

Submission to the Review of the Workplace Gender Equality Act 2012

Bankwest Curtin Economics Centre[†]

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Background

About BCEC

The Bankwest Curtin Economics Centre is an independent economic and social research organisation located within the Curtin Business School at Curtin University. The Centre was established in 2012 through funding from Bankwest and Curtin University.

The Centre's core mission is to deliver high quality, accessible research that enhances our understanding of key economic and social issues, and contributes to the wellbeing of Australian families, businesses and communities.

The Centre's research and engagement activities are designed to influence economic and social policy debates in state and Federal Parliament, regional and national media, and the wider Australian community.

The BCEC|WGEA partnership

The Bankwest Curtin Economics Centre (BCEC) established a partnership with the Workplace Gender Equality Agency (WGEA) in 2015 to conduct research with a goal of improving gender equality in Australian workplaces. This partnership was renewed for a second three-year term in 2018, with discussions on renewal for a third term underway.

The partnership capitalises on WGEA's world-leading organisational reporting data. In close consultation with WGEA, BCEC has developed a major research program on gender equity issues across Australian workplaces. The collaboration responds to a critical need in Australia for rigorous, independent evidence to support more equitable workplaces, reduced gender pay gaps, and greater diversity in company leadership.

The resulting *BCEC|WGEA Gender Equity Insights* report series has provided compelling evidence about gender pay gaps and other gender equity indicators, and has recommended critical actions that organisations can take to address pay equity, achieve a more gender balanced workforce and in doing so, to improve business outcomes.

The BCEC|WGEA Gender Equity Insights report series

The BCEC|WGEA Gender Equity Insights reports - produced each year through the partnership - have delivered important new findings on the drivers of gender pay gaps by employment type and occupational seniority; pay equity dynamics in female- and male-dominated industries; and an attributable link between gender representation on boards and gender pay gaps.

The 2020 research program provided world-leading, innovative new insights into the business case for improved gender diversity in leadership¹. Exploiting the longitudinal nature of WGEA data and matching

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¹ Cassells R and Duncan AS (2020), *Gender Equity Insights 2020: Delivering the business outcomes*, BCEC|WGEA Gender Equity Series, Issue #5, June 2020.

six years of WGEA data with various metrics of company performance data from Morning Star, the research related changes in the gender composition of company leadership to subsequent changes in various metrics of business performance.

The research proved that more women in key decision-making positions delivers better company performance, productivity and profitability, demonstrating that increasing the representation of women across key leadership roles in a company added market value of between \$52m and \$70m per year for an average sized organisation.

The research has been peer reviewed by leading labour economists and public policy commentators to ensure the credibility, methodological rigour and demonstrable research integrity of the findings. The research findings have materially influenced how companies develop the diversity of their workforces, and provide a roadmap to delivering real value for companies who enact the research recommendations.

Engagement

The BCEC|WGEA Gender Equity Insights series has also been hugely successful in facilitating engagement with key government departments, industry bodies, community organisations and peak agencies across Australia. These engagements have proved to be of great value in shaping the research questions under collaborative partnership, providing insights into gender-related issues, policies and initiatives facing Australia's employees and businesses.

The reports have influenced public policy debates, and the formation of policy and practice, through rigorous, innovative and objective research evidence. By way of example:

- The [Women's Budget Statement](#) in the 2021-22 Federal Budget recognised the importance of BCEC's powerful longitudinal research, and in particular the '*world-first study on gender diversity in company leadership*' in 2020.
- The research findings from the 2019 and 2020 *Gender Equity Insights* reports provide critical evidence to support [HESTA's 40:40 Vision initiative](#), which seeks pledges from signatory companies '*to achieve gender balance of 40 per cent identifying as women, 40 per cent identifying as men and 20 per cent any gender in their executive leadership by 2030*'.
- BCEC received invitations to present findings from the 2020 *Delivering the Business Outcomes* report at the United Nations Commission on the Status of Women in New York, at the Harvard Kennedy School, and to Dr Caren Grown, Global Director, Gender at the World Bank in Washington.

