitor their actions. This should ensure that agencies understand the impact of the changes they're making and support them to identify where they need to focus efforts or make further changes.

⁵ Isabelle Sin, Steven Stillman and Richard Fabling (2017) What drives the gender wage gap? Examining the roles of sorting, productivity differences, and discrimination, Motu Economic and Public Policy Research.



Addressing occupational segregation and the motherhood penalty

Addressing the impact of occupational segregation and the career-long penalties women face when they take career breaks are continued challenges for this work.

Occupational segregation is a driver of the gender pay gap in the following ways:

- Women are concentrated in the two lowest paid occupational groups (administration and clerical roles, and call centre roles) and this is especially the case for wāhine Māori, Pacific women, and Asian women.
- Occupations held predominantly by women are often undervalued which affects the amount they're paid. This is the basis of pay equity claims, including a current claim about Public Service administration and clerical occupational groups.

Pay equity claims processes have been designed to address undervaluation of female-dominated occupations. A new gender-neutral job assessment tool, Te Orowaru, has been developed to recognise and value skills that are often undervalued including Te Ao Māori knowledge and skills, and interpersonal and communication skills. The possible use of this tool in contexts broader than pay equity claims has potential to change attitudes about the value of lower-paid occupations predominantly performed by women.

Gender pay gaps in agencies that work in fields traditionally dominated by men, such as defence and national security, are significantly driven by occupational segregation. These agencies have been working hard to recruit more women and to recruit women into higher-paid roles, and this work will continue.

As well as working towards more women entering areas traditionally dominated by men, clear career pathways from lower-paid to higher-paid roles and equitable access to development opportunities are ways to tackle occupational segregation. Some agencies have already progressed work in these areas as part of the Action Plan. Supporting agencies to remove barriers to progression will be a focus of the next Action Plan.

Career breaks to have children have a significant impact on women's earning potential across their lifetime.⁶ After becoming parents, men continue to work full-time, and their pay is unaffected. On the other hand, women experience a drop in salary, with the greatest economic impact on lower income women. High-income women experience lower economic impact; however, their salary never recovers with slower growth in their earnings post parenthood than before they had children.

The implementation of flexible-work-by default as part of the Action Plan was intended to normalise flexible work for men and women and create more scope for all parents to advance their careers while balancing paid with unpaid work. As part of the Action Plan, the Taskforce has also provided guidance about removing bias from policies, including policies about career progression, breaks, and leave and comparing career progression for employees who have taken career breaks and those who haven't.

However, addressing the impact of occupational segregation and career breaks will require ongoing effort.

⁶ Dr Isabelle Sin, Dr Kabir Dasgupta and Professor Gail Pacheco (2018) Parenthood and labour market outcomes, Report Commissioned by the Ministry for Women, New Zealand.



Embedding gains and maintaining focus

Eliminating the gender pay gap will require long-term, continued work. Maintaining the necessary focus could be a challenge. The pressure that responding to the COVID-19 pandemic has been placing on the Public Service has already tested commitment, but agencies have worked hard to keep this work going.

As is seen across similar work programmes, change is often championed by passionate individuals and implemented by teams responsible for Human Resources or diversity. Shifting this work from the responsibility of a few to the responsibility of all is a real challenge. As agencies take on this challenge, drawing on the experiences of diverse employees will become increasingly important.

Over the next three years there will be increased emphasis on monitoring the impact of changes made to date and refining our knowledge about what works. This will include data analysis as well as analysis of information gathered directly from Public Service employees.

Generating action in the wider public and private sectors

The general workforce pay gap in Aotearoa New Zealand is measured and reported by Statistics New Zealand and for 2021 was 9.1%.⁷ During the three years of the Action Plan as the Public Service gender pay gap continued to decrease, the national gender pay gap reduced by just 0.5%.

While the scope of the Action Plan was limited to the Public Service there has always been an intention to use what's being learned to encourage and support action in the wider public and private sectors.

The next phase of the Action Plan will include Crown entities. Some Crown entities have already been creating their own plans and applying the guidance developed under the Action Plan.

Many private sector organisations have been working to reduce their gender pay gaps for some time and the guidance and tools that have been created to implement the Action Plan are applicable in other settings. There are opportunities for the Public Service and private sector to build on each other's knowledge and this will be part of the next stages of this work.

