Australian Government

Workplace Gender Equality Agency

International Gender Equality Reporting Schemes

April 2019

Summary

- A gender pay gap is the 'gap' between women's and men's earnings. A measure of gender equality, gender pay gaps indicate women's overall financial position in the paid workforce in comparison to men.
- Gender pay gaps are not a measure of the difference in pay between women and men for doing the same job, and should not be confused with pay equality – which is the legal right of female and male employees to be paid equally for work of equal or comparable value.
- Australia's gender equality reporting scheme is the only model which requires employers to submit their raw data to a central authority, the Workplace Gender Equality Agency (WGEA). The WGEA uses a standardised format to calculate and monitor organisational data, including gender composition data and gender pay gap data.
- All the reporting schemes cited here require analysis of organisation-wide salary data.
- In the UK, Belgium, Austria and France organisations are required to make their gender pay gaps publicly available, or available to their employees on request.
- Iceland was the first country to legislate an 'Equal Pay Standard', where workplaces must undergo an audit and receive certification that their employees are equally paid for work of equal value.
- France has expanded its a gender equality reporting scheme to include an 'equal pay index' with five indicators and a scoring system. Employers who fail to meet the compliance threshold have three years to comply or face penalties.

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Introduction

Since 2010, a number of different countries have introduced reporting schemes that aim to address gender inequality in workplaces, and more broadly, to promote awareness of gender equality in society.
All reporting schemes mentioned require organisations to collect data, including salary and remuneration data, to determine wage inequalities between women and men.
While it is still too early to evaluate the full impact of these schemes, we know from our experience here in Australia that the collection and analysis of data is the key driver of change.

The gender pay gap figures included in this paper are based on the national statistics from each country mentioned. Directly comparing international gender pay gaps is problematic due to differences in sources, definitions and methods used to calculate the gender pay gap.

The gender pay gap

Over a lifetime, the cumulative effect of the gender pay gap and other factors, such as time spent out of the workforce and unconscious bias, contribute to women retiring with far less retirement savings than men, and having a higher risk of living in poverty in retirement. Addressing workplace inequality is not only important from a human rights perspective, but also because gender equality is central to a country's overall economic performance. It has been linked to improved national productivity, innovation and economic growth (WGEA, 2019).

Many organisations, including the OECD and World Bank collect data on gender disparities in the workplace, in education and in political representation, and this data creates a powerful argument for change.
The gender pay gap is the difference between women's and men's pay. The pay gap can be calculated based on the average (or mean) difference in pay, or the median difference in pay, and expressed as a percentage of men's pay. Every country in the OECD has a gender pay gap in favour of men. On average, women in the OECD earn 13.9% less than men (OECD Family Database, 2015).

National gender pay gap figures are symbolic of the overall position of women in the workforce and the status of gender equality within the workforce. They do not determine or explain the causes of any differences in earnings between women and men.

Generally, the calculation of national gender pay gaps are based on national average earnings and do not reflect 'like-for-like' pay gaps, where employees working in the same or comparable roles are paid differently.

According to research from the European Commission, the gender pay gap must be looked at along with other indicators linked to the labour market, in particular those that reflect the different working patterns of women.

In countries where the female employment rate is low (e.g. Italy), the pay gap is lower than average. This may be a reflection of the small proportion of low-skilled or unskilled women in the workforce.
A high pay gap is usually characteristic of a labour market that is highly segregated, meaning that women are more concentrated in a restricted number of sectors and/or professions (e.g. Czech Republic, Estonia and Finland), or in which a significant proportion of women work part-time (e.g. Germany and Austria).
Each of the models outlined have strengths and weaknesses, but to date there is no research that compares

the effectiveness of each scheme. However, despite inconsistencies in data sources and calculations, it is clear that gender pay gaps in favour of men are a common feature of these economies.
It is positive that so many countries are now taking concrete action on gender equality, indicating this is an important policy and economic issue.

