Public Service Gender Pay Gap Agency Action Plan l Te Mahere Mahi Rerekētanga Ira Tangata

MEASURING AND ANALYSING GENDER PAY GAPS AND GENDER REPRESENTATION IN PUBLIC SERVICE AGENCIES

December 2019

1. Introduction

This resource provides advice tailored to the Public Service on how to measure gender pay and representation data at a range of levels within agencies. It should be read as a supplement to the primary measurement guide Organisational gender pay gaps: measurement and analysis guidelines (Organisational gender pay gaps) which has been developed for all employers in New Zealand by StatsNZ, the State Services Commission (SSC) and the Ministry for Women.

Agencies need to measure their pay and representation data to create their annual gender pay gap (GPG) action plans, as required by the Public Service Gender Pay Gap Action Plan 2018-20 l Te Mahere Mahi Rerekētanga Ira Tangata and the Gender Pay Principles l Ngā Mātāpono Utu Ira Tangata.

Sections 3 to 5 of this resource:[1]

- identify a small number of points where we recommend that Public Service agencies take slightly different approaches from the ones recommended in Organisational gender pay gaps

- provide some additional advice, such as on how to deal with seconded employees

- provide advice on how to reflect the results of measurement and analysis in individual agency GPG action plans.[2]

If anything in this guidance is unclear, please contact the Gender Pay Gap and Pay Equity Taskforce l Te Rōpū Mahi Rerekētanga Utu Ira Tangata me te Whakaōrite Utu at GenderPayGap@ssc.govt.nz.

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[1] Note that this resource does not provide detailed advice on identifying and closing gender-based differences in salaries within the same or similar roles (referred to as like-for-like gender pay gaps in Organisational gender pay gaps). Guidance on correcting the salaries of employees in the these roles can be found in Ensuring gender is not a factor in salaries for the same or similar roles.

[2] For guidance on completing your agency action plan see the 2019-2020 Gender Pay Gap Action Plan - Guidance for Agencies available at the Hub or from the Gender Pay Gap and Pay Equity Taskforce at GenderPayGap@ssc.govt.nz

2. The importance of agencies measuring their own gender data

Measuring their GPGs and gender representation at a number of levels will help agencies identify the underlying drivers of GPGs in their agencies. Identifying these drivers enables agencies to plan the actions they need to take, and to complete their annual agency GPG action plans.

Agency-level analysis is important for agencies because:

- SSC's Public Service Workforce Data Collection provides only one measure: agencies' organisation-wide GPGs in base pay. Agencies need more detailed measurements and analysis of their own pay and representation data to fully understand the drivers of agencies' own GPGs

- remuneration and employment practices differ, so each agency needs to measure their pay and representation data using the definitions that best reflect what happens in their agency.

3. Recommended approach to measurement and analysis for Public Service agencies

Based on Organisational gender pay gaps, and the variations for the Public Service in section 4 of this resource, we recommend that agencies:

- develop, and record in their agency GPG action plans, their own processes for conducting GPG measurement and analysis annually

- develop, and record in their action plans, their definitions of 'pay' and 'employee', to reflect their workforce and employment practices

- develop their own method of monitoring their GPGs, so that the impact of actions taken can be assessed, and commented on in their next agency action plans

- report a summary of their analysis in their agency gender pay gap action plan

- involve their employees and union(s) in the measurement, analysis and reporting processes in a way that reflects the Gender Pay Principles I Ngā Mātāpono Utu Ira Tangata

NOTE: each year SSC calculates and publishes agencies' organisation-wide GPGs based on data provided for the Public Service Workforce Data Collection. We recommend that agencies include this figure in their agency action plans. By including this figure agencies will have a consistent measure from which to monitor trends in their organisation-wide GPG from 2000. For Public Service workforce data from 2000 see Workforce Data.

4. Variations for Public Service agencies in measuring organisational GPGs

The Public Service workforce differs from other workforces, so we recommend some variations from the approach in Organisational gender pay gaps. A key difference in the Public Service workforce is that agencies typically use pay bands for some, if not all, of their employees.

When applying the measurement approach in Organisational gender pay gaps we recommend that agencies make the following variations:

- [Organisational gender pay gaps](#) gives equal weight to median, mean and quartile measures to provide an overview of an organisation's GPG. We recommend agencies use the **mean and median me**asures in combination to provide a balanced overview of an organisation's GPG, and that agencies decide for themselves whether to measure GPGs by quartile (1st and 3rd quartiles) as a supplementary measure. Further detail on the pros and cons of mean and median measures is in section 5 below.

- Agencies will continue to supply a wide range of workforce data annually to SSC for the Public Service Workforce Data (Human Resource Capability-HRC) information release. Agencies do not have to use the data they supply to SSC for the HRC in their agency GPG analysis, and can use other data which may be more up-to-date or more comprehensive.

