

Progress Update:

NZBS Gender and Ethnicity Pay Gap Review and Action Plan

March 2024

1) Introduction

In March 2023, the New Zealand Blood and Organ Service (NZBS) published its first Gender and Ethnicity Pay Gap Review and Action Plan. This progress report provides an update on activity over the past 12 months, highlighting improvements made as we work towards closing pay gaps across NZBS.

Our Reward and Remuneration Philosophy

NZBS is committed to providing fair and equitable pay to its employees. Our approach to Reward and Remuneration Philosophy is to meet fair and equitable pay requirements, by:

- Ensuring equitable remuneration for comparable work done
- Being aware of, and eliminating, potential bias (conscious or unconscious) when making employment, pay or promotional decisions or offering development opportunities
- Monitoring and reporting on pay so that we are able to understand and address any inequity and bias systematically and quickly
- Applying a diversity lens to current processes for setting or calibrating employee pay and rewards
- Establishing performance measures, which are objective and evidence-based.

Not only is equal pay and pay equity required by law¹, we believe it's the right thing to do. It supports improved employee attraction, recognition and retention; greater employee engagement and satisfaction; more diverse leadership leading to better quality decision making; and better organisational performance.

See Definitions at the end of this report for information on what the Ethnicity and Gender Pay Gaps are, how they are calculated and what factors contribute to these pay gaps in the workforce.

Data used for this progress report is effective as at **31 December 2023**. All employees at the data collection date are included in the pay calculations, with the exception of the CEO. Pay calculations are based on the Public Services Commission's Guidance on collecting, measuring and reporting pay, pay gaps and representation in the Public Service, August 2023.

2) NZBS Gender Pay Gap (GPG)

NZBS employs 877 permanent, fixed term and casual employees – the majority (74%) of which are female, while 26% are male and 0.3% are gender diverse².

Overall, the **NZBS GPG is 8.9%**³, down from 11.8% in March 2023 – almost a 25% improvement – and

¹ New Zealand law requires that women and men receive the same pay for doing the same or substantially similar work (Equal Pay), and for doing work that is different but of equal value (Pay Equity).

² Because gender diverse numbers are low, we are not able to include this meaningfully in our GPG analysis.

³ For this report, GPG is calculated by taking the average salary of men less the average salary of women, divided by the average salary of men. This is a standard measure, which is used internationally and is being used by employers in the Public Sector in New Zealand.

down from 12.6% in December 2022.

Gender	# of Employees	% of Population	Average Years of Service	Average Annual Salary	GPG
Female	649	74%	6.4	\$89,936	
Male	225	26%	5.6	\$98,695	
Gender Diverse	3	0.3%	1.0	-	
TOTAL	877		6.1	\$92,123	8.9%

Note: Average annual salary is not reported where there are less than 20 employees

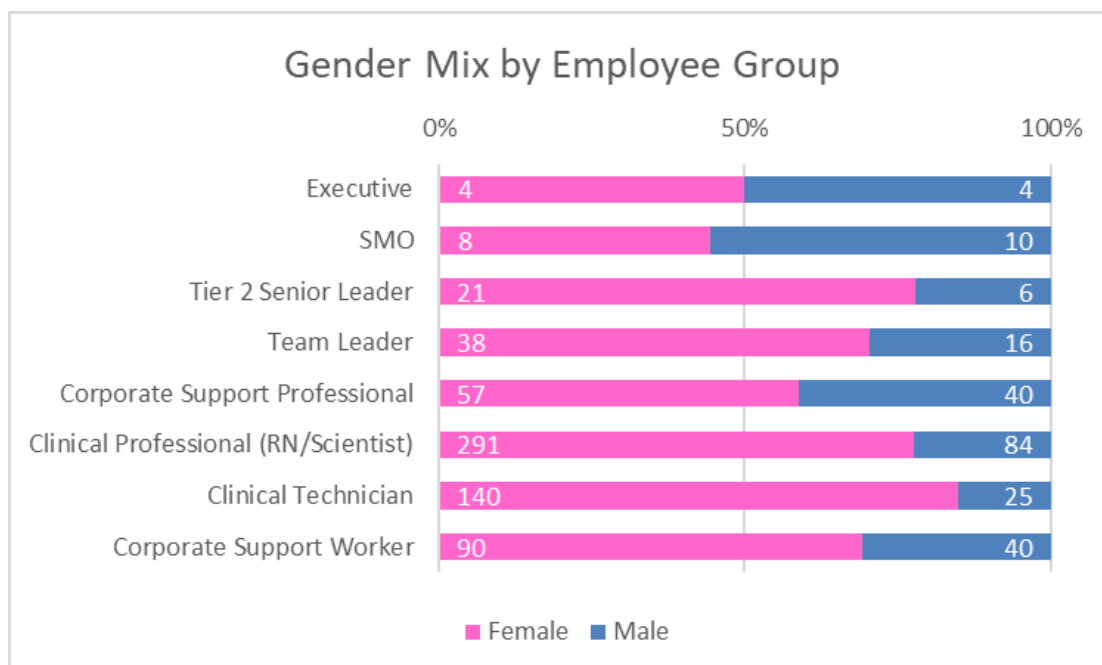
As most NZBS employees (75%) are employed on Collective Employment Agreements or on terms which are derived from Collective Employment Agreements, with the remaining 25% on Individual Employment Agreements, pay rates for a large majority of employees are driven by collective bargaining.

