

ACC Pay Gaps

Report and Action Plan

2022-2023



Introduction from our Chief Executive

At ACC, our commitment to being a diverse and inclusive organisation that represents the people we serve runs through everything we do. Guided by our purpose to improve lives every day, we work to contribute positively to communities, whānau, and individuals across Aotearoa New Zealand.

In the 2021 to 2022 financial year, we developed our flexible and inclusive approach to hybrid working, making it easier to balance work with other commitments, such as caring for a family. We introduced a remuneration approach for lower banded roles that minimises bias through applying agreed band increases to everyone. We introduced a standardised approach to performance-based pay, with greater increases to those whose salaries are low in their salary range. We also implemented a range of other initiatives aimed at creating a more inclusive working environment, such as introducing Rongoā Māori services for all employees.

We will continue to focus on becoming the best possible workplace for ACC employees and their whānau.

This year's Pay Gaps Report and Action Plan tells us we have more work to do to close our pay gaps as women, and particularly Pasifika, Asian, and Māori women, are still under-represented at senior levels. As a reflection of our commitment to fairness across ACC, we also plan to conduct closer analysis of individuals' pay data to identify and address any pay disparities linked to bias, with a particular focus on Pasifika, Asian, and Māori women.

We are committed to reducing our pay gaps and ensuring ACC is a fair and equitable place for all employees. We will continue working with our people and unions to understand what matters most to them and how we can improve.



Megan Main

CHIEF EXECUTIVE

Background

The Public Service is committed to equity, diversity and inclusion.

Kia Toipoto – the Public Service Pay Gaps Action Plan 2021-24 – builds on the Public Service Gender Pay Gap Action Plan 2018-2021. The Kia Toipoto three-year goals are to:

- make substantial progress toward closing gender, Māori, Pacific, and ethnic pay gaps
- accelerate progress for wāhine Māori, Pacific women, and women from ethnic communities
- create fairer workplaces for all, including disabled people and members of rainbow communities.

Kia Toipoto provides a common but flexible framework that allows entities to tailor reporting and actions to reflect their context and the progress they have already made.

This report outlines how ACC sought to address its pay gaps in the 2021 to 2022 financial year, presents our current pay gaps, and describes our action plan for 2022 to 2023, organised against the Kia Toipoto three-year goals.

Definitions

This report makes reference to vertical and horizontal pay gaps:

Vertical pay gaps describe the difference in average pay for groups across the whole organisation.

Horizontal pay gaps describe the difference in average pay for groups across a level (such as job size) within the organisation.



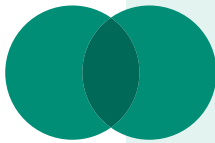
Principal findings from this year's analysis



ACC's mean vertical gender pay gap for 2022 is 17.8%, almost unchanged from 2021. Our median gender pay gap increased by 2.5 percentage points, to 19.4%.



Horizontal gender pay gaps (within job sizes) remain low.



Gender intersects with ethnicity to compound pay gaps, as Māori, Pasifika, and Asian women earn the least on average.



This year's report finds no evidence of pay gaps based on disability.

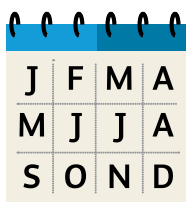


Analysis of data this year shows that age is not a disadvantaging factor for pay at ACC.

2021-22 Pay Gap Action Plan achievements

In 2021 to 2022, ACC introduced a remuneration approach for lower banded roles that minimises bias through application of agreed band increases to everyone. We also introduced a standardised approach to performance-based pay, with greater increases to those low in range.

Alongside these initiatives, ACC has:



Improved access to part-time hours for our customer-facing roles, in which we have a large proportion of women.



Introduced a new hybrid working approach, including technology bundles and up to three days working from home per week depending on role and team requirements, providing greater work-life balance and flexibility.



Established wellbeing days to support mental health and wellbeing as part of our COVID-19 response.



Introduced Rongoā Māori services for all our employees.



Continued to encourage the development of our Māori employees through our Te Hihiri kaupapa Māori leadership development programme and talent management approach.



