

# Gender pay gap calculator

Technical guide to using the  
WGEA gender pay gap calculator



GENDER P  Y EQUITY

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# Introduction

The gender pay gap calculator has been developed in partnership with Mercer to assist organisations identify and analyse the causes of the various types of organisational gender pay gaps. This guide and the calculator are focused on the steps to analyse data associated with addressing pay equity.

## Overview

This guide outlines how to use the Workplace Gender Equality Agency's (WGEA) gender pay gap calculator. The calculator has been designed to assist organisations conduct a payroll analysis.

This guide outlines:

- ➔ how to obtain and format data for use in the payroll analysis calculator
- ➔ how to upload and calculate gender pay gaps using the calculator
- ➔ how to generate additional information to analyse your data.

## Who should use the gender pay gap calculator?

The guide and the WGEA gender pay gap calculator are designed for practitioners undertaking the human resource role within organisations. This may include human resources directors and managers, diversity managers, chief financial officers, managers responsible for remuneration, promotion and recruitment decisions.

## What does the calculator do?

The Workplace Gender Equality Agency's pay equity toolkit 'Guide to gender pay equity' sets out a six step process to address pay equity. This technical guide outlines how the WGEA gender pay gap calculator may be used for step 4 data analysis.

The specific purpose of the calculator is to identify an organisation's gender pay gaps once a user has uploaded their organisation's payroll and associated data. The calculator will assist you identify:

- ➔ gender representation gaps across the entire organisation, and by key organisational variables
- ➔ actual gender pay differentials by level, and key organisational variables
- ➔ relative gender pay gaps by level, and key organisational variables

The WGEA gender pay gap calculator allows you to conduct additional analysis by including variables such as performance, tenure, state location and remuneration composition.

# Obtain and format data

To use the calculator you will need to ensure the relevant data is in a format that can be copied directly into the calculator data tab. This section provides an overview of how to obtain the required data to use the WGEA gender pay gap calculator.

## The key steps are:

# 1

liaise with finance and / or payroll and other key stakeholders to obtain remuneration and associated data

# 2

convert data into full-time equivalent and annualised numbers, where relevant

# 3

insert your data into the "Your Data" tab

## Data required

Employee and salary information is required to use the calculator. The calculator enables input of the following items:

### Employee data

#### Required:

- your code
- gender
- organisational unit

#### Optional information to include:

- your title
- ANZSCO Code
- Mercer Job Code
- Mercer Job Family
- Mercer Career Stream
- reporting level to the CEO
- company job grade
- State/Territory
- performance rating
- highest qualification
- new hire
- age
- tenure
- gender of manager
- number of direct reports
- employment status

### Salary data

#### Required:

- base salary

#### Optional information to include:

- superannuation\*
- total annual cash allowances\*
- total annual value of benefits\*
- employment cost (EC) given
- overtime eligibility
- overtime payment
- short-term incentive (STI) eligibility
- STI Actual payment (past 12 months)+
- STI Target payment (next 12 months)
- sales commission eligibility
- sales commission actual payment (past 12 months)+
- sales commission target payment (next 12 months)
- long-term incentive eligibility
- target long-term incentive as % of base salary

Definitions of each of these items are outlined in appendix 1.

\*These items are added to "Base Salary" to calculate "Employment Cost"

+ These elements are added to "Employment Cost" to calculate "Total Employee Reward"

## Obtain and format data (continued)

### Consult with the payroll section

The payroll department is typically responsible for managing remuneration data. The results will likely be analysed by the human resources department or equivalent. Payroll will be required to export data from the payroll systems to a file compatible with Excel. Most payroll packages have such a facility.

### Guidance on the treatment of components of remuneration

The calculator is designed to assist organisations identify gender pay differentials. To enable data comparisons and analysis, it is important that remuneration items be converted in full-time equivalent and annualised numbers. Under the Workplace Gender Equality Act 2012 remuneration data in workplace profile is converted to the full-time equivalent and annualised amounts for:

- ➔ **Base salary:** salary before tax, including salary sacrificed items, but excluding allowances, superannuation and any other additional payments.
- ➔ **Total remuneration:** includes base salary plus any additional benefits whether payable directly or indirectly, whether in cash or in a form other than cash. Includes bonuses, superannuation, overtime, allowances and any other amounts (for example share allocations, discretionary pay etcetera).