a) Breakdown of GPG

The following analysis breaks down our gender representation and GPG by employee group and ethnicity, with the intent of identifying where the largest gaps occur.

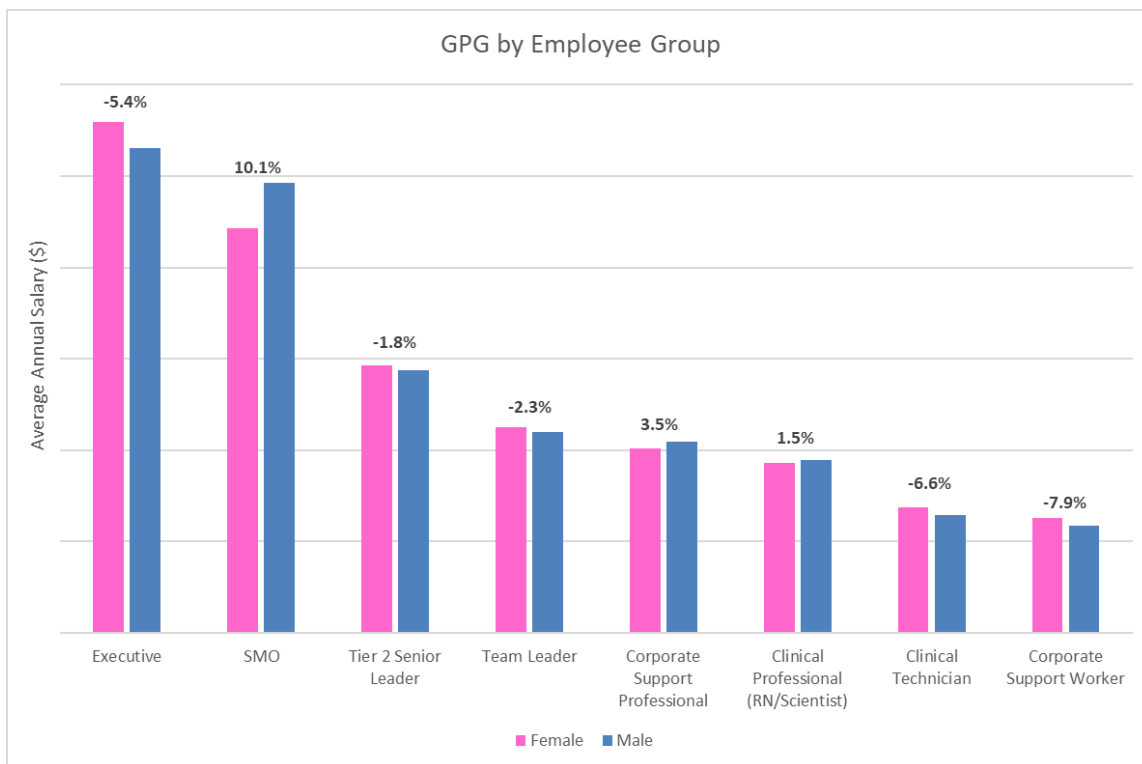
i) By Employee Group

The chart below shows the gender mix for eight occupational-based employee groups, from the highest paid group (Executive) to the lowest paid group (Corporate Support Worker). Roles in each employee group span across multiple directorates.