Introduced new settings for parental leave, with annual leave accumulated during parental leave to be paid at full value, immediately upon return from leave.

2022-23 Action Plan: Kia Toipoto 2021-2024

Transparency is one of the key principles of Kia Toipoto. The initial steps of our plan were developed in discussion with Public Service Association (PSA) representatives and employee network leads. In 2023 we will continue to engage with our employees and unions, recognising that sustained actions are required to meet Kia Toipoto goals. We will:

- engage our employee networks to identify employee representatives for a pay gap working group
- ensure our pay gap work is a regular item on agendas for meetings with our unions and their employee representatives.

Kia Toipoto 2021-2024 Goals	ACC Action Plan 2022-2023
Make substantial progress towards closing gender, Māori, Pasifika and ethnic pay gaps	Investigate horizontal pay gaps and identify where pay gaps are unexplained for: <ul style="list-style-type: none"> • job bands where pay gaps are greater than 3% • in business groups with gender pay gaps larger than 5%. Provide cost estimates and develop a plan to rectify these by 30 June 2023.
Accelerate progress for wāhine Māori, Pasifika women, and women from ethnic communities	Review all Māori, Pasifika and Asian women's pay (~754 people) to understand pay gaps. Where they are unexplained, provide cost estimates to rectify these, and develop a plan to do so by 30 June 2023.
Create fairer workplaces for all, including disabled people and members of rainbow communities	<ul style="list-style-type: none"> • Explore what our minimum floor should be in terms of pay across the organisation and develop options by 30 June 2023. • Investigate the implications and costs of increasing the remuneration of lower paid employees and develop options by 30 June 2023. • Identify future remuneration strategy options and present options by 30 June 2023. • Design a system of checks and balances to ensure selection and remuneration decisions do not exacerbate pay gaps.
Immediate priorities	<ul style="list-style-type: none"> • Design a process and approach for including remuneration in all job advertisements. Implement this by May 2023. • By July 2023, design targets to improve gender and ethnic representation in leadership and senior roles at ACC. • Review our attraction and recruitment process to identify whether and where bias might be influencing decisions. • Develop a plan to remove any bias operating by December 2023.

Vertical gender pay gap: quartile changes across time

	November 2018	August 2019	September 2020	September 2021	September 2022
Median	16.4 PERCENT	15.9 PERCENT	17.0 PERCENT	16.9 PERCENT	19.4 PERCENT
Lower Quartile	13.7 PERCENT	13.8 PERCENT	5.8 PERCENT	4.5 PERCENT	4.1 PERCENT
Upper Quartile	18.3 PERCENT	20.8 PERCENT	20.6 PERCENT	16.4 PERCENT	16.3 PERCENT
Mean	21.0 PERCENT	21.1 PERCENT	21.5 PERCENT	17.6 PERCENT	17.8 PERCENT

The table above shows that our median pay gap has increased by 3 percentage points from 16.4% in 2018 to 19.4% in 2022. Conversely our mean pay gap has steadily declined over the same period, from 21% to 17.8%. A lower mean across time may indicate our pay gap data is negatively skewed, and that progress is being made, but not yet showing up in the median.

Horizontal gender pay gap: by job size

The table below shows the mean and median gender pay gaps for each job size at ACC. Job sizes 18-21 contain the largest pay gaps. The starting pay for employees in lower sized roles is more prescriptive. Senior roles, however, allow for more discretion with the potential for bias to operate and gaps to emerge.

ACC uses the Hay Group Job Evaluation Methodology to establish job sizes and grades for all roles with an exception for front-office Investment roles.

