Annual Pay Gap Report 2023

December 2023

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Foreword for the 2023 Pay Gap Report

At ACC, we want to be the best possible workplace for our employees and their whānau – one where all our people can thrive. Our commitment to being a diverse and inclusive organisation that represents the Aotearoa New Zealand we serve runs through everything we do.

Since our last Pay Gap Report, we have taken a range of actions aimed at supporting a fair and equitable workplace. At the end of 2022, we increased the pay for our employees in lower job bands where we have a higher proportion of women, reducing our gender pay gap by 0.6%. We have spent time investigating specific aspects of our pay gaps to understand these better, for example the pay gaps experienced by Māori, Pasifika and Asian women. We have also developed a Remuneration and Reward Strategy, where one of the central pillars is the elimination of pay gaps.

We know that we have more to do. Our analysis shows that the underlying cause of our gaps is still too few women in senior roles and that gender intersects with ethnicity to compound pay disadvantage, with Māori, Pasifika and Asian women earning the least on average.

Our action plan for the coming year has been developed with input from our people and unions. We are committed to continuing our important mahi targeted at reducing our pay gaps and ensuring ACC is a fair and equitable place for all our people.

Megan Main
CHIEF EXECUTIVE

Background

ACC and the wider Public Service are committed to equity, diversity and inclusion.

Kia Toipoto – the Public Service Gender, Māori, Pasifika and Ethnic Pay Gap Action Plan 2021 - 2024 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; and
- create fairer workplaces for all, including disabled people and members of rainbow communities.

Kia Toipoto provides a uniform 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 2022 | 23, presents our current pay gaps, and describes our action plan for 2023 | 24, organised against the Kia Toipoto three-year goals.

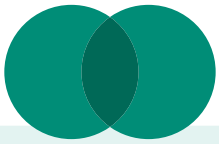
Summary of Key Findings

ACC's median vertical gender pay gap for 2023 is 17.2%, which represents a 2.2 percentage point reduction since 2022. Our mean gender pay gap is 18.2%, 0.4 percentage points higher than last year.

Like last year, horizontal gender pay gaps remain low, with our highest gaps in pay bands 19 to 21.

Our data on employee identities relies on self-report, which has been low for disability. This year, we have worked to increase the number of employees indicating their disability status in HRIS (Human Resource Information System) and succeeded in increasing this by 11 percentage points; notwithstanding, the numbers remain low. For this reason, we have not been able to conduct accurate statistical analysis on disability and pay at ACC. The limited analysis we could conduct shows no difference between the average pay for disabled people and non-disabled people.

Analysis this year demonstrates that our pay gaps cannot be solved by focusing efforts at the horizontal (within pay band) level. While some opportunity remains to further improve horizontal pay gaps, the underlying cause of our gaps is too few women in senior roles. This is caused by a range of factors but ultimately, we must recruit, promote and retain more women in jobs banded 15 and above.



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

This is the second year in which we have analysed age and pay; results this year mirror last year's in showing that age is not a disadvantaging factor regarding pay at ACC.

2022-2023 Pay Gap Action Plan achievements

In 2022, ACC committed to an ambitious plan of work to decrease our pay gaps. The following initiatives were undertaken:

2022 | 2023 Actions	Status
Investigated horizontal gaps and identified where pay gaps are unexplained for: • Pay bands where pay gaps are greater than 3%. • In Business Groups with gender pay gaps larger than 5%.	Completed
Reviewed all Māori, Pasifika and Asian women's pay (~754 people) to understand pay gaps and - where they are unexplained - provided cost estimates to improve these.	Completed
Increased the remuneration of our lowest paid workers at the end of 2022 with an out-of-cycle remuneration round, and considered what our minimum pay should be. This resulted in adjustments to 2,104 employee's pay, and reduced our gender pay gap by 0.6%.	Completed
Commenced development of a refreshed Remuneration and Reward Strategy, which currently remans in development. Equity is a central theme of this work and continuing to eliminate pay gaps will be one of the central pillars of our final approach.	Completed
Designed a process and approach for including pay in all recruitment advertising. All ACC job advertisements now provide a pay range for the role.	Completed
Established hybrid-working guidance and policy.	Completed