Glossary of reporting terms and methods

Hourly earnings refers to the level of payment an employee receives for one hour's work. This measure can be used to compare the level of payment for individuals working full-time, part-time and casually.

Average weekly earnings refers to the earnings of an employee based on a working week. To ensure fair comparisons, this measure generally collects data on all employees, as well as separate data for full-time employees.

Annualised earnings refers to earnings that have been converted to the equivalent of a full- time, full-year salary. This allows for the fair comparison between full-time and part time employees, and employees who only work part of the year.

Gender pay gaps can be calculated by 'mean' or 'median' earnings values:
Mean (also called average) is the average of a list of numbers (for example, add up all the average weekly earnings of male workers – then divide by the number of male workers).
Median is the middle figure in a list of a numbers.

Unadjusted pay gap refers to the raw (unadjusted) difference between women's and men's earnings.

Adjusted pay gap refers to the difference between women's and men's earnings taking into account factors such as education, job experience, job sector, job position, number of hours worked etc.

Organisations calculating gender pay gaps

The Eurostat, (the statistical office of the European Union), gender pay gap methodology measures the unadjusted gender pay gap, defined as "the difference between the average gross hourly earnings of men and women, expressed as a percentage of the average gross hourly earnings of men." (European Commission, 2018).

The Organisation for Economic Co-operation and Development (OECD) gender pay gap methodology uses median full-time, annual earnings figures to calculate gender pay gaps. The gap is unadjusted and wherever possible, based on full-time adult earnings. However, inconsistencies between countries in regards to the size of the national gender pay gaps could be due to different earnings data used. The OECD defines the gender pay gap as: "…the difference between the mean average annual earnings of men and of women as a percentage of men's mean average annual earnings, for men and women with a given level of educational attainment."

Reporting schemes

The gender equality schemes summarised here are a snapshot of some reporting schemes – it is not a comprehensive list of all countries that are monitoring and acting on gender equality.

There are broadly five different types of gender reporting schemes, requiring organisations to report on different parameters. Each gender equality reporting type is different but all types share similarities - all types require organisations to act on gender inequality, to collect data by gender, to investigate their data and to be, to some extent, transparent with their gender data.

A) Comprehensive - reporting on employee remuneration and gender equality policies (Australia)

   Organisations in Australia have to submit data on six Gender Equality Indicators to a federal Agency (WGEA). The Agency calculates gender pay gaps and publishes aggregated gender pay gaps.

B) Transparency - reporting on organisational-wide gender pay gaps (United Kingdom)

   Organisations in the UK have to calculate and then publish different gender pay gaps on a government website.

C) Legislation - organisations receive certification when specific standards are met (Iceland)

   Organisations in Iceland have to comply with an 'equal pay standard' to receive certification.

D) Transparency and accountability - reporting on organisational gender pay gaps, actions and accountability (France).

   Organisations in France have to calculate and publish gender pay gaps and demonstrate actions to close gender pay gaps.

E) Limited external transparency: gender pay gap reporting within organisations (Belgium, Austria, Germany).

   Organisations in European Countries have to calculate and publish their gender pay gaps to internal work councils.

Comprehensive - reporting on earnings and policies: Australia

National gender pay gap between weekly full-time equivalent earnings (unadjusted): 14.1% (WGEA, November 2018)

Population: 23 million

The Australian model appears to be the only country that requires employers to submit raw data to a central authority, the Workplace Gender Equality Agency (WGEA). WGEA uses standardised calculations, conducts data checks to ensure accuracy and publicly distributes aggregated organisational data. This ensures that the statistics published by the WGEA are a fair representation of the status of gender equality within a significant proportion of the Australian labour force.

WGEA collects data from all non-public sector employers with 100 or more employees. In 2019 WGEA calculated a gender pay gap of 21.3% for full-time workers in favour of men (based on average total remuneration). This WGEA data is collected annually via a census of all relevant employers, covering the private sector. Across all sectors, Australian workplaces continue to show significant disparities between the remuneration of female and male employees (WGEA Data Explorer, 2019).