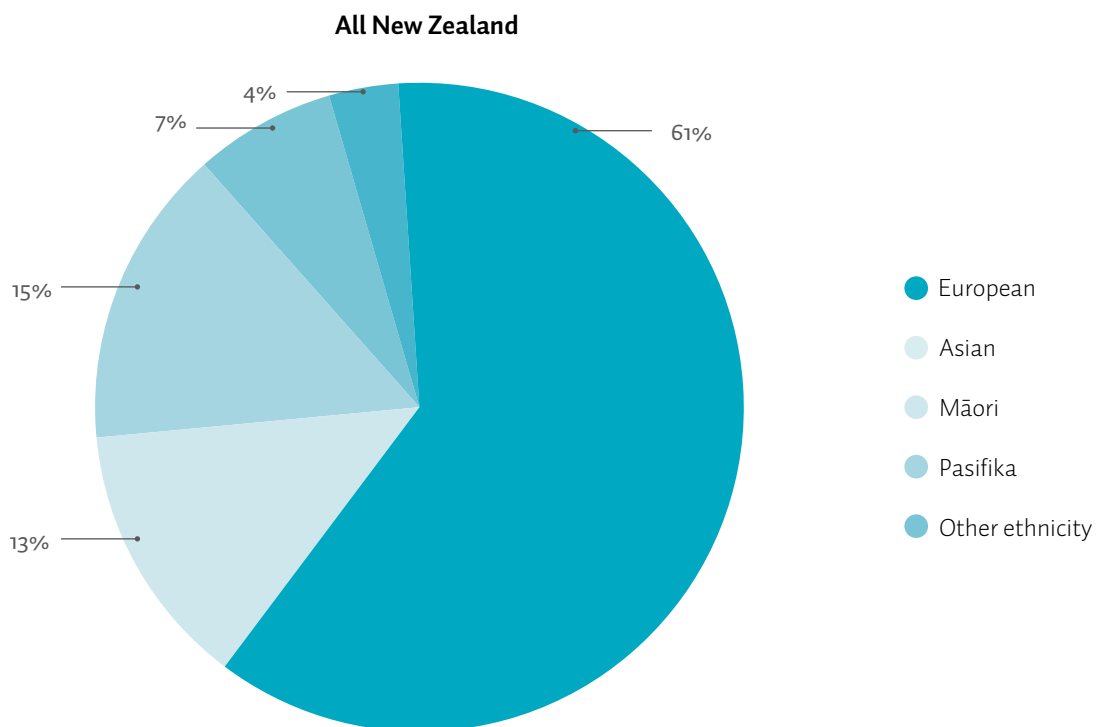
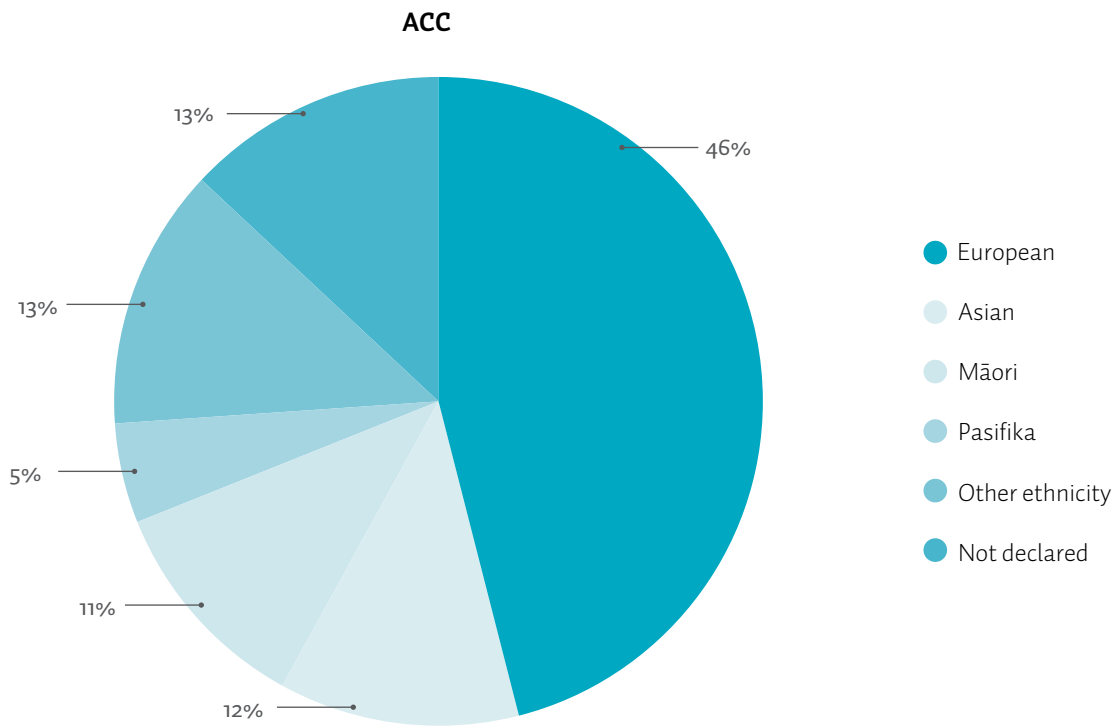
The Hay Group methodology gives a framework to compare roles of similar complexity, accountability, and skill levels in different areas of ACC. It provides a size for each role, allowing roles of similar sizes to be grouped into bands. Each band then has a remuneration range, with each individual's remuneration reflecting the person's competence in delivering to the requirements of the job, regardless of individual factors such as gender, ethnicity, age, tenure, or status.