⁷ The method of measurement is different to that used to measure the Public Service gender pay gap because they use median hourly pay, whereas the Public Service gender pay gap is measured using mean salary. Using the Statistics New Zealand method, the public service gender pay gap for 2021 is 5.6%.

Kia Toipoto

Public Service Pay Gaps Action Plan

Kia Toipoto, the new Public Service Pay Gap Action Plan 2021–24, will be implemented by both agencies and Crown entities over the next three years. It sets the following three-year goals:

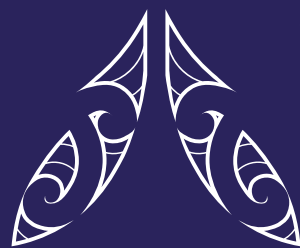
- substantially reducing gender, Māori, Pacific and ethnic pay gaps
- accelerating progress for wāhine Māori, Pacific women, and women from ethnic communities
- creating fairer workplaces for all, including for disabled people and members of rainbow communities

It includes milestones for both Public Service agencies and Crown entities:

- agencies are being asked to embed the gains they've made in the last three years and broaden the scope of their work to include pay gaps for Māori, Pacific and ethnic employees
- Crown entities are being asked to undertake similar actions to those undertaken by agencies over the last three years but to target both gender and ethnicity.

The Taskforce has established a working group – Te Whakapiri – to ensure Kia Toipoto reflects the voices and views of the employees it's targeting. Te Whakapiri has helped develop Kia Toipoto and will continue to be involved in its implementation through developing guidance and support for agencies and Crown entities over the next three years. Te Whakapiri includes representatives of Te Runanga o Ngā Toa Āwhina (the PSA Māori Network), the PSA, the Ministry for Women, Te Puni Kōkiri, the Ministries for Pacific Peoples and for Ethnic Communities and representatives of disabled employees and employees from rainbow communities.

Kia Toipoto will build on the success of the Public Service Gender Pay Gap Action Plan 2018–20 by retaining the most effective elements of action to date and creating new solutions to address the challenges we still face.



Kia Toipoto



Case studies



**MANATŪ KAUPAPA
WAONGA**
NEW ZEALAND
MINISTRY OF DEFENCE

Ministry of Defence – Occupational segregation, general pay gap reduction success

Agencies with high rates of occupational segregation have more work to do to reduce gender pay gaps than those without. The Ministry of Defence (the Ministry) has a concentration of men in highly paid roles, drawn from the male dominated STEM and defence sectors, and in 2015 their gender pay gap was 43%. By June 2021 it had dropped to 25%. This significant progress is due to the Ministry's commitment to targeted action which continues in its efforts to close the gap with the public service gender pay gap.

The Ministry has taken a series of actions since 2017, putting their own deliberate plan in place before the public service Action Plan was launched, and these have had a significant impact.

Internal targets

In 2017, the Ministry set its own targets to drive action. These five-year targets, to be met by 2023, aim to grow the number of women across the agency, including having more women in higher paid roles. Since 2017, the representation of women across the Ministry and in senior roles has increased. Importantly, the number of women project managers has increased dramatically from 1 to 20, and the proportion of women in managerial positions has increased from 30% to 38%.

Widening recruitment reach

The Ministry has overhauled its approach to recruitment to ensure more women apply and are appointed. This has included:

- Deeming the system at fault if no women apply for an advertised role and requiring a process review before progressing.
- Broadening recruitment networks to actively recruit women and recruiting women with career progression in mind.

- Changing position descriptions and re-writing job advertisements. Adverts include references to flexible work options, welcoming applications from “men and women” and, knowing that women often only apply for roles if they believe they meet all the requirements, saying, “if you think you can do some of the things we’re wanting – just apply.”

Since these changes have been introduced the number of applications from women have increased substantially.

Growing their own

The Ministry has focused on “growing their own” – using career development to correct workforce gender imbalances. This has resulted in more internal progression and women moving into higher-paid roles, especially specialised project management. For example, they recruit project co-ordinators with potential to progress into project manager roles. This strategy helps counteract the small numbers of women with the necessary experience in the marketplace.

Policies to support parents and reduce the impact of career breaks

The Ministry has policies in place to support parents. These are likely to encourage more women to apply, retain women longer, reduce the impact of career breaks and support men to be more involved with caring responsibilities.