There are greater than 50% of females in all employee groups except for the two top tiers - the Executive and Senior Medical Officer (SMO) groups; and, greater than 70% of females in Tier 2 Senior Leader, Team Leader, Clinical Professional and Technician, and Corporate Support Worker roles.

The graph below compares average annual salary and the GPG by employee group.



Only one employee group has a gender pay gap that warrants further investigation – Senior Medical Doctors (SMO) at **10.1%**. The gender pay gap for Corporate Support Professionals (e.g. Supply Chain, IT, HR, Quality, Marketing) which was **6.8%** in 2023, has come down to 3.5%.

Five (up from three last year) employee groups – Executive, Tier 2 Senior Leader, Team Leader, Clinical Technician and Corporate Support Worker – have a negative percentage, meaning females in these employee groups are paid more on average than their male counterparts.

It is also worth mentioning the three employee groups with the lowest average annual salaries – the Clinical Professional, Clinical Technician and Corporate Support Worker –:

- Encompass 77% of the total employee population, of which almost 80% is female. This large proportion of female employees in lower paid roles is what contributes the MOST to the organisation-wide GPG of **8.9%**; and
- Are predominately (93%) covered by Collective Employment Agreements where the salaries are set by defined steps dependent on skills, experience, and tenure.

The NZNO bargaining settlement, paid in 2023, matched Te Whatu Ora pay equity rates and lifted the average salary for both Clinical Professional and Clinical Technician groups. The Clinical Technician average annual salary level increased enough that this employee group is no longer the lowest paid employee group at NZBS as it was in last year's report.⁴

ii) By Ethnicity

In this section, we look at the GPG by ethnicity as well as the ethnic pay gaps. Māori, Pacific Island and ethnic pay gaps are calculated using a similar formula to gender pay gaps. Ethnic pay gaps measure the percentage difference between the average annual salary for everyone in a specific ethnic group and all those in other ethnic groups.

⁴ This date at which the data was collected, NZBS was in bargaining on the APEX, PSA, and ASMS Collective Employment Agreements. The outcome of these awards will impact on analysis for the 2025 Report.

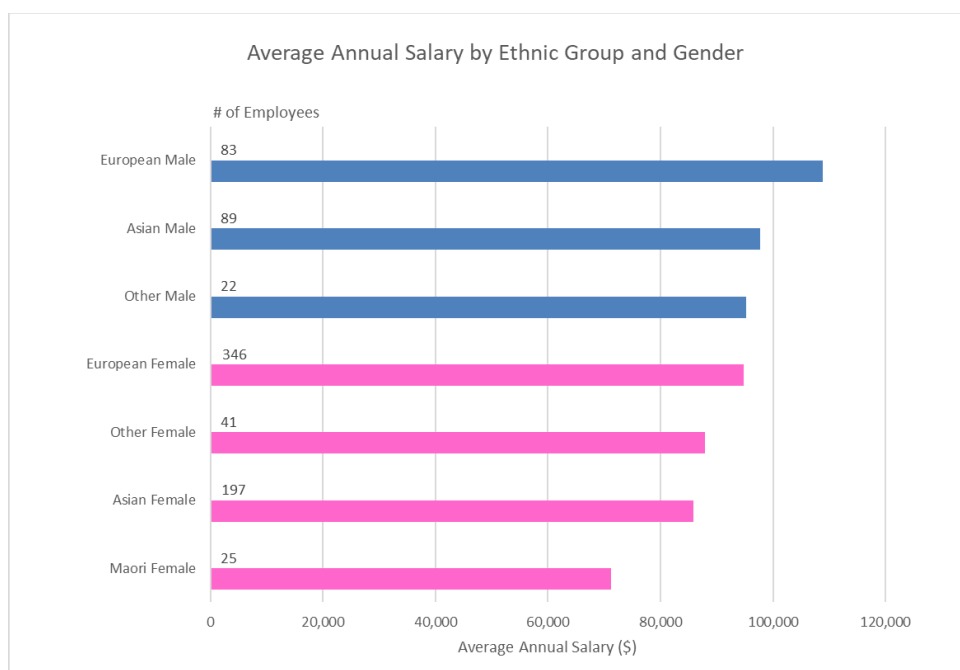
The table below, and accompanying graph, shows NZBS' ethnic mix and gender and ethnic pay gaps. For privacy and confidentiality purposes, reporting on gender or ethnic pay gaps are only provided for groups with at least 20 employees.