Organisations must convert base pay remuneration data to full-time equivalent and annualised amounts before it is entered to the calculator. The WGEA gender pay gap calculator has been designed so that organisations can use their workplace profile data (from their annual report to the Workplace Gender Equality Agency). If your remuneration data has been obtained from your workplace profile, it will already be in the appropriate format.

The following is guidance on how to enter other components of remuneration, however, each organisation will have a unique way of structuring pay and allowances, so it is important to consider whether the approach is appropriate to your circumstances.

Components of remuneration should be converted to full-time equivalent and annualised amounts when the payment or benefit is calculated on a pro-rata basis.

Examples of this could include:

- ➔ superannuation on base pay
- ➔ meal allowances for shift workers
- ➔ short term incentives for pro-rata KPIs
- ➔ superannuation paid on pro-rata bonuses

Components of remuneration should be entered as actual amounts when the payment or benefit is a lump sum for all eligible employees or the amount paid is independent of working hours and individual outcomes.

Examples of this could include:

- ➔ allowances e.g. cash allowance for specific instances such as travel, company cars etc.
- ➔ overtime
- ➔ bonuses awarded to teams and distributed evenly regardless of employment status and duration
- ➔ superannuation paid on such bonuses

### Converting the data

For guidance on how to convert salaries to annualised and full-time equivalent amounts see the WGEA website [https://www.wgea.gov.au/sites/default/files/Calculating\\_pay\\_summary.pdf](https://www.wgea.gov.au/sites/default/files/Calculating_pay_summary.pdf)

### Additional data

While the gender pay gap calculator can be used with the required data only, it is preferable to include additional information for a more detailed analysis. Explanatory variables, such as performance ratings, job size, location and tenure, can be used to provide an understanding of how and why differences by gender occur in pay.

The more job-related and employee-related variables available, the easier it is to assess whether any gender-related pay difference reflects a legitimate reason. The more remuneration variables, the easier it is to pinpoint where the gender differences arise, and to identify likely reasons.

# Using the calculator

## Download the calculator

1. Locate the gender pay gap calculator on the Workplace Gender Equality Agency website. <https://www.wgea.gov.au/reporting-resources/tools-human-resource-managers-and-diversity-practitioners>.
2. Download the gender pay gap calculator.
3. Save it to a personal file on your computer or server.

Note: due to the confidentiality and privacy considerations associated with salary data, it is important to save the file in a location with restricted access.

## Features of the calculator

The gender pay gap calculator has been designed to be simple and easy to use. Once you have downloaded the gender pay calculator you are ready to go.

Open the calculator file and locate the 3 tabs:

- ➔ introduction
- ➔ data input sheet
- ➔ analysis and report

### Introduction tab

This introduction tab is the landing page of the gender pay gap calculator and contains simple instructions, and a link to the technical guide.

### Data input sheet

The data input tab is where you will input your data. Copy and paste your data into the fields.

Most of the data collection fields have been left open ended so that results are relevant to your organisation. Please refer to Appendix 1 for the list of definitions.

However, there are a limited number of fields that are pre-defined, in order for the tool to function. To assist you, there are some validation checks that have been built into the calculator to ensure these fields are entered correctly.

#### Format validations (employee data fields)

**Gender** – Must be entered as “F” or “M”. This is a mandatory field.

**ANZSCO code** – Job code based on the Australian and New Zealand Standard Classification of Occupations classification structure.

**Mercer Job code** – Job code based on the Mercer’s universal position coding system.

**Mercer Job function** – Job function based on the Mercer’s universal position coding system.

**Mercer Career stream** – Job stream based on the Mercer’s universal position coding system.

ANZSCO codes and Mercer job codes/functions/streams are optional, but they allow validation checks to be conducted on base salary ranges. If the base salary falls below the 10th percentile, or above the 90th percentile, the base salary field will be highlighted in red. While this does not necessarily indicate that the data is incorrect, it is flagged for your review. Data used to underpin these validation checks are sourced from the 2014 Mercer General Market Database.

**Tenure** – Please ensure you have entered this in number format. You may use either year or months in their field. The tool will band the numbers for analysis purposes.

**Age** – Please ensure you have entered this in number format. The tool will band the numbers for analysis purposes.

For all salary data fields (except the eligibility fields), please ensure data is entered in number format.

Please take time to ensure all data is entered correctly, the care you take to enter your data will result in a higher quality of result the tool creates for you.

### Analysis and report tab

The analysis and report tab enables you to generate reports based on your data to identify the various pay gaps and assess against different variables.

