



PREVENTION. CARE. RECOVERY.

Te Kaporeihana Awhina Hunga Whara

# Gender Pay Gap Action Plan for ACC

*February 2020*

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# Executive Summary

- ACC is committed to diversity and inclusion and has an active strategy to support an inclusive workplace.
- Part of our commitment to creating an inclusive workplace is to monitor our gender and ethnic pay and representation within ACC.
- ACC has a diverse workforce in relation to gender and ethnicity. We have strong female representation at ACC, with 66.5% of our people and 60% of our leaders being female.
- Our mean (average) vertical pay gap is around 21%. Our median is 15.9%.
- The “by-level” gender pay gaps (gaps within pay bands) are mostly very small (less than 3%).
- Our vertical gap is mostly due to our workforce having an over-representation of females in front-line roles and a slight under-representation of females in senior levels and some functional areas.
- To support reducing the vertical pay gap, over the past year ACC has provided “top up” remuneration increases to employees in lower graded roles who were low in their pay range.
- Our policies and practices for remuneration, development and selection are designed to ensure equity of opportunity and to minimise pay gaps over time.
- We aim to ensure our workplace culture and policies support women’s career progression, including flexible working arrangements and sponsoring female leaders to attend development programmes and conferences.

# About us

Since 1974, ACC has been helping New Zealanders get the best out of life. We work closely with businesses and the community, to try to prevent injuries from happening and to make New Zealand a safer place. But when injuries do happen, we are here to help too. We manage injury claims, coordinating services and work closely with health professionals to help get people back to work and everyday life as quickly as possible.

ACC has over **3500** employees:

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**66.5%**

of our workforce are women

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**60%**

of ACC leaders are women

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**76%**

in Bands 9-15 (front-line roles) are women

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**57%**

of our Board are women

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**62%**

in Bands 16-18 (middle management and professionals) are women

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**43%**

of our Executive (Tier 2) are women

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**45%**

in Bands 19-24 (senior professionals and senior leaders) are women

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**41%**

of our Senior Leaders (Tier 3) are women

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## **A workforce that reflects our customers**

ACC is committed to diversity and inclusion. “Inclusive” is one of our four organisational behaviours which shapes our culture and our expectations of all our people. We have an active strategy to support us to have a diverse and inclusive workplace, to ensure all our people feel welcomed, valued and supported.

Our diversity and inclusion strategy is closely aligned to our strategic purpose, with a focus on both improving customer outcomes and experience, and supporting ACC’s Treaty of Waitangi commitments. Our key focus areas are recruiting, supporting and developing Māori and people with a disability, with an overall aspiration of having a workforce that is representative of our customers – the New Zealand population.

Part of our commitment to creating an inclusive workplace is to regularly look at what our data is telling us and make goals to grow our inclusivity. This includes reviewing our performance and remuneration data to ensure we pay close attention to gender and ethnic pay and representation within ACC.

## **ACC’s gender pay gap**

ACC monitors any gaps both within pay grades (horizontal pay gaps or “by-level”) and across the organisation (vertical pay gap).

We measure our gender pay gap by comparing median hourly fixed remuneration package, by gender. Fixed remuneration packages provide a true comparison of what an employee earns. It includes base salary and benefits such as superannuation, carparking and other benefits employers may pay for on behalf of their employees.

The analysis included in this document covers ACC’s permanent and fixed-term employees, as at August 2019.

Overall, our data shows that gender diversity is strong through most levels of the organisation.

We have an over-representation of females in front-line roles and a slight under-representation of females in senior levels and some functional areas. This leads to an overall median gender pay gap of 15.9% for ACC, however the “by-level” gender pay gaps within pay bands are overall very small.

While we’ve almost removed any “by-level” gaps, we continue to work on our overall gap which is predominantly driven by the distribution of our workforce.

## **Job sizing**

ACC uses the Hay Group Job Evaluation Methodology to establish job sizes and grades, which provides the framework to compare roles of similar complexity, accountability and skill levels in different areas of the business. It is also used to establish remuneration ranges in which an individual’s remuneration package reflects that person’s competence in delivering to the requirements of the job, regardless of factors such as gender, ethnicity, age, tenure or status.

## ACC's vertical pay gap

A vertical pay gap compares the median (or mean) hourly rate for men and the median (or mean) hourly rate for women across the whole of ACC. A vertical pay gap occurs where there is a higher proportion of men than women who hold senior, higher-paid positions. Table 1 shows ACC's vertical gender pay gap over the past two years.