Ethnicity	# of Females	# of Males	Population		Gender Pay Gap by Ethnicity	Ethnic Pay Gap
			#	%		
European	346	83	431	47%	12.9%	-11.5%
Asian	197	89	287	31%	12.2%	3.7%
Other	41	22	63	7%	7.7%	2.3%
Māori	25	9	34	4%	-	12.0%
Pacific Island	14	7	21	2%	-	23.0%
MELAA (Middle Eastern/Latin American/African)	10	10	20	2%	-	5.3%
Not Stated/Refused	50	18	68	7%	4.0%	11.3%
TOTAL	683	238	924*			

Note: Ethnicity reporting uses both an employee's primary and secondary ethnicity where more than one has been provided. As a result, staff numbers by ethnicity may add up to more than the total number of staff. Also, 7% of employees have either not stated their ethnicity or refused to provide this information to NZBS.

The two largest ethnic groups are European and Asian which make up 47% and 31% of the employee population, respectively, totalling 78% of NZBS.

The European ethnic pay gap is negative which highlights Europeans are paid on average 11.5% more than non-Europeans. On the other end of the spectrum, the ethnic pay gap for Pacific Island employees shows this group earns 23% less than non-Pacific Island employees – the largest gap across all genders and ethnicities.



The GPG by ethnicity shows that in each ethnic group (where a GPG is able to be published) the GPG is greater than 5%. The highest earning and largest group of females are of European descent; they earn \$0.87 to every \$1.00 earned by European males, and earn less on average than any male ethnic group shown on the graph above.

The Pacific Island ethnic group, for both males and females, are the lowest paid group at NZBS overall. In addition, NZBS has a considerably small number of Māori, Pacific Island employees as a percent of total employees, particularly when compared to the broader New Zealand population.

Ethnic Group	% of Population	
	New Zealand*	NZBS
European	70%	47%
Māori	16.5%	4%
Asian	15%	31%
Pacific peoples	8%	2%
Middle Eastern/Latin American/African (MELAA)	1.5%	2%
Other Ethnicity	1%	7%

*Based on the NZ Census (2018). Total response ethnic groups have been used, where everyone is included in every ethnic group they identify with, so percentages will add to more than 100%.

3) Drivers of our Pay Gaps

Our analysis shows that NZBS' gender pay gap is influenced by its large female workforce (74%), most of whom are clustered in lower paid levels of the organisation, as compared to the male workforce who are distributed more in the higher paid specialist and managerial levels. This difference in where each gender population is distributed impacts the overall gender pay gap figure at NZBS.

While meeting many gender pay principles, such as having a gender-balanced executive team, our workforce makeup means changing the over-representation of females at the core lower-level roles such as our donor and lab technicians, nurses and medical laboratory scientists, will be challenging. The prevalence of females in these occupations is a pattern referred to as occupational segregation⁵ which is seen throughout the Public Sector and in the broader New Zealand market.

Occupational segregation is known to account for around 30 percent of New Zealand's gender pay gap as female-dominated occupations tend to be lower paid than those dominated by men. Occupational segregation leads to gender pay gaps, as female dominated roles such as nursing have generally been undervalued in traditional pay systems. This issue formed the basis for pay equity claims in New Zealand, and recent Te Whatu Ora pay equity settlements have made some headway towards rectifying the historic undervaluation of female dominated roles in our workforce.