2023-2024 Action Plan

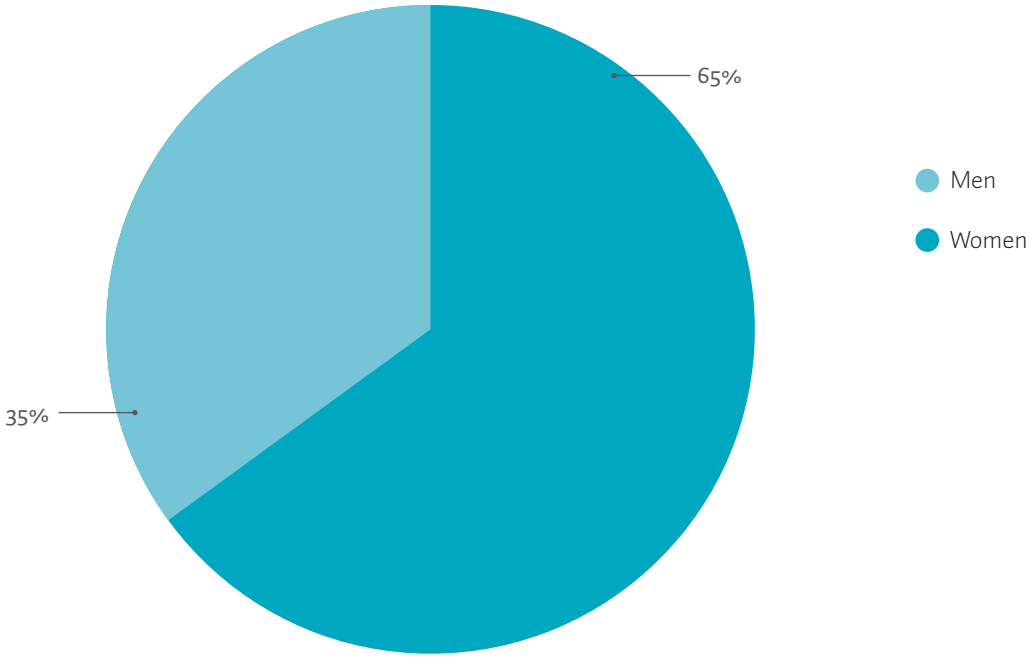
The following plan was developed with input from employees and unions. Actions are targeted at eliminating horizontal pay gaps and reducing our vertical pay gap over time. As outlined in the report, our vertical pay gaps are about workforce composition, so the most effective measures will be those that increase women's representation at senior levels of the organisation.

ACC Action Plan 2023 | 24	Completion Date
Develop career pathways and equitable progression opportunities that support women, Māori, Pacific and ethnic employees.*	December 2024
Propose an approach to targets in order to improve gender and ethnic representation in leadership and senior roles at ACC*	June 2024
Review job sizing, PIR and internal relativities for the following: • Employees at pay bands from 17 to 21 (noting the need for a specific focus on band 19). • In Business Groups where pay gaps are greater than 2%**. Provide cost estimates and develop a plan to rectify these.	July 2024
Further review remuneration of Tier 3 roles.	July 2024
Promote flexibility in senior roles as part of our employee value proposition. Part-time work and job-sharing in particular will likely increase the number of women applying for these roles.	July 2024
Develop prototype dashboards to enable hiring managers and recruitment teams to see the spread of salaries across the team and Business Group in real time.	October 2024