**Table 1: Vertical Pay Gap**

Vertical pay gap	Nov-18	Aug-19
Median	16.4%	15.9%
Lower Quartile <sup>1</sup>	13.7%	13.8%
Upper Quartile	18.3%	20.8%
Mean	21.0%	21.1%

While the median pay gap has fallen in the past year, the upper quartile has increased. The mean (average) and lower quartile have both increased marginally.





This points to ACC having more men in higher grades and more women in the lower grades. ACC's workforce is 66.5% female, with a high proportion in the lower grades. These are mostly front-line roles including case management, customer service and administration. To support reducing the vertical pay gap, over the past year ACC has provided "top up" remuneration increases to employees in lower graded roles who were low in their pay range. These "top up" payments were received by more women than men.

## ACC's horizontal pay gap

The horizontal "by-level" pay gap can be assessed by looking at the difference in remuneration between males and females in each grade. ACC has set a target of having "by-level" gaps below 3%.










Table 2 compares each pay grade and their gender pay gap between November 2018 and August 2019, where there are at least 20 women and at least 20 men within the pay grade.

**Table 2** highlights our "by-level" pay gaps over the past two years using the following key:

No pay gap or gap less than 1%	 Pay gap between 1% and 3% in favour of women	 Pay gap between 1% and 3% in favour of men	 Pay gap greater than 3% in favour of women	 Pay gap greater than 3% in favour of men
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<sup>1</sup> The lower quartile value is the median of the lower half of the data, that is, the middle number that falls between the lowest remuneration and the median. The upper quartile value is the median of the upper half of the data, that is the middle number that falls between the highest remuneration and the median. The lower and upper quartile are helpful in understanding the pay gap throughout our workforce rather than just at the middle (as shown by the mean and median).

**Table 2: Gender pay gap by pay grades; comparison between November 2018 and August 2019**

Remuneration Grade	Number of female employees**	Number of male employees**	November 2018 gap	Gender pay gap in favour of	August 2019 gap	Gender pay gap in favour of
11	81	11	***		***	
12	285	109	-2.6%		0.0%	
13	135	53	-3.0%		-1.5%	
14	212	67	-0.3%		0.0%	
15	532	188	0.0%		0.3%	
16	240	155	2.7%		0.6%	
17	312	171	1.3%		0.6%	
18	107	74	3.3%		3.7%	
19	74	63	-0.7%		0.4%	
20	28	38	-1.7%		-1.9%	
21	16	34	***		***	
22	8	14	***		***	
23	4	2	***		***	
24	1	4	***		***	

\*\* Number of employees as at August 2019

\*\*\* Pay difference within band not published due to small sample

Between November 2018 and August 2019, most of the “by-level” gaps reduced. Bands 12 and 14 achieved equity in August 2019 and most other grades have only small gaps.

We recognise that “by-level” gaps in pay grades can occur for many reasons, including sometimes being due to appropriate individual variation in remuneration because of performance and capability. There can also be many different types of roles across many different locations included in each pay grade. This can also lead to differences in remuneration, due to employment market demand. ACC seeks to understand the reason for any gaps and remove these where they are not valid.

Grade 18 is the only grade that has more than a three percent gap between the hourly rate of males and females. This grade is made up primarily of senior technical roles and leadership roles.

Half of the females in Grade 18 are in operational leadership roles. Two-thirds of men in this grade are in senior technical roles, many of which are in our Technology team. As senior technical roles are often highly sought-after skillsets, they are usually remunerated higher in the grade. This could be the reason why males are paid slightly higher than females in this grade. ACC will seek to better understand this gap and reduce it during our 2020 remuneration review.

We have also looked at any pay gaps in our common roles, where there are more than 20 men and 20 women in them. None of these roles have gender pay gaps of more than 3%. ACC will continue to monitor these.