Median & Mean Pay Gap (By Band)

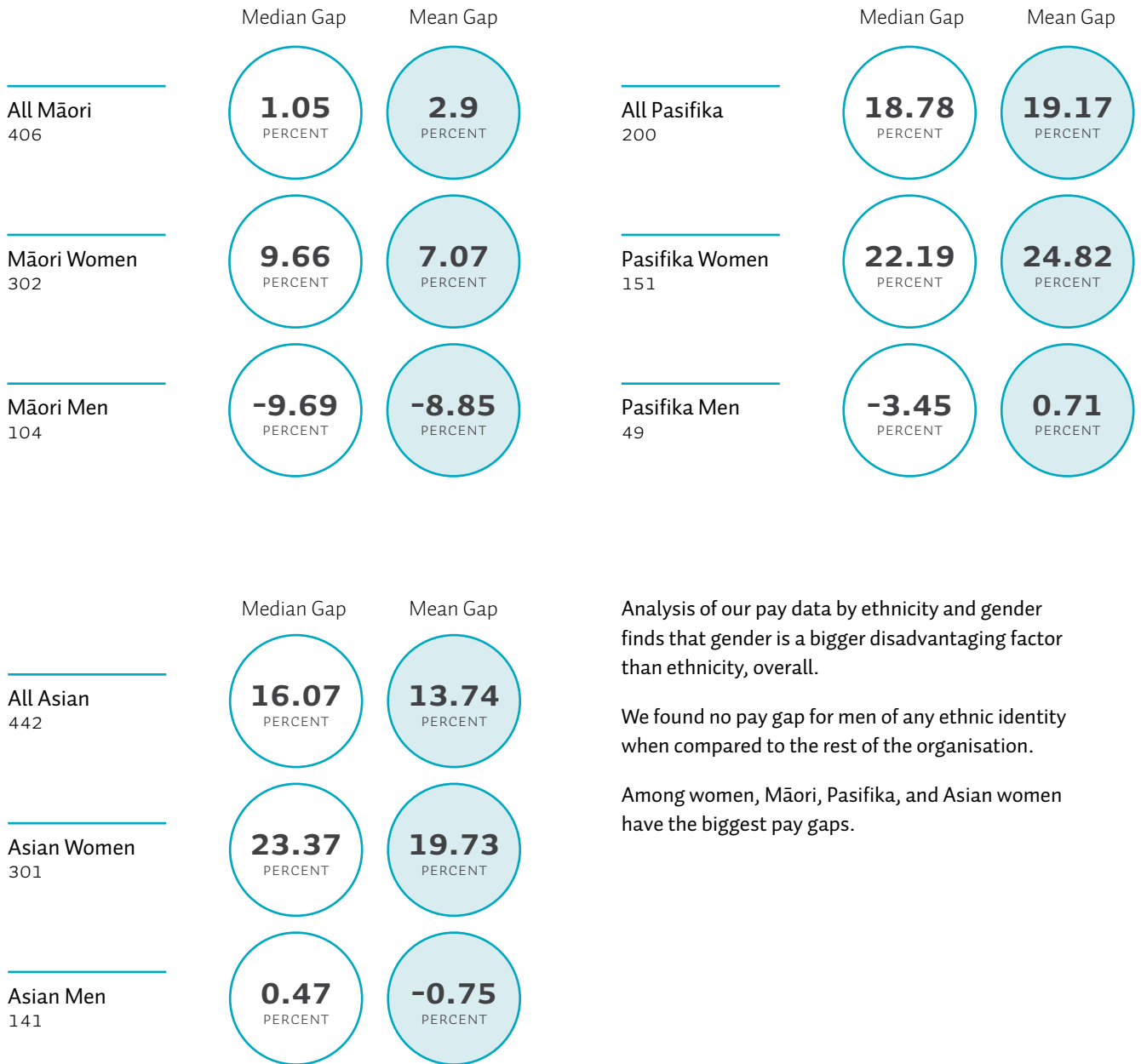
Band	Employees		Pay Gap (%)	
	Female	Male	Median	Mean
11	275	65	0.0%	-0.8%
12	269	90	-2.0%	0.2%
13	205	98	-0.7%	-1.7%
14	424	110	-0.1%	-0.5%
15	444	140	0.6%	0.4%
16	384	227	2.3%	1.0%
17	287	189	1.1%	1.1%
18	161	93	3.9%	1.9%
19	78	75	3.1%	3.7%
20	44	38	3.0%	4.9%
21	26	34	5.0%	4.0%
22	7	13	-12.1%	-5.0%

