

# Policy and strategy guidance: Equal remuneration between women and men

## Disclaimer:

*The ideas and suggestions contained within this guide are used or adopted entirely at the discretion and own risk of employers. The Workplace Gender Equality Agency cannot accept any responsibility or liability for outcomes resulting from the use of this document, either directly or indirectly.*

## About this guide

This guide refers to [Gender Equality Indicator \(GEI\) 3: Equal remuneration between women and men](#). The GEIs represent the key areas where workplace gender inequality persists and where progress towards gender equality can be achieved through focused action. This guide is designed to help employers develop an equal remuneration policy that supports gender equality in the workplace.

Please see WGEA's [Reporting Guide](#) for general information on what are considered policies and strategies.

## Key terms

### Gender pay gap

A gender pay gap is the difference in average earnings between women and men in the workforce, expressed as a percentage of men's average earnings. It is not the same as 'equal pay' (below). A gender pay gap reflects how we value the contribution of each gender in the workforce and is a useful metric to measure and track gender equality across a nation, industry or within an organisation.

### Equal pay

In Australia, under the [Fair Work Act 2009](#), employers must pay women and men equally for 'work of equal or comparable value'. This is known as 'equal pay', and means that:

- men and women performing the same work are paid the same amount
- men and women performing different work of equal or comparable value are paid the same amount.

Equal pay between women and men is not just about salaries but, rather, equality of total remuneration (wages, plus discretionary pay and superannuation).

## Why is equal remuneration important for workplace gender equality?

Gender pay inequality is a lifelong issue and has a compounding effect on women's earning capacity over their lifetime. It means that women accumulate less money for retirement, and are disproportionally affected by the rising cost of living. A gender pay gap is a measurable representation of that inequality. Gender pay gaps are the consequence of the many disadvantages women face in the workplace and reflect the way women's and men's contributions are valued in the workplace.

Employers can have a gender pay gap even when salaries are set under awards or market rates. For example, conscious and unconscious bias could prevent women from being promoted to management, into higher pay bands or recruited into companies in the first place. Employer gender pay gaps may also be a result of women's under-representation in full-time roles and of occupational and industrial gender segregation. Structural issues related to women taking on the majority of unpaid care work (such as childcare and domestic labour), and the unavailability of flexible or part-time work for men can also inhibit women's workforce participation and progression and contribute to the gender pay gap.

## Why is equal remuneration beneficial to organisations?

Remuneration is an important method for reinforcing organisational culture and promoting the right behaviours while also supporting the achievement of the organisation's strategic objectives. The Fair Work Ombudsman states that a best practice to approaching gender pay equity can lead to benefits such as:

- attracting quality staff
- better organisational performance
- retaining staff and reducing turnover costs
- meeting legal obligations and minimising legal risks
- accessing new markets
- building a reputation as an Employer of Choice

Employers who have larger gender pay gaps than their competitors may be at risk of deterring women from applying for roles and reducing women employees' motivation. They may suffer damage to their reputation if they do not take action to reduce their gender pay gaps<sup>1</sup>.

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<sup>1</sup> Employers who analyse the drivers of their gender pay gaps, monitor their gaps and take action to address them are more successful in reducing their gaps. To understand what could be driving your organisation's gender pay gap, use WGEA's Gender Pay Gap Analysis Guide.

# Equal remuneration policy and strategy inclusions

The below table lists potential policy inclusions by topics relevant to an equal remuneration policy.

Topic	Inclusions
<b>Remuneration objectives</b>	<ul style="list-style-type: none"> <li>→ The gender equality objectives the organisation wants to achieve through its remuneration strategy, such as:               <ul style="list-style-type: none"> <li>○ remediate instances of unequal pay</li> <li>○ reduce or eliminate gender pay gaps</li> <li>○ implement pay scale/salary band transparency</li> <li>○ make managers accountable for pay equity outcomes (e.g. KPIs)</li> </ul> </li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>→ Requirement of the organisation to undertake a <u>gender pay gap analysis</u> annually to uncover causes of gender pay gaps</li> <li>→ Requirement of the organisation to report progress towards decreasing the organisation's gender pay gap to the governing body</li> <li>→ Responsibility of managers to be accountable for pay equity outcomes</li> <li>→ Set and make progress against a numeric target for the reduction of the gender pay gap</li> </ul>
<b>Remuneration structure</b>	<ul style="list-style-type: none"> <li>→ Requirement for pay scales and/or salary bands to be visible to employees</li> <li>→ Processes for determining pay, such as:               <ul style="list-style-type: none"> <li>○ base salary or salary range for each position or job type</li> <li>○ how pay rises and additional benefits are granted</li> <li>○ the legal obligation of equal pay for equal work</li> <li>○ process for determining remuneration at commencement, promotion, and lateral transfer</li> </ul> </li> <li>→ Requirement for the reasons for higher than range commencement salaries to be documented</li> <li>→ Non-salary employment benefits that support inclusive and equitable workplaces, such as flexible working arrangements and individual employee training allowances</li> <li>→ Processes for raising pay complaints and correcting pay inequalities</li> </ul>

	<ul style="list-style-type: none"> <li>→ Clear criteria for attraction and retention payments, bonuses, and other forms of discretionary pay.</li> </ul>
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>→ Responsibilities of recruiters, Human Resources professionals or hiring managers to adhere to the organisation's established pay structure<sup>2</sup>, including not negotiating</li> <li>→ Requirement that candidates are not asked for salary history or salary expectations during negotiation process (pricing the role during job design, instead of pricing the individual)</li> <li>→ Requirements for job advertisements, such as: <ul style="list-style-type: none"> <li>○ listing salaries (or pay scales and/or salary bands) in job advertisements</li> <li>○ listing salaries as non-negotiable and not differing by gender<sup>3</sup></li> </ul> </li> </ul>
<b>Performance Management Processes</b>	<ul style="list-style-type: none"> <li>→ Processes and criteria for making reward decisions, including referencing key performance indicators (KPIs) and success factors for performance-based pay</li> <li>→ Responsibilities of managers to assess all employees performance against agreed KPIs</li> <li>→ Clear process for including employees on parental leave in annual salary reviews</li> </ul>

## Better practice in equal remuneration

Fair Work recommends that organisations should [review their pay data and practices](#) as part of addressing gender pay equity. A **gender pay gap analysis** is the first critical step in narrowing the gap.

A [gender pay gap analysis](#) can help an organisation:

- understand the size of the gender pay gaps<sup>4</sup>
- uncover the most common drivers of gender pay gaps
- take effective action to address these gaps.

Employers who hold the Employer of Choice for Gender Equality (EOCGE)<sup>5</sup> citation, complete a gender pay gap analysis of their whole workforce, annually.

<sup>2</sup> This can help avoid pay being affected by competitors' salaries or past salaries, both of which can perpetuate historic gender pay gaps.

<sup>3</sup> Salary negotiation is a process which has always [disadvantaged people who are in minority group](#).

<sup>4</sup> For more information on how to calculate your gender pay gap visit [Calculating gender pay gaps \(GPG\) | WGEA](#)

<sup>5</sup> To learn more about how organisations can make an active commitment to workplace gender equality, and to become a WGEA Employer of Choice for Gender Equality, visit the Employer of Choice citation program's [application page](#).