Each report in the BCEC|WGEA Gender Equity Insights series is publicly available online through the [BCEC](#) and [WGEA](#) websites. Reports are launched at public events, with attendees from industry, government, community and tertiary sectors, and accompanied by comprehensive media and stakeholder engagement campaigns to communicate research findings to as broad an audience as possible.

Report findings have been cited, endorsed and promoted by some of the most influential voices in Australian politics, including former Prime Minister Julia Gillard, Chair-Rapporteur of the UN Working Group on Discrimination against Women and Girls, former Minister for Foreign Affairs and Deputy Liberal Party Leader Julie Bishop, British High Commissioner to Australia Vicki Treadell, Sex Discrimination Commissioner Kate Jenkins and Australian Ambassador Gender Equality Julie-Ann Guivarra.

Summary of recommendations

1. Any amendments to reporting under the Workplace Gender Equality Act in future reporting periods should maintain consistency and comparability with existing WGEA data collections.
2. The WGEA data collection should continue to be made available to research organisations (governed by a partnership agreement with WGEA, with appropriate data privacy protections) to build Australia's knowledge base on progress towards gender equity.
3. Consideration should be given in future WGEA data collections to options that enable employee movements to be tracked between as well as within organisations.
4. Any change to the minimum threshold of 100 employees should balance the greater scope for the WGEA data collection in representing the characteristics of the Australian workforce, against the resource burden and systems requirements for companies with fewer than 100 employees.
5. Employee age should be added to the information collected in future WGEA data collections.
6. Consideration should be given to collecting information on the predominant work location of employees within reporting companies, either by an appropriate Australian Statistical Geography Standard (ASGS) region, or by postcode.
7. Annual pay audits should be made mandatory for all organisations that report to WGEA, as should regular reporting of GEIs to company leadership and Boards.
8. Consideration should be given to adding information on hours worked for employees.
9. Any move to the use of the Single Touch Payroll (STP) system for collecting remuneration information should be undertaken **only if** the resulting data can remain consistent with, and comparable to, WGEA's current remuneration data series.

Overall reflections on WGEA Review consultation

The data collected under the Workplace Gender Equality Act represents one of the world's leading frameworks for reporting on gender equality indicators (GEIs) in its scope and coverage.

One of the strengths of the WGEA data collection comes from the extended scope of GEIs to include employer pay actions, policies relating to flexible working, parental leave policies, support for family and carers, and policies related to family and domestic violence and sex-based harassment.

The value of this national asset – which cannot be understated - derives from:

- i. the consistency of approach to data collection over reporting periods;
- ii. the comprehensive scope of gender equity indicators (GEIs);
- iii. the collection of data for both base salary and total remuneration;
- iv. the longitudinal maturity of the data collection.

The consideration needs to take account of reporting

In considering whether some GEIs should be discontinued, it is important to reflect on the great value from the information collected by WGEA on the range of policies and actions undertaken by companies, and how they impact on gender equity outcomes. Research has demonstrated faster progress towards gender equity among companies that implement a *comprehensive* suite of workplace policies and actions, and does so *consistently* over time.¹

Recommendation: Any amendments to reporting under the Workplace Gender Equality Act in future reporting periods should ensure that consistency and comparability with existing WGEA data collections is maintained for as many GEIs as possible.

Australia's reporting legislation has informed the design of similar data collections by other jurisdictions across the world. Progress on reporting in other countries – including the mandated public reporting of gender pay gaps – should in turn be taken into account in the outcomes from the current review of the WGE Act.

Some limitations to the existing WGEA data collection should be considered. A number of potential changes to the current reporting framework (discussed further in this submission) should be considered as part of the Review. These include:

- the requirement for public sector organisations of sufficient size to report under the WGE Act;
- a lower threshold number of employees (currently 100) for reporting to WGEA;
- information on hours of work for employees;
- the addition of employee information on age; and
- consideration of additional information on employee location and education.

¹ See Cassells and Duncan (2021).

