

Our Progress in 2019

Equal Pay

We commenced analysis of starting salaries in March 2019, to highlight any anomalies or gaps. We continue our work to build up our data set to enable comparisons and identify any trends of concern. Our initial analysis looking at average salaries across the combination of gender and ethnicity, highlighted the opportunity for further analysis to be undertaken. Planning for our review of like for like roles has begun, with the review to be undertaken in 2020.

Flexible Work

In Feb. 2020 we released flexible work guidance to inform and support our managers and employees when engaging in conversations about flexible work. We participated in the Public Sector flexible work workshops to build cross agency practice and guidance. We developed a case study of a frontline service centre where client-facing staff are trialling flexible start and finish times and compressed working weeks, and are monitoring this to inform MSD's flexible work approach.

Gender Balanced Leadership

We increased female representation at Tier 2 and 3 from 47% to 49% since March 2019, increasing from 37 to 41 female leaders. We commenced monitoring of executive appointments, promotion processes and decisions in connection with MSD's Talent and Succession Management programme.

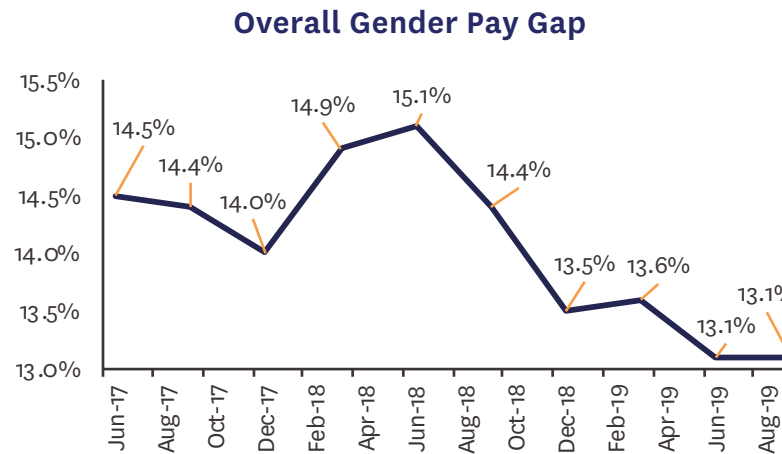
People Practices

We targeted funding in the 2019 Performance Review for Managers and Senior Specialists on those low in range, of which females made up more than two-thirds. Prior to this, 60% of the 43 people below 85% of their respective remuneration range were female. This number reduced to eight managers, two of which were female. In the Te Aratitia Leadership programme we commenced CV and Interview Skills workshops for our Māori and Pacific people to help them prepare for future job opportunities or promotions. We developed Guiding Principles for our remuneration framework referencing "fair recognition for all our people...equitably recognising the value and sustained contribution of all our people, regardless of personal characteristics such as gender, ethnicity or age".

Diversity and Inclusion

We established a Diversity and Inclusion Steering Group in February 2019, made up of employees with diverse backgrounds and experiences from across MSD, including three PSA representatives. The Steering Group meets every 6-8 weeks to guide and steer the Diversity and Inclusion work programme.

Snapshot as at Sept. 2019



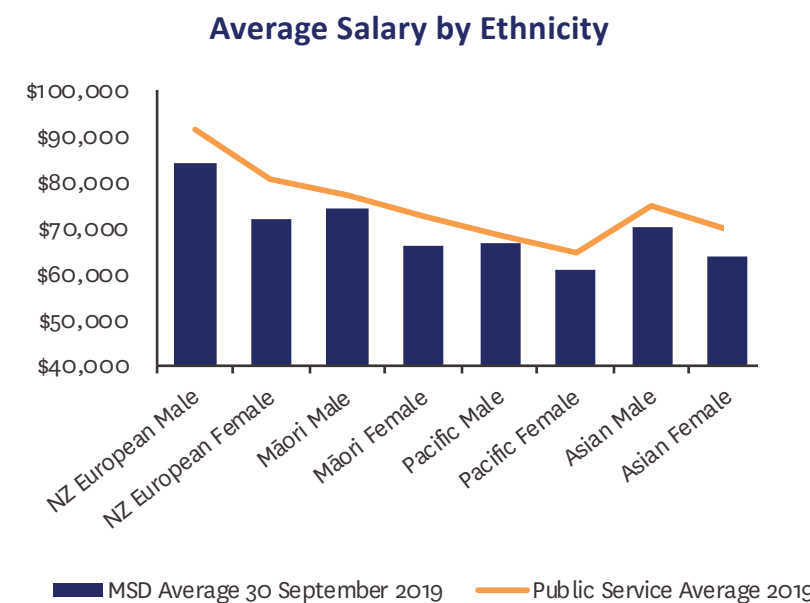
The key driver for MSD's overall Gender Pay Gap is vertical and occupational segregation. Segregation refers to the clustering of female and male workers in particular occupations.