Note: This table does not include job sizes 23 and above, in line with Te Kawa Mataaho advice to exclude groups containing fewer than 20 people.

ACC's workforce composition by ethnicity



Vertical pay gaps by ethnicity and gender



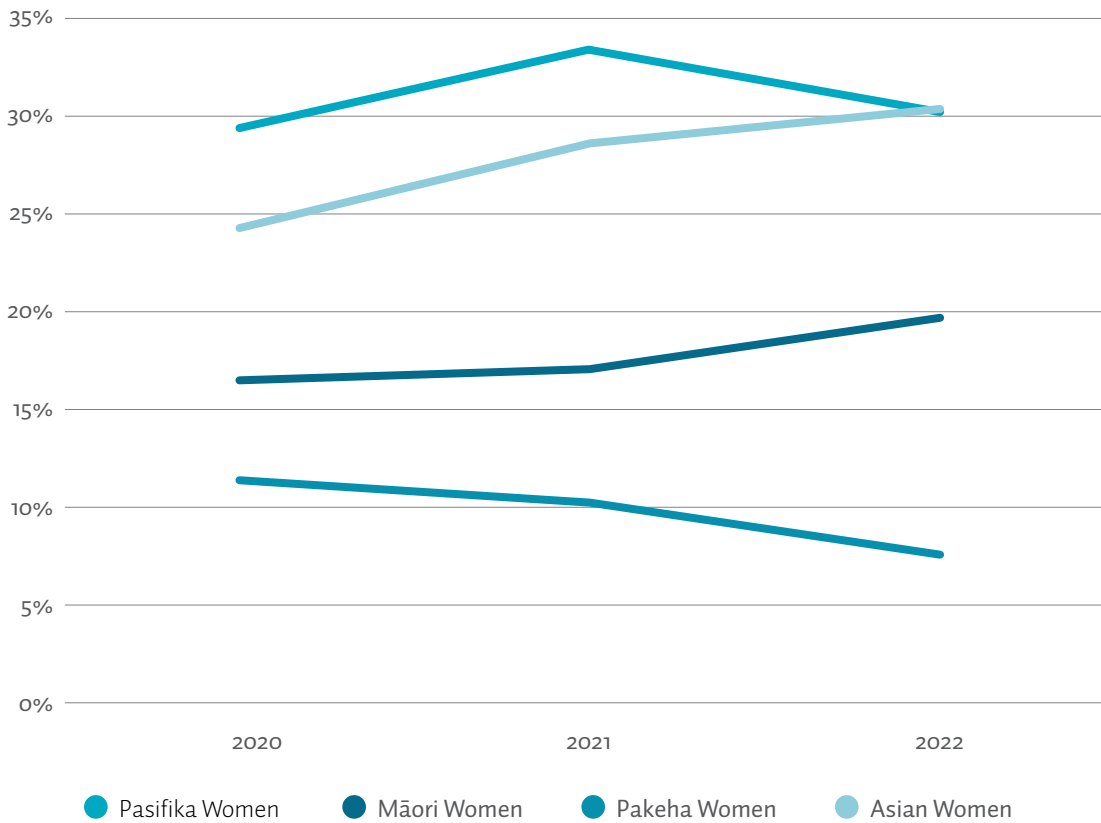
Analysis of our pay data by ethnicity and gender finds that gender is a bigger disadvantaging factor than ethnicity, overall.

