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# Submission - Senate Inquiry into Economic Security for Women in Retirement

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# Introduction

The [Workplace Gender Equality Agency](#) ('WGEA' or 'Agency') is pleased to provide its submission to the Senate Inquiry into the Economic Security for Women in Retirement. The Agency seeks to address elements of the Inquiry's [terms of reference](#) that are in line with the Agency's mandate, specifically (highlighted in yellow below):

- a. The Senate notes that, although women's increasing workforce participation has contributed significantly to Australia's economic productivity and to women's financial independence, significant socio-economic disparity remains between men and women, illustrated by the pay gap between men and women which sits at 18.8 per cent and the gap in superannuation at retirement is 46.6 per cent; and
- b. the gender retirement income gap be referred to the Economics References Committee for inquiry and report by the first sitting day in March 2016, with particular reference to:
  - i. the impact inadequate superannuation savings has on the retirement outcomes for women,
  - ii. the extent of the gender retirement income gap and causes of this gap, and its potential drivers including the gender pay gap and women's caring responsibilities,
  - iii. whether there are any structural impediments in the superannuation system [impacting on the superannuation savings gap],
  - iv. the adequacy of the main sources of retirement income for women, and
  - v. what measures would provide women with access to adequate and secure retirement incomes; including:
    - A. assistance to employers to assist female employees' superannuation savings,
    - B. Government assistance, with reference to the success of previous schemes, and
    - C. any possible reforms to current laws relating to superannuation, social security payments, paid parental leave, discrimination, or any other relevant measure.

The key areas that this submission addresses are:

- Factors, particularly the gender pay gap ('GPG'), that contribute to the gender superannuation gap
- Benefits to addressing the GPG and the gender superannuation gap
- Solutions to addressing the GPG and gender superannuation gap – with a focus on what leading employers are doing through best practice examples.

## Agency's role

These key areas relate to the role that the Agency fulfils as a gender equality regulator, educator and influencer. The Workplace Gender Equality Agency is an Australian Government statutory agency charged with promoting and improving gender equality in Australian workplaces. It is established by the [Workplace Gender Equality Act 2012](#) (WGE Act), under which non-public sector employers with 100 or more employees are required to report to the Agency annually against standardised gender equality indicators (GEIs):

- GEI 1 – gender composition of the workforce
- GEI 2 – gender composition of governing bodies of relevant employers
- 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 arrangement 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 – sex-based harassment and discrimination

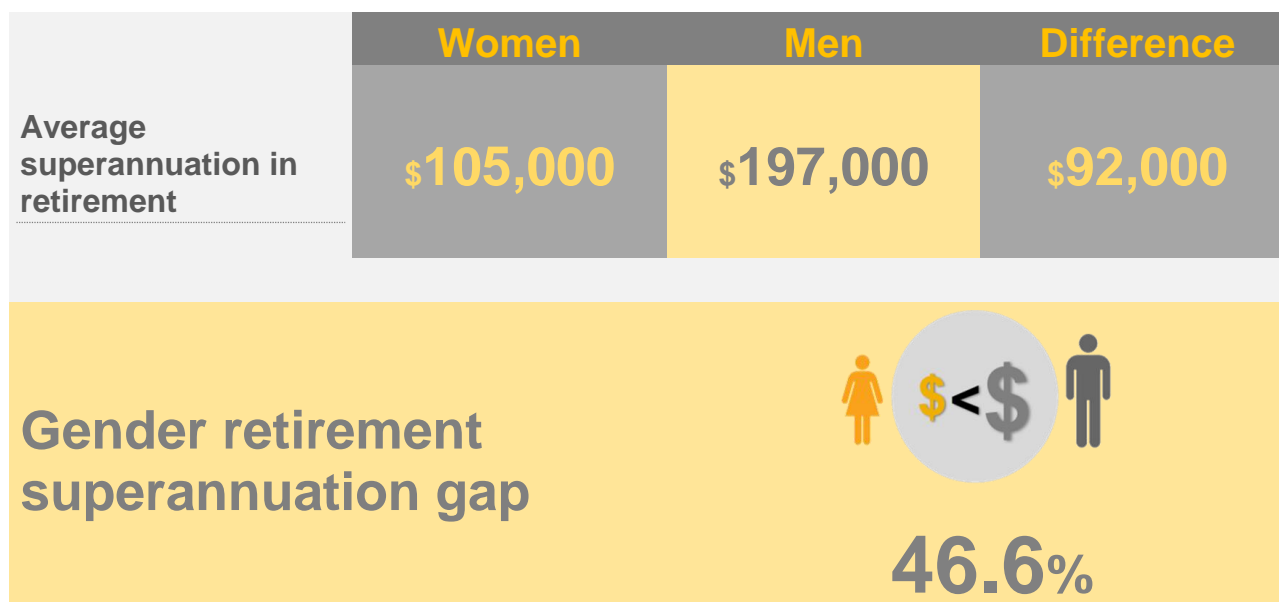
The data collected from these reports (known as the 'WGEA dataset') can be harnessed and combined with other information to inform the discussion around women's economic security in retirement.

The Agency also has a role in promoting and improving gender equality in Australian workplaces. This role is fulfilled through the provision of advice and assistance to employers, including on GPG, gender composition of the workforce and employer policies and strategies relating to gender equality. Unless the GPG is addressed there will be continued concerns relating to the economic security for women in retirement, and this will be explored.

## The gender superannuation gap

The difference in superannuation earnings, where women on average accrue approximately half the level of men's retirement savings,<sup>1</sup> impacts women's economic security in retirement. The average superannuation balance at retirement in 2011-12 was \$105,000 for women and \$197,000 for men, resulting in a gender retirement superannuation gap of 46.6% (Figure 1; see Appendix A for more detail).