The key reports you will find are:

- ➔ Gender Ratio
- ➔ Pay Analysis
- ➔ Gap Analysis
- ➔ Remuneration Mix

You will also find a tabular analysis of the data labelled ‘Table’.

By selecting the organisational categories and clicking on each of the reports, the excel spreadsheet will generate new tabs with both graphical representation and tabular analysis based on your data.

The next section outlines what each of these reports look like and what they mean.

# Analysis and report

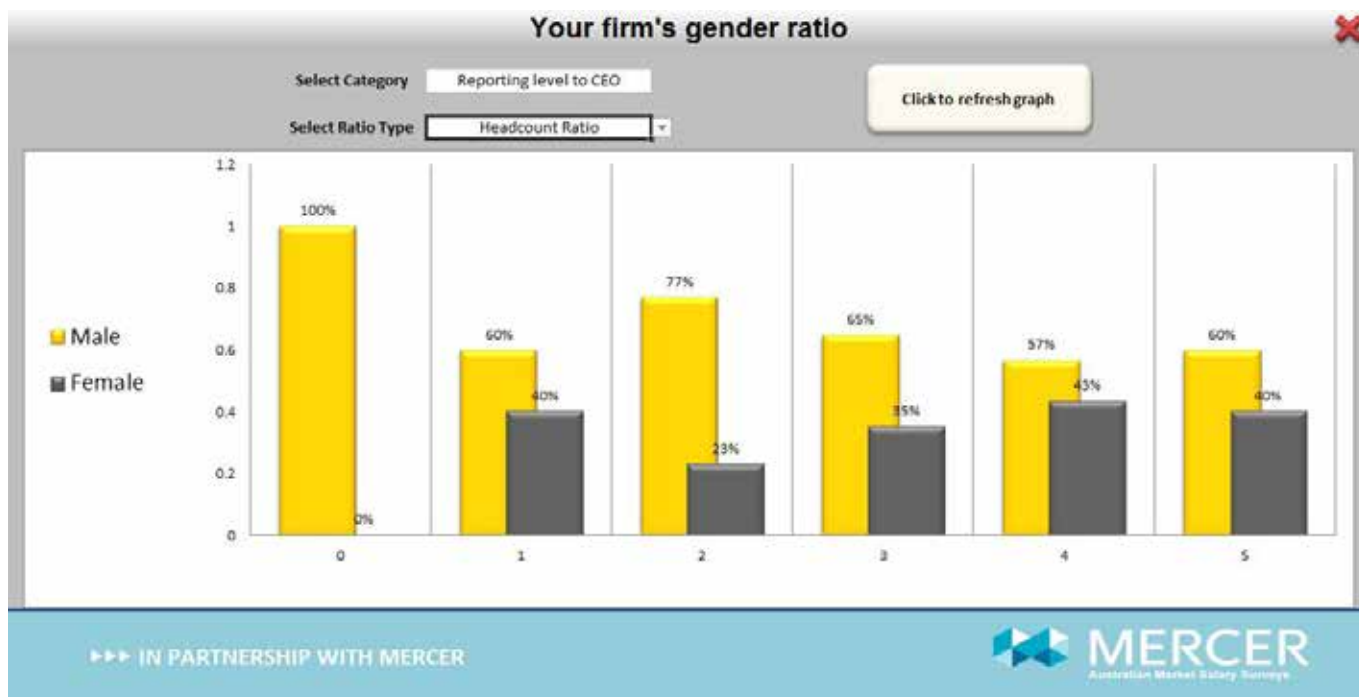
## Overview

The analysis and report tab enables you to generate various reports based on your data. This section outlines each of these reports in more detail. For each of the types of analysis a graphical representation will be produced as well as tabular summary analysis.

For both the Pay Analysis and Gap Analysis reports, you are able to select the pay type you wish to run the analysis on. While 'Base Salary' is the default pay type that will be displayed (and is a required element to input), the 'Employment Cost' and 'Total Employee Reward' pay types are listed as options in the 'Select Pay Type' dropdown menu above the graph but should only be used if the applicable remuneration elements have been provided.

## Head count ratio

Select 'Reporting level to the CEO', in the 'Select Category' drop down box, and 'Headcount Ratio' in the 'Select Ratio Type' drop down box. The sample graph below show that for '1' (employees 1 reporting level from the CEO, typically heads of functions or Key Management Personnel), 60% are men and 40% are women.



