Australian Government | Workplace Gender Equality Agency

Private Sector Employer Gender Pay Gap Technical Guide

2024

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Background

In March 2023, the Australian Government passed the *Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023*. As part of these legislative reforms, WGEA published private sector employer gender pays gap for the first time in February 2024. From 2025, WGEA will publish gender pay gaps for relevant private sector employers[1], showing the average and median gender pay gaps, as well as the gender composition of the workforce and average total remuneration by pay quartiles.

The gender pay gap is a good measure of gender inequality. It is driven by both pay and workforce composition and is influenced by a range of social and economic factors. Closing the gender pay gap is important not only for Australia's economic future but will lead to a more equal and fair society overall.

You can find further information on understanding the gender pay gap and the factors that influence it via the WGEA website.

[1] A relevant employer is private sector employer, higher education employer or commonwealth company or entity that is an employer of 100 or more employees in total in Australia.

How is a gender pay gap calculated?

Employer gender pay gaps are calculated as the difference between the average or median pay for women and men, expressed as a percentage of men's average or median pay. The remuneration data used for calculating gender pay gaps is reported by employers to WGEA as part of their annual Gender Equality Reporting requirement.

$$\frac{\text{(Average/median remuneration of men – Average/median remuneration of women)}}{\text{Average/median remuneration of men}} \times 100$$

Average vs. median employer gender pay gaps

There are two types of methods for aggregating employee salaries used when reporting employer gender pay gaps, an average and a median:

- Average: is calculated by adding up a list of employees' wages and dividing by the number of employees in the list.
- Median: the middle figure in a list of employees' wages when the list is ordered from smallest to largest. If the number of employees is an even number, the median is the average of the two middle values.

The difference between the average and the median can reveal important information about drivers of the gender pay gap for an employer:

- An average employer gender pay gap *higher* than the median means that having more men in high-income roles is driving the gender pay gap in favour of men.
- An average employer gender pay gap *lower* than the median means that having more women in lower-paying roles is driving the gender pay gap in favour of men

Annualised and full-time equivalent amounts

All employees' remuneration (including part-time and casual employees) is converted and reported as the annualised and full-time equivalent earning amount.

- This means that the employee's pay will be the amount they would have earned if they worked for a full year and/or full-time.
- By doing this conversion it ensures there can be a standard comparison within and between employers of full-time, part-time employees and casual employees, as well as those who may only work for part of a year.

- If an employee is employed full-time[2] for the whole 12-month reporting period, no conversion is required and the employee's actual earnings are reported.

Detailed examples of how to annualise different employee's remuneration (such as those who work irregular hours) are available in WGEA's reporting guide.

Why not use hourly pay?

Unlike other countries, such as the UK and Canada, WGEA does not present gender pay gaps by hourly wages. Instead, an employee's remuneration is annualised to full-time equivalent pay. This annualisation is important to get a full picture of an employer's gender pay gap as well as address the gender disparities that exist in types of employment, as women are more likely to work in part-time roles within an organisation.

- Using an employee's earnings across a 12-month period and splitting these amounts between base salary and total remuneration provides more insight into where pay inequality is occurring.

Why does WGEA focus on total remuneration?

A gender pay gap calculated with total remuneration is more relevant and accurate as it takes into account employment practices that may be gendered, for example, allocation of bonuses, performance loading or higher duties opportunities.

What types of gender pay gap are published?

WGEA publishes employer gender pay gaps using both total remuneration and base salary of employees, using both an average and median. This differs to countries, such as the UK, which require employers to calculate and submit their own employer gender pay gaps.[3]

WGEA publishes gender pay gaps of all relevant employers, including standalone companies, corporate groups and relevant employer subsidiaries of a corporate group.

A corporate group, also known as a *Corporate Structure*, is a group of legal entities (subsidiaries) controlled by a parent entity. Both corporate group gender pay gaps, and all relevant employer gender pay gaps within that corporate group, will be published by WGEA.

Base salary

The base salary of an employee is their actual pay before tax expressed as the annualised and full-time equivalent amounts. This includes:

- Wages/salary payment
- Annual leave, leave loading and long service leave
- Carer/sick leave
- Employer funded parental leave

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[2] Full-time is defined as an employee engaged to work the minimum number of hours a week that an employer classifies as full-time, which can differ organisation to organisation. Often, full-time is defined as 37.5, 38 or 40 hours a week.

[3] Further details on the UK employer gender pay gap calculations are available here.

- Penalty rates/shift loadings that are paid as part of a casual, permanent or fixed-term employee's ordinary hours (not including overtime payments)
- Salary sacrificed amounts
- Workers compensation.

Total remuneration

Total remuneration is the full earning capacity of an employee. It is the sum of three types of payments to employees: their base salary (converted to full year, full-time equivalent pay), their fixed remuneration payments and other pro-rata payments that have also been annualised and converted to full-time equivalent pay.