**Figure 1: Average balance of superannuation and gender superannuation gap at retirement, 2011-12**



Source: R. Clare (2014), *An update on the level and distribution of retirement savings*, (Sydney: Association of Superannuation Funds of Australia).

Note: The gender superannuation gap is calculated by taking the difference between average men's superannuation balances and average women's superannuation balances and expressing this as a percentage of average men's superannuation balances.

The decline in women's superannuation and the continuing disparity in balances between women and men are observed over time across all age groups (Table 1).

**Table 1: Average superannuation balances by age, 2011-12**

Age group	Women's average superannuation (\$)	Men's average superannuation (\$)	Difference (\$)	Gender superannuation gap (%)
20-24	\$4,403	\$5,533	\$1,130	20.4
25-29	\$13,399	\$18,899	\$5,500	29.1
30-34	\$22,765	\$32,819	\$10,054	30.6
35-39	\$36,142	\$53,221	\$17,079	32.1
40-44	\$43,826	\$66,503	\$22,677	34.1
45-49	\$60,618	\$102,358	\$41,740	40.8
50-54	\$71,661	\$136,707	\$65,046	47.6
55-59	\$91,216	\$203,909	\$112,693	55.3
60-64	\$104,734	\$197,054	\$92,320	46.9
65-69	\$90,185	\$172,767	\$82,582	47.8
70-74	\$65,121	\$142,790	\$77,669	54.4
75-79	\$24,027	\$55,291	\$31,264	56.5
80-84	\$15,536	\$52,006	\$36,470	70.1
85+	\$17,544	\$35,555	\$18,011	50.7

Age group	Women's average superannuation (\$)	Men's average superannuation (\$)	Difference (\$)	Gender superannuation gap (%)
<b>Total</b>	<b>\$44,866</b>	<b>\$82,615</b>	<b>\$37,749</b>	<b>45.7</b>

Source: R. Clare (2014), *An update on the level and distribution of retirement savings*, (Sydney: Association of Superannuation Funds of Australia).

Note: The gender superannuation gap is calculated by taking the difference between average men's superannuation balances and average women's superannuation balances and expressing this as a percentage of average men's superannuation balances.

Presently, women accumulate significantly less savings for their retirement and as a result account for over half of those aged over 65 years receiving the aged pension.<sup>2</sup> In addition, women are more likely to re-enter the workforce following retirement due to financial constraints,<sup>3</sup> are twice as likely as men to sell their house and move to lower cost accommodation because of financial circumstances in retirement,<sup>4</sup> and have a higher life expectancy than men<sup>5</sup>, worsening the impact of the retirement superannuation gap. Women's ability to accumulate superannuation over time is influenced by a range of factors.

## What contributes to the gender superannuation gap?

The current superannuation system assumes a 40-year continuous work history to accumulate sufficient funds to live comfortably in retirement. However, this is more often the experience for men rather than for women.<sup>6</sup> WGEA's Perspective Paper on women's economic security in retirement describes Australia's retirement income system and points to particular aspects that impact on gender equality (see Appendix B for more detail). This submission does not attempt to critique the superannuation system but does note that there are in-built gender biases in the existing system that impact on women's economic security in retirement.

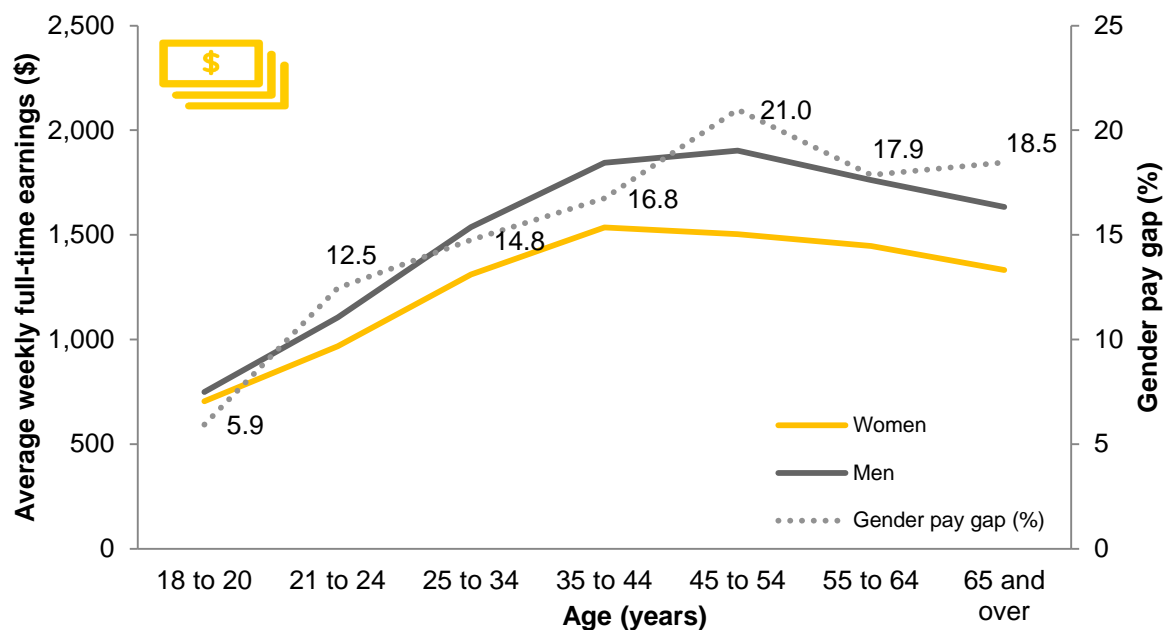
While superannuation system biases exist, the fact that women earn less than men over their working lives is a significant contributor to the gender superannuation gap. In fact, it is estimated that, on average, partnered mothers will earn about half that of partnered fathers: \$1.3m compared to \$2.5m.<sup>7</sup> This difference in life time earnings is also reflected in the national GPG.