# Analysis and report

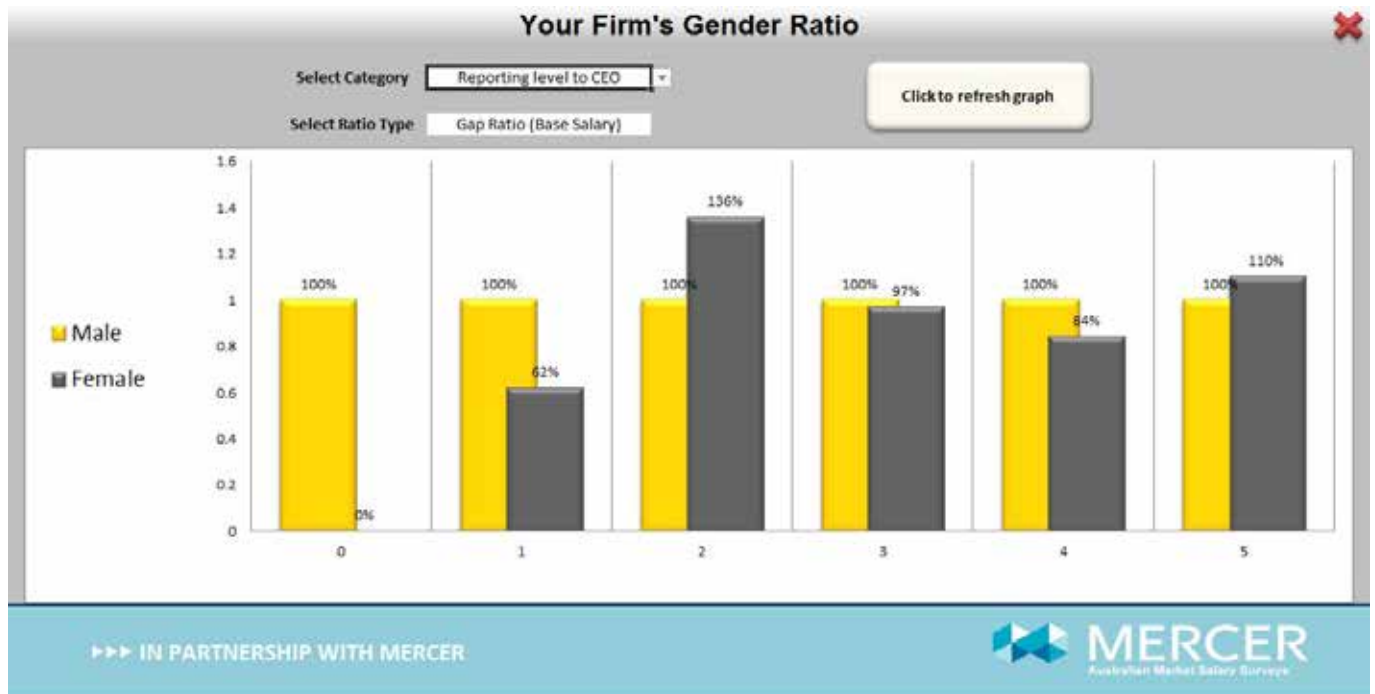
## Gender ratio

The Gender Ratio report allows you to run summaries of gender head count ratio, average pay ratio (on base salary), or average gap analysis (on base salary). Analysis can be run across the entire organisation, or can be broken down with any of the employee data fields you have entered.

## Sample analysis

Select 'Reporting level to the CEO', in the 'Select Category' drop down box, and 'Gap Ratio (Base Salary)' in the 'Select Ratio Type' drop down box.

The sample graph below shows that for '1' (employees 1 reporting level from the CEO, typically heads of functions or Key Management Personnel), women earn 62% of what men earn.





# Analysis and report (continued)

## Pay analysis

The Pay Analysis report shows the average salary amounts for women and men by the selected categories. You can also select the salary type that you'd like to analyse your employees by (by selecting the 'Select Pay Type' drop down list).

For salary analysis to be meaningful from a comparative purpose, it is important that the data is analysed by a category that groups your employees into roles of a similar job level.

Therefore, to be able use the Pay Analysis report, a 'Primary Category' must be selected in the drop down box, combined with a selection in the 'Secondary Category'.