When reporting total remuneration of an employee, this includes payments such as:

- Their entire base salary (annualised and full-time equivalent)
- Allowances
- Bonus pay
- Cashed-out annual leave
- Company car payments
- Discretionary pay
- Overtime
- Non-financial benefits (gym memberships, counselling etc.)
- Sales commissions
- Superannuation
- Any other payments made to the employee in cash or any other forms.

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From 2025, WGEA will publish both average and median employer gender pay gaps.

This is because the reporting of CEO salaries was not required until 2023-2024 reporting.

- CEO remuneration is often much higher than other employees' salaries and the position of CEO is also predominantly held by men.
- Therefore, CEO salary will have a significant effect on an employer's average gender pay gap. In contrast, a median gender pay gap is not as heavily impacted by outliers, such as CEO remuneration.
- You may find that with the inclusion of CEO remuneration, your organisation's average pay gap has changed considerably compared to previous years.

What data is included in the calculation?

Snapshot date

Employers use a snapshot date when populating their file with employees as part of their annual Gender Equality Reporting.

- Employer must choose one single date in a 12-month period as a census, any employee employed as at that specific date is included on the file submitted to WGEA.
- The earnings reported for each employee are based on what they have been paid for the 12 months preceding the snapshot date (expressed as the employees annualised and full-time equivalent earnings).

Based on the most recent reporting program (2022-23), approximately 75% of employers use a snapshot date of 31 March. This date is most popular as it coincides with the end of the WGEA reporting period, which runs from 1 April to 31 March each year. However, employers do choose other snapshot dates, with about 10% of employers electing to choose the end of financial year (June).

Inclusions and exclusions in employer gender pay gap calculations

Employers are asked to report on the remuneration of the following types of employees, which contribute to gender pay gap calculations:

- All employees employed at an organisation on the snapshot date, regardless of if they have since left
- All employees who work for an organisation in Australia, including foreign nationals and expatriates
- Employees who are currently on parental leave (paid or unpaid) or extended leave
- Partners who receive part of their earnings as a salary
- Casual or sessional workers
- Trainees
- Apprentices and graduates.

Some data is excluded from WGEA's gender pay gap calculations. These exclusions have changed from 2022-23 to 2023-24. The below table provides and overview of data points that have historically been excluded and any changes to these exclusion rules.

Data points	2022-23 GPG calculation	2023-24 GPG calculation	Reasoning
Remuneration of CEOs/equivalent and Heads of Business	Excluded	Included	This data point was voluntary for reporting to WGEA in 2022-23, and so was excluded from employer gender pay gap calculations. From 2023-24 reporting onwards, CEO and

			Heads of Business remuneration is mandatory to report to WGEA and included in employer gender pay gap calculations.
Remuneration of casually employed managers	Excluded	Included	This data point was voluntary for reporting to WGEA in 2022-23, and so was excluded from 2022-23 employer gender pay gap calculations. From 2023-24 reporting onwards, casual manager remuneration is mandatory to report to WGEA and included in employer gender pay gap calculations.
Remuneration of overseas reporting managers/OSMs	Excluded	Excluded	This data point relates to key management personnel with a reporting distance *above* the CEO/equivalent, such as overseas key management personnel within a global corporate group who are more senior than the domestic CEO/equivalent, and so is excluded from gender pay gap calculations.
Non-binary employees	Excluded	Included	WGEA historically captured information about women and men. Recognising that gender is a social and cultural concept, WGEA has created the option for employers to report employee gender as non-binary as a voluntary data category. Given the voluntary reporting and small number of non-binary employees reported, non-binary employee remuneration is not included in the calculation. While WGEA's legislation does not extend to non-binary gender, recommendation 7.2 of the Review of the *Workplace Gender Equality Act 2012* recommended legislative changes to enable WGEA to mandatorily collect data on non-binary employees. WGEA has provided research and stakeholders' views on implementing this recommendation to Government.
Employees with $0 income	Excluded	Included	This data point is excluded as it has the potential to skew the data.

Data cleansing

Data submitted to WGEA undergoes a validation process. As part of this validation process, WGEA detects outliers in the files which have been submitted (i.e., Workplace Profile) and further guidance is then provided to help employers fix any anomalies which were found.

How are gender composition quartiles calculated?

Gender composition by pay quartile

WGEA publishes employer workforce composition and average total remuneration by pay quartiles. This means providing data on the gender composition for the employer's highest paid quarter, upper middle quarter, lower middle quarter, and lowest paid quarter, along with the average total remuneration for each quartile.

Employers can find their gender composition by quartile in their Executive Summary and Industry Benchmark Report. Gender composition by quartile by industry is available on WGEA's Data Explorer.

