



Information release of the 2020 Workforce Data

Date: 26 November 2020 **Security Level:** UNCLASSIFIED
Report No: 2020/0201
Contact: Josh Masson, Manager
Telephone: 9(2)(a) privacy

	Actions Sought	Due Date
Hon Chris Hipkins, Minister for the Public Service	Note Te Kawa Mataaho is to publish the 2020 Workforce Data on 3 December 2020	None

Enclosure: Yes - Appendix 1 Key Results

Minister's Office Comments

Comments:	
Date returned to Te Kawa Mataaho:	

Purpose of Report

- 1 This paper provides a briefing to you on Te Kawa Mataaho’s plan to publish the annual Workforce Data for 2020 on 3 December and summarises the key results.

Recommended Action

We recommend that you:

- a **note** the annual Workforce Data for 2020 will be published by Te Kawa Mataaho on 3 December 2020.

Hon Chris Hipkins

Minister for the Public Service

PROACTIVELY RELEASED BY TE KAWA MATAAHO PUBLIC SERVICE COMMISSION

Information release of the 2020 Workforce Data

Background

- 2 Te Kawa Mataaho's annual Workforce data (which is part of a regular reporting cycle) captures administrative payroll data on staff in all 36 Public Service departments plus five non-Public Service departments and two Crown Entities. It shows trends and changes over time in workforce metrics, both at an individual agency level, and aggregated up to the Public Service level. It has been collected since 2000. The data collection is supplemented by data from other sources such as Statistics NZ's Population Census, Labour Cost Index, Business Demography (public sector workforce) and Treasury's estimates on crown personnel expenditure.
- 3 This collection contains information about Public Service staff numbers, age, gender, ethnicity, occupation, salaries, sick/domestic leave, regions and gender pay gaps. Agencies use it to help address workforce pressure points and issues. It is published on Te Kawa Mataaho's website by way of an online interactive tool - <https://www.publicservice.govt.nz/our-work/workforce-data/>.
- 4 The 2020 gender pay gap results were communicated to your office on 11 September (ref 2020/0163) and Minister Genter publicly commented on them on 17 September.

Key results

- 5 In the year to 30 June 2020, the number of Public Service employees increased by 4,521 (8.6%) to 57,149 full-time equivalent employees (FTEs).
- 6 The average annual Public Service salary was \$84,500 as at 30 June 2020, an annual increase of 3.9%.
- 7 The gender pay gap in the Public Service continues to decrease in 2020, falling by 0.9 percentage points to 9.6%.

See Appendix 1 for a list of the key results and a data table summary.

Risks

- 8 There is usually low media interest in reporting on the Workforce Data. This year the numbers that are of interest include the increasing size of the Public Service workforce and increases in salaries.

Size of the Public Service

- 9 A key driver has been the need to respond to growing demand to ensure public services are delivered to New Zealanders in a timely and effective way. This growing demand has been driven by very strong population growth in recent years. The 2018 Census saw population growth up nearly half a million (457,707) on 2013. It's the fastest rate of growth since the 1961 census.
- 10 Increasing demand for public services has also driven by the need to respond to unforeseen events. COVID-19 is obviously one such event, and the government response to COVID-19 had workforce impacts by June 30, particularly the need for additional front-line Ministry of Social Development staff to help people whose employment has been impacted by COVID-19. Other events with workforce implications have been the MBOVIS biosecurity incursion (Ministry of Primary Industries) and the Royal Commissions of Inquiry (Department of Internal Affairs).

- 11 Another important driver has been the Government's investment in improving the quality of public services to deliver better outcomes. Examples of this include providing a more holistic service to children at risk (Oranga Tamariki) and strengthening support for people to achieve meaningful and sustainable employment by rebuilding work-focussed case management (Ministry of Social Development).
- 12 There may also been a contribution from changes in workforce management. Some agencies have reported lower unplanned turnover, possibly due to the impact of COVID-19, while others have reported shifting work from external contractors to internal staff.
- 13 Finally, it's also important to note that the increasing FTEs have helped improve ethnic diversity and started to reverse the aging of the workforce, which had been a long-term trend.