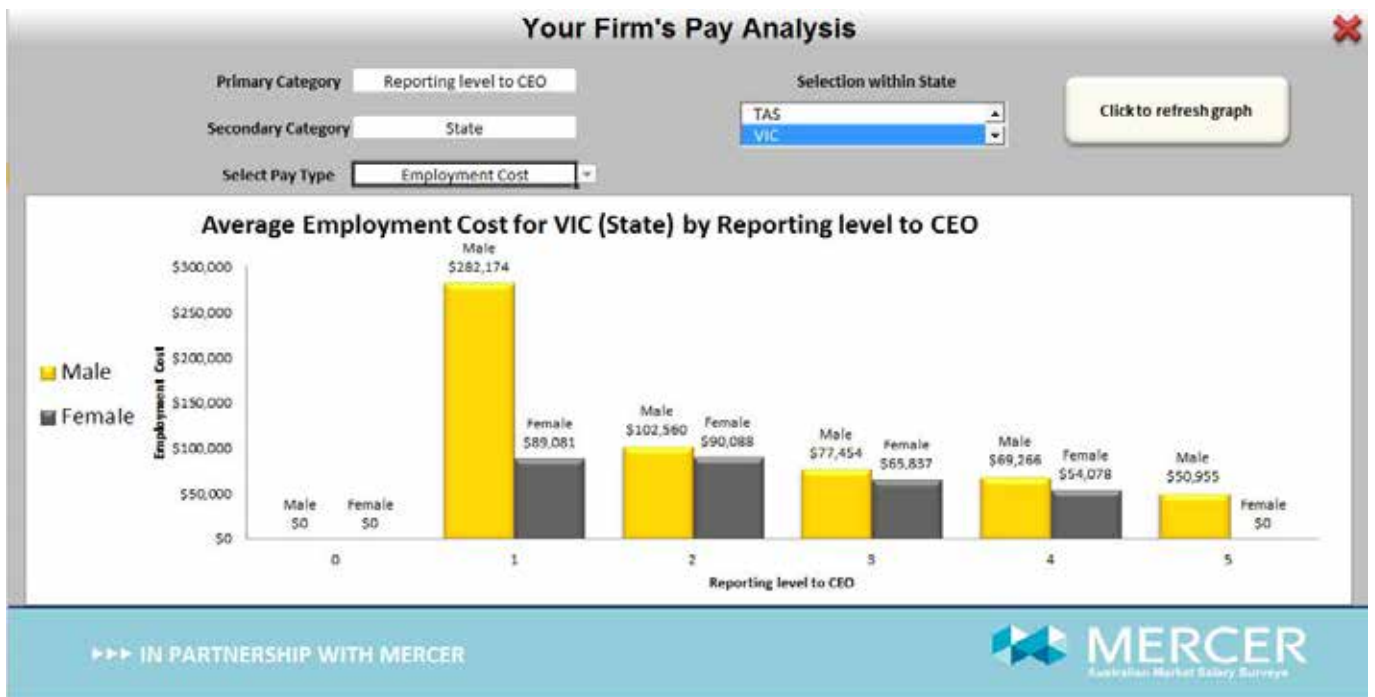
If you'd like to run analysis on just a selection in the 'Primary Category', please use the Gender Ratio report.

## Sample analysis

By selecting 'Company Job Grade' in the 'Primary Category' drop down box, and 'State' in the 'Secondary Category' drop down box, you can run the pay analysis for any state within your organisation.

Here Victoria is selected in the 'Selection' box, you can see an average base salary for women and men, by reporting level to the CEO in Victoria.

The sample graph below shows that within Victoria, men two reporting levels from the CEO have an average employment cost of \$102,560, while the average for women within the same grade is \$90,088.



# Analysis and report (continued)

## Gap analysis

The Gap Analysis report shows the average ratio of pay for women, as a proportionate percentage to that of men. At the most basic level, this analysis can be run across the entire organisation, or can be broken down by any employee data category you have entered.

For salary analysis to be meaningful from a comparative purpose, it is important that the data is analysed by a category that groups your employees into roles of a similar job level. Therefore, to be able use the pay analysis report, a 'Primary Category' must be selected in the drop down box, combined with a selection in the 'Secondary Category'.

If you'd like to run analysis on just a selection in the 'Primary Category', please use Gender Ratio report.