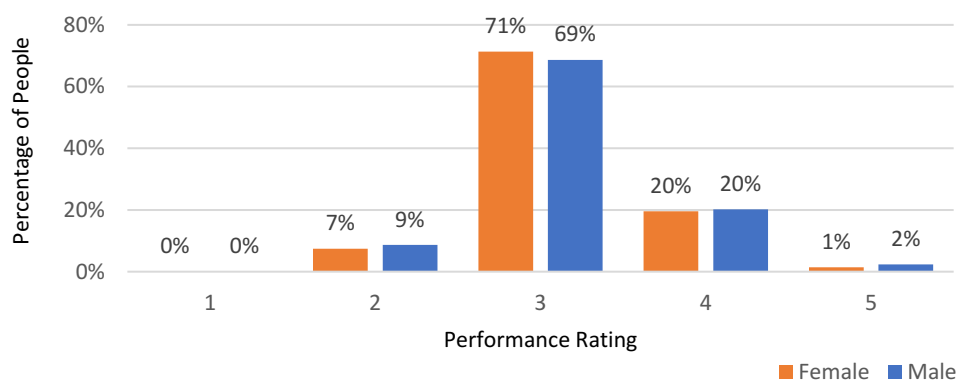
## Performance and remuneration

One of ACC's main reward and recognition principles is to provide remuneration increases based upon a person's performance rating and their current position in range. This means that those who have higher performance ratings and lower positions in range receive bigger percentage increases to their remuneration.

As remuneration increases are decided by a matrix which applies to all employees, this reduces possible bias.

As performance ratings dictate remuneration, it's important to look for any possible gender bias within the ratings. ACC uses 'performance moderation' meetings across the business as one checking point to lower the risk of bias in performance ratings.

**Graph 1: Performance rating by gender - August 2019**



**Performance ratings:**

1= Unacceptable, 2= Partially Achieved, 3=Successfully Achieved, 4= Excellent, 5= Outstanding

The performance ratings for 2018/19 year show no major discrepancies<sup>2</sup> by gender. Those rated *Excellent* (4) are a 50/50 split of gender. Males are slightly over-represented at the *Partially Achieved* ('2') level by 2% and *Outstanding* ('5') level by 1%. Females are slightly over-represented at the *Successfully Achieved* ('3') level by 2%.

<sup>2</sup> Percentage of females total 99% due to rounding.

## Ethnic pay gap

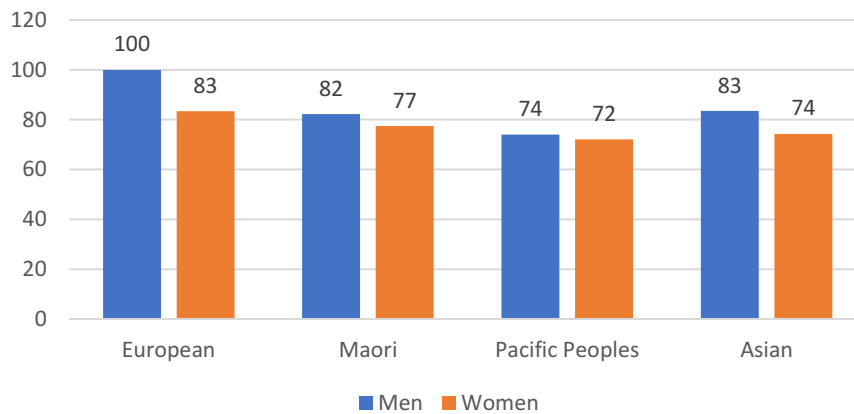
ACC has also reviewed the difference between how Māori and non-Māori employees are paid at ACC. 8.8% of ACC employees identify as Māori<sup>3</sup>. ACC’s overall median pay gap for Māori is 5.95%. A large proportion of ACC’s Māori employees are in frontline roles in grades 11-15. This is why the lower quartile gap is small and the average hourly pay gap is larger.

**Table 3: Remuneration for Māori vs non-Māori – August 2019**

	Gap
<b>Median hourly pay</b>	5.95%
<b>Lower Quartile</b>	0.9%
<b>Upper Quartile</b>	12.2%
<b>Average hourly pay</b>	10.8%

ACC has also looked at whether there are pay gaps by gender and ethnicity (European, Asian, Māori, Pasifika). European males have a higher hourly rate compared with the other ethnicities. The graph below shows the comparison with the median remuneration of European men being represented as 100 and other groups being shown as a percentage of this. The higher rate of European men reflects the number of this group at senior levels (Tier 2, 3 and 4) of ACC.

**Graph 2: Comparison median remuneration by ethnicity and gender**



Our diversity and inclusion approach, launched in 2019, has an overall aspiration to have a workforce that is representative of our customers – the New Zealand population. A key focus area is how to recruit and support Māori development to ensure a better distribution of Māori talent at all levels of the organisation. We are supporting this through our talent management and succession discussions, to support a diverse range of people to develop into senior level roles.

<sup>3</sup> This number is based on ACC HR system data. The proportion of employees who identify as Māori through our bi-annual employee survey is higher at 11.6%.