As well as all roles becoming flexible-by-default in 2016, the Ministry actively supports people on parental leave. This encourages applications for senior roles from employees on parental leave, as well as including employees on parental leave in annual remuneration reviews, which is becoming more common across the Public Service.

The Ministry also takes a proactive approach to childcare, providing \$3,000 per year reimbursement for childcare for children under 2, with other amounts for children up to the age of 14. Additionally, if employees are required to travel and can't make alternate childcare arrangements, reasonable expenses can be claimed. The Ministry takes an innovative approach to this, for example by paying for grandparent's airfares so they can care for the children.

Social Wellbeing Agency – Equal pay

The Social Wellbeing Agency (SWA) is a small public service agency, with less than 40 people. Its size means gender pay gap data isn't robust, and even small staffing changes have a significant impact on any gaps. To take genuine action on the Action Plan, and monitor its progress, it had to take a different approach to understanding gender equity in its organisation.

To do this, it looked at its people data, recruitment statistics, workforce profile and trends. SWA found that while it had good representation of women in leadership roles, it had a higher representation of women in lower salary bands. It also found that while there was no difference in starting salaries by ethnicity, women were generally appointed lower in pay bands.

As a result of these findings, SWA established an internal working group to co-design ideas and worked with its people to put a series of actions in place. As well as the like-for-like and starting salary reviews required to meet the milestones in the Action Plan, SWA:

- reviewed like-for-like salaries a second time: it subsequently made two corrections where a pay gap had re-emerged. In the first review in 2019 three corrections were made.
- put regular salary monitoring in place so it can continue to identify and address any gaps that may emerge

- set out specific factors that recruitment panels need to consider when making remuneration recommendations including recognising experience gained through non-paid work, looking at pay relativities across teams and not using current salary to place people on a band so people are offered a fair salary
- put a process in place for starting salaries to be reviewed before offers were made to ensure proposed salaries are fair and not influenced by gender, ethnicity, or other factors
- developed and introduced a progression policy for people to progress to more senior roles, to reduce any potential barriers to women being promoted.

SWA achieved all the milestones of the Action Plan, and in addition to closing like-for-like pay gaps and reviewing their remuneration policy, it has:

- developed and implemented its working flexibly policy and are building their maturity to operate as flexible-by-default
- reviewed HR policies and practices to remove bias and discrimination
- delivered unconscious bias training and developed a mitigating bias toolkit. By 30 June 2021, 100% of people leaders and 95% of people have completed the training.

These steps have resulted in great progress. They've achieved over 50% of women in tier two and three leadership roles. since June 2020 SWA have recruited an equal number of men and women. The new progression policy has led to women being promoted. SWA now have a good spread of genders across all pay bands, whereas previously there were more women in lower paid roles.

Chief Executive Renee Graham says, "We are very proud of the impact we are having and will continue to work hard to ensure all our people are fairly paid." In the coming year SWA will expand its understanding of pay gaps for all working arrangements including contractors, self-employed people, and third-party organisations.



New Zealand Police – Flexible by Default

In 2018, New Zealand Police (Police) identified there were challenges to enabling their people to take up Flexible Employment Options (FEO). With over 14,000 employees, 24/7 emergency response capability and urban/rural stations, there were some unique difficulties for their workforce.

In response, in February 2019 the Police Executive announced that the default setting for FEO was shifting to ‘yes’. If their people wanted to work flexibly the answer was yes, and together they would find a way to make it work.

Since then, Police has undertaken a range of work to embed FEO. This includes:

- Two literature reviews focussed on FEO in 24/7 response organisations that identified key success factors and common barriers
- A series of FEO Quick Reference Guides for managers and including FEO in Police’s leadership development training.
- Ensuring that recruitment supports FEO. For example, advertisements for position vacancies always include information about FEO, indicating from the outset that FEO is a possibility.
- Increasing ICT capacity so that more people can work remotely.

Police has seen positive outcomes for FEO following their move to ‘yes’. Since 2019 Police’s part-time work force has increased by 23%.

The proportion of part-time workers who are women has remained stable at just over 80%, and nearly 80% of the growth since 2019 has been women taking up part-time opportunities. Importantly, the growth of part-time work is across all police employment types, although growth is slower among police officers than other types of police employment.

Of note, in March to May 2020, there was a temporary reduction in FEO numbers as staff returned to full-time roles in response to increased demand during the initial COVID lockdown. This highlighted that FEO can really work for a 24/7 response agency by maintaining a skilled workforce that’s able to surge to meet increased operational requirements.