We found no pay gap for men of any ethnic identity when compared to the rest of the organisation.

Among women, Māori, Pasifika, and Asian women have the biggest pay gaps.

Vertical pay gap: women and ethnicity

Women’s median pay gap compared to men



This graph shows that, of women, those identifying as Pasifika or Asian are most disadvantaged with regard to pay at ACC.

We also see that, while progress has been made to reduce the gaps across identity groups since 2020, for Māori and Asian women this has stalled (<3% change).

Targeted effort to continue to reduce gaps for all women will be required to maintain positive momentum in coming years.

Note: The formula for the data points in this graph compares each cohort against ACC men. The mean is not graphed here because the values and trends are not meaningfully different to the median trends.

Disability and age pay gaps



Disability

46% of employees have answered the question about ability status in our HRIS (Human Resources Information System). For the purposes of pay gap analysis, any employees who responded with “prefer not to say” were removed from the dataset. This means we know the disability status of just 25% of all ACC employees. Of that 25%, 7% of employees at ACC have identified as disabled.

This means we are working with a much smaller data set than for other identities. A sampling bias may be operating and caution is required when drawing conclusions from the data and analysis. Based on this incomplete data set, our analysis of both mean and median found no pay disadvantage among disabled employees.

A comparison has not been made with previous years as those figures were based on the assumption that anyone who did not enter their disability status in the HRIS was not disabled. This year, we have removed that assumption from the calculation. We expect that our ‘no effect’ finding is closer to the actual picture but, without more data, we cannot be certain.