## The national gender pay gap

The national GPG is the difference between women's and men's average weekly full-time equivalent earnings, expressed as a percentage of men's earnings. The WGEA calculates the national GPG using Australian Bureau of Statistics' (ABS) Full-Time Adult Average Weekly Ordinary Time Earnings (AWOTE) Trend data from the Average Weekly Earnings (AWE) survey (cat. no. 6302.0). The national GPG is currently 17.9%<sup>8</sup> and has hovered between 15% and 19% for the past two decades. The national GPG is a symbol of the overall position of women in the workforce, and reflects the high concentration of women in low paying industries and occupations, and the high concentration of men in management roles.

Looking at the GPG over time shows the disparity in earnings begins when women first enter paid employment, with female graduates earning less than men, on average.<sup>9</sup> While the GPG exists across all age groups, the divergence between male and female earnings increases after women reach 25-34,<sup>10</sup> reflecting a reduction in workforce participation by women when they have children.<sup>11</sup> The GPG has also been shown to increase with age (Figure 2).

**Figure 2: Average weekly full-time earnings and the gender pay gap by age**



Source: ABS (2015), *Employee Earnings and Hours, Australia, May 2014*, cat. no. 6306.0, viewed 3 November 2015, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6306.0>

Since 2013-14, WGEA has been collecting detailed remuneration data annually from Australian employers. This data provides additional evidence of the GPG by industry and occupation. There are large GPGs in every industry, including female-dominated industries, such as Health Care and Social Assistance (GPG of 18.1%) and Education and Training (GPG of 9.3%; Table 2).

**Table 2: Average annualised full-time earnings and gender pay gaps by industry (WGEA data), 2014-15**

Industry	Women's average annualised base salary (full-time) (\$)	Men's average annualised base salary (full-time) (\$)	Base salary gender pay gap (full-time; GPG %)	Women's average annualised total remuneration (full-time) (\$)	Men's average annualised total remuneration (full-time) (\$)	Total remuneration gender pay gap (full-time; GPG %)
Financial and Insurance Services	\$81,147	\$111,667	27.3	\$99,725	\$153,521	35.0
Rental, Hiring and Real Estate Services	\$77,431	\$96,845	20.0	\$90,450	\$126,315	28.4
Professional, Scientific and Technical Services	\$82,902	\$106,950	22.5	\$95,051	\$130,807	27.3
Construction	\$78,283	\$98,324	20.4	\$91,734	\$124,525	26.3
Information Media and Telecommunications	\$78,469	\$98,355	20.2	\$94,286	\$122,912	23.3
Electricity, Gas, Water and Waste Services	\$85,603	\$100,910	15.2	\$100,894	\$128,499	21.5
Transport, Postal and Warehousing	\$65,487	\$80,896	19.0	\$77,985	\$99,207	21.4

Industry	Women's average annualised base salary (full-time) (\$)	Men's average annualised base salary (full-time) (\$)	Base salary gender pay gap (full-time; GPG %)	Women's average annualised total remuneration (full-time) (\$)	Men's average annualised total remuneration (full-time) (\$)	Total remuneration gender pay gap (full-time; GPG %)
Arts and Recreation Services	\$65,303	\$81,508	19.9	\$72,741	\$92,029	21.0
Agriculture, Forestry and Fishing	\$60,974	\$75,594	19.3	\$69,197	\$87,507	20.9
Administrative and Support Services	\$61,929	\$78,703	21.3	\$73,142	\$92,273	20.7
Other Services	\$66,506	\$77,283	13.9	\$75,929	\$92,873	18.2
Health Care and Social Assistance	\$67,392	\$80,301	16.1	\$77,935	\$95,111	18.1
Mining	\$101,207	\$119,731	15.5	\$135,282	\$164,243	17.6
Retail Trade	\$55,162	\$62,183	11.3	\$63,753	\$75,423	15.5
Manufacturing	\$70,135	\$78,824	11.0	\$83,834	\$97,581	14.1
Accommodation and Food Services	\$57,011	\$63,893	10.8	\$64,898	\$72,833	10.9
Wholesale Trade	\$67,591	\$73,713	8.3	\$82,277	\$91,895	10.5
Education and Training	\$86,477	\$93,268	7.3	\$99,099	\$109,234	9.3
Public Administration and Safety	\$67,278	\$74,280	9.4	\$75,463	\$82,659	8.7
<b>Overall</b>	<b>\$73,245</b>	<b>\$90,488</b>	<b>19.1</b>	<b>\$86,506</b>	<b>\$113,761</b>	<b>24.0</b>

Source: WGEA (2015), Agency reporting data

Notes:

- Gender pay gaps in the table above exclude CEOs/Heads of Business in Australia, and are based on average full-time annualised earnings in the 2014-15 reporting period.
- Base salary is the full-time annual salary before tax, including all salary sacrificed items, but excluding allowances, superannuation and any other additional payments.
- Total remuneration includes full-time base salary plus any additional benefits whether payable directly or indirectly, whether in cash or in a form other than cash. Includes bonus payments (including performance pay), superannuation, discretionary pay, overtime, other allowances and other (for example share allocations).
- Industries are ordered from largest total remuneration gender pay gap to smallest.

Similarly, among different managerial and occupational categories, notable GPGs exist. The GPG is generally higher in managerial categories compared to non-managerial categories (Table 3).