It’s a continual challenge to implement FEO for response roles in a 24/7 working environment. While Police is proud of their progress, they’ll continue to work towards truly embedding FEO and creating seamless processes to support it.



Ministry of Education – Eliminating bias and discrimination in remuneration policies

Most Ministry employees are covered by collective employment agreements with structured pay and progression. (This applies to employees covered by collective agreements and to those in similar roles but on individual employment agreements.) In this area, the Ministry's focus is on making sure starting salaries are based on gender-neutral criteria and closely monitoring these on a monthly and quarterly basis.

The remuneration system for managers has more discretion and is potentially more open to bias, so close guidance, advice and monitoring is used around starting salaries and when manager remuneration is reviewed. Over a number of years, the Ministry has had gender pay as a key consideration when manager salaries have been reviewed. Prior to final decisions being made, reporting shows the impact of proposed remuneration adjustments on gender pay comparisons.

In addition, several actions were identified to reduce potential bias in remuneration policies and practices, including:

- developing a remuneration offer tool to provide managers access to remuneration levels across the Ministry by group, pay band and gender to provide context for their remuneration proposals
- regular out of cycle checks on whether there are potential gender pay gaps that may require addressing
- ensuring all managers and professionals in similar-sized roles are paid equitably.

The Ministry has found that paying regular attention to pay decisions, being prepared to adjust remuneration where a potential gender pay gap has been found, and regular reporting for transparency purposes have resulted in significant drops in its gender pay gaps, particularly when comparing similar sized roles.





Department of
Conservation
Te Papa Atawhai

Department of Conservation – Gender Balanced Leadership

Inclusion and Diversity is one of the key priorities for Te Papa Atawhai/Department of Conservation (the Department). Workforce gender balance is a key aspect of diversity, and gender imbalances can drive gender pay gaps. While the Department has a low overall gender pay gap (3.7% in 2020), the gap is impacted by vertical segregation – women are under-represented in leadership roles across the organisation.

In its 2019 Gender Pay Gap Action Plan the Department committed to gender balance across its leadership roles (tiers 2 and 3) by the end of 2022. This goal aligns with the Public Service-wide milestones in the Gender Pay Gap Action Plan 2018–20. The Department has especially focused on increasing gender representation in tier 3: in 2020 women made up just 29% of this group.

The Department commissioned research into the under-representation of women at tier 3 level, to help understand the aspirations, motivations and barriers for women moving into more senior leadership roles. The Department was committed to understanding the contributing factors to leadership levels, so it could make change, and the Public Service Association endorsed the research approach.

As a result of the research findings, the Department is taking the following actions:

- embedding flexible working
- developing clear career progression pathways, including improved talent mapping and development and succession planning, particularly for tier 4 management roles
- working on greater transparency in their selection processes for development opportunities and recruitment.
- increasing focus on growing leaders from their current workforce.

While the full impact of the initiatives won't yet be realised, the Department has already seen their initiatives make a difference – the proportion of tier 3 women in leadership roles has increased from 29% in 2020 to 35% in 2021.