The Workplace Gender Equality Act was established in 2012 requiring all non-public sector employers to report annually to WEGA on six gender equality indicators (GEIs).

The GEIs relate to areas that, through research and data, are known to be critical to achieving more equitable gender equality outcomes:

GEI 1 – gender composition of the workforce

GEI 2 – gender composition of governing bodies

GEI 3 – equal remuneration between women and men

GEI 4 – availability and utility of employment terms, conditions and practices relating to flexible working arrangements for employees and to working arrangements supporting employees with family or caring responsibilities

GEI 5 – consultation with employees on issues concerning gender equality in the workplace

GEI 6 – any other matters specified by the Minister – including sex-based harassment and discrimination.

In 2018, the Chilean Government announced that it will implement a gender equality reporting scheme based on the Australian model. Representatives from WGEA have been working with the Chilean Ministry of Women to share experiences and insights into the Australian reporting process.

Organisations have from 1 April until 31 May to submit their gender equality report to WGEA through an online portal. The information provided by organisations is published on the WGEA website and accessed through the Data Explorer, which captures aggregated data. WGEA also publishes each organisation's public report (excluding confidential remuneration information) on the WGEA website.

In return, employers receive a confidential Competitor Analysis Benchmark Report (CAB Report), detailing the organisation's gender equality performance relative to other organisations. These reports help employers identify areas for improvement and track their progress over time. By having a deeper understanding of their own performance, and relative performance in particular, employers can set more realistic and achievable targets and goals to improve gender equality within their organisations.

WGEA's 2017-18 dataset covered more than 4.1 million employees in 4,644 individual reports. In total, this is over 40% of the Australian labour force.

Under the Act, organisations that do not comply may be deemed 'non-compliant'. In such instances, WGEA may name the employer as non-compliant in its annual report to the Minister or by electronic means. Non-compliant organisations may not be eligible to tender for contracts under the Commonwealth and some state procurement frameworks.

Summary: Australia

Who: All non-public employers with 100 or more employees are required to report.

What: Organisations must report on six gender equality indicators.

When: Reporting period is from 1 April to 31 May each year.

Availability: Aggregated data is publicly available. Organisation-specific gender equality reports without remuneration data are also available online.

Transparency – reporting on organisational gender pay gaps: UK

National gender pay gap between average gross hourly earnings (unadjusted): 20.8%*
Population: 64 million

*estimated by Eurostat, 2017

The Government of the United Kingdom legislated that from 2017 all private, public and voluntary-sector employers with 250 or more employees in England, Wales and Scotland (but not Northern Ireland) are required to publish pay gap data annually. The measures must be calculated by the organisation from a 'snapshot date' each year, 31 March for public sector organisations and 5 April for private sector organisations (UK Equalities Office, 2016):

Public and private sector employers are required to publish:

- the mean and median hourly gender pay gaps
- the mean and median bonus payment pay gaps
- the proportion of female and male employees receiving a bonus payment
- the proportion of female and male employees in four quartile pay bands, for example,

the proportion of women in the top 25% of income earned.

The scheme covers all employees, including apprentices and some consultants. The definition of 'pay' includes basic pay, paid leave, bonuses and allowances but excludes overtime and expenses.

The gender pay gap reporting legislation requires that pay information is published within a year of the snapshot date and that it remains available on UK Government's gender pay gap reporting webpage for three years.

Private organisations are required to publish their gender pay gap data on their own website accompanied by a written statement from a director or senior employee confirming it is accurate. Employers may also provide explanations about their results and calculations, and may refer to implemented actions to reduce the gender pay gap. In addition, public and private sector organisations are required to submit their gender pay gap data to the UK Government Equalities Office.

The Equality and Human Rights Commission can issue an 'unlawful act' notice to organisations that fail to comply with the scheme and may require them to develop an action plan to prevent the legal breach being repeated in future years.