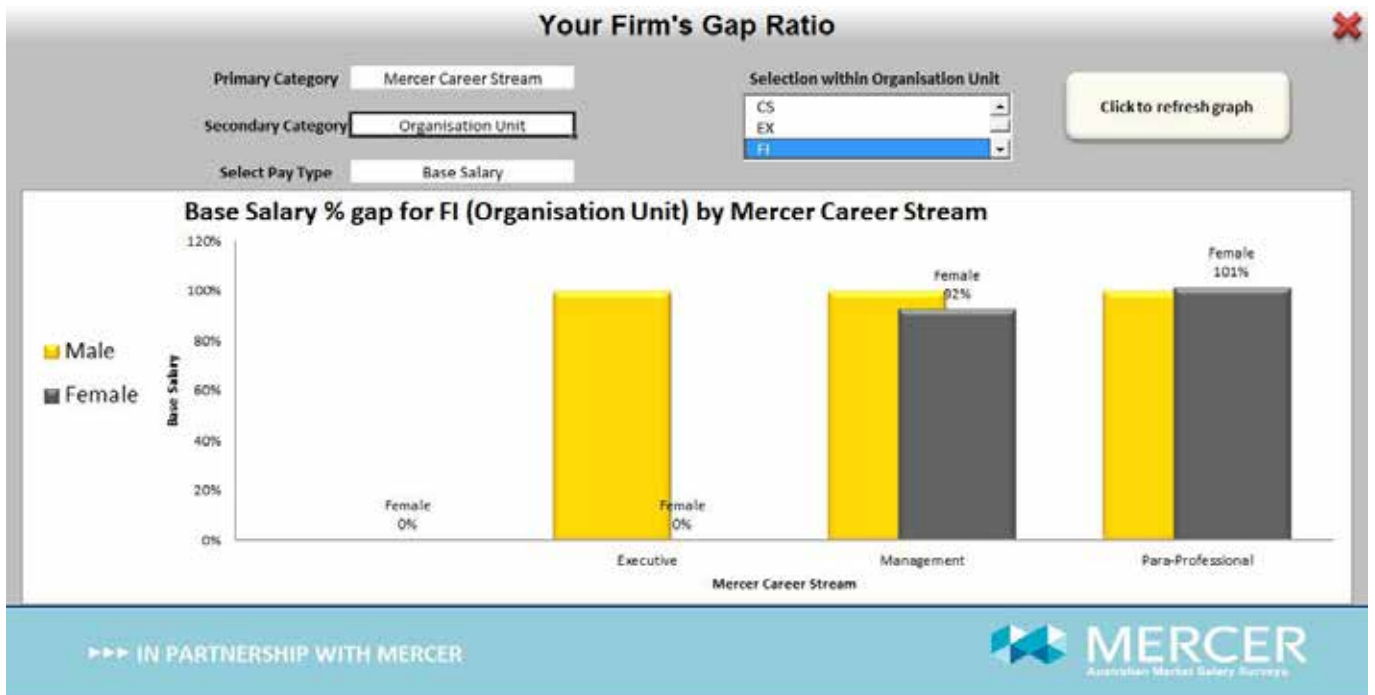
## Sample analysis

By selecting 'Mercer Career Stream' in the 'Primary Category' drop down box, you are able to view the average salary for your internal job grades, by women and men. If you would like to run further analysis by state location of your employees, select 'State' in the 'Secondary Category' drop down box, and then within the box labelled 'Selection', select the State you wish to run the analysis on.

By selecting 'Mercer Career Stream' in the 'Primary Category' drop down box, and 'Organisation Unit' in the 'Secondary Category' drop down box, you can run the gap analysis within any of your organisation units.

Here 'FI' has been selected in the 'Selection' box, and you can see the average difference of pay for women, as a proportion to men within the FI unit. In this case FI is a sample organisational unit.

The sample graph below shows that within the management career stream of the FI organisation unit, the average female pay is 92% of the average male pay within the same organisation unit. In other words, the average female pay is 8% lower than the average male pay.



### Remuneration mix

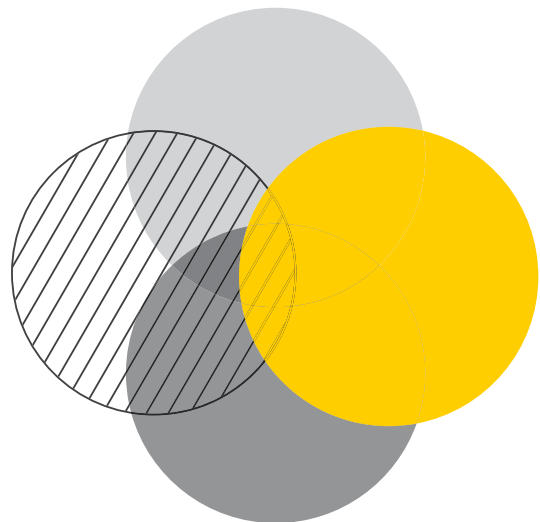
Note: To be able to run this analysis, you must have completed the short-term incentive payment (target) and/or target LTI as % of base salary fields in the data spreadsheet

The Remuneration Mix report shows the average composition of pay between fixed salary and target variable pay (short-term incentives and long-term incentives) as a proportion of total remuneration for women and men.