Quartiles are created by splitting an ordered list of numbers into four equal quarters. The same inclusion/exclusion rules apply for quartile analysis as outlined in the gender pay gap calculation section above. The steps for calculating remuneration quartiles involve:

- Sorting employees based on their total remuneration from lowest to highest
- Dividing the employee list into equal quarters (top quartile, upper middle quartile, lower middle quartile and lowest paid quartile), with an even number of employees in each quarter
- Calculating the percentage of women and men in each quarter, as well as the average total remuneration in each quarter.

Gender compostion by pay quartile

Women | Men

Quartile	Women	Men	Average total remuneration
Total workforce	51%	49%	$116,000
Upper quartile	35%	65%	$215,000
Upper-middle quartile	53%	47%	$111,000
Lower-middle quartile	58%	42%	$80,000
Lower quartile	59%	41%	$58,000

Scenario: when the number of employees is not divisible by four

When the number of employees is not divisible by four, it is not possible to divide employees into four equal groups. In this scenario, WGEA allocates additional employees to each quartile from lowest to highest. This ensures there are an equal distribution of males and females if there is an overlap between the quartiles.

→ For example, if there were 101 employees, there would be one leftover employee after assigning four employees to each quartile. In this case, employees would be assigned to quartiles so there are 26 employees in the bottom quartile, and 25 in the remaining quartiles

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Scenario: employees with the same remuneration are in different quartiles

When employees are separated into four equal-sized groups, it may be the case that employees with the same remuneration will be assigned to two different quartiles. Although this is standard in most quartile analysis, it presents an issue if male or female employees with the same remuneration are assigned to different quartiles.

- For example, in the below table four employees earn the same remuneration, but when separating the employees into four equal-sized quartiles, three would end up in the top quartile and one in the upper-middle quartile. This is an issue when the employee assigned to the upper-middle quartile is a man, as 75% of the employees in the top quartile are women. However, if this male employee was assigned to the top quartile in place of one of the other employees, only 50% of employees in the highest paid quartile are women.

Quartile	Remuneration	Gender
Top	$150,000	Man
Top	$100,000	Woman
Top	$100,000	Woman
Top	$100,000	Woman
Upper-middle	$100,000	Man
Upper-middle	$80,000	Woman
Upper-middle	$80,000	Man
Upper-middle	$75,000	Woman

To overcome the impact this may have on an employer's quartile analysis, the following steps are taken:

1: Calculate the proportion of women and men with the same remuneration in overlapping quartiles

In this scenario, there are 4 employees earning $100,000 in overlapping quartiles (top and upper-middle quartile). There are 3 women earning $100,000 who are placed in the top quartile, and there is one man earning $100,000 placed in the upper-middle quartile.

- Proportion of women = 3 ÷ 4 = **0.75**
- Proportion of men = 1 ÷ 4 = **0.25**

2. For each quartile, multiply the number of overlapping positions by the proportions calculated in the first step

The purpose of this step is to calculate an adjusted count of women and men in the over-lapping positions for each quartile. In this scenario, in the top quartile there are 3 overlapping positions and in the upper-middle quartile there is one overlapping position, and the previous calculated proportion of women and men are 0.75 and 0.25.

- Adjusted count of women in top quartile = 3 x 0.75 = **2.25**
- Adjusted count of men in the top quartile = 3 x 0.25 = **0.75**
- Adjusted count of women in upper-middle quartile = 1 x 0.75 = **0.75**
- Adjusted count of men in upper-middle quartile = 1 x 0.25 = **0.25**

3. For each quartile, add the number of women and men who are not overlapping the quartile threshold

This step calculates the final adjusted count of women and men in each quartile, by including the adjusted counts calculated in Step 2, as well as the non-overlapping positions in each quartile. In this scenario, the top quartile has one male with non-overlapping remuneration, and the upper-middle quartile has two women and one male with remuneration not overlapping the quartile threshold.

- Adjusted count of women in top quartile = 2.25 + 0 = 2.25
- Adjusted count of men in top quartile = 0.75 + 1 = 1.75
- Adjusted count of women in upper-middle quartile = 0.75 + 2 = 2.75
- Adjusted count of men in upper-middle quartile = 0.25 + 1 = 1.25

4. For each quartile, divide the adjusted headcounts by the number of employees in each quartile

This step calculates the final proportion of women and men in quartile, which can be displayed as percentages by multiplying by 100. In this scenario, the adjusted count of women and men from each quartile is taken from Step 3 and divided by the total number of employees in each quartile (4).

- Proportion of women in top quartile = 2.25 ÷ 4 = 0.56 (56%)
- Proportion of men in top quartile = 1.75 ÷ 4 = 0.44 (44%)
- Proportion of women in upper-middle quartile = 2.75 ÷ 4 = 0.69 (69%)
- Proportion of men in upper-middle quartile = 1.25 ÷ 4 = 0.31 (31%)

For further assistance

If you need further assistance on understanding how your employer gender pay gap is calculated:

- Submit a support request to support@wgea.gov.au, or
- Complete the form on the Contact Us section of the WGEA website.