**Table 3: Average annualised full-time earnings and gender pay gaps by occupation (WGEA data), 2014-15**

Occupation	Women's average annualised base salary (full-time) (\$)	Men's average annualised base salary (full-time) (\$)	Base salary gender pay gap (full-time; GPG %)	Women's average annualised total remuneration (full-time) (\$)	Men's average annualised total remuneration (full-time) (\$)	Total remuneration gender pay gap (full-time; GPG %)
<b>Managers</b>	<b>\$108,639</b>	<b>\$144,238</b>	<b>24.7</b>	<b>\$131,953</b>	<b>\$185,211</b>	<b>28.8</b>
Key management personnel	\$189,374	\$249,187	24.0	\$243,620	\$343,133	29.0
Other executives/general managers	\$171,945	\$214,033	19.7	\$219,643	\$292,986	25.0
Senior managers	\$132,421	\$162,446	18.5	\$162,193	\$210,193	22.8
Other managers	\$89,810	\$114,313	21.4	\$106,690	\$140,704	24.2
<b>Non-managers</b>	<b>\$66,639</b>	<b>\$79,137</b>	<b>15.8</b>	<b>\$78,022</b>	<b>\$98,667</b>	<b>20.9</b>
Technicians and trade	\$64,283	\$79,134	18.8	\$76,706	\$101,732	24.6
Sales	\$51,410	\$62,328	17.5	\$63,090	\$81,067	22.2
Labourers	\$47,739	\$56,795	15.9	\$56,163	\$71,301	21.2
Professionals	\$84,794	\$104,461	18.8	\$98,985	\$125,650	21.2
Machinery operators and drivers	\$61,371	\$68,986	11.0	\$78,849	\$90,479	12.9
Community and personal service	\$52,312	\$57,329	8.8	\$60,625	\$66,905	9.4
Clerical and administrative	\$58,781	\$62,990	6.7	\$66,894	\$72,974	8.3
<b>Overall</b>	<b>\$73,245</b>	<b>\$90,488</b>	<b>19.1</b>	<b>\$86,506</b>	<b>\$113,761</b>	<b>24.0</b>

Source: WGEA (2015), Agency reporting data

Notes:

- Gender pay gaps in the table above exclude CEOs/Heads of Business in Australia, and are based on average full-time annualised earnings in the 2014-15 reporting period.
- Base salary is full-time annual salary before tax, including all salary sacrificed items, but excluding allowances, superannuation and any other additional payments.
- Total remuneration is full-time annual base salary plus any additional benefits whether payable directly or indirectly, whether in cash or in a form other than cash. Includes bonus payments (including performance pay), superannuation, discretionary pay, overtime, other allowances and other (for example share allocations).
- Non-manager occupations are ordered from largest total remuneration gender pay gap to smallest.

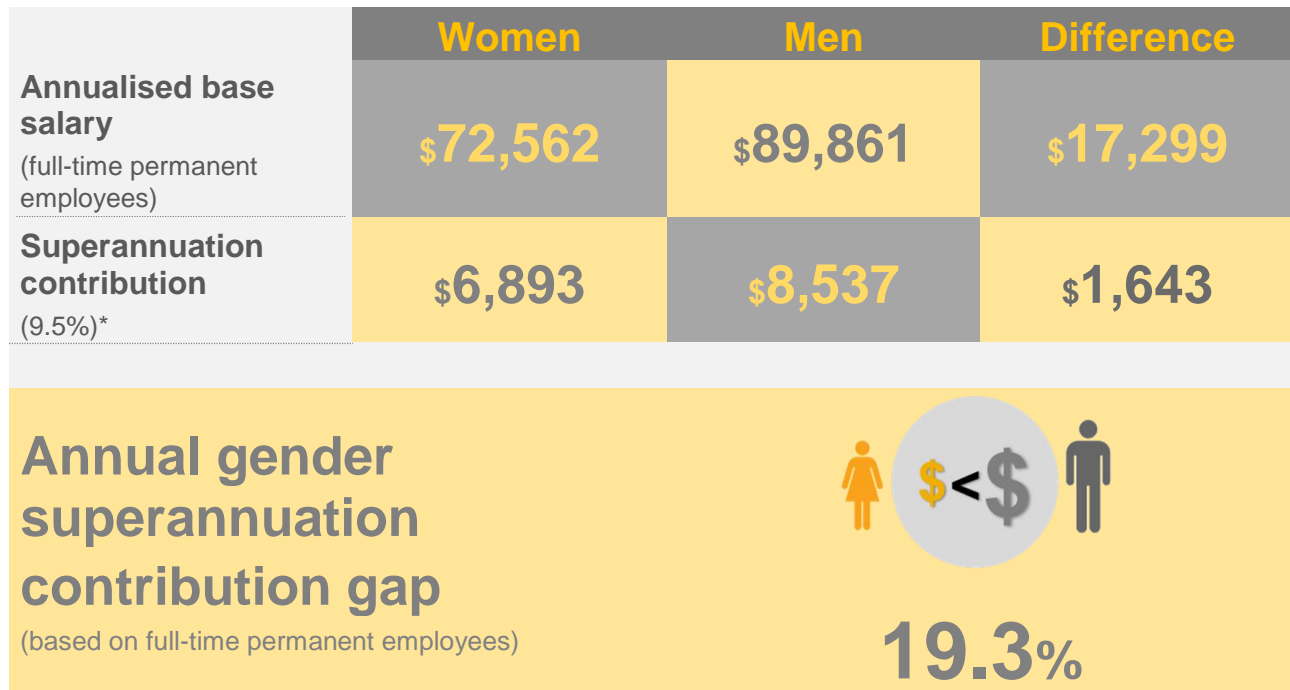
In addition to other data sources, WGEA data confirms a significant gap in annual superannuation contributions when comparing annual full-time permanent employee earnings. The average annual earnings of full-time permanent employees (excluding contract, part-time and casual) reveal that women in full-time



permanent work accumulated on average 19.3%<sup>1</sup> less or \$1,643 less superannuation in a single year than men in full-time permanent work (Figure 3).