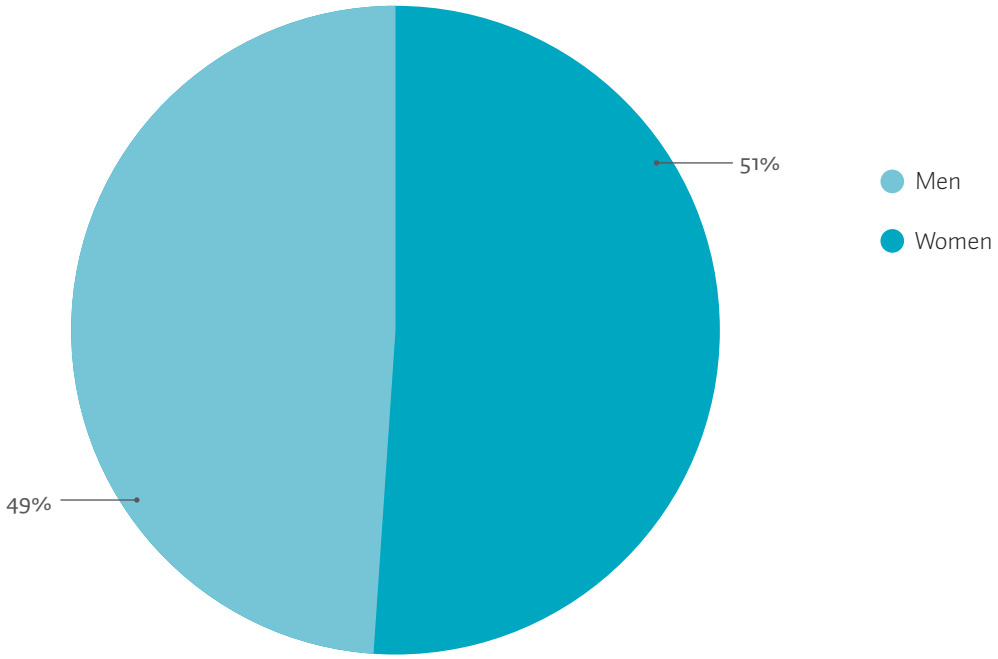
* Action required by Te Kawa Mataaho

Gender Composition

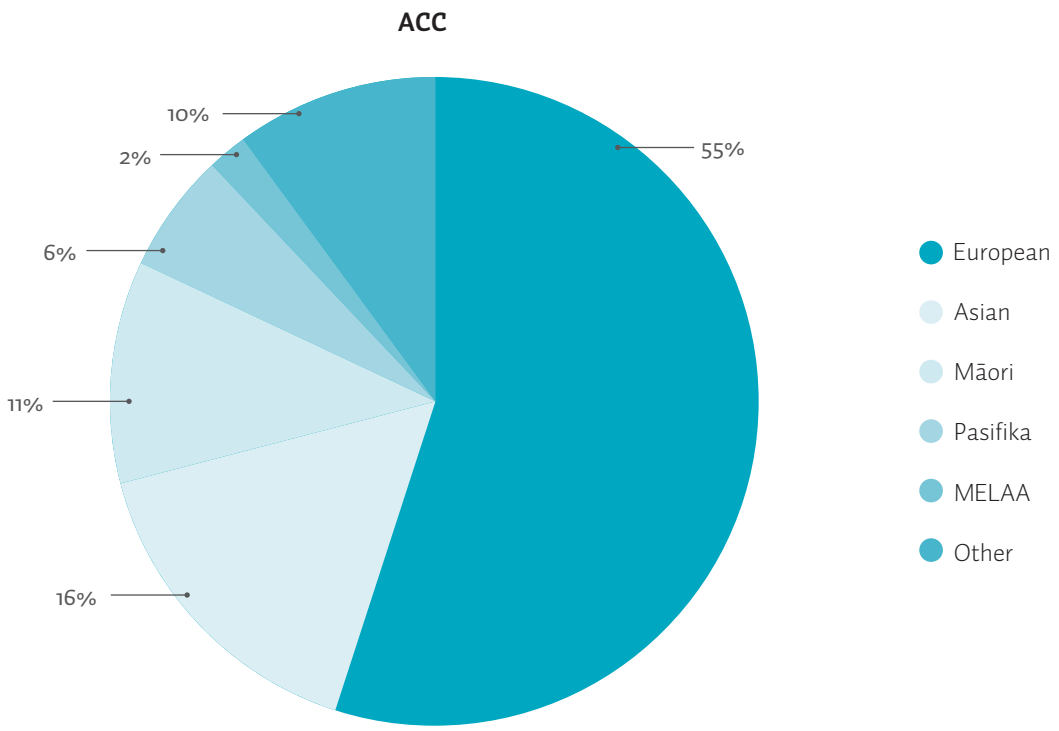
ACC Gender Composition

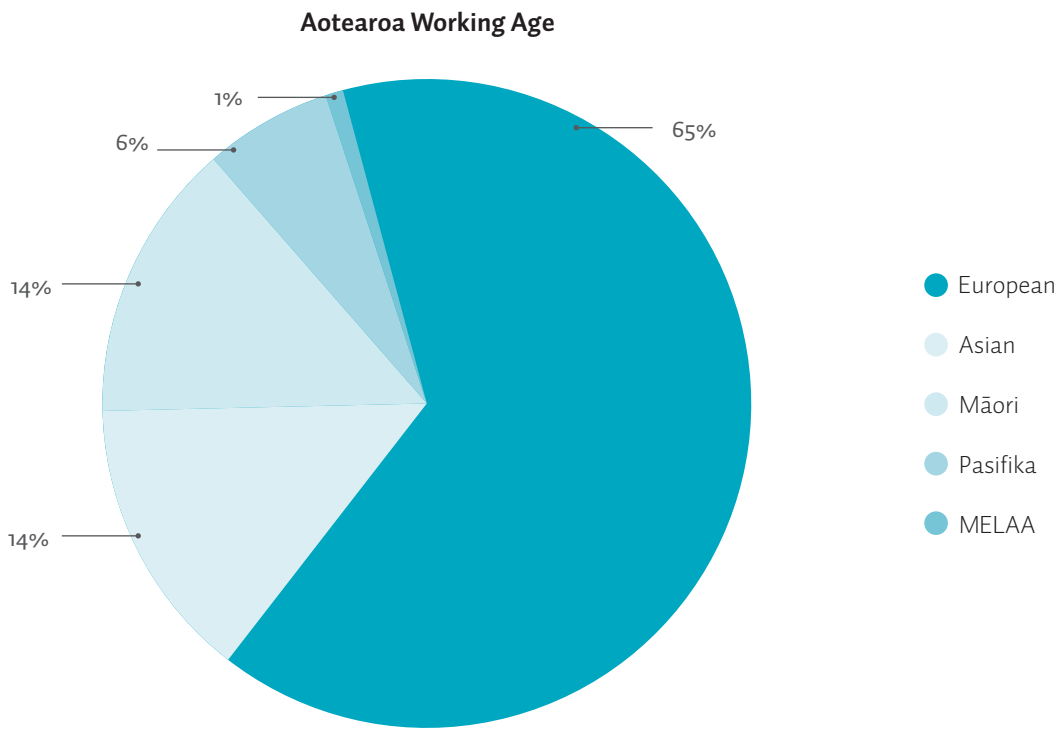


Aotearoa Working Age



ACC's workforce composition by ethnicity





Vertical Gender Pay Gap | Quartile Changes Across Time

	2018	2019	2020	2021	2022	2023
Median	16.4 PERCENT	15.9 PERCENT	17.0 PERCENT	16.9 PERCENT	19.4 PERCENT	17.2 PERCENT
Lower Quartile	13.7 PERCENT	13.8 PERCENT	5.8 PERCENT	4.5 PERCENT	4.1 PERCENT	6.8 PERCENT
Upper Quartile	18.3 PERCENT	20.8 PERCENT	20.6 PERCENT	16.4 PERCENT	16.3 PERCENT	22.0 PERCENT
Mean	21.0 PERCENT	21.1 PERCENT	21.5 PERCENT	17.6 PERCENT	17.8 PERCENT	18.2 PERCENT

The table above shows that our median pay gap has decreased by 2.2 percentage points since last year but remains up 1.3 percentage points from our historical low of 15.9% in 2019. Conversely, our mean pay gap has risen by half a percentage point this year after having steadily declined year-on-year since 2020. The mean is higher than the median because the data is 'right-skewed', meaning there are several men earning higher than the rest of the organisation, which increases the mean but not the median.

As is expected, the pay gap in the upper quartile is higher than in the lower quartile; pay gaps typically increase as pay increases, and this phenomenon is observed across both government and private sectors. We have made good progress in steadily lowering pay gaps in the lower quartile, having halved the gap since tracking began in 2018. The lower quartile pay gap has increased, despite ACC lifting its minimum payable threshold for bands 11 to 15.

The upper quartile pay gap has increased this year, despite the gap between the highest and lowest earners in the organisation closing by 2.2% (median). There is currently a higher ratio of men in Tier 2 roles and - given their remuneration - this has impacted on pay gaps. Increased numbers of women in senior roles at ACC will decrease overall pay gaps as well as those within quartiles.