- Public Service-wide data shows that ethnic and gender pay gaps compound so that Māori, Pacific and Asian women experience bigger pay gaps than European women. Therefore, we strongly recommend that agencies review pay for men and women in different ethnic groups. Advice on calculating ethnic pay gaps is in development so we recommend comparing the average pay for men and women in each ethnic group rather than calculating ethnic gender pay gaps. There is an example of this approach in [Workforce Data – Pay by gender and ethnicity](#).

- The [Gender Pay Principles I Ngā Mātāpono Utu Ira Tangata](#) require agencies to consider how the Principles apply to all employment arrangements, (including contractors and third party organisations supplying goods or services, see GPP 2 and 4). We recommend that agencies consider how they can apply the Principles to all employees when developing their agency GPG action plans.

5. Additional information

Advice on data collection and measurement

Effectively measuring and analysing GPGs relies on agencies having good pay and employee data. Agencies with data issues can get advice from the SSC Strategic Information team, please contact GenderPayGap@ssc.govt.nz in the first instance.

The pros and cons of using mean salaries and median salaries to calculate GPGs

SSC prefers using mean salaries of men and women to calculate GPGs, in contrast to StatsNZ which uses median pay to calculate the national GPG. One of the reasons SSC prefers calculating GPGs using mean salaries is that it generally leads to a more stable measure from year to year, making it easier to identify upward or downward trends. This is because Public Service agencies commonly have highly structured pay, which can lead to sharp fluctuations in the median-based GPG.

For example, if your organisation has large gaps between pay bands and many employees are receiving the same pay, the median GPG may change a lot when a female median is at the top of one pay band and a male median is at the bottom of the next pay band (or vice-versa). Some agencies may find the reverse, and median-based GPGs may be more stable measures for their agency over time.

Mean pay also captures the effect of employees on the lowest and the highest salaries. As women tend to be over-represented in the lowest paid groups and men tend to be over-represented in the highest paid groups, using the mean GPG captures the full range of gender differences in pay.

On the other hand, the median is used by StatsNZ to calculate the national GPG and therefore calculating your organisation-wide GPG using the median allows you to compare your result with the national GPG.

Seconded employees

Some of your employees may be seconded into other roles in the agency or to roles in other agencies. There are two approaches to including seconded employees in your analysis:

- if they are seconded into a higher-level role their base pay probably still reflects their substantive role, not the role they have been seconded into. We recommend that for the purposes of calculating GPGs, agencies include seconded employees in their substantive role and in their home-agency. Or,

- if they are receiving a special or higher duties allowance, another approach is to factor in the allowance and include seconded employees in their seconded role when doing the comparisons.

Definition of employee

Agencies can use the definition of employees used for SSC's gender pay gap reporting in the Human Resource Capability data collection i.e. all permanent and fixed-term employees employed at the date at which data is collected.

Point in time data

Agencies provide SSC with employee and salary data as at 30 June. Agency action plans are due on 31st March 2020. We understand each agency may capture data covering a different time period (e.g. financial year/calendar year). We recommend agencies use the most up to date data available when creating their agency GPG action plans and use data for the same period or point in time each year.

Statistical robustness, privacy and transparency

Agencies will need to balance the [Gender Pay Principle] of transparency with the statistical robustness of information published in the GPG action plans, while also maintaining employees' privacy and confidentially.

- StatsNZ advises that GPGs are **not** statistically robust for groups of fewer than 20 men and 20 women. We do not recommend including GPG data for groups of fewer than 20 men and 20 women in published action plans. (This 20 plus 20 threshold for statistical robustness was established in [Organisational gender pay gaps]).

- By only including GPGs for at least 20 men and 20 women in their published action plan, agencies can be confident of protecting privacy and maintaining confidentiality.

- Agencies own privacy and confidentiality policies may allow data for smaller groups of employees than 20 men and 20 women to be shared. Agencies can discuss this with their Privacy officers.

- Agencies may need to share data for smaller groups of employees than 20 men and 20 women to ensure transparency when developing their GPG action plans with employees and unions.

- If agencies use data for groups of fewer than 20 men and 20 women when developing their plans, the data should be accompanied by a reminder that the data may not be statistically robust and should be considered indicative only.

GPGs favouring women

Agencies may identify GPGs within some groups within agencies where women are paid on average more than men. These will result in a negative percentage e.g. a -4% percent GPG means that men are on average paid 4% less than women. Such gaps may be justified if the women in this group are more experienced or higher performing than the men in this group and/or hold more senior roles. However, pay gaps in favour of either men or women should be explored to see if there are reasons that justify these differences, and if not, what action can be taken to address them.