Summary: United Kingdom

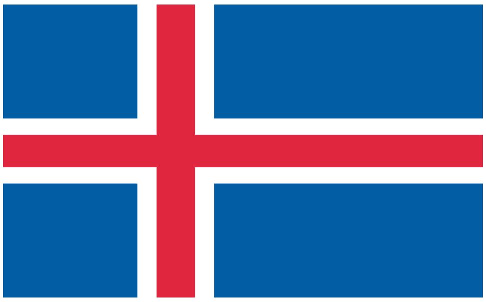
Who: Private, public and voluntary-sector employers with 250 or more employees.

What: Employers must publish

- the overall mean and median hourly gender pay gaps
- the mean and median bonus pay gaps
- the proportion of men and women who received bonuses and
- the proportion of men and women in four different pay quartiles.

When: Annually, with the first results published in March/April 2018.

Legislation - equal pay standard and certification: Iceland



National gender pay gap between average gross hour earnings (unadjusted): 15.5% (Eurostat, 2017)

Population: 300,000

In June 2017, Iceland mandated an Equal Pay Standard with amendments to the Act on Equal Status and Equal Rights of Women and Men, taking effect from January 2018. It requires companies with 25 or more employees to prove they are paying women and men equally by implementing the Equal Pay Standard and subsequently acquiring certification.

The implementation is staggered based on organisational size (Ministry of Welfare Iceland, 2017).

- employers with 250 or more employees were required to implement the Equal Pay Standard by 31 December 2018
- employers with 150-249 employees by 31 December 2019
- employers with 90-149 employees by 31 December 2020
- employers with 25-89 employees by 31 December 2021

The Equal Pay Standard includes methods, guidelines and recommendations for all pay decisions, including policies that ensure equal pay for women and men working in the same jobs, and jobs of equal value (Standards Iceland, 2017). When companies and institutions have fulfilled the requirements of the standard, they receive the certification for three years (Icelandic Women's Rights Association, 2018).

Professional certifiers, such as private consultancy firms issue the certification and inform the public Centre for Gender Equality (Jafnréttisstofa). The certifiers are required to give information to the Centre about organisations that do not meet certification requirements (Ólafsson. S, 2017).

Equal Pay Standard "is a set of rules and guidelines which analyse the pay structure within a company, and show whether or not men and women are paid equal wages for the same or equal value of work within the workplace."

(Icelandic Women's Rights Association 2018)

Summary: Iceland

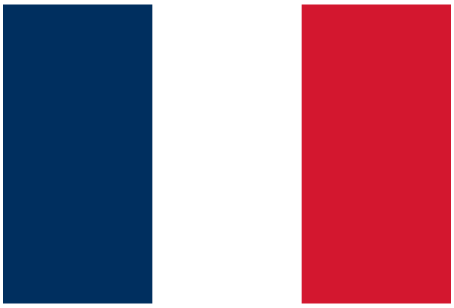
Who: All organisations with more than 25 employees.

What: Staggered implementation of certification to ensure women and men working in the same jobs, and jobs of equal value, are receiving equal pay.

When: Employers are expected to renew their equal pay certification every three years.

Use: Organisations which fail to meet pay equality standards may face fines.

Transparency and accountability - reporting on organisational gender pay gaps, actions and accountability: France



National gender pay gap between average gross hour earnings (unadjusted): 15.4%* (Eurostat, 2017)
Population: 64 million
*Based on provisional data

In January 2019, an administrative decree introduced new gender equality obligations including an ‘equal pay index’ for companies with more than 50 employees. The index is comprised of four to five indicators depending on the size of the company, and points are assigned as a value to each indicator up to a total of 100 points. To be considered compliant, companies must have a score of at least 75. If the score is below this threshold, companies have three years to close the pay gap before facing financial penalties. Companies are obliged to allocate budget to close the pay gaps.