Salaries

- 14 In the year to 30 June 2020, the salary increase for non-management staff was 4.3% compared with 3.1% for management staff. The salary movement was lower for more senior managers, with an 18% drop for chief executives, a 0.2% increase for tier-2 managers, a 1.7% increase for tier-3 managers and a 4.0% increase for other managers. As at 30 June 2020, the average base salary of chief executives in the Public Service was 4.7 times that of non-management staff (down from 5.4 in 2019). This is primarily explained by the voluntary 20% reduction in pay adopted by all Public Service chief executives in response to COVID-19
- 15 Public Service salaries have increased at a slower rate in 2020 than in preceding years. However, the slowdown has not been as marked as in the private sector. This is similar to what occurred in the period after the Global Financial Crisis (GFC) in 2008/09, when in the short-term, wage increases in the private sector declined more than the public sector. In the longer term, there was a sustained decline in wage growth rates in the public sector following the GFC, and a shorter, steeper, decline followed by a period of more moderate rises in the private sector.
- 16 Another contributing factor is the Public Service' commitment to the Gender Pay Gap Action Plan, which has meant departments review the pay of their employees in the same or similar roles to ensure that an employee's gender is not adversely affecting their salaries.
 - These factors have contributed to smaller gender and ethnic pay gaps in 2020, and to larger increases in salaries for lower-paid staff than higher paid staff.
 - Public Service increases in salaries in 2020 have been matched by private sector increases.
- 17 We have been working with your office on a communication strategy to accompany the release. We will also inform department HR and communication managers to better prepare them for any media enquiries.

Next Steps

- 18 Te Kawa Mataaho will publish the annual Workforce Data on its website on 3 December 2020, with a media release to announce its availability.
- 19 Prior to this release, we will liaise with your office about any communications, and the process to provide the information to your colleagues who may have an interest. We plan to share this information to the Ministers for Women; Māori Development; Pacific Peoples; Workplace Relations and Safety; Employment; and Ethnic Communities.

Appendix 1: Key Results

Workforce (Public Service)

1. In the year to 30 June 2020, the number of Public Service employees increased by 4,521 (8.6%) to 57,149 FTEs.
2. Of the 36 Public Service departments, 30 of them increased their FTE staff - four agencies reported a decrease, and two new agencies were added into the Public Service in 2020 – the National Emergency Management Agency and the Cancer Control Agency. Around two thirds of the increase in FTEs has been in five service delivery agencies:
 - Ministry of Social Development (1,060): This was driven by increased funding to meet the rise in demand from Covid-19 and to improve support into sustainable work.
 - Oranga Tamariki (609): This was driven by funding for additional social workers and support roles in youth justice.
 - Ministry of Business, Innovation and Employment (534): This was driven by increased funding for immigration intelligence, compliance and investigations.
 - Department of Corrections (351): This was driven by an increase in Prison Officers and Parole Officers.
 - Ministry for Primary Industries (328): This was in response to the MBOVIS biosecurity incursion and the need for on farm management in the regions by MPI using a “case management approach”. This resource will continue through for at least two years until either MBOVIS is eradicated or the government decides to move to a long-term management plan. Also, growth in compliance services, intelligence, border clearance services and forestry.
3. In contrast, the largest decrease was Inland Revenue (down 164).
4. Amongst the occupation groups, ‘Information Professionals’ had the largest increase (up 987 or 15.2%), followed by ‘Inspectors and Regulatory Officers’ (up 766 or 7.3%), and ‘Social, Health and Education Workers’ (up 734 or 7.8%). This was driven mainly by increased funding for front-line and information-support roles (e.g. Ministry of Social Development, Oranga Tamariki and Immigration NZ), with some of this Covid related. At a more detailed level, over the past year there has been an increase in the following front-line roles:
 - Welfare Workers (up 510)
 - Contact Centre Operators (up 260)
 - Social Workers (up 200)
 - Prison Officers (up 130)
 - Immigration Officers (up 100)
 - Youth Workers (up 90)
 - Parole Officers (up 45)
 - Speech Therapists (up 25)
5. At 30 June 2020, 8.6% of Public Service employees were on fixed- term contracts, up slightly from 8.3% in 2019.
6. The largest proportion of the Public Service workforce (44.3%) is in the Wellington region which comprises both regional and head office-based staff. Other regions have 55.7% of the workforce, led

by Auckland (20.2%), Canterbury (9.0%) and Waikato (7.5%). The share of the workforce in Wellington has been increasing in recent years (up from 41.1% in 2015). A driver for this is increasing work around designing and supporting digital services. In absolute terms, nearly all regions (14 out of 16) have had increases in the size of their Public Service workforces.

