



Equal Pay

The finance sector still has one of the worst gender pay gaps of any industry. 2009 figures had women – on average – earning just 72% of what men earn. ¹

The FSU is trying to address the gap but it is slow work!

Why do we still have a problem?

No one deliberately pays men and women different rates for doing the same work. However our industry has some tricky features when it comes to pay. These issues are not unique to Australia – in the UK too, the finance sector has the largest gender pay gap of any industry.

Some of the factors which contribute include:

- Pay for performance/bonuses/incentives/commissions.
- Women and men are concentrated in jobs which are valued differently; eg: sales v service jobs.
- The job evaluation systems themselves can be unfair.
- Many women work part-time or return to lower paid, part-time jobs from parental leave.
- Part-timers have less access to training and career path opportunities.
- Men may negotiate higher start rates on entering the industry.
- There is not a fair and accepted way of classifying finance sector jobs.
- Unpaid overtime and unfair job design.
- Lack of up-take of diversity or flexible work provisions.

The irony is that the finance sector pay gap exists amongst some of the richest employers in the country.

What has the FSU done to address the gender pay gap?

In 2006 the FSU held an Industry Symposium – attended by 3 of the 4 major banks as well as smaller banks, insurance companies and superannuation funds. The Symposium brought the issue to the front of people's minds and several companies agreed to work with FSU.

In 2006/07 FSU completed the first joint union-employer gender pay audit with NAB. The audit found a gender pay gap that was mainly the result of job segregation – women were concentrated in low paid jobs. Recommendations were adopted which will look at the design of jobs and the hours expected to be worked in high paid jobs, as well as training and access to career paths.

FSU is currently working on a gender pay audit with another Bank, and NAB and FSU have committed to returning to look at the gender pay gap in 2010.

If we continue with this approach, we may help some employees in the long-term, but we would make very slow impact on the industry gender pay gap overall.

What are the future options for closing the pay gap?

The new *Fair Work Act* has improved the Equal Remuneration principles to reflect the stronger provisions available in some state industrial legislation. It's hoped that in practice the law will now focus on jobs that have traditionally been undervalued, rather than requiring jobs to be compared with other jobs.

Some time in 2010, Fair Work Australia will hear an equal pay case on behalf of Social Workers and others. The case will 'test' the new Act and hopefully improve the valuing of this work, and therefore the pay. This case will most likely take several years and any pay increases would be phased-in over some time.

¹ ABS Average weekly earnings for non-managerial staff, June 2009.

DIVERSITY 4:

What are the future options for closing the pay gap? (cont'd)

The FSU would make quicker inroads into the gender pay gap if we too could have the independent tribunal make a ruling. However, it's more difficult to run such a case in finance as we don't have consistent classification structures where jobs can be assigned a value. We should consider:

- Which jobs would be worth investigating for a future case?
- Can we work on having these jobs valued in a new way which does not involve gender bias?
- How committed are employers to cooperating in this work?

In addition, FSU has made submissions to the Government on various inquiries relating to industrial legislation, the Equal Opportunity for Women in the Workplace Act and the recent House of Representatives Inquiry into Pay Equity and associated issues.

What short-term improvements could be made?

FSU has pay equity provisions in several enterprise agreements. **We must continue to seek gender pay and other diversity provisions through our agreements.**

We must also resist the employer rush to performance based pay; studies show that women lose out under these systems.

Other recommendations we have made and which may be approved by the Government include:

- Establishing a specialized Pay Equity Unit in Fair Work Australia to ensure there are specific resources focused on this area.
- Mandatory pay equity audits for large employers.
- Strengthening criteria for achieving any workplace awards or "Employer of Choice" status; ie- employers must implement their policies as a priority, not just write them.
- Improved data collection.
- Job design making it possible to return to work at the same level following a period of parental leave.
- Measures to ensure an end to indirect discrimination around promotions due to perceived inflexibilities, or the effects of family responsibilities.
- Increased promotion of flexible work options for workers.
- An end to unpaid overtime, understaffing and intensive workloads– particularly in retail banking – which block women's access to time away for vocational training and thereby block their opportunities for progression.