MSD employs a high percentage of women (70%) but they are clustered in the lower paying levels of the organisation.

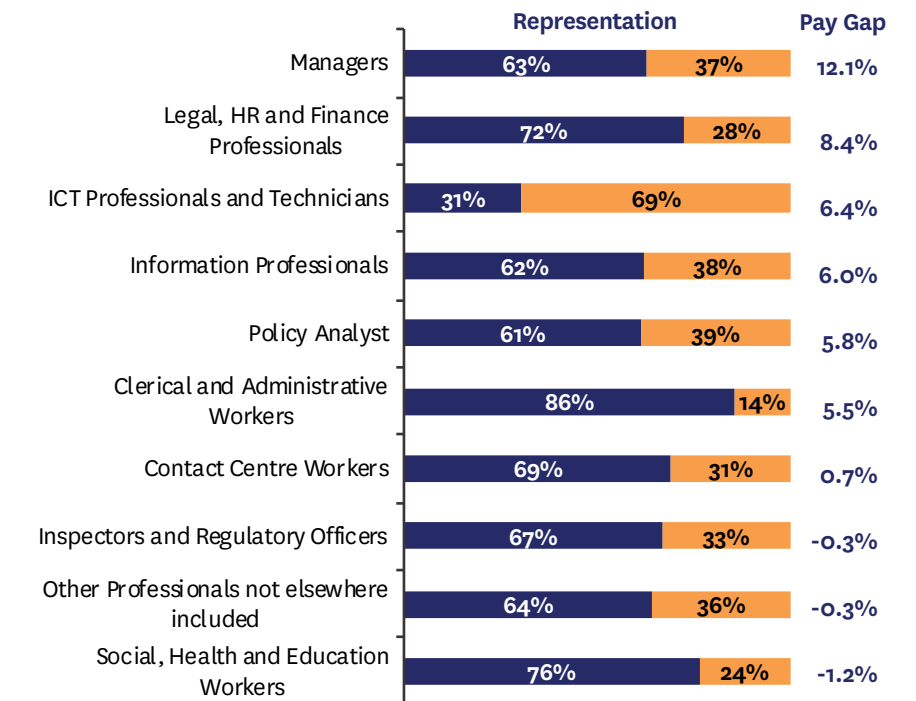
At the higher levels of the organisation, the proportion of women reduces to around 50%.

The occupation groups with the highest gender pay gaps are Managers and professional groups.

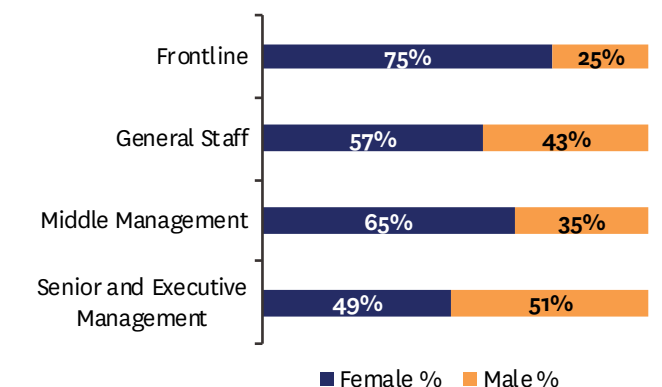
The occupation groups with the lowest gender pay gaps include the Contact Centre Workers and Social, Health and Educational Workers. These are MSD's two main occupations and are also two of the lowest paid groups.



Gender Representation and Pay Gap by Occupational Group



Gender Representation by Level



Our aim for the 2020 Action Plan is to build on progress made in 2019 to further eliminate the gender pay gap. We will target our actions towards specific groups who are disadvantaged to support career growth, progression and wellbeing of all our employees. We will align all our actions to Te Pae Tawhiti, Te Pae Tata and Pacific Prosperity.