We will further investigate gender pay gaps where male and female employees undertake the same or similar work (e.g. like-for-like jobs) as well as by career band, including work seen as delivering the same value. At these levels there are limited gender pay gap issues, however, we will work to remedy gaps wherever possible.

As for our ethnic and ethnic-gender pay gaps, these tend to be driven by both vertical and occupational segregation, as well as underrepresentation of certain ethnicities, particularly Māori and Pacific Island employees.

⁵ Occupational segregation refers to the tendency of men and women to work in occupations where at least 70 percent of workers are of the same gender.

Our analysis shows that:

- Europeans are over-represented in all people leader roles, including
 - 100% of Executives (8 out of 8, although 2 report Māori as a secondary ethnicity)
 - 89% of Tier 2 Senior Leaders (24 out of 27), and
 - 74% of Team Leaders (40 out of 54).
- Asian employees are highly represented vertically in all health/medical-related roles (from SMO through to clinical professional and down to technician).
- Māori and Pacific employees make up only 6% of NZBS’ total population and tend to hold roles in the lower levels of the organisation.

Our actions for 2024 will continue to push towards eliminating gender and ethnic pay gaps, and focus on identifying and addressing the drivers of our pay gaps.

4) Gender & Ethnic Pay Equity Actions for 2024

Our Gender & Ethnic Pay Equity Action Plan was developed in 2023. For the 2024, the following sets out key actions NZBS will take to make substantial progress towards eliminating our gender and ethnic pay gaps, preventing gender bias and ensuring our employment practices support fairness across all aspects of the employee lifecycle – including an understanding of starting salaries.

This represents a continuation of the work to reduce pay gaps. The plan also aligns to Public Service guidance on pay gap action planning.

Goals	Actions
<p>#1 Establish greater transparency</p>	<ul style="list-style-type: none"> • NZBS will publish our Reward and Remuneration Philosophy and our current GPG and action plan, along with specific actions/timelines with staff, to highlight our commitment to improving pay transparency (and how this improves pay equity). • We will continue to monitor progress toward reducing our gender (and ethnic) pay gaps and addressing the drivers, and report annually on gender and ethnicity pay gaps. • We will engage with our unions and staff to communicate on the work we are doing in responding to Gender and Ethnic Pay Gap and seek their input and ideas on further initiatives. • We will clearly communicate our commitment to gender/ethnic pay equity as part of our brand identity and culture across the range of communications (e.g. in our recruitment advertisements, media releases, annual reports etc).
<p>#2 Develop pay data analysis and reporting requirements</p>	<ul style="list-style-type: none"> • Monitor data, on those returning from career breaks and those that have had internal promotions or secondments. • Analyse the data based on gender and ethnicity to inform our career progression initiatives, including merit pay and earning and education opportunities. • Report regularly on new hire information for both pay gaps and diversity information. • Monitor and report on gender and diversity in our talent identification and talent development investments.

<p>#3 Close gender or ethnic pay gaps within like-for-like roles and ‘by career band’, ensuring equitable salaries are paid for comparable work</p>	<ul style="list-style-type: none"> • During 2024/25 identify unjustified pay inequities in like-for-like roles, build methodology and processes to rectify any pay gaps, and adjust salaries to ensure female salaries are in sync with male counterparts. • During 2024/25 identify unjustified GPG ‘by career band’ and build plan to rectify pay inequities. • Assess how to measure whether there are pay gaps in our independent contractor workforce.
<p>#4 Put Checks and Balances in place to support equitable pay-related decisions</p>	<ul style="list-style-type: none"> • Implement new guidance on starting salaries for same/similar roles to include: <ul style="list-style-type: none"> ○ Provide People Leaders with advice and guidance on using objective criteria to inform decisions in hiring and pay. ○ Embed the practice of gender (and ethnic) remuneration checks at offer stage. ○ Provide hiring People Leaders with data and insights to avoid gender (or ethnicity) being a factor in same or substantially similar jobs.
<p>#5 Use a more targeted approach in our recruitment and selection activity to support our diversity/ ethnicity targets and minimise bias in our people-related decision.</p>	<ul style="list-style-type: none"> • Review our sourcing and selection guidance and practices to ensure they are inclusive and have a focus on increasing representation. • Build a pipeline plan/candidate pool to increase representation in under-represented occupations/employee groups. • Upskill hiring managers on key aspects of attracting and valuing diversity when they recruit. • Conduct recruitment in a manner to impartially assess applicants and achieve improved selection for merit and diversity. • Begin publishing remuneration ranges on job advertisements by the start of the 2024/2025 financial year.
<p>#6 Educate People Leaders on conscious or unconscious bias, our gender and ethnic pay gaps, the drivers for change, and the action plan</p>	<ul style="list-style-type: none"> • Put a plan in place to provide all current and new People Leaders with bias training on an ongoing basis. • Develop a comprehensive learning programme to help People Leaders understand, recognise and address unconscious bias (considering all bias, not just gender) with modules designed to give our People Leaders the foundational information and tools to build a conscious and inclusive organisation.