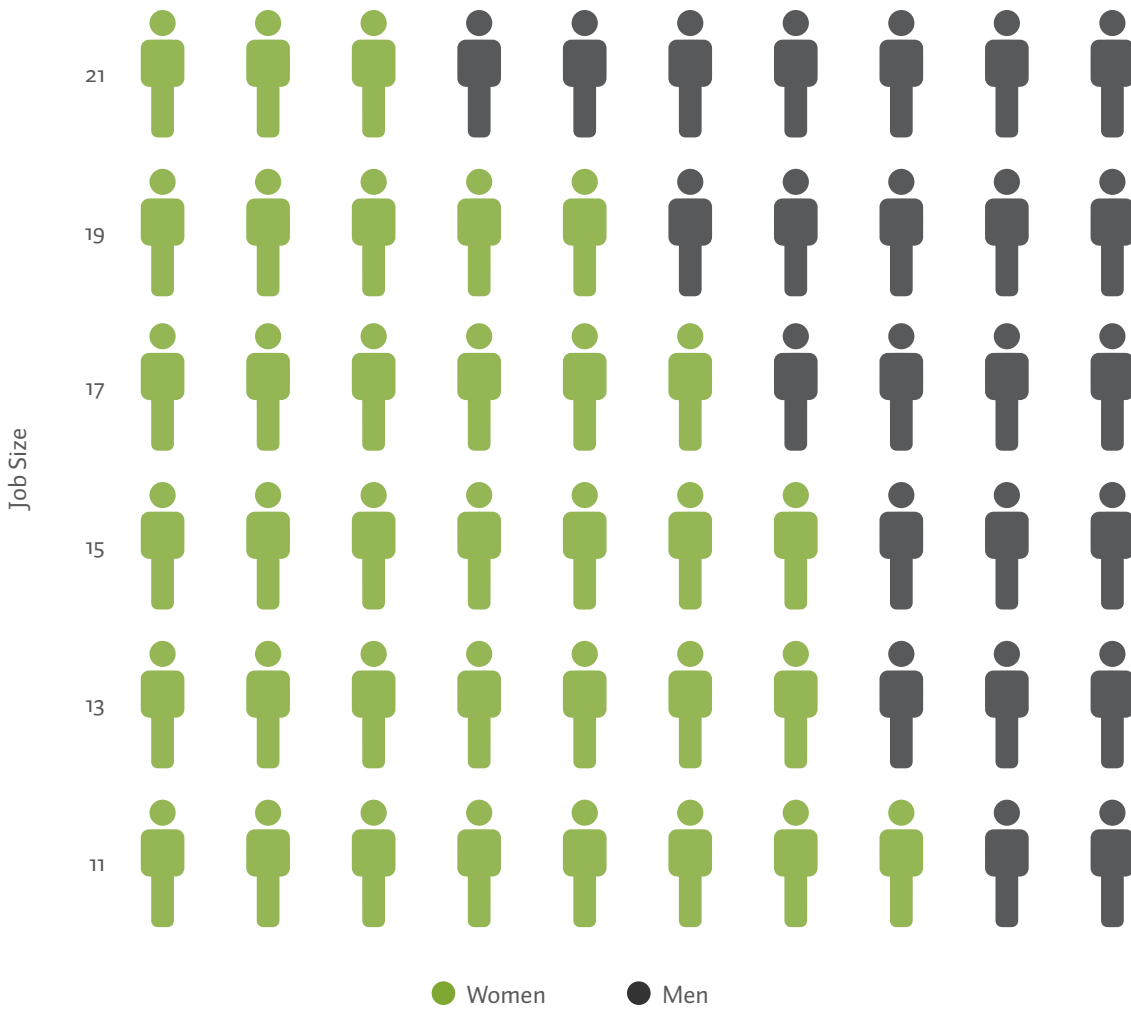
The new approach to our calculations will provide a more accurate picture for future years.



Age

Our analysis grouped employees into 10 year age bands. Analysis of both mean and median found no pay gaps exist for age in any age band. Therefore we can say that age is not a disadvantaging factor with regard to pay at ACC.

Appendix A: Organisational mapping



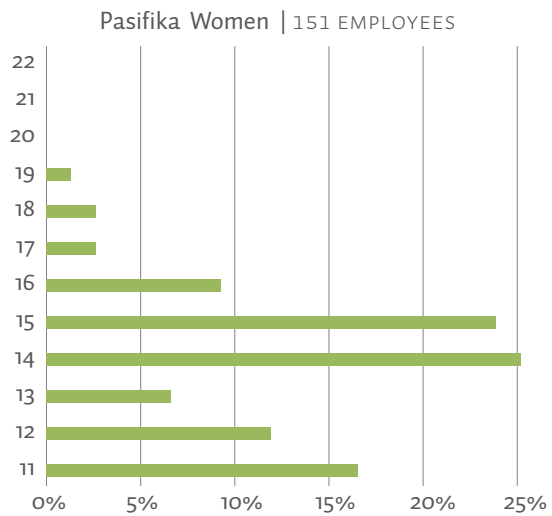
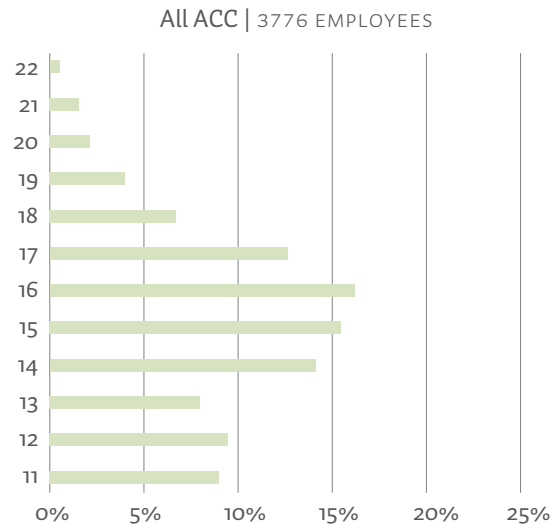
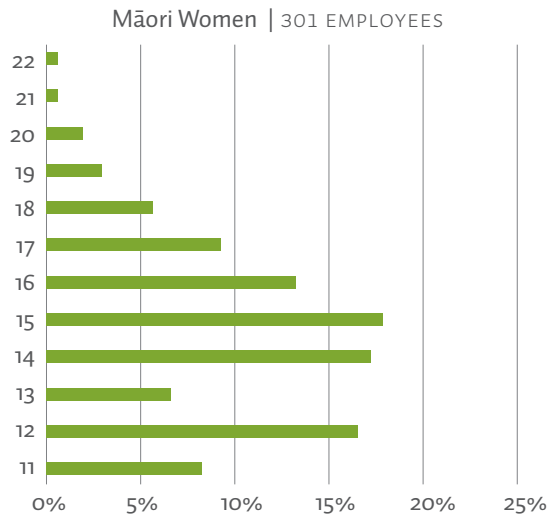
Organisational mapping helps us identify the most effective actions to respond to our pay gaps.