7. When you look at the wider State sector, which includes education and health, the largest proportion of the workforce (around 30%) is in Auckland.

Remuneration

8. Wage inflation (as measured by the Labour Cost Index) in the June 2020 quarter, increased by 0.2% in the Public sector and 0.2% in the private sector. Within the Public sector, the core Public Service's increased by 0.1%. It is not clear yet how much the slowing of wage inflation is due to the one-off impact of the lock-down, against the ongoing economic impact of COVID-19.
9. The 2020 annual increase in Public Service wage inflation was 3.0%, and also 3.0% for the public sector as a whole. The increase for the private sector was 1.7%. In April 2020, the then State Services Commissioner sent a letter to chief executives in the State sector to outline expectations for pay restraint in their agencies. It is expected that pay restraint will have limited impact in next year's data due to remuneration increases effective from 1 July 2020 paid to honour commitments in collective agreements settled before pay restraint advice was issued.
10. In 2020, the average annual Public Service salary was \$84,500, an annual increase of 3.9%. Private sector average earnings increased at a lower rate (2.5%) over the same period.
11. In the year to June 2020, the increase for non-management staff was 4.3% compared with 3.1% for management staff. The salary movement was lower for more senior managers, with an 18% drop for chief executives, a 0.2% increase for tier-2 managers, a 1.7% increase for tier-3 managers and a 4.0% increase for other managers. As at 30 June 2020, the average base salary of chief executives in the Public Service was 4.7 times that of non-management staff (down from 5.4 in 2019). This is primarily explained by the voluntary 20% reduction in pay adopted by all Public Service chief executives in response to COVID-19
12. The average salary varies widely among departments. As at 30 June 2020, the average salary (excluding chief executives) ranged from \$72,800 (Ministry of Social Development) to \$151,700 (Social Wellbeing Agency). This is due to the composition of their workforce - the Ministry of Social Development has a large percentage of lower paid staff compared to the Social Investment Agency which is small and is mainly highly paid management and technical roles.
13. The number of staff receiving more than \$100,000 in the Public Service and selected Crown entities group increased by 2,321 or 18.2% in the year to 30 June 2020. The increase was driven by Public Service departments. Wage inflation will increase this number each year as people move up the salary scale.

Diversity and Inclusion

14. Female representation in the Public Service continues to increase. As at 30 June 2020, the share of female staff is 61.7%, up 0.6% from 61.1% in 2020. Those in senior manager roles also increased from 49.6% to 53.2% over the same period.
15. Women now account for 50% of Public Service Chief Executives, up from 29% six years ago in 2014.
16. The gender pay gap in the Public Service (using average or mean pay) continues to decrease in 2020, falling by 0.9 percentage points to 9.6%. This is the lowest gender pay gap in the Public Service since measurement began in 2000.