Definitions

Equal Pay = When women and men receive the same pay for doing the same or substantially similar work.

Pay Equity = When women and men receive the same pay for doing work that may be different but of equal value. That is, jobs that require similar levels of skills, experience, responsibility, and effort.

Pay Parity = When women and men receive the same pay for the same job, across different workplaces/employers.

Pay Discrimination = The practice of paying people differently (whether intentionally or not) for the same or substantially similar work because of sex (which includes gender, gender identity, sexual orientation, and pregnancy), race, ethnicity, disability, or age.

Gender Pay Gap = A high-level indicator of the difference between women and men's earnings, which compares the average earnings of women and men across all roles and levels of the organisation, expressed as a percentage of the average earnings of men. The following formula highlights how the gender pay gap is determined:

$$\text{GPG} = \frac{(\text{Male Average Annual Salary} - \text{Female Average Annual Salary})}{\text{Male Average Annual Salary}} \times 100\%$$

If females are paid more than males, the gender pay gap figure is shown as a negative percentage (-%). If females and males receive the same pay, the gender pay gap is zero. So, if males receive twice as much pay as females, the gender pay gap would be 50%.

Pay gaps of 5% or greater are considered to be worthy of further investigation. These are clearly marked in **RED** throughout the report.

International research provides general examples of organisational behaviours, which create gender bias and factors that contribute to gender pay gaps in the workforce include:

- undervaluing work predominantly or exclusively performed by women
- men (on average) receiving higher starting pay, variable pay (bonus/incentives), pay increases, and/or performance ratings
- disproportionately slower career or pay progression for those who take caregiving breaks, or who work part-time or flexibly
- more men at higher levels and more women at lower levels of an organisation
- more men in higher-paid occupations and more women in lower-paid occupations.

Gender pay gaps can be analysed in different ways, including:

- Organisation-wide Gender Pay Gap: The difference in pay between all men and all women across all roles and levels of the organisation.
- By-level Gender Pay Gap: The difference in pay between men and women in groups or levels in an organisation, such as tiers, departments, career bands, groups, or occupations such as managers. This determines whether or not both are being paid similarly for performing roles with similar levels of responsibility, or at similar levels within the organisation. This also highlights whether females and males are concentrated at different levels of the organisation (vertical segregation).
- Like-for-like Job Gender Pay Gap: The difference in pay for men and women doing the same work or substantially similar work.

Ethnic Pay Gap = A measure of the percentage difference between the average annual earnings for everyone in a specific ethnic group and the average annual earnings of all other ethnic groups. The following formula highlights how the gap is derived:

Example: Maori Pay Gap

$$\frac{\text{Average Annual Salary for non-Māori} - (\text{minus}) \text{Average Annual Salary for Māori}}{\text{Average Annual Salary for non-Māori}} \times 100\%$$

A measure of the percentage difference between the average annual earnings for everyone in a specific ethnic group and the average annual earnings of European employees. The following formula highlights how the gap is determined:

$$\text{Ethnic Pay Gap} = \frac{(\text{Male Average Annual Salary} - \text{Female Average Annual Salary})}{\text{Male Average Annual Salary}} \times 100\%$$