Our Focus Areas

Our Actions

Equal Pay

We will ensure all employees are recognised and rewarded with an initial focus on ensuring fairness regardless of gender, age or ethnicity.

- Complete a line-by-line review of remuneration by the end of 2020 and take steps to rectify any anomalies.
- Investigate the combination of both ethnic and gender pay gaps specifically for Māori and Pacific, understand the drivers and align actions to address the drivers.
- Review and define what numbers are included in 'other' ethnicities and consider how to represent these when reporting on the ethnic pay gaps.
- Investigate data collection to provide more meaningful measurements and drill down into specific areas such as Māori, Pacific, people with disabilities, other ethnicities and other factors impacting on equal pay.

Flexible Work

We will support the uptake of flexible work options across MSD, becoming a 'flexible by default' agency.

- Engage with managers and employees to build awareness and understanding of flexible working options and the benefits.
- Define what flexible looks like at MSD and the options available for different roles, operating environments and those with different needs.
- Release guidance and resources to support employees and managers to have open and constructive conversations about flexible work.
- Leverage our employee networks to identify the key enablers that support and encourage uptake of flexible working, and the barriers that limit it, and use this information to support our work programme.
- Investigate system enhancements to monitor and record flexible working arrangements across MSD.

Gender Balanced Leadership through Development

We will maintain and improve a minimum of 50% of women in the top three tiers, through targeted development programmes and supports.

- Pilot a Women's Network Mentoring Programme and evaluate the programme at the six-month completion.
- Update talent and succession guidelines, tools and resources to support development and career conversations for the progression of Māori, Pacific and Asian women.
- Implement a Pacific Mentoring Programme and include an evaluation component.
- Design a pilot leadership programme incorporating Te Ao Māori as a core component.
- Make applications/nomination processes for development awards and programmes more attractive and attainable to Māori, Pacific and Asian women (eg introducing non-traditional approaches to cater for different cultures).
- Achieve gender balance in middle management levels by aligning leadership programmes to cohorts of leaders.

Our Focus Areas

Our Actions

People Practices

We will ensure there is no bias or discrimination in our people practices.

- Ensure any new remuneration framework removes bias and supports an environment free from gender-based inequalities. Leverage the transition to a new framework to address known anomalies and avoid further drivers of the gap.
- Utilise the refresh of our recruitment policy to minimise potential for bias and remind hiring managers that recruitment panels must demonstrate diversity of thinking, gender, ethnicity and our commitment to Māori.
- Develop and agree wording for all recruitment advertisements to show our commitment to be a diverse and inclusive organisation.
- Investigate myHR to see how those on extended leave can access internal job opportunities.
- Investigate the implications of people going on parental leave in relation to remuneration, performance and progression.

Diversity and Inclusion

We will meet the needs and aspirations of all our people, so they can thrive.

- Develop a reasonable accommodation guideline, communications plan and access to available resources to support participation equally in the workplace.
- Consult regularly and early with the Diversity and Inclusion Steering Group on programmes and initiatives from across MSD to help drive the understanding and acceptance of the benefits of creating a diverse and inclusive working environment.
- Include diversity and inclusion capabilities into the development of a Capability Framework to embed an inclusive work culture.
- Leverage insights and experiences of employee networks to strengthen existing initiatives such as the Positive and Inclusive Workplaces to build a sense of belonging at work.
- Partner with CarersNZ to provide additional support and resources to those that have carer responsibilities to become a 'care friendly' organisation.

Reporting and Communication

We will be open and transparent about our progress, and seek feedback and ideas from our diverse workforce.

- Provide six-monthly updates to the Organisational Health Committee and the Leadership Team on our progress.
- Update and enhance the information on the intranet regarding the Gender Pay Gap and our remuneration approach, to help increase the understanding of our managers and employees.
- Continue quarterly reporting included as part of Human Resources reporting.
- Develop a Communications Plan including publishing the action plan internally and externally and providing regular reporting of progress internally as an opportunity to share the progress being made.
- Continue to meet quarterly and to progress the actions identified as part of the Action Plan using the High Performance and High Engagement principles.
- Provide updates to the Diversity and Inclusion Steering groups at their regular meetings.