



DIVERSITY
COUNCIL
AUSTRALIA



THE GENDER PAY GAP



16.2% GENDER PAY GAP

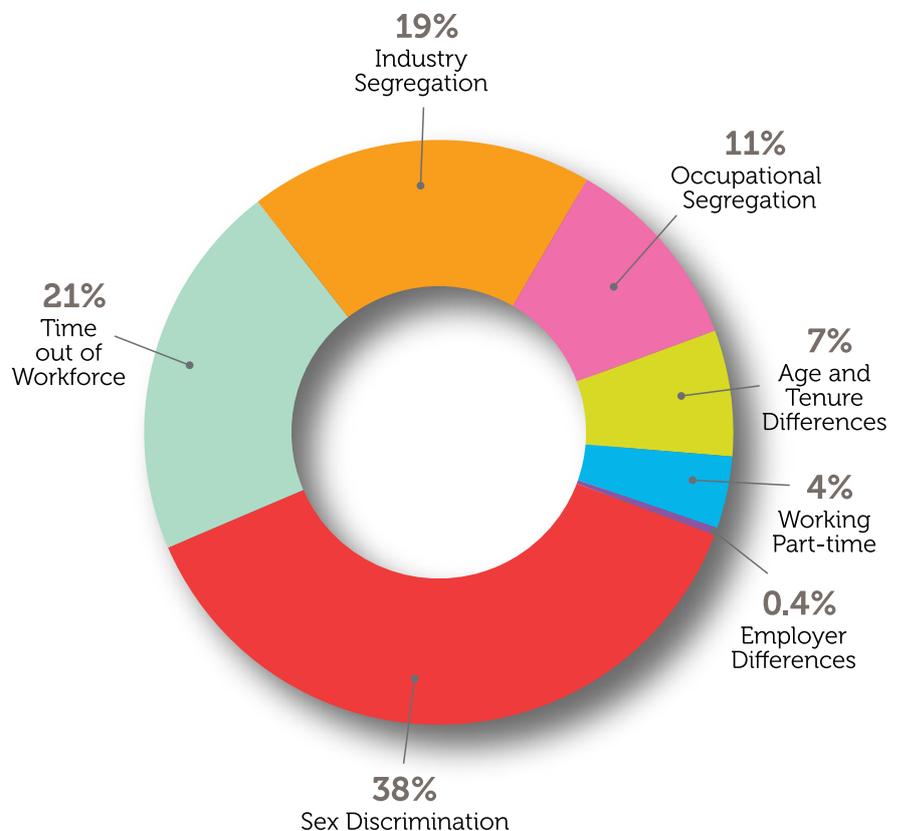
(Difference between average full-time earnings of men and women)

But remember! The GPG is even higher when it is calculated by looking at both full-time and part-time wages, as more women work part-time than men.

Why does the Gender Pay Gap exist?

The reasons for the gender pay gap (GPG) are complex and multi-faceted. To help us understand why women are still earning less than men and what we can do about it, KPMG prepared an updated version of their detailed economic analysis of the factors that underpin the pay gap in Australia.

That report, prepared for Diversity Council Australia and the Workplace Gender Equality Agency, showed that the following factors all contribute to the GPG.



SEX DISCRIMINATION

38% of GPG explained by Sex Discrimination



What does it mean?

Women are paid less than men simply because they are women.

What can organisations do?

TAL closed their gender pay gap through a three-year comprehensive process including:

- Understanding where the gaps exist and why,
- Securing senior leadership commitment,

- Measuring and reporting regularly to our executive team and board,
- Changing processes and procedures which perpetuate gaps, and
- Raising awareness through education in unconscious bias, inclusive leadership and a Reverse Mentoring program which enables executives to understand what life is like at TAL from a female perspective.

YEARS OUT

21% of GPG explained by Length of Time Out of Workforce



What does it mean?

For men, work interruptions are primarily due to unemployment. But for women, time out of the workforce is usually because of parental leave, caring for young children or other family members, and overall this time out is much greater than for men.

What can organisations do?

Superannuation is calculated on time spent in employment, and women typically take time out of the workforce to have children, but also return to work in ways that may reduce their contributions to superannuation, for example, through part-time or

contract work. This means they are disadvantaged at retirement, with much lower superannuation balances than men. Since December 2015, ANZ has been paying an additional annual \$500 lump sum contribution to permanent and fixed term female employees in Australia. In addition, from 1 October 2015 we will have extended the period for which we continue to pay superannuation in Australia during the unpaid portion of parental leave, and we have changed our Long Service Leave policy to reflect continuity of service up to 24 months for employees in Australia.

INDUSTRY

19% of GPG explained by Segregation by Industry



What does it mean?

Men are more likely to be employed in industries like mining and construction while women account for more than 80 per cent of those working in health and community services which have lower rates of pay than male-dominated industries. The impact of industrial segregation has almost doubled over the past seven years, suggesting that there needs to be a concerted effort by business, government and the community to address this aspect of the wage gap.

What can organisations do?

AECOM has set a target for a 50/50 gender split of graduates. While noting that the target could be hard to achieve due to the lower number of female students attending university in some areas of STEM, AECOM are sharpening their strategic approach including developing relationships with university societies and hosting events for women in STEM.

OCCUPATION



11% of GPG explained Occupational Segregation

What does it mean?

The different roles in which women and men work (for example HR or CFOs) are compensated differently, with men more likely to be in higher paying roles. The impact of occupational segregation has decreased over the past seven years, which is good news and suggests that programs to improve women's representation in a range of previously male dominated occupations may be starting to have an effect.

What can organisations do?

Since 2007 K&L Gates has had a strategy to improve the number of female partners. In the first year of the strategy the firm saw an increase in the number of partners from 19% to 22%. In 2016, the number of partnerships awarded to women was 50%.

EXPERIENCE / TENURE



7% of GPG explained by Age and Tenure Differences (6%, 1% respectively)

What does it mean?

Studies have shown that the longer people are employed, the more well paid they tend to be.

What can organisations do?

Caltex knows that the organisation benefits from experienced and skilled employees who can continue to contribute to the organisation's success.

Recognising that the organisation was losing skilled staff to a low return to work rate after parental leave, Caltex put in place the BabyCare package which offers a 3% bonus each quarter to the primary carer up until the baby's second birthday. This has led to a 25% increase on staff transitioning back to work.

PART-TIME WORK



4% of GPG explained by working part-time

What does it mean?

Women who work part-time have significantly lower wages than women employed on a full-time basis. And the fact that significantly more women than men are employed part-time means this had a significant effect on the overall gender pay gap. There has been a significant decrease in the impact of

part-time employment on the gender pay gap over the past seven years. It has actually declined from 14% to 4%, in part because of an increase in higher paid part-time roles for women. This is good news as means that much of the hard work that has been done on improving flexible work options is starting to pay off.

GOVERNMENT AND NGOS



0.4% of GPG explained by women working in government or NGOs

What does it mean?

More women work at NGOs and for the government where overall wages are lower than in parts of corporate Australia.



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