Remuneration mix is an important measure in reviewing the proportion of an employee's pay that is fixed, as opposed to the proportion that is variable. While fixed pay has the assurance of guaranteed compensation, variable rewards are typically contingent on reaching performance-based criteria. Though variable payments are considered 'at-risk', and the actual payments are contingent on the performance of an individual/team/organisation, the ultimate payment can potentially be a significant amount.

For remuneration mix analysis to be meaningful for comparative purposes, it is important that the data is analysed by a category that groups your employees into roles of a similar level.

Therefore analysis can only be run by selecting one of the job level categories under the 'Primary Category' drop down box.



# Appendix 1

	<b>Employee Data</b>	<b>Definition</b>	<b>Suggested responses</b>	<b>Example</b>
<b>Employee data fields - Mandatory</b>	Your code	The WGEA gender pay gap calculator assumes all data is provided at the individual employee level (i.e. not aggregated). Since the data is only viewed inside human resources there is no problem in using the unique confidential Employee ID as that unique ID.	Unique to organisation	799278
	You title	Job title of the employee.	Unique to organisation	People and Culture Manager
	Gender	Gender of the employee.	F M	M
	Organisation unit	Job function/unit that the employee is grouped under within the organisation.	Unique to organisation	Human Resources
<b>Job match fields</b>	Company job grade	If your organisation has an internal grading system, then this is the incumbent's job grade. Alternatively, if you use a job evaluation system, then this is the job grade you have allocated to the incumbent under that system. Otherwise, leave this field blank.	Unique to organisation	F
	ANZSCO code	Job code based on the Australian and New Zealand Standard Classification of Occupations classification structure.	Please refer to "ANZCO Codes" tab	
	Mercer Job Code	Job code, based on Mercer's position coding system.	Please refer to "Mercer Job Codes" tab	120.100.210
	Mercer Job Function	Job function, based on Mercer's position coding system.	Please refer to "Mercer Job Codes" tab	Human Resources
<b>Employee data fields - Optional</b>	Mercer Career Stream	Career stream, based on Mercer's position coding system.	Please refer to "Mercer Job Codes" tab	21 - Senior Management
	Reporting level to the CEO	The number of levels between this position and the CEO/MD.	0 = CEO/MD 1 = Direct report to the CEO 2 = Second level report to the CEO 3 = Third level report to the CEO	2
	Company job grade	If your organisation has an internal grading system, then this is the incumbent's job grade. Alternatively, if you use a job evaluation system, then this is the job grade you have allocated to the incumbent under that system.	Unique to organisation	D

## Appendix 1 (continued)

Employee Data	Definition	Suggested responses	Example
State	State/Territory of the employee's workplace.	NSW = New South Wales QLD = Queensland SA = South Australia TAS = Tasmania WA = Western Australia VIC = Victoria CBR = Canberra NT = Northern Territory	NSW
Performance rating	How the employee performed in their past performance period against their target goals.	1 = Far Exceeded objectives 2 = Exceeded objectives 3 = Met objectives 4 = Partially met objectives 5 = Failed to meet objectives	2
Highest qualification	Highest level of education obtained by the employee.	1 = Doctoral degree 2 = Masters degree 3 = Graduate certificate/diploma 4 = Bachelor degree and honors 5 = Diploma, advanced diploma, associate degree 6 = Certificate (I - VI) 7 = High school (or below)	
New hire	Has the employee been newly hired to the organisation in the past 12 months? (including 're-hires')	Y = newly hired by the organisation in the past 12 months N = No	N
Age	Age of the employee.		38
Tenure	Years of current tenure within the organisation.	Rounded number up (e.g. new employee = 1)	4
Gender of manger	Gender of employee's manager.	F = Female M = Male	F
Number of direct reports	The number of employees who directly report to the position in question. It should include direct reports only, and only applicable to people managers.		3
Employment Status	Contractual agreement under which employee is employed.	1 = Permanent 2 = Part-time 3 = Casual	1