Horizontal Gender Pay Gaps | By Pay Band

This table shows the mean and median gender pay gaps for each pay band. Like last year, bands 18 to 21 contain the largest pay gaps. One possible reason for this is that starting remuneration for employees in lower pay bands (largely Service Delivery roles) offers less discretion to hiring managers. In senior roles however, greater discretion means greater variation in pay and therefore pay gaps.

ACC uses the Korn Ferry Job Evaluation Methodology to establish pay bands for all roles with the exception of Investments Front Office roles.

The approach provides the framework to compare roles of similar complexity, accountability, and skill levels in different areas of the business. This methodology provides a size for each role, allowing roles of similar sizes to be grouped into bands. The bands then have a remuneration range associated with it.

Median and Mean Pay Gap (by Pay Band)

Pay Band	2022 Pay Gap		2023 Pay Gap	
	Median	Mean	Median	Mean
11	0%	-0.8%	0.77%	0.74%
12	-2.0%	0.2%	0.35%	0.31%
13	-0.7%	-1.7%	-0.05%	-0.34%
14	-0.1%	-0.5%	-1.21%	-0.67%
15	0.6%	0.4%	0.13%	0.55%
16	2.3%	1.0%	2.67%	1.65%
17	1.1%	1.1%	0.46%	0.70%
18	3.9%	1.9%	1.71%	2.28%
19	3.1%	3.7%	3.54%	4.76%
20	3.0%	4.9%	1.86%	4.44%
21	5.0%	4.0%	1.83%	3.16%

● Decreased gap compared with last year (>0.5 percentage point change)

● Increased gap compared with last year (>0.5 percentage point change)

Note: This table does not include pay bands 22 and above, given the advice from Te Kawa Mataaho to exclude groups containing fewer than 20 people.

Vertical pay gaps by ethnicity and gender

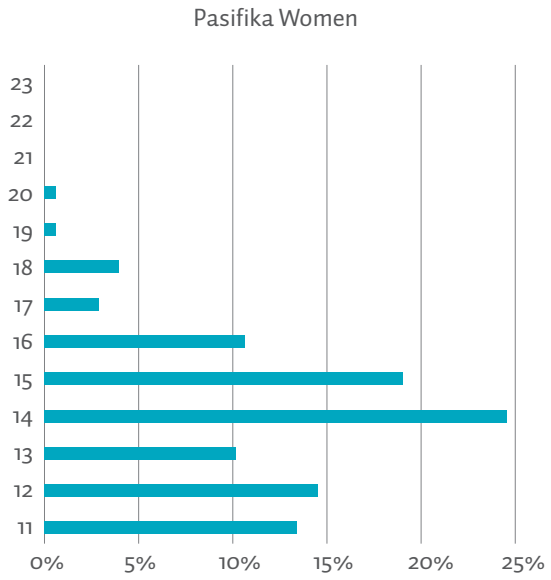
	2022 Median Gap	2023 Median Gap
All Māori 440	1.05 PERCENT	3.42 PERCENT
Māori Women 324	9.66 PERCENT	7.31 PERCENT
Māori Men 116	-9.69 PERCENT	-10.07 PERCENT

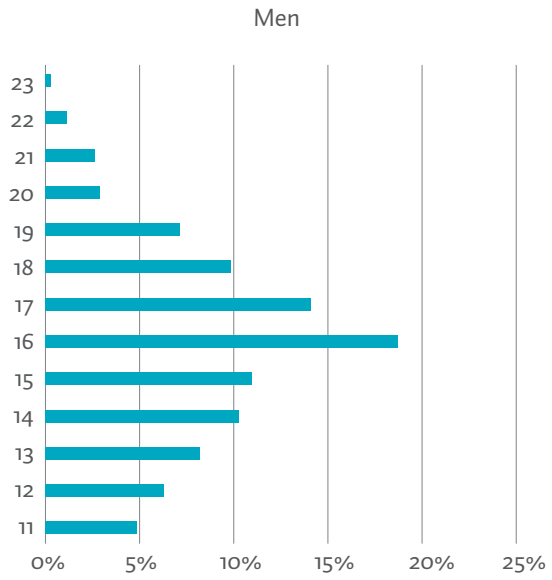
	2022 Median Gap	2023 Median Gap
All Pasifika 239	18.78 PERCENT	17.19 PERCENT
Pasifika Women 179	22.19 PERCENT	17.13 PERCENT
Pasifika Men 60	-3.45 PERCENT	-3.76 PERCENT