The plan is for a staggered implementation of the equal pay index. Companies with more than 1,000 employees had until the end of March 2019 to publish their score for 2018; companies with more than 250 but less than 1000 employees report by September 2019; and companies with more than 50 but less than 250 employees have until March 2020 to publish their 2019 score.

Summary: France

Who: Companies has more than 50 employees.

What: The equal pay index is composed of five indicators:

- The pay gap between men and women, calculated on the basis of the average remuneration of women compared to men by age group and equivalent job category.
- The gap in the percentage of individual pay increases – not related to promotions – between men and women.
- The gap in the percentage of promotions between men and women.
- The percentage of female employees with a pay increase in the year following their return from parental leave, if pay increases occurred during leave.
- Number of employees of the under-represented gender among the top 10 highest earners.

When: From 2019, annually, with staggered start depending on the size of the company.

Use: Non-compliant employers may be fined up to 1% of their total payroll.

Limited external transparency: gender pay gap reporting within organisations: Belgium and Austria

A number of countries in the European Union have adopted similar gender equality reporting models. The European model generally requires employers to report their gender equality data to union representatives or employee work councils. These are, in turn, responsible for using the reports to monitor the status of gender equality within the organisation.

The strength of the cooperative model, the legislation and the degree to which reporting requirements are upheld varies across European countries. Belgium and Austria are good examples of this model.

Belgium

National gender pay gap between average gross hour earnings (unadjusted): 6.0%* (Eurostat, 2017)
Population: 11 million

In 2012, Belgium introduced legislation to reduce the gender pay gap. This law requires that organisations include the differences in salaries between women and men in annual organisation-wide audits and reports (Hildegard, 2015).The annual audits are publicly available via the national bank.

Organisations with over 50 employees are required to conduct a gender pay gap analysis every two years. If this analysis shows that women's remuneration is less than men's, the organisation is obliged to produce an action plan to tackle pay inequality. In cases of wage discrimination, women may approach a mediator to work on a compromise (European Union, 2014).

Summary: Belgium

Who: Organisations with more than 50 employees.

What: Remuneration differences by gender in annual organisational reports. Conduct gender pay gap analysis in organisations with over 50 employees.

When: Every two years.

Use: Organisational pay gaps are publically available. Organisations with pay disparity are required to produce an action plan.

Austria

National gender pay gap between average gross hour earnings (unadjusted): 19.9% (Eurostat, 2017)
Population*:* 8.5 million

Under Austria's Equal Treatment Act (2011), organisations with 150 or more employees must submit a report covering gender composition and income data every two years. The report must be made available to the organisation's work council, or in the absence of a work council, it must be made available to all employees.

The income report must also include pay levels of women and men by occupational group, average or median income by women and men by occupational group and levels of pay, total remuneration figures including 'benefits in kind' (such as company cars, private medical insurance etc.) and part-time and partial year employment calculated as a full-time equivalent.

Summary: Austria

Who: Companies with 150 or more employees are required to produce income reports.

What: The reports must include the number of women and men in occupational groups and the average or median pay for women and men.

When: Every two years.

Use: Employees and work councils (employee representation) can use the reports to negotiate with the employer for changes or refer to them in discrimination lawsuits.

Appendix 1: List of Countries with a National Gender Equality Reporting Scheme

Countries	GPG (%)	Population (millions)
Australia*	14.1	23
Austria	19.9	8.5
Belgium	6.0	11
Chile	21.2	18
Denmark	14.7	5.6
Finland	16.7	5.5
France	15.4	64
Germany	21.0	81
Iceland	15.5	0.3
Italy	5.0	60
Japan**	24.5	127.3
Norway	7.1	5.1
Sweden	12.6	9.6
United Kingdom	20.8	64

* GPG featured calculated by WGEA (2018) using Australian Bureau of Statistics Labour Force data.

** GPG featured for Japan is taken from OECD Gender Pay Gap statistics and is based on median salary figures rather than averages.

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