### Employee data fields - Optional (continued)

## Appendix 1 (continued)

	<b>Employee Data</b>	<b>Definition</b>	<b>Suggested responses</b>	<b>Example</b>
<b>Salary data fields - Fixed pay</b>	Base salary (mandatory)	The current annual dollar base salary, including all salary sacrifice amounts such as employee super top ups and car novated lease amounts. (if you use a fixed/total package approach please leave this field blank).	Please enter numeric value (\$)	140000
	Superannuation	Amount contributed by the employer to the employees defined contribution (or defined benefit) fund over the past year.	Please enter numeric value (\$)	13413
	Total annual cash allowances	Annual guaranteed/fixed cash allowances paid to the employee as a part of their employment. These allowances could include meal allowances, footwear and clothing related allowances, accommodation allowances, site allowances, transport allowances etc. If there is more than one allowance, add them together and report the total amount.	Please enter numeric value (\$)	5000
	Total annual value of benefits	Annual value of benefits provided to the employee (excluding superannuation). These benefits could include provision of motor vehicle, company phone, health insurance/benefits. Include any fringe benefits tax (FBT) incurred.	Please enter numeric value (\$)	10000
	Employment cost (EC) given	This is the total fixed cost of the employee's package to the employer. It includes superannuation associated with fixed cost but excludes superannuation associated with variable cost. Annualise all part-time salaries. Complete only if you adopt a total package approach to remuneration	Please enter numeric value (\$)	
<b>Salary data fields - Variable pay</b>	Overtime eligibility	Eligibility of employee to receive overtime payments for the next 12 months as a part of their role.	Y = Yes N = No	N
	Overtime payment	Overtime payment for an employee working beyond ordinary (or normal) working hours.	Please enter numeric value (\$)	
	Short-term incentive (STI) Eligibility	Eligibility of employee to receive the Short-Term Incentive (STI) scheme for the current job and over the next 12-month period.	Y = Yes N = No	Y
	STI Actual payment (prior 12 months)	All payments made over the past 12 months to data effective date, which are associated with individual, team and / or corporate performance. Please enter the absolute amount paid and NOT a percentage of base salary or employment. Include any associated superannuation.	Please enter numeric value (\$)	0

## Appendix 1 (continued)

	Employee Data	Definition	Suggested responses	Example
<b>Salary data fields - Variable pay Overtime Eligibility</b>	STI Target payment (next 12 months)	All targeted cash payments associated with individual, team and/or corporate performance assigned for the current year, to reward meet-target result (not outstanding/ maximum). Please enter the absolute amount paid and NOT a percentage of base salary or employment cost. Please include any associated superannuation.	Please enter numeric value (\$)	21000
	Sales commission Eligibility	Eligibility of employee to receive to receive the Sales Commission scheme for the current job and over the next 12-month period.	Y = Yes N = No	N
	Sales commission actual payment (prior 12 months)	All payments made over the past 12 months to data effective date, which are associated with sales achievement. Please enter the absolute amount paid and NOT a percentage of base salary or employment cost. Please include any associated superannuation.	Please enter numeric value (\$)	
	Sales commission target payment (next 12 months)	All targeted cash payments associated with sales target assigned for the current year, to reward meet-target result (not outstanding/ maximum). Please enter the absolute amount paid and NOT a percentage of base salary or employment cost. Please include any associated superannuation.	Please enter numeric value (\$)	
	LTI Eligibility	Indicate whether an individual is eligible to participate in a long-term incentive plan (shares, options, cash)– regardless of whether or not the individual will receive an incentive payment.	Y = Yes N = No	Y
	Total target LTI as % of Base Salary	Include the LTI as a percentage of fixed pay the employee is expected to earn if performance targets are met. This figure should include cash as well as the value of any shares or options, and should refer to a future period. Please provide this information only if applicable, if your LTI plans are discretionary or if you do not have targets, please leave blank.	Please enter numeric value (\$)	20
<b>Calculated fields</b>	Employment cost	This is the total fixed cost of the employee’s package to the employer. It includes superannuation associated with fixed cost but excludes superannuation associated with variable cost.	Automatically calculated - includes base salary, superannuation, annual total allowances, and annual value of benefits.	168413
	Total employee reward	This is the total fixed cost of the employee’s package to the employer, plus STI actual payments and sales commission actual payment.	Automatically calculated - includes Employment Cost, STI (actual) and Sales commission (actual)	168413