

BRIEFING

Priority: High

Date: 4 November 2019
To: Hon Julie Anne Genter, Minister for Women
From: Rebecca Barnes-Clarke, Director Policy
Subject: PUBLIC SECTOR WORKFORCE DATA – 2019 RELEASE

Action sought: By: Friday 8 November 2019

Note the advice on the public sector gender pay gap and other employment and pay disparity issues relating to women's employment in the public sector.

Note that these results are embargoed, and that the State Services Commission plans to publicly release this, and other public sector workforce data results, on 11 November 2019.

Note that the Ministry for Women intends to publish information on its own gender pay gap on the Ministry's website.

Agree that the Ministry for Women approaches the State Services Commission to scope further work addressing ethnic gender pay gaps.

Note the key messages provided to support your communications around this release.

Purpose

1. This briefing provides additional analysis and commentary on the 2019 Public Service Workforce Data and the 2019 Public Service gender pay gap figures, which were provided to you by the State Services Commission (SSC) in a briefing on 24 October 2019.
2. This briefing contains material to support the release including:
 - further background information;
 - Ministry for Women workforce data; and
 - key messages to support the release of this report.

Overview of findings

3. The workforce data from the public sector shows that gains are being made towards closing the gender pay gap in the public sector and increasing the women in leadership roles.
4. The public service pay gap and related findings are derived from SSC's Public Service Workforce Data, which reflects the public service workforce as at 30 June each year. These findings are embargoed until public release, which SSC has advised will be on 11 November 2019.

5. The results show that the public service gender pay gap has dropped to 10.5 percent, a decrease of 1.7 percentage points from the 2018 figure of 12.2 percent. This is the largest reduction of the public service gender pay gap since 2002, when it also dropped 1.7 percentage points. It is the lowest gender pay gap recorded for the public service since measurement began in 2000.
6. The public service gender pay gap is calculated by comparing the average annual salaries of women and men working within core public service agencies.
7. By contrast, New Zealand's overall gender pay gap is calculated by Stats NZ as the difference between women's and men's median hourly earnings. Using the same basis of comparison, **in 2019 the public service gender pay gap was 6.2 percent, against a national gender pay gap of 9.3 percent.**
8. Women's representation in public sector leadership has been steadily increasing, and is now equal with men. Women now hold 49.6 percent of positions in the top three tiers of the public sector, an increase from 48.8 percent in 2018, and 47.9 percent in 2017. Additionally, women now hold 50 percent of public service Chief Executive roles.
9. SSC has not yet released information on pay gaps within the top three tiers of leadership.
10. The ethnic pay gaps presented in the SSC briefing of 24 October are not disaggregated by gender. The SSC briefing does show that non-gendered ethnic pay gaps persist for Māori, Asian and Pacific ethnicities however the Māori and Pacific pay gaps have reduced somewhat in the last year. The briefing also notes that Pacific women still have the lowest average pay in the public sector, but that they have experienced the largest average pay increases since 30 June 2019 (an average increase of \$4,100 per year, versus an increase of \$2,900 per year for European men).
11. Additional results relevant to women's work in the public service have yet to be released, including numerical results for pay disparities by ethnicity and gender, and the gender pay gap within leadership positions. The Ministry understands these will be included in the public release, and will undertake further analysis on pay disparities for Māori and Pacific women when these are made available.
12. Key messages for you relating to the 2019 public service gender pay gap and Public Service Workforce Data are provided in Appendix One.

Ministry for Women data

13. As of 30 June 2019, the Ministry for Women's gender pay gap was 1.1 percent in favour of men. This is a reduction from 2018, when the gender pay gap was 6 percent in favour of men. In 2017 the gender pay gap was 5.6 percent in favour of women.
14. The Ministry's gender pay gap can vary significantly from year to year, as it is a small agency and fewer staff changes are needed to shift the balance of average pay between genders compared to larger agencies. The Chief Executive has kept a strong focus on monitoring the Ministry's pay gap.

15. SSC will not release the Ministry's gender pay gap information. The Ministry will publish this information on our website, following the release of the other workforce data, in the interest of transparency.
16. The Ministry's average salary is \$102,500, a reduction from \$107,000 in 2018. While a new average salary for the public sector in 2019 has not yet been released, the Ministry's average salary remains higher than last year's overall average for the sector, which was \$77,864. Higher salaries reflect the Ministry's role as a specialist policy agency, with policy analysts being the second highest paid group in the public service after managers.
17. The number of the Ministry's full time equivalent (FTE) staff has reduced as at 30 June 2019, from 33 to 23, and the head count of staff employed has reduced from 35 to 26, as at that time the Ministry had a number of unfilled vacancies. The percentage of female FTE staff has decreased from 89 percent to 81 percent. The proportion of Māori staff members has increased from 9 percent to 19 percent, and the proportion of Asian staff members had risen from 9 percent to 15 percent.
18. The Ministry's rate of unplanned turnover has increased from 12 percent in the year to June 2018 to 51 percent in the year to June 2019, and gross turnover has increased from 20 percent to 69 percent. Being a small agency, this is expected as staff will depart from the Ministry for advancement opportunities elsewhere. During this 12 month period the major project for Suffrage 125 Commemorations was also completed, contributing to gross turnover.