Responses to WGEA Review consultation questions

1. Are the functions and powers of WGEA appropriate for promoting and improving gender equality in the workplace? How effective is WGEA in achieving its functions to promote and improve gender equality in the workplace including by enabling relevant employers to report on the gender equality indicators, developing benchmarks and reports, undertaking research, education and leading practice programs and contributing to the public discussion on gender equality?

2. What is your experience of what works to improve gender equality in your workplace? How do you currently engage with WGEA and use the reporting process and their resources to improve gender equality? What changes, if any, would you like to see in the areas of future focus for WGEA to further promote and improve gender equality over the next ten years?

What works to improve gender equality in the workplace?

Research findings from the BCEC|WGEA Gender Equity Insights six-year partnership have explored trends and identified progress – or lack thereof – in achieving greater gender balance in the Australian workforce.

The report series has also examined policies and actions that have led to improved gender equity outcomes, providing an evidence to support Australian businesses seeking to drive change within their organisations.

Among the most important outcomes from the BCEC|WGEA Gender Equity Insights series to date:

- Female top tier managers reporting directly to the CEO are paid on average 26.5 per cent less than their male counterparts and the gender pay gap widens considerably as the management level increases (2016);²
- Equal representation of women on governing boards leads to a 6.3 percentage point reduction in the gender pay gap for full-time managers (2016, 2017);³
- Organisations with balanced representation of women in executive leadership roles have pay gaps half the size of those with the lowest representation of women in leadership (2017);
- Organisations that increased the share of women in executive leadership roles by more than 10 per cent reduced organisation-wide gender pay gaps by an average of 3 percentage points over the course of a single year (2017);
- Measuring gender pay gaps is not enough—organisations should act on their pay equity outcomes to make a positive difference (2018);⁴
- Pay equity actions are more effective in combination than in isolation, and accountability is key to driving change (2018);

² Cassells R, Duncan AS and Ong R (2016), *Gender Equity Insights 2016: Inside Australia's gender pay gap*, BCEC|WGEA Gender Equity Series, Issue #1, March 2016.

³ Cassells R, Duncan AS and Ong R (2017), *Gender Equity Insights 2017: Inside Australia's gender pay gap*, BCEC|WGEA Gender Equity Series, Issue #2, March 2017.

⁴ Cassells R and Duncan AS (2018), *Gender Equity Insights 2018: Inside Australia's gender pay gap*, BCEC|WGEA Gender Equity Series, Issue #3, March 2018.

- An organisational commitment to correct like-for-like pay gaps is three times as effective in reducing gender pay gaps when combined with a commitment to report pay outcomes to the executive or company board (2018);
- Organisations that completed a pay gap audit and took action saw female top-tier managers pay boosted by \$24,000 on average, while male top-tier manager salaries decreased by \$4,000 (2018);
- At current growth rates, there will be equal representation of women and men in full-time Key Management Personnel (KMP) roles by 2030, but it will take until 2100 for equal shares of female CEOs (2019);⁵
- Flexible workplace policies, employer-provided childcare and employer-funded paid parental leave schemes are demonstrably effective in retaining female workers during and after pregnancy (2019);
- Profitability, performance and productivity increase under female leadership (2020);⁶
- An increase in the share of female top-tier managers by 10 percentage points or more led to a 6.6 per cent increase in the market value of Australian ASX-listed companies (2020);
- The consistent application of a comprehensive suite of workplace policies and actions drives lower gender pay gaps and more women in senior leadership roles (2021);⁷
- Organisations that consistently undertook pay gap audits saw their managerial gender pay gap narrow between 2017 and 2020 up to 2.2 percentage points faster than other companies (2021);
- Complacency and apathy in the application of pay audits and workplace gender policies and actions leads to stalling in the progress towards greater gender equality (2021).

The BCEC|WGEA Gender Equity Insights report series, and the many other research reports produced in partnership with WGEA, demonstrate the huge value that already exists in the WGEA data collection asset, and the potential for further deep insights to be drawn from these data on Australia's future progress towards gender equality in the workplace.

