

Addendum to CWW Submission to Federal Government consultation on reporting requirements under the Workplace Gender Equality Act 2012

Prepared by the Coalition for Working Women (CWW)

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The Coalition for Working Women is comprised of the following organisations:

- Australian Council of Trade Unions (ACTU)
- Australian Local Government Women's Association (ALGWA)
- BPW (Business and Professional Women) Australia
- Financial Services Institute of Australasia (Finsia)
- Local Government Managers Australia (LGMA)
- National Council of Women of Australia (NCWA)
- National Foundation for Australian Women (NFAW)
- Women on Boards (WoB)
- Women's Electoral Lobby (WEL)
- YWCA Australia

To be read conjunction with the CWW submission the Government consultation on reporting requirements under the Workplace Gender Equality Act 2012 made in July 2014.

Executive Summary

The Coalition for Working Women (CWW) remains committed to the principles outlined in its July 2014 submission in relation to consultation about the gender reporting requirements outlined in the Gender Equality (Matters in Relation to Gender Equality Indicators) Instrument 2013 (No. 1).

In particular the CWW strongly disagrees with any move to remove the reporting of total remuneration for non-managers, but offers a number of practical recommendations to address concerns raised by those industry members who have submitted their 2013/2014 workplace reports and responded to the Government's consultation via the online survey.

Chief among these is the issue of ensuring the **workforce and remuneration data collected for non-managers remains relevant and industry specific**. This is in line with the commitment by the Labour and Employment Ministers to recommend that the G20 leaders adopt a goal of the reduction of the gender participation gap by 25% by 2025.

All interested parties, including the business lobby, appear to agree the lack of specificity in the classification of non-managers under single digit ANZSCO is causing some difficulties for reporting entities. For example, for the banking sector 90% of employees fall into one occupational category – 'professionals.' To their credit the major banks have collaborated to decide on best approach to reporting to enable benchmarking.

It is clear that a **further sub-categorisation in the would reduce uncertainty** and lead to higher quality data being made available to individual employers and better industry comparisons able to be made. Given the 'whole of Government' approach to ANZSCO and initial business resistance to more granular classifications, sector collaboration on increasing granularity would seem to be the best approach. ANZSCO is tailored to this purpose as it enables sectors to move progressively to 4-digit classification distinctions on a systematic and comparable basis.

In the case of defining the **occupational category of managers**, the CWW supports the existing categories of CEO (or equivalent), Key Management Personnel, other executives/general managers, senior managers, but recommends a review of this section with consideration of further categorisation for functional, operational and support roles. This will enable employers to get a clearer picture of how variance in role-types within occupational categories are split along gender lines (eg more women are in support roles at all levels) and how this impacts the gender pay gap in particular.

As per Appendices A and B of the CWW July Submission, the CWW supports the removal of a number of items and recommends amendment of item 3.6 in **Schedule 2 Reporting Matters** regarding separate components of total remuneration for non-managers.

The CWW also **supports simplification of the questionnaire for Gender Equality Indicator 1: Gender composition of the workforce** could be simplified to Yes / No/ Unsure rather than the somewhat cumbersome current format. This would reduce the length of the questionnaire without impacting on the data collection.

Recommendations

The CWW notes in making the following recommendations to improve workability of the reporting regime that should consensus not be reached then reporting entities will be left with the existing arrangements in Schedule II which are more cumbersome and more difficult to implement.

Recommendation 1

The WGE Agency continues to collect total remuneration data for the one digit ANZSCO classifications of 'non-managers' and at the same time pursue increased granulation of ANZSCO occupational groupings for this group aimed at coming into effect in the 2015-2016 reporting period.

Recommendation 2

Additional funding to be made available in the 2015 Budget to improve the IT and related reporting systems used by the WGE Agency to allow increased granulation of ANZSCO occupational groupings for 'non-managers'.

Recommendation 3

In the occupational category - managers, make provision for additional of categorisation for functional, operational and support roles (see definitions below).

Recommendation 4

Remove items 1.1.3.8 (reporting on graduates), 3.1 (salary of the CEO) and amend items 4.6 and 4.7 once clarification on PPL arrangements for 2015 and beyond have been made, in line with Appendix A of the CWW July Submission.

Recommendation 5

Remove items 1.3, 1.4 and simplify 4.9 in Schedule 2 Reporting Matters in line with Appendix B of the CWW July Submission.

Recommendation 6

In 3.6 of Schedule 2 Reporting Matters:

Limit reporting on the components of total remuneration to performance pay (including bonuses); superannuation; allowances and overtime; and another category called "Other" to include everything else;

OR

Limit the requirement to report on the components of total remuneration to applicants for Employer of Choice status, and the subset of employers whose pay equity rating is below the industry average benchmark, or some lower threshold.

Recommendation 7

Simplify the Workplace Profile and Reporting Questionnaire for the following question groups; GEI 1 (all), GEI 3-3, GEI 4-9, GEI 4-10, GEI 4-12, GEI 6-16 to a Yes/No/Unsure answer format.

Commentary

Reporting total remuneration for non-managers

The collection and public reporting of gendered metrics on remuneration is critical to addressing the gender pay inequity prevalent across much of the Australian workforce. Statistics released at the end of September 2014 based on workplace data submitted by 3536 organisations to the WGE Agency as of 8 August 2014, showed:

- 75% of Australian employers haven't taken steps to ensure they pay women and men fairly
- 74% of organisations have never done a gender pay gap analysis
- < 20% have done a gender pay gap analysis in the past 12 months.
- 31% of the organisations that did conduct a gender pay gap analysis had not taken action to address the gender pay gaps identified.