Implications for women

19. SSC estimates that around 33 percent of the pay gap reduction is from pay equity settlements, 15 percent is from an increase in women in leadership roles, and the remaining 52 percent is from other agency actions such as correcting "like-for-like" gaps. We must continue to maintain a closing, or closed, gap in women's representation in leadership. We will maintain momentum in addressing like-for-like gaps, continue to focus on pay equity, and reduce occupational segregation.
20. The data indicates that the Gender Pay Action Plan has been an effective tool so far, but further work is needed, especially for non-European groups. SSC has not yet calculated the ethnic gender pay gaps for this year's data, but the Ministry believes further work on ethnic gender pay gaps is a key aspect of closing gaps across the board. To continue to make progress, the Taskforce is contributing to an Ethnic Pay Gap Action Plan for the public service; and the Ministry for Women will also participate in this.
21. The Ministry considers that the visibility of women leaders in the public service and discussion of this issue publicly has contributed to the steady increase in women's representation in leadership.

Further work to address pay disparities in the public service

22. Research commissioned by the Ministry has shown that 80 percent of the gender pay gap is caused by factors such as conscious and unconscious bias. The Ministry believes that ethnicity is very likely to further compound this effect, and that bias plays a detrimental role in the recruitment and advancement of diverse women. It is important that the public service enable workplace cultures which support all women.
23. Across the public service and the wider labour market, actions that are already in progress include, but are not limited to:
 - publishing pay equity tools and resources for claimants and employers to ensure claims are resolved according to the Pay Equity Principles;
 - publishing guidance on flexible work by default, and removing gender bias and discrimination from remuneration, career advancement, breaks and leave; and
 - supporting agencies to review progress they have made so far and develop strong gender pay gap action plans for 2020.
24. With regard to the private sector gender pay gap, initiatives we are currently considering include improving paid parental leave provisions, and empowering women to advocate for themselves (such as through pay transparency).

Next steps

25. A media release scheduled for 11 November was attached as an appendix to SSC's briefing of 24 October. Key messages to address any questions you may receive from media are attached here as Appendix One.
26. Additional results relevant to women's work in the public service have yet to be released, such as statistics for pay disparities by ethnicity and gender, and the gender pay gap within leadership positions. The Ministry intends to analyse any changes in the levels of pay disparity for Māori and Pacific women when these are made available in the public release, which is currently planned for 11 November.
27. The Ministry proposes that we engage with SSC to better understand and address ethnic gender pay gaps.

Proactive release

28. Within three months of the date of this briefing, it will be considered for release under the Ministry's proactive release of documents policy.

Recommendation(s)

The Ministry recommends that you:

1. **note** the advice on the public sector gender pay gap and other employment and pay disparity issues relating to women's employment in the public sector.
Noted
2. **note** that these results are embargoed, and that the State Services Commission plans to publicly release this, and other public sector workforce data results, on 11 November 2019.
Noted
3. **note** that the Ministry for Women intends to publish information on its own gender pay gap on the Ministry's website.
Noted
4. **agree** that the Ministry for Women approaches the State Services Commission to scope further work addressing ethnic gender pay gaps.
Agreed
5. **note** the key messages provided to support your communications around this release.
Noted



Rebecca Barnes-Clarke
Director Policy



Hon Julie Anne Genter
Minister for Women

Date: 22 Nov 2019

Appendix One: Key messages for the 2019 public sector gender pay gap and Public Sector Workforce Data

Media release

You have received a draft media release for you and the Minister of State Services for the release of this data. We have listed below additional key messages for broader discussion on women in the public sector.

Additional messages

- I am pleased that this report on the workforce data in the public sector shows a declining gender pay gap and an increase in the percentage of women in senior leadership positions.
- The Government is taking steps to ensure women are paid fairly including equal pay legislation, delivering record pay settlements for female dominated workforces and requiring public sector agencies to develop plans to close the gender pay gap are some of the steps.
- With the action plan to close the gender pay gap, we have specifically looked at flexible work, starting salaries, equal pay for doing the same jobs, and work being paid lower because it is performed by women.
- I am committed to making further progress for women and ensuring that our workplaces are fair and inclusive for all women.
- The Gender Pay Gap and Pay Equity Taskforce has advised it is contributing to the development of an Ethnic Pay Gap Action Plan for the public service.
- We know that the lower pay rates for women of diverse ethnicities is largely a result of occupational segregation, a lack of higher-paid leadership positions, and a disproportionately high impact of motherhood penalty.
- Our work in the public sector focuses on an action plan with four levers: equal pay, making flexible work normal for men and women, and removing bias or discrimination in remuneration systems, and diverse gender-balanced leadership.
- As a Government we encourage organisations, across all sectors, to have improved family policies and targeted leadership programmes as ways to reduce these pay disparities.

Ministry for Women

- As of 30 June 2019, the Ministry for Women's gender pay gap was 1.1% in favour of men. This is a reduction from 2018, when it gender pay gap was 6% in favour of men. In 2017 the gender pay gap was 5.6% in favour of women.
- The Ministry's gender pay gap can vary significantly from year to year, as it is a small agency and fewer staff changes are needed to shift the balance of average pay between genders compared to a large agency. The Chief Executive has kept a strong focus on monitoring the Ministry's pay gap, and ensuring diversity within the Ministry's staffing.