17. Contributing to the decline in the gender pay gap is the record high female share of senior leaders, exceeding half for the first time, at 53.2%. The gender pay gap for senior leaders is 5.7% for 2020, up from 4.7% in 2019, but still considerably lower than any previous year (next lowest was 7.4% in 2018).
18. Te Kawa Mataaho has reported the Public Service gender pay gap using average (mean) pay since 2000. This differs to Stats NZ's approach of using median pay when reporting the gender pay gap for the entire workforce. In 2020, the Public Service gender pay gap using median pay was 5.8%. This slight decrease from 6.2% in 2019 follows a large fall from 10.7% in 2018. The gender pay gap using median pay for the entire workforce, as reported by Stats NZ, was 9.5% (9.3% in 2019).
19. There is increasing ethnic diversity in the Public Service:
 - Although Europeans still made up the highest proportion (66.3%) in 2020, this has decreased steadily over the past 20 years.
 - Māori (15.9%) and Pacific (9.7%) representation in the Public Service workforce continued at high levels compared to the overall New Zealand labour force (12.6% and 6.3% respectively in the year to June 2020).
 - There was an increase in the representation of Asian (11.6% up from 11.1% last year) staff, although this still lags Asian representation in the New Zealand labour force (15.9%). Contributing to this increasing Asian representation is the relatively large increase in the Public Service workforce over the past year. New recruits tend to be more ethnically diverse than the existing workforce, and the share of those recruited into Public Service departments in the year to 30 June 2020 that were Asian (14.7%) was more than for the existing workforce.
 - Representation of Middle Eastern, Latin African and American (MELAA) employees in the Public Service (1.7%), has been increasing steadily over the past five years, and is slightly higher than that in the New Zealand labour force (1.4%).
20. Pacific and Asian ethnicities are still under-represented in the top three tiers of management and more represented in lower paid occupations.
21. The Māori pay gap (the difference between average pay for Māori and non-Māori employees) has fallen from 9.9% in 2019 to 9.3% in 2020. The Pacific pay gap has fallen from 20.1% to 19.5%. The Asian pay gap was up slightly on the previous year, moving to 12.8% in 2020 (from 12.5% in 2019).
22. The average age of the Public Service workforce as at 30 June 2020 was 44.2 years. The average age of the workforce has been trending down slightly from a peak in 2015-16 of 44.8 years. Before then the workforce had been aging steadily, with the average age in 2000 being 40.8 years.
23. Contributing to this is the relatively large increase in the Public Service workforce over the past few years. New recruits are generally younger than the existing workforce. The average age of those recruited into Public Service departments in the year to 30 June 2020 was 37 years, compared to 46 years for the existing workforce.

Workplace (health)

24. The proportion of part-time workers has been trending downwards in the Public Service (this is also happening in the wider labour market). Part-time workers are paid on average 11.4% less than full-time workers on a full-time equivalent basis.
25. In the year to 30 June 2020, Public Service employees took, on average, 7.6 days of sick and domestic leave, down from 7.8 days in 2019. This measure has been trending down since 2016, when it was 8.6 days. Highest level recorded in MSD (11.2 days down from 12.1 days in 2019).

PROACTIVELY RELEASED BY TE KAWA MATAAHO PUBLIC SERVICE COMMISSION

Data table summary

Public Service	Year to 30 June			Annual Change	
	2018	2019	2020	2019	2020
Workforce:					
Full Time Equivalent	49,730	52,628	57,149	5.8%	8.6%
% Women in Senior Management	48.8%	49.6%	53.2%	0.8 pp	3.6 pp
% Fixed Term	7.5%	8.3%	8.6%	0.8 pp	0.3 pp
Average age (yrs)	44.6	44.4	44.2	-0.2 yrs	-0.2 yrs
Average tenure (yrs)	9.0	8.8	8.5	-0.2 yrs	-0.3 yrs
Unplanned turnover	12.1%	11.8%	10.1%	-0.3 pp	-1.7 pp
Average Sick/Domestic Leave (days)	8.2	7.8	7.6	-0.4 days	-0.2 days
Diversity:					
% Disclosed Ethnicity	91.1%	93.1%	94.3%	2.0 pp	1.2 pp
% European	69.2%	67.3%	66.3%	-1.9 pp	-1.0 pp
% Māori	16.0%	15.5%	15.9%	-0.5 pp	0.4 pp
% Pacific	9.1%	9.2%	9.7%	0.1 pp	0.5 pp
% Asian	10.1%	11.1%	11.6%	1.0 pp	0.5 pp
Pay:					
Average salary	\$77,900	\$81,300	\$84,500	4.4%	3.9%
Gender Pay Gap	12.2%	10.5%	9.6%	-1.7 pp	-0.9 pp
Māori Pay Gap	11.2%	9.9%	9.3%	-1.3 pp	-0.6 pp
Pacific Pay Gap	21.6%	20.1%	19.5%	-1.5 pp	-0.6 pp
Asian Pay Gap	12.6%	12.5%	12.8%	-0.1 pp	0.3 pp