The WGEA data collection should continue to be made available to research organisations, on selection criteria to be determined by the Workplace Gender Equality Agency or through provisions within the Act, to create new knowledge and insights on progress towards gender equity in the national interest. Access to data should be strictly non-commercial, and governed by a partnership agreement with WGEA including appropriate data privacy protections.

Recommendation: The WGEA data collection should continue to be made available to research organisations (governed by a partnership agreement with WGEA, with appropriate data privacy protections) to build Australia's knowledge base on progress towards gender equity.

⁵ Cassells R and Duncan AS (2019), *Gender Equity Insights 2019: Breaking through the glass ceiling*, BCEC|WGEA Gender Equity Series, Issue #4, March 2019.

⁶ Cassells R and Duncan AS (2020), *Gender Equity Insights 2020: Delivering the business outcomes*, BCEC|WGEA Gender Equity Series, Issue #5, June 2020.

⁷ Cassells R and Duncan AS (2021), *Gender Equity Insights 2021: Making it a priority*, BCEC|WGEA Gender Equity Series, Issue #6, March 2021.

Areas of future focus for WGEA

Job mobility and gendered career progression between companies

The ability to link data for employees who take up new positions, or who withdraw from the labour market for a period, could prove to be hugely valuable in capturing gender differences in career progression, the impact of career breaks for women, and discrimination or unconscious bias in recruitment and promotion decisions.

The data would be unable to track workers who move from larger companies (that report to WGEA) to smaller companies (with fewer than 100 employees). There is also the issue of the choice of employee identifier to link the records of workers who move between companies.

However, these complexities should be measured against the huge potential from the creation of a genuine linked employer-employee panel survey – a development that would massively elevate the power of the WGEA data collection in providing new insights regarding gender differences in career progression and job mobility.

Recommendation: Consideration should be given in future WGEA data collections to options that enable employee movements to be tracked between as well as within organisations.

Gender equity in STEM careers

Governments, tertiary institutions and industry bodies have been actively encouraging more women to pursue qualifications in science, technology, engineering and mathematics (STEM), and to embark on STEM careers. Yet recent research suggests that labour market outcomes for women in STEM-intensive occupations, and the working conditions they experience, are less favourable than for their male counterparts, or for equivalently qualified women in non-STEM industries⁸.

There is an important knowledge gap to fill in whether the policy drive to encourage more women to consider STEM careers is matched by their experiences in the workplace. Policy initiatives and industry practice would benefit substantially from on the degree to which women across different industry sectors reap the benefit from a STEM premium (or suffer a STEM penalty), and the evolution of pay outcomes and working conditions for women within STEM industries.

The current WGEA data collection currently includes detailed information on industry at the four-digit ANZSIC level, but less granularity by occupation. This makes it difficult to capture the benefits of STEM education for workers in STEM industries, and impossible to identify STEM workers in companies that are classified into non-STEM industries.

BCEC understands the need to manage reporting burdens on companies, but the opportunities afforded by employee-level data on education by level and field of study would substantially expand the potential for the WGEA data collection to provide insights into returns to STEM careers, and returns to education more generally in Australia.

Recommendation: Consideration should be given to collecting information on the level and field of education of employees within reporting companies.

⁸ Dockery AM and Bawa S. (2019). 'Labour Market Implications of Promoting Women's Participation in STEM in Australia'. *Australian Journal of Labour Economics*, 21(2), pp. 125-151.

3. Should the coverage of the Workplace Gender Equality Act be further changed? Specifically, should the definition of ‘relevant employer’ be expanded? If so, would additional considerations need to be factored in for new reporting employers

Any change to the minimum threshold of 100 employees should be considered in relation to the scope of the WGEA data collection to represent the characteristics of the Australian workforce, and the resource burden and systems requirements for reporting to WGEA among companies with fewer than 100 employees.

4. In addition to gender, should WGEA collect other data on diversity and inclusion criteria on a mandatory basis, to enable a more nuanced analysis of men and women’s experiences in the workplace? If yes, please specify criteria (eg cultural and linguistic diversity, disability, age, location of primary workplace). If not, why not?