This gap in annual superannuation contributions will be compounded during the accumulation phase, entrenching the disparities between women and men by the time current employees retire.

**Figure 3: Estimated employer-paid compulsory superannuation contributions for full-time permanent employees (WGEA data), 2014-15**



Source: WGEA (2015), Agency reporting data

Note: Base salary is annual salary of full-time and permanent employees before tax, including all salary sacrificed items, but excluding allowances, superannuation and any other additional payments.

\* Based on 9.5% mandatory contributions as of July 2014.

## Factors that influence the gender pay gap and gender superannuation gap

The GPG is influenced by many interrelated work, family and social factors, as well as structural and cultural workplace barriers, that impact on women's ability to earn and accrue superannuation balances suitable for retirement (see Appendix C for more detail).<sup>12</sup>

### Industrial and occupational segregation

Women and men often work in different industries (industrial segregation) and different jobs (occupational segregation).<sup>13</sup> Historically, female-dominated industries and jobs attract lower wages than male-dominated industries and jobs,<sup>14</sup> which negatively impacts women's superannuation balances.

**Table 4: Gender composition of the workforce by industry and occupation (WGEA data), 2014-15**

	Proportion of women (%)	Proportion of men (%)
<b>Overall</b>	<b>48.8</b>	<b>51.2</b>
<b>Industry</b>		
Health Care and Social Assistance	80.4	19.6

<sup>1</sup> Calculated as the difference between men's average full-time permanent base earnings and women's average full-time permanent earnings and applying the mandatory 9.5% superannuation average, relevant to the 2014-15 WGEA reporting period.

	Proportion of women (%)	Proportion of men (%)
Education and Training	62.6	37.4
Retail Trade	58.3	41.7
Financial and Insurance Services	56.0	44.0
Accommodation and Food Services	51.3	48.7
Arts and Recreation Services	50.7	49.3
Other Services	46.4	53.6
Administrative and Support Services	44.4	55.6
Rental, Hiring and Real Estate Services	43.5	56.5
Information Media and Telecommunications	39.2	60.8
Professional, Scientific and Technical Services	39.0	61.0
Wholesale Trade	35.8	64.2
Agriculture, Forestry and Fishing	34.4	65.6
Manufacturing	26.6	73.4
Transport, Postal and Warehousing	26.0	74.0
Electricity, Gas, Water and Waste Services	25.5	74.5
Public Administration and Safety	20.2	79.8
Construction	16.2	83.8
Mining	16.0	84.0
<b>Occupation</b>		
<i>Managers</i>	36.5	63.5
Clerical and administrative	74.6	25.4
Community and personal service	71.7	28.3
Sales	59.2	40.8
Professionals	52.5	47.5
Labourers	31.1	68.9
Technicians and trade	11.7	88.3
Machinery operators and drivers	11.3	88.7

Source: WGEA (2015), Agency reporting data

Notes:

- This table includes full-time, part-time and casual employees
- 'All managers' includes CEOs/Heads of Business in Australia, Key management personnel, Other executive/general managers, senior managers and other managers.
- WGEA data is based on non-public sector employers with 100 or more employees. As a result, WGEA's coverage in Public Administration and Safety is low.
- Industries are ordered from highest representation of women to lowest.
- Non-manager occupations are ordered from highest representation of women to lowest.

## Lack of women in leadership positions and few flexible senior management roles

WGEA data displays a lack of women in senior positions, with women representing just 27.5% of the top three levels of management.<sup>15</sup> Additionally, there is a lack of part-time or flexible senior roles,<sup>16</sup> with 6.3% of managerial roles offered on a part-time basis (Table 5).<sup>17</sup>

**Table 5: Proportion of managers and non-managers by employment status (WGEA data), 2014-15**

	Full-time	Part-time	Casual
Female managers (%)	85.2	13.8	1.0
Male managers (%)	97.4	2.0	0.6
<b>All managers (%)</b>	<b>92.9</b>	<b>6.3</b>	<b>0.8</b>
Female non-managers (%)	38.0	33.8	28.2
Male non-managers (%)	66.6	11.4	22.0
<b>All non-managers (%)</b>	<b>52.3</b>	<b>22.7</b>	<b>25.0</b>

Source: WGEA (2015), Agency reporting data

Note: 'Managers' includes CEOs/Heads of Business in Australia, Key management personnel, Other executive/general managers, senior managers and other managers.

Women are more likely than men to work in a part-time or flexible capacity<sup>18</sup> because they tend to undertake most of society's unpaid caring work.<sup>19</sup> The lack of part-time management roles makes it difficult for women to move into higher paid, more senior roles. In fact, the representation of women in management falls as the level of seniority increases. For example, WGEA data shows that women represent 40.0% of 'other managers', but only 15.4% of CEOs.<sup>20</sup>

## Caring responsibilities

In addition to women's caring responsibilities impacting on their ability to move into more senior roles, time taken to care interrupts female work patterns and therefore earnings and superannuation contribution trajectories. Furthermore, the government parental leave scheme does not attract the superannuation guarantee.<sup>21</sup> That is, women do not receive employer paid contributions to superannuation while on paid parental leave.