Analysis of our pay data shows our biggest pay gaps are for women, and particularly Māori, Pasifika and Asian women.

Organisational mapping, in which we track where in the organisation employees of various identity groups sit, shows that women in these groups are clustered in lower sized, and therefore lower paid, roles compared with others.

Eliminating ACC's pay gaps is dependent on increasing the number of women, and particularly Asian, Pasifika, and Māori women, in senior roles or, alternatively, increasing the number of men in lower sized roles. Another way of redressing the pay gaps is to increase pay for lower sized roles.

Organisation composition by job size and identity



These graphs show that Pasifika and Asian women in particular, are concentrated in lower levels of the organisation compared with other employees.

This explains some of our vertical gender pay gap, and provides direction for our action plan.



Appendix B: Data collation and measurement methodology

- For the primary information discussed in this report, ACC has used a single extract of employee data as of 2 September 2022 (unless otherwise stated) captured from our internal Human Resources Information System (n=3779). This identifies any individual who is a permanent or fixed term employee of ACC whose role is covered by our standard salary bands. The data extract excludes casual employees and contractors.
- For completeness, we have amended the extract manually to include the new Executive Team data, as some of the Executive commenced at ACC after 2 September 2022.
- The data extract includes employees in the Investments Group, but excludes front-office Investment Group employees, as they have separate remuneration arrangements and their roles are not banded. A separate analysis has been carried out for front office Investment Group employees.
- We have analysed employees (152) on a legacy remuneration arrangement (non-R3) separately, noting that their hours of work are different to other employees at ACC (at 37.5 hours per week rather than the standard 40).
- The information used captures both individually identified information (gender, ethnicity, age, and disability), as well as job information (position grades), and role information based on their current active role (including secondments).
- The information used to calculate the hourly rate incorporates annual salary at a full-time equivalent rate, and is based on the employee's total fixed remuneration package which includes base salary and allowances, but not superannuation or higher duties allowances.

Gender pay gap measurements

- All individuals who have self-identified as a man or woman have been included in this analysis.
- We have a number of individuals who are identified as gender diverse or have no identified gender information. We have excluded these individuals from our gender pay gap measures as the sample size is too small for meaningful analysis. However, we will include these individuals when carrying out our 2022-2023 Action Plan.

Ethnicity and disability pay gap measurements

- Individual Identification – where a binary comparison is made, we have captured anyone who has identified as 'Māori', or 'Pasifika', or 'Disability', for example, in each of the categories. Example: if a person identifies as both Māori and Fijian, they would be captured in both data points for analysis.
- In this analysis we have included all individuals at ACC, and where exclusions were made in the gender pay gap measurements (those that are gender diverse or unidentified) these are included for the ethnicity and disability pay gap.



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He Whakaora.**
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