Trends in labour force participation and employment among older aged workers are important elements in any conversation regarding the future of work in Australia. The desire for a more blended route into retirement among those in the ‘baby boomer’ cohort has been well documented.

Information on the age as well as the gender of employees would create opportunities to explore some highly relevant questions regarding patterns of employment for older employees, any gendered patterns in recruitment of mature workers, and any evidence of gender-based age discrimination in the workplace.

Recommendation: Add employee age to the information collected in future WGEA data collections.

One of the challenges in using existing WGEA reporting data to compare differences in remuneration, and gender pay gaps, across state is that the only available location data relates to the geographical location of an organisation’s head office, rather than the usual work location of employees. There is currently no information provided on how workers within a single organisation are distributed across states and territories, or between regions according to remoteness.

As a result, the current WGEA data collection cannot provide state or regional comparisons of remuneration, gender pay gaps or other GEIs with any acceptable level of accuracy.

Recommendation: Consideration should be given to collecting information on the predominant work location of employees within reporting companies, either by an appropriate Australian Statistical Geography Standard (ASGS) region, or by postcode.

5. How could data be better collected and/or used by WGEA to promote and improve gender equality? Should there be some form of pay transparency – should remuneration data in some form be public?

Accountability and transparency in gender equity reporting has been demonstrated to have an impact on gender equity outcomes. For example, organisations that consistently undertook pay gap audits saw their managerial gender pay gap narrow up to 2.2 percentage points faster between 2017 and 2020 than other companies that either never conducted pay audits, or did so inconsistently.

On this basis, the WGE Act should mandate annual pay audits for all organisations that report to WGEA, including regular reporting of GEIs to company leadership and Boards.

Recommendation: Annual pay audits should be made mandatory for all organisations that report to WGEA, as should regular reporting of GEIs to company leadership and Boards

6. Are there changes that could be made to the Workplace Gender Equality Act that would help reduce the regulatory burden on relevant employers while continuing to enable WGEA to promote and improve gender equality? Should other data sources, such as Single Touch Payroll data, be used by WGEA instead of employers providing the same data to two Government agencies?

Moving to a Single Touch Payroll (STP) system of payroll for the collection of remuneration data should be considered given the benefits to companies from reduced reporting burden, the streamlining of reporting, and the potential for enhanced – and more continuous – reporting of pay and workforce trends.

The opportunity to collect information on usual hours of work as well as pay is also a potentially valuable enhancement to the current data collection. This is especially relevant given the trends – and gendered patterns – of hours worked, and the balance of full-time and part-time employment in Australia’s labour market.

Maintaining the two remuneration series provides some important insights into different aspects of gender pay gaps in Australia. Research that compared WGEA’s base salary and total remuneration series across industry sectors and occupation classes established the existence of a ‘male bonus premium’. Across all employees, women on a full-time equivalent base salary were found to earn on average 23.1 per cent less than their male colleagues; however, when accounting for ‘discretionary’ payments like superannuation, overtime and bonuses, this increased to 27.5 per cent.⁹

The power of STP data has been impressively demonstrated by the Australian Bureau of Statistics (ABS) over the course of the COVID-19 pandemic through its *Weekly Payroll Jobs and Wages in Australia* reporting.¹⁰

The adoption of STP data should be considered:

- **provided** that this does not substantially compromise the consistency of the WGEA data series on full-time equivalent annual earnings for employees across labour force categories (full-time, part-time or casual), and;
- **provided** it is able to match the existing WGEA data collection on information related to discretionary pay from overtime, performance pay and bonuses.

Recommendation: Any move to the use of the Single Touch Payroll (STP) system for collecting remuneration information should be undertaken **only if** the resulting data can remain consistent with, and comparable to, WGEA’s current remuneration data series.

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⁹ Cassells R and Duncan AS (2018), *Gender Equity Insights 2018: Inside Australia’s gender pay gap*, BCEC|WGEA Gender Equity Series, Issue #3, March 2018.

¹⁰ See <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/weekly-payroll-jobs-and-wages-australia/latest-release>.