Organisations in the education and training (10.14%), accommodation and food services (11.35%) and healthcare and social assistance (11.59%) industries were the least likely to have undertaken a gender pay gap analysis. These comprise three of the four most female-dominated industries and a large percentage of the occupational categories classified as non-managers.

As the biannual report by Finsia, *'Significance of the Gender Divide in Financial Services'*, says:

"Rules and guidance to encourage public reporting by companies of transparent and comparative information about pay equity and gender composition at senior executive and board level has long been Finsia's call to regulators. Finsia promotes this approach because facts are a powerful tool to bridge differences in understanding and perception."

REF: <http://www.finsia.com/docs/default-source/industry-reports/significance-of-the-gender-divide-in-financial-services.pdf?sfvrsn=2>

The argument being put forward by the Department that the remuneration of those in the non-managers category is less relevant as their pay is set by awards or industrial agreements, is flawed when you consider the WGE Agency data revealed; "Of those organisations that haven't done a gender pay gap analysis, the most common reasons were because pay is set by awards or industrial agreements, or because they pay 'market rates'." In other words, they did not know if they had a gender pay gap. Awards only set a minimum rate of remuneration and it is often the case that employees covered by an award are not, in practice, paid in accordance with the award rates. The availability of remuneration data to these employers via their annual reports from the WGE Agency will clearly be invaluable.

Occupational Category - Managers

The gender pay gap is well established at management level. What is less well identified is the impact the type of role has on men and women's earnings. The CWW agrees with the **Development Committee for the Guidelines for Gender Balance Performance and Reporting Australia**, released in 2013, which places an emphasis on performance, rather than reporting and contains 44 gender balance indicators grouped under seven key gender balance indicators:

1. Policies and practices in relation to gender balance in the workplace
2. Areas where data should be collected in order to develop a comprehensive workplace profile
3. Good practices to achieve pay equity
4. Measuring effectiveness of flexible work practices
5. Policies for recruitment and promotion
6. A guide for evaluation and development
7. Mechanisms for communication and information

The key element of the Guidelines is a Framework for data collection, analysis, reporting and performance improvement, which is intended to assist entities to set measurable targets for increased participation by women.

The following definitions of roles can be found in the Guidelines at:

<http://www.womenonboards.org.au/pubs/guidelines/>

Role – Functional

A functional expert in a specific segment within the core business of the entity. A critical cost centre role or in the direct reporting line from a cost centre that often interacts with or directly influences operational activities. Typically knowledge-based, this role can be a subject or topic expert within an entity and may not necessarily have direct reports, for example, accounting, marketing, or production. These roles may be corporate services, or embedded as a function within a business and do not take direct responsibility for profit or loss.

Role – Operational

A critical decision-making core business role focused upon realising business, commercial, investment opportunities from inception to completion and responsible for company performance including profit and loss. It is often referred to as a line management role with direct reporting at the senior executive level. This role has cross- (or multi-) functional roles reporting in at project or department or divisional level, i.e. it makes balanced core business decisions, from access to a cross-section of the business (es), and it may not necessarily have direct reports

Role – Support

Includes everything other than operational and functional roles. Predominantly covers administrative responsibilities to support those in operational and functional roles. This includes all secretarial, office management and personal assistant roles, except where a person has multiple direct reports and may fit the definition of functional role.

Background to this submission

This addendum is made to the Coalition for Working Women (CWW) submission in relation to consultation about the gender reporting requirements outlined in the Gender Equality (Matters in Relation to Gender Equality Indicators) Instrument 2013 (No. 1). It follows a face-to-face consultation with representatives from the Department of Employment (DoE) and Workplace Gender Equality Agency (WGEA) in Canberra on 20 September that was attended by the following CWW members:

- Marie Coleman, NFAW Social Policy Group
- Claire Braund, Women on Boards
- Melanie Fernandez, Women's Electoral Lobby
- Helen Dalley Fisher, YWCA Program Manager for Equality Rights Alliance
- Sandra Cook, Economic Security4Women
- Belinda Tkalcevic, Australian Council of Trade Unions

At this meeting, the following key points were made during discussions in relation to feedback from companies with more than 100 employees required to submit a workplace profile reporting questionnaire.

- 500 reporting organisations responded to the DoE online survey consultation and there were 24 written submissions (13 from employers)
- The majority of complaints were of a technical nature and related to reporting organisations not being able to get access to their company AUSkey, a secure login that identifies a person who uses a participating government online service on behalf of a business. It is held by one person in most companies in relation and administered by the Department of Finance.
- Other issues raised by reporting organisations included difficulties in reporting total remuneration for non-managers due to the very broad classification and the five options in the managers' category not aligning well with corporate job classifications.
- There is a clear disconnect between the positions taken by the business lobby, including the Business Council of Australia, Australian Chamber of Commerce and Industry and Australian Industry Group, and the results of the online survey which indicated a high level of satisfaction from companies required to report.

Commendation

In submitting this addendum, **the CWW commends the WGE Agency and its staff** for its outstanding work in facilitating the reporting process for eligible employers. This has included extensive assistance and support via phone and face to face, provision of a vast amount of explanatory resource material online and 'extending' the reporting period until early October.