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Gender pay equity in awards and enterprise agreements

Awards and enterprise agreements are common methods of setting pay for organisations. For more information on awards, enterprise agreements and other registered agreements including relevant pay scales, please visit the [Fair Work Ombudsman](#) or [Fair Work Commission](#).

The gender pay gap and method of setting pay

The method of setting pay describes how salaries are established, usually by award, collective or individual agreement. Data from the Australian Bureau of Statistics (ABS) confirms that gender pay gaps are less prevalent when pay is set by an award or collective agreement. Table 1 shows an average weekly gender pay gap of 13.1% when pay is set through awards or collective agreements and a higher average weekly gender pay gap when pay is set by individual agreement.

Table 1: Average weekly total cash earnings (full-time) by gender and gender pay gap by method of setting pay (2016)

Method of setting pay	Women	Men	Gender pay gap (%)
Award or Collective agreement	\$1,436.00	\$1,653.10	13.1
Individual arrangement	\$1,475.20	\$1,822.80	19.1
Overall	\$1,456.90	\$1,727.40	15.7

Data source: ABS (2017), *Employee Earnings and Hours, Australia, May 2016*, cat. no. 6306.0, viewed 23 February 2017, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6306.0>

Note: Based on full-time average weekly total cash earnings and inclusive of ordinary and overtime earnings.

Causes for gender pay gaps when wages are set through awards and agreements

The gender pay gap in organisations is influenced by a number of factors.

When pay is set through collective-based agreements, the negotiation process at the time of setting an enterprise agreement may also impact on gender pay equity. For example, if women are not represented then this could lead to trade-offs impacting differently on working conditions for female dominated jobs and male dominated jobs.

Organisation-wide gender pay gaps may occur if men are clustered into higher paying jobs with higher award levels and women are clustered into lower award levels. Gender pay gaps may also reflect barriers to women's access to senior and high-paying jobs, such as discrimination and bias in hiring and pay decisions.



Like-for-like pay gaps in awards and agreements

Like-for-like gender pay gaps are pay gaps between women and men undertaking work of equal or comparable value. Like-for-like pay gaps may occur because:

- awards and enterprise agreements may include a salary range for a job grade
- employees have unequal access to additional benefits such as overtime, allowances and other benefits
- position requirements have changed since the original classification
- there is an element of performance based pay, where gender bias may influence the performance rating process.

By-level gender pay gaps in awards and agreements

By-level gender pay gaps are pay gaps between women and men at the same organisational level, such as Key Management Personnel. By-level pay gaps may occur because:

- of the cumulative effects of like-for-like gender pay gaps
- women and men progress through the employment levels at different rates, which may arise from gender bias in the promotion or progression process
- women in lower paying jobs and men in higher paying jobs yet jobs are of comparative value.¹

Leading practice actions to address pay inequality in awards and agreements

The Workplace Gender Equality Agency encourages organisations to analyse their payroll data in order to uncover pay inequality and take action at all levels of the organisation.

Conduct a payroll analysis

Regularly analyse and review the payroll data to understand the drivers of any gender pay gaps. A detailed analysis helps to tailor an organisation's gender strategy and action plan.

Report the results of your gender remuneration gap analysis, including pay equity metrics and actions taken to the board/ executive.

The guide to gender pay equity and the [gender pay gap calculator](#) are tools on the WGEA website that can help organisations address pay equity.

Review the causes of identified gender pay gaps

Some helpful questions when reviewing the causes of identified gender pay gaps could be:

- When was the last time the pay structures and progression rules were reviewed?
- Are the current award or enterprise agreement pay structures still applicable for the jobs or have job roles grown and/or changed?
- Are employees covered by multiple awards or enterprise agreements?
 - Are different employee groups dominated by men or women?
 - Could unconscious bias have influenced classification levels of roles into the different awards or agreements?
- Do some employees receive remuneration in addition to the wages set out in awards or agreements?
 - How is this remuneration decided? Is the decision process free of gender bias?

Recommendations for job and pay evaluations

Discuss and agree on job descriptions with job-holder and manager.

Assess jobs and pay scales by assessing the requirements of the job, not the job title.

¹ Various NSW and Queensland equal pay cases have illustrated how the under-valuation and under-payment of women's work was due to a range of factors. These included inappropriate classification of jobs in the award and pay systems and under-recognition of the qualifications needed to do them

- Are other benefits available to workers outside the award or agreement?
 - Are these available to all employees? What is the process for identifying employees entitled to these benefits? Is it free of gender bias?

Review the process for matching job descriptions to award classifications

Regular reviews ensure that award job classifications match current job descriptions. A few helpful ideas in this process include:

- involving more than one person in the job review process to ensure transparency
- documenting decisions and reasons, which helps with consistency
- supplementing generic award descriptors with organisation specific classifications or policies
- using a specific and analytical evaluation process to match unusual jobs
- informing employees of classification decisions
- allowing room for feedback to promote confidence around decisions
- reviewing remuneration outcomes of classifications by gender in case any gender-related assumptions emerge about the nature and value of a particular job.

Review the performance management system

Evaluate and review the performance process to ensure unconscious bias does not occur.

Raise awareness and train employees

Provide training and guidance around pay equity and completing unbiased performance evaluations.

Gender equality in the enterprise bargaining process

Enterprise bargaining is the process of negotiation generally between the employer, employees and their bargaining representatives with the goal of making an enterprise agreement.²

- Include women and men in the enterprise agreement negotiations.
- During negotiations consider leave, parental leave, flexible working arrangements, childcare, learning and development, job design and career development.
- Assess whether there could be more and higher levels in classifications in female dominated jobs.
- Review the consistency of the number of salary advancement steps within a job band/ grade of male and female dominated roles.
- Explore options for part-time employees to increase hours and job opportunities.

For more information on gender pay equity:

- [Workplace Gender Equality Agency](#) and the [Data Explorer](#)
- [Department of Social Services](#)
- [Fair Work Commission](#)
- [Fair Work Ombudsman](#)

² Fair Work Ombudsman (2017), Enterprise bargaining, available: <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/rights-and-obligations/enterprise-bargaining>