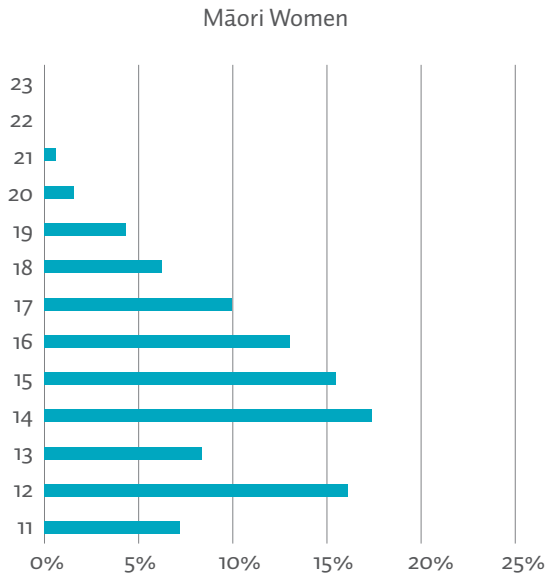
	2022 Median Gap	2023 Median Gap
All Asian 442	16.07 PERCENT	17.8 PERCENT
Asian Women 301	23.37 PERCENT	18.13 PERCENT
Asian Men 141	0.47 PERCENT	-2.76 PERCENT

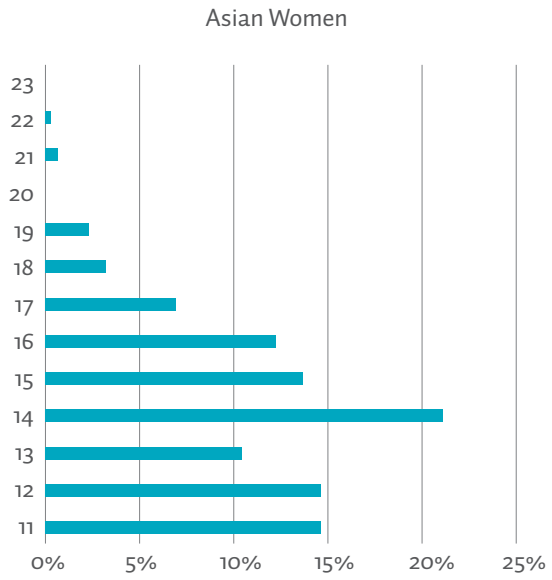
- Analysis of our pay data by ethnicity and gender finds that over the last year our efforts to reduce the pay gaps for Māori, Pasifika and Asian women (such as increasing the minimum payable threshold) have had a positive impact on lowering our pay gaps for these kaimahi.
- The large pay gaps for Asian and Pasifika women reflect workforce composition; Asian and Pasifika women are largely clustered in the lowest sized roles with limited representation in senior leadership.
- Māori, Pasifika and Asian men's pay has further increased in comparison to the organisational median. This is likely because of a generalised focus on ethnicity. The opportunity is now to focus on and tailor initiatives to address issues impacting the most marginalised within the group – in this case Māori, Pasifika and Asian women.
- In both the Māori and Asian cohorts, the overall median pay gap has increased, despite the gaps for men and women in these categories having decreased. This is partly because the populations against which each is compared is different. Māori men, for example, are compared to anyone not a Māori man, which includes Māori women and similarly Māori women are compared to anyone who is not a Māori woman. The very small sample size also causes volatility.

Organisational Composition | by Gender and Ethnicity









- 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 A: Data collation and measurement methodology

- For the primary information discussed in this report, ACC has used a single extract of employee data as of 18 August 2023 captured from our internal Human Resources Information System (n = 4,268). This includes any individual who is a permanent or fixed term employee whose role is covered by our standard salary bands. The data extract excludes casual employees, contractors and Investments Front Office staff.
- We have analysed employees (126) 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 individual 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 their total fixed remuneration package, which includes base salary and allowances, but not superannuation or higher duties allowances.

Appendix B: Data collation and measurement methodology

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.

Ethnicity and Disability Pay Gap Measurements

- Individual Identification – where a binary comparison is made then 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 in 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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