## ACC's action plan – what we've done

We have implemented a broad range of initiatives to reduce our gender pay gap:

### 1. Our senior leaders role model the importance of diversity.

- ✓ Our Executive team sponsor each of our ACC employee networks (Women@ACC, Ability@ACC, Cross-Cultural Network and Pride@ACC). Our Chief Financial Officer chairs our Diversity Council where our networks come together.
- ✓ Our Executive and senior leaders have conducted numerous diversity sessions throughout the year for our people. These include sessions on:
  - “Get to know your Exec” session hearing from some of our female Executive members about their career journeys, learnings and advice;
  - “Pink shirt day” speaker on how to be a proactive upstander against workplace bullying;
  - Sessions on our strategy to support Māori employee and customer outcomes;
  - Development opportunities at ACC.

### 2. We analyse our data and use this to address our gender pay gaps.

- ✓ Each year as we are preparing for our annual performance and remuneration review, we consider the impact of our proposed approach on our gender pay gap and take action as required.
- ✓ We regularly review data from our various people processes by gender to ensure a balanced approach. This includes performance management, talent management, development and promotion.
- ✓ We provided three ‘top up’ payments of an additional 1% remuneration increase for people in lower grades, who were performing in their roles and had a low position in their pay range. These increases have supported them to progress more quickly through their pay range. Roles in these grades have a high proportion of our female workforce.
- ✓ We updated ACC's remuneration and performance policy so employees who are on parental leave are eligible to participate in the annual remuneration review whilst they are on leave.

### 3. We support our leaders to promote diversity and avoid bias in decisions.

- ✓ We've introduced a range of e-learning information on our learning management system about increasing and supporting diversity, as well as reducing bias.
- ✓ We ran an organisation-wide leader-led conversation on inclusion which included discussion on conscious and unconscious bias.
- ✓ Our new leadership development programmes have been designed to include a focus on diversity and good decision-making.

### 4. We aim to ensure our workplace culture and policies support women's career progression.

- ✓ ACC employees have set up a Women's network as part of our wider employee network groups. They have hosted guest speakers who talked about how to better negotiate their pay and support their career aspirations.
- ✓ We've funded four of our Māori future leaders to go on a Global Women leadership development programme to further support their leadership development.
- ✓ We've supported numerous female leaders to attend various development programmes and conferences to build their leadership capability and manage their careers.

### 5. We continue to make available flexible work arrangements and parental leave for men and women.

- ✓ Our flexible work arrangements policy includes tools for managers and employees
- ✓ We measure satisfaction with flexible work arrangements and ACC's commitment to diversity and inclusion as part of our annual employee survey.

## ACC's action plan – looking forward

Our action plan focuses on continuing to grow the proportion of women in senior roles and to grow the proportion of men in front-line roles. This will address the drivers of our overall gender pay gap.

We also continue to focus on building a culture of diversity and inclusion and on increasing our cultural diversity and capability.

### Our specific actions for 2020/21 are:

Action area	Action
1. Our senior leaders' role model the importance of diversity	<ul style="list-style-type: none"><li>• We will continue to promote diversity and inclusion through visible leadership and communication of our Executive and senior leaders</li><li>• We will extend Executive sponsorship of our employee networks as new networks are introduced.</li></ul>
2. We analyse data and use this to address our gender pay gaps	<ul style="list-style-type: none"><li>• We will seek to understand the gender pay gap within Grade 18 and reduce it below 3% during our 2020 remuneration review</li><li>• We will review our target of &lt;3% for "by-level" gaps</li><li>• We will implement our Diversity and Inclusion strategy to attract and recruit more diverse employees</li><li>• We will develop workforce plans for individual business groups to address gender diversity in under-represented roles and functions</li></ul>
3. We support our leaders to promote diversity and avoid bias in decisions	<ul style="list-style-type: none"><li>• Our Talent Acquisition team will support our leaders in building diverse shortlists for roles</li><li>• We will continue our performance calibration processes and checks for bias in remuneration, talent management and development processes</li></ul>
4. We aim to ensure our workplace culture and policies support the career progression of women and Māori	<ul style="list-style-type: none"><li>• We will introduce a new programme to support employees who don't have formal qualifications to get one – our focus groups for this initiative are Māori and Pasifika to support career progression to leadership roles</li><li>• We will develop a "Wāhine in Leadership" programme to support career progression</li><li>• We will track the diversity of the people on our Talent Maps and succession plans</li></ul>
5. We continue to make available flexible work arrangements and parental leave for men and women	<ul style="list-style-type: none"><li>• We will promote different flexible work arrangements in our operational teams that support the needs of our customers and employees.</li></ul>