## Discrimination

Gender discrimination impacts women's ability to accumulate superannuation. It occurs both directly<sup>22</sup> and indirectly in the workplace,<sup>23</sup> and is experienced by both women and men. Discrimination impacts men where they are pressured to be the 'male breadwinner'. These traditional stereotypes result in men working longer hours (an average of 4 hours more per week than female peers)<sup>24</sup>, with less flexibility and therefore spending less time with family.<sup>25</sup>

Discrimination affects women where male-dominated networks can determine promotions and career development opportunities (see Appendix D for further detail).<sup>26</sup> This can lead to individuals hiring and rewarding in their own image. In fact, Mercer recently found that even when women and men received the same low performance rating, the differences in rewards/incentives was 35.2% in favour of men.<sup>27</sup>

## Other factors

A number of other factors impact on the GPG and women's superannuation accrual, including divorce, separation, widowhood<sup>28</sup> and domestic violence.<sup>29</sup>

WGEA data shows there has been a slight increase in the proportion of reporting organisations with a domestic and family violence policy or strategy (growing from 32.2% in 2013-14 to 34.9% in 2014-15), however more must be done.

Employers can also offer measures that provide additional support to employees experiencing domestic or family violence. Over three in four employers (76.1%) offer other measures than a policy or strategy, with the most common being employee assistance programs (64.7%), access to leave (52.4%) and referral services (26.0%).

## The national gender pay gap and company-wide gender pay gaps

The factors described above also impact organisation-wide GPGs, which are the average salary of women compared to the average salary of men within a specific organisation. We describe in more detail below solutions to addressing organisation-wide GPGs, which in turn would apply downward pressure on the national GPG and gender superannuation gap.

## Benefits of addressing the gender pay gap and gender superannuation gap

Addressing the factors that contribute to the gender superannuation gap presents significant advantages for employees, business and the economy. Improving the economic security for women in retirement reduces women's financial reliance on government, partners and family members. This can reduce stress on partners to conform to the 'male breadwinner' stereotype,<sup>30</sup> while improving women's physical and psychological well-being.<sup>31</sup>

The benefits for business include a broadened talent pool of women and men,<sup>32</sup> improved workplace productivity<sup>33</sup> and enhanced business performance.<sup>34</sup> The economy can also benefit through GDP growth, with one study showing that reducing the GPG by 1 percentage point (from 17% to 16%) could boost Australia's GDP by 0.5%.<sup>35</sup>

## Solutions to address the gender pay gap and gender superannuation gap

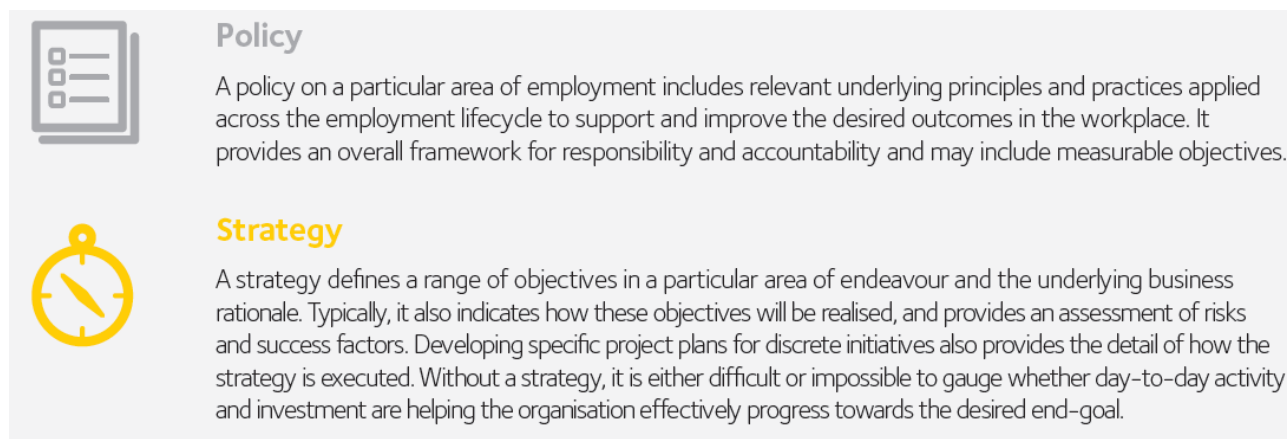
A number of interventions by employers have contributed to improving the representation of women in high paying roles and reducing company-wide GPGs. These measures in turn apply downward pressure on the national GPG and gender superannuation gap.

### Build a whole-of-enterprise gender equality strategy

Addressing the factors that contribute to the GPG described above requires a commitment from employers with accountability tied to performance pay embedded throughout the organisation for every people manager. The first step is to conduct a "root and branch" review of the company's decision making systems and processes, including its culture, to explore how these might be creating unfair advantages for one group over another or specific barriers for a particular group.

A strategic approach is vital in addressing the GPG. Current WGEA data shows that employers are largely failing to adopt a whole-of-enterprise approach to this issue. Instead, the current approach is piece-meal and policy-centric, with only 20.6% of organisations having an overall gender equality strategy despite just over half (54.6%) having a gender equality policy in place.

**Figure 4: Difference between a Policy and a Strategy**



The WGEA has developed a [Gender strategy toolkit](#) to help organisations leverage benchmark data and adopt a strategic, structured and sustainable approach to addressing inequality. The toolkit also provides guidance for those organisations aiming to adopt best practice (refer to Appendix E for more detail). The toolkit includes:

- a gender equality roadmap: an overarching framework outlining the six phases of the gender equality journey
- a gender equality scorecard: a measurement framework detailing 12 key focus areas, mapped to the gender equality indicators, Employer of Choice for Gender Equality criteria, and other business metrics
- a diagnostic tool: a systematic process for assessing current performance
- guidance on building gender strategies based on the diagnosis phase, including strategy-setting processes and change management
- guidance on monitoring and improving the strategy over time.

Organisations that have strategies to reduce the GPG are contributing to pay equality and are improving women's financial security in retirement.