Oranga Tamariki – the Ministry for Children – Pay Equity

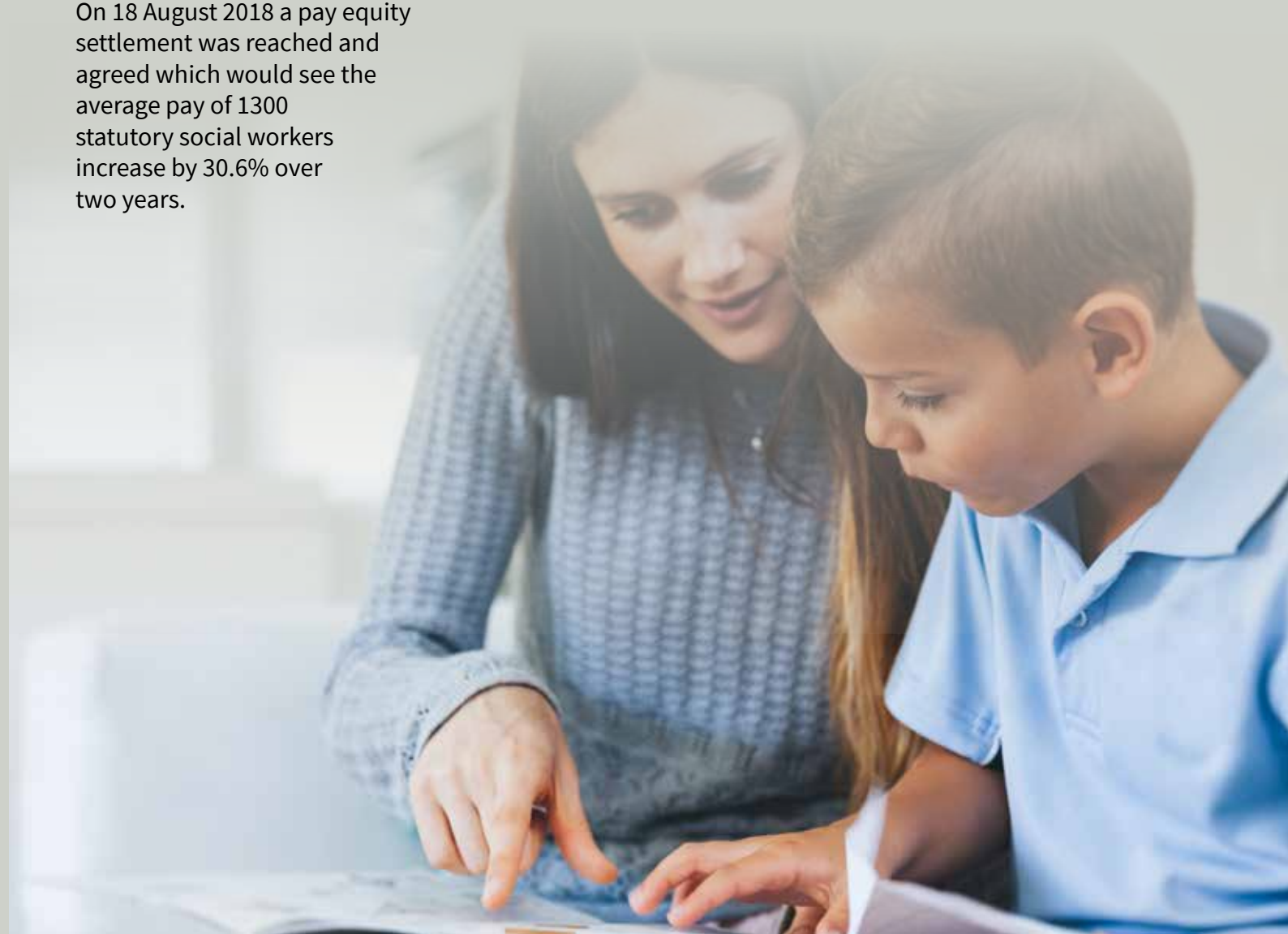
The pay equity claim for Oranga Tamariki social workers was the first lodged by the Public Service Association, raised in November 2015. The claim was that the salary rates of statutory social workers were not compliant with the Equal Pay Act 1972 because social work was performed predominantly by women (occupational segregation), there was historical undervaluation of their work, and gender-based systemic undervaluation of their work.

Oranga Tamariki was established on 1 April 2017 and responding to the claim was a priority for the Leadership Team. The Oranga Tamariki / PSA working group was established to apply the Pay Equity Principles to the claim to assess and value the complex and important work of social workers.

On 18 August 2018 a pay equity settlement was reached and agreed which would see the average pay of 1300 statutory social workers increase by 30.6% over two years.

Gráinne Moss, the Secretary for Children and CEO of Oranga Tamariki who took a leading role in the settlement process said “Pay equity is one of the tools that can close the gender pay gap. We are very proud to be the first government agency to close its gender gap. This settlement demonstrates our commitment to valuing our social workers and the vital work they do to keep children safe and whānau supported.”

PSA national secretary Erin Polaczuk said the agreement was a historic milestone that started to give social work the recognition it deserved. “The agreement for funding this settlement by Cabinet is a recognition that the important role of statutory social workers has been undervalued – and more than that, it has been subject to historical and ongoing gender-based under-valuation.”





Te Kawa Mataaho
Public Service Commission



Manatū Wāhine
Ministry for Women



**Te Kāwanatanga
o Aotearoa**
New Zealand Government