## Use gender equality benchmarks

The Agency's customised, confidential gender equality benchmarks give individual organisations the opportunity to identify areas of strength, along with opportunities to further improve their performance against the six GEIs, by comparing against groups of other organisations of a similar industry and size. The benchmark reports include the vital gender equality metric of a confidential company specific, organisation-wide GPG. This is because benchmarks encourage employers to improve their gender equality performance.

## Encourage flexible working and paid parental leave

There is much that employers need to do in promoting and encouraging flexible work and the provision and promotion of paid parental leave for both women and men. WGEA data shows that only 60.2% of employers have a policy or strategy on flexible working arrangements. Half (50.0%) of employers have policies on flexible working but only 14.6% have a strategy for flexible working. A similar share of employers (58.0%) have a family and caring responsibilities policy or strategy, the majority of which have a policy (47.2%) rather than a strategy (14.6%).

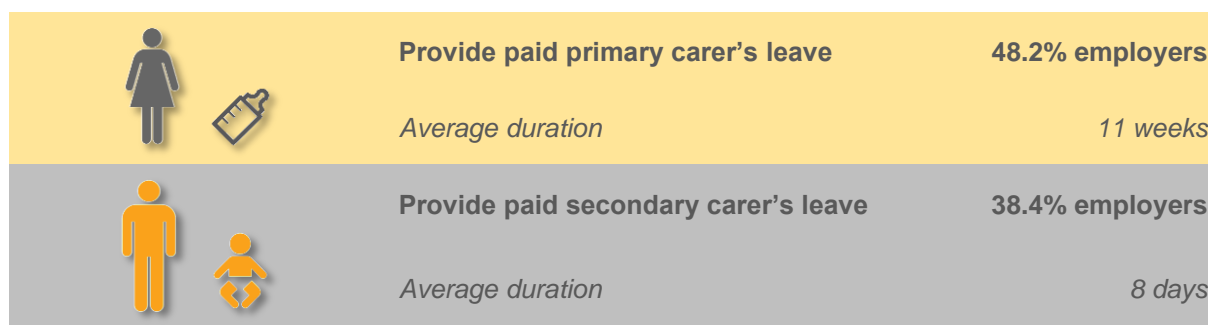
Over half (56.4%) of employers offer non-leave based measures to support employees with caring responsibilities. The main measures provided are referral services (47.4%), breastfeeding facilities (45.7%) and targeted communications (29.7%).

The WGEA [Flexibility toolkit](#) provides organisations with a roadmap to adopting a strategic approach to flexibility, including education resources broken down into four incremental stages of the flexibility journey:

- Understanding workplace flexibility
- The diagnostic phase
- Developing and implementing a flexibility strategy
- Legal requirements for flexibility in the workplace.

The paid parental leave benefits offered by some employers are promoting gender equality at work. A proportion of employers are offering secondary paid carers leave (38.4%), which is on average 8 days leave. In addition to parental leave benefits paid by the government, almost half of the reporting employers are offering paid primary carers leave (48.2%), but offer an average time of 11 weeks (Figure 5).<sup>36</sup> In the Agency's view, these leave provisions are tools to close the GPG and in turn the superannuation pay gap.

**Figure 5: Proportion of employers that offer paid parental leave, and average time offered (WGEA data), 2014-15**



Source: WGEA (2015), Agency reporting data

## Analyse and take action on the gender pay gap

Remuneration data highlights the financial cost to Australian women of not having access to the same opportunities at work as men. Across the WGEA reporting population, full-time working women earn a base salary that is 19.1% less, and a total remuneration that is 24.0% less, than full-time working men. Any program an employer introduces to address the GPG in an organisation may result in greater economic security in retirement for women.

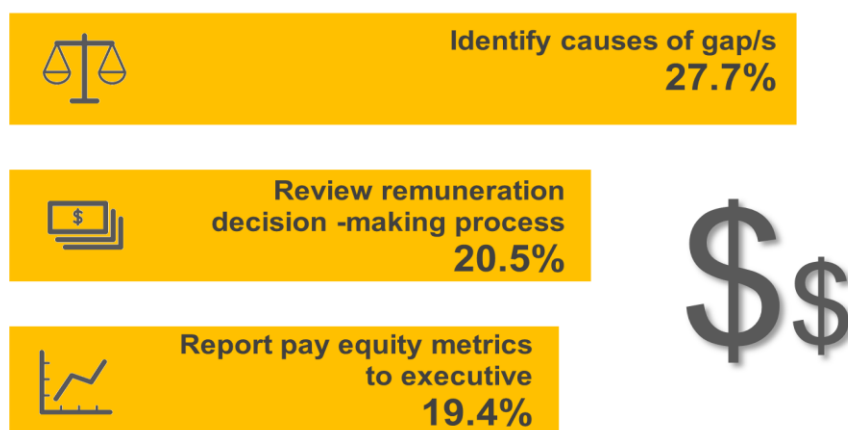
The data that WGEA provides in the benchmark reports is the gateway for employers to conduct further analyses of the pay disparities among their female and male employees. Only 3.7% of employers have set a target to reduce like-for-like GPGs, and 3.7% have set a target to reduce their organisation-wide GPG. The next step for employers is to analyse earnings at a like-for-like level.

WGEA provides a range of [free resources and tools](#) for employers to accomplish this, including:

- GPG calculator, technical guide, eLearning module and sample data set
- Developing a pay equity strategy
- Including gender pay equity in your remuneration policy
- Pay equity: awards and agreements
- Pay equity: director briefing.

WGEA data shows some progress in employers' commitment to pay equity. A quarter of reporting organisations (25.6%) include pay equity objectives in their remuneration policy or strategy plans. This is a sizeable increase from 18.1% in 2013-14. The two main objectives employers set to achieve pay equity are; to ensure no gender bias occurs at any point in the remuneration review process (72.7%) and to achieve gender pay equity (55.3%).<sup>37</sup>

**Figure 6: Main actions taken to address the gender pay gap (WGEA data), 2014-15**



Source: WGEA (2015), Agency reporting data

Additionally, just over half (51%) of those that reviewed the GPG also took action. Identifying causes of the GPG (27.7%), reviewing remuneration decision-making processes (20.5%), and reporting pay equity metrics to the executive (19.4%) were the most common actions (Figure 6).<sup>38</sup> Less than 10% report to the board on pay equity (9.7%), 7.4% train people managers in addressing gender bias, and 15.6% analyse performance pay to ensure there's no gender bias. While these metrics indicate some employers are taking action, many more need to be encouraged to begin (see Appendix F for more detail).

## **Establish and promote employer best practice**

The Agency offers organisations the opportunity to be awarded the WGEA [Employer of Choice for Gender Equality \(EOCGE\) citation](#). Organisations eligible for the citation demonstrate best practice in the area of taking a strategic and systematic approach to workplace gender equality. These strategic and systematic approaches are contributing to closing the gender superannuation gap. Some of these organisations, along with other best practice examples, have been showcased below.

### **Gender pay gap audit**

PricewaterhouseCoopers (PwC) recently conducted a gender pay equity audit of their organisation, and publically disclosed an organisation-wide GPG of 11.4% in favour of males. This GPG was attributed to a range of factors such as the low representation of women in senior positions, including the 18% share of partnerships held by women. This audit resulted in PwC adopting a target of 40 female: 40 male: 20 other for future partner intakes, and to be stringent in their annual remuneration reviews.

### **Removing return to work barriers**

Caltex Australia has moved into the third year of its innovative BabyCare program and recorded an increase from 80% to 100% of new mothers returning to work after parental leave. The program provides a quarterly 3% bonus for the first two years of the baby's life to cover childcare costs, assistance to find suitable childcare and paid access to an emergency nanny service.

### **Getting flexible**

Momentum is building around flexible working, with the recognition that both women and men may have caring responsibilities or other interests while still being committed to their work. Some organisations have moved to 'All roles flex' models - such as Telstra - and others are actively promoting flexible work through manager training and internal communications including video and poster campaigns. Suncorp has introduced a range of flexible work arrangements to give people a say over when, where and how they work – with 84% of employees saying they are now working with a degree of flexibility.

### **Increased superannuation contributions**

Rice Warner Actuaries calculated that the difference in superannuation balances between female and male employees could be addressed if an additional 1.5% of a female employee's wages was contributed as superannuation each year. In July 2013, the Australian Human Rights Commission granted Rice Warner an exemption from the Sex Discrimination Act so it can pay 10.5% superannuation to its female staff.

### **Honouring superannuation and other entitlements during parental leave**

Some employers are ensuring that employees don't lose their superannuation and other entitlements while taking paid and unpaid parental leave.

St Barbara provides superannuation to reflect the amount the employee would have been entitled to had they been working during the period of paid and unpaid parental leave (capped at 52 weeks), but also allows employees to accrue annual leave (capped to 12 months) and long service leave (capped at 1.3 weeks) during these periods.

Another example, the Australia and New Zealand Banking Group Limited pays the full amount of superannuation during the time of paid parental leave, and allows the accrual of long service leave (both to female and male employees) during the time that an employee takes paid parental leave to a maximum of 24 months.

## Financial education programs

Some employers help employees improve their understanding of superannuation.

The Australia and New Zealand Banking Group Limited delivered a targeted workshop for women entitled 'Closing the confidence gap' which included talking about policies and system changes to superannuation among other issues.

The University of Canberra took the initiative by encouraging female staff to attend presentations specifically run for women by UniSuper. Women, who may have had career interruptions for various reasons, including family responsibilities, may need particular financial advice on such matters as superannuation.

## Domestic violence support

There is a growing recognition among employers that domestic violence impacts the workplace and that policies to support employees experiencing domestic violence can make an important difference to their lives. Some employers implement other initiatives that can assist women to maintain economic security.

Monash University currently offers leave specific to family violence, and this does not impact or impede on an employee's other leave entitlements such as annual, sick and carers leave.

Origin Energy recently implemented domestic violence leave that is uncapped depending on individual circumstances and doesn't reduce other leave entitlements.

National Australian Bank offers uncapped domestic violence leave in addition to other support services, including access to an Employee Assistance Program and safety preservation within the workplace.

## Conclusion

The data gathered by WGEA demonstrates that there are gender imbalances in paid and unpaid work that determine economic security for women in retirement, resulting in the gender superannuation gap. Addressing the superannuation gap will have significant economic benefits for the individual and the economy.

Employers can play a key role in addressing the superannuation gap by providing women with access to the workforce, incentives to encourage retention, and opportunities to progress up the management pipeline. Our research suggests that this can be achieved through developing and implementing company-wide strategies and initiatives such as flexible working arrangements, paid parental leave, and making additional contributions to superannuation to reduce the GPG. Organisations must conduct their own company-wide GPG analysis that is then reported widely but most importantly to the board, where the need is for it to be a standing board agenda item.

Addressing the gender imbalances in the workforce is the key for a sustainable superannuation system that provides all Australians with an adequate income in retirement.



# Appendices

[Appendix A: Superannuation gap fact sheet](#)

[Appendix B: Perspective paper: Women's economic security in retirement](#)

[Appendix C: Perspective paper: Parenting, work and the gender pay gap](#)

[Appendix D: Perspective paper: Different genders, different lives](#)

[Appendix E: Gender equality strategy toolkit](#)

[Appendix F: Australia's gender equality scorecard](#)

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