

Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023

FSU Submission to the Senate Finance and Public Administration
Committees.

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Finance Sector Union

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Introduction

The Finance Sector Union (FSU) is a registered industrial organisation under the Fair Work (Registered Organisations) Act 2009. FSU represents members in the finance and insurance industry in Australia. This industry consists of approximately 560 500 employees nationwide (approximately 4% of the workforce) with women making up approximately 50% of the total number of workers within the sector¹.

The FSU has been active in working to improve gender equality for finance workers and reduce the gender pay gap. Improvements to gender equality in the finance industry have been achieved through the negotiation of collective agreements that include increases to paid parental leave, paid family and domestic violence leave as well as improving access to flexible work. In addition the FSU regularly engages with government at both state and federal jurisdiction to advocate for both legislative improvements that will drive down the gender pay gap and increasing transparency of wages.

The FSU welcomes the opportunity to provide feedback on the *Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023 (The Bill)* to the Senate Finance and Public Administration committees. The FSU supports The Bill and the changes it makes to the *Workplace Gender Equality Act 2012 (WGE Act)*. The FSU is an affiliate of the Australian Council of Trade Unions (ACTU) and supports the ACTU's submission. The FSU's submission will not cover the same ground that the ACTU Submission covers, rather it provides some additional information based on our experience of workers and employers in the finance industry.

Division 1 – Publishing gender pay gap information

The Financial and insurance Services industry has had one of the highest gender pay gaps since the Workplace Gender Equality Agency (WGEA) started publishing gender pay data. The industry data shows that the gender pay gap currently sits at 19.1% when you consider full time base salary and almost ten percent higher at 28.5% when you include total remuneration. These figures have barely moved in the last decade.

Publication of remuneration to include both base salary and total remuneration

The FSU supports the publication of organizational data as the finance industry lacks transparency in the manner that they report their gender pay gaps and there is currently no capacity for any interrogation of the data that the industry self reports. To illustrate the lack of transparency we take the example of the Commonwealth Bank of Australia (CBA). In 2020 there were 465 200 employees in the finance industry². The CBA's reported a headcount of 50 278³, or just under 11% of the industry. In 2020, the WGEA reported an gender pay gap of

¹ <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=K>

² Ibid

³ https://www.commbank.com.au/content/dam/commbank-assets/about-us/2021-08/2021-annual-report_print.pdf pg 62 [accessed 1 March 2023]

30.3% for total remuneration and 20.1% for full time base salary⁴. The CBA's annual report reported a gender pay equity ratio (female to male base salary) of between 0.86 (Executive general manager) and 1.00 (team member). It is unclear how company as large as the CBA, that employs over 10% of the total workforce in an industry with a gender pay gap of 20.1% full time base salary can be self reporting a gender pay gap up to 20% below that of the WGEA. It is clear from this discrepancy that there is a need for the WGEA to be reporting gender pay data across organisations. The publication of this data will increase accountability and transparency and will encourage organisations to drive down the gender pay gap.

The Financial and Insurance Services Industry profile reporting on the WGEA's Data Explorer regularly reports a difference of approximately 10% between the gender pay gap on full time base salary and total remuneration, which includes bonuses, incentives and superannuation payments. It is not enough just to publish the full time base salary gender pay gap as it does not reflect the size of the problem in the finance industry that has long relied on large incentives and bonuses. The example provided above, of the CBA's gender pay data demonstrates the importance of requiring employers to report both base salary and total remuneration figures in order for the size of the problem to be accurately assessed.

Recommendation 1: The WGEA should require employers to report both base salary and total remuneration packages as outlined in Appendix B of the Impact Analysis.

Publication of pay quartiles

The FSU welcomes the addition to the public reporting of pay quartiles. The large gender pay gap in the finance industry is often blamed on industry segmentation. That is, that there are certain sections of the finance industry, such as retail banking that attract much lower salaries than other sections, for example institutional banking or wealth management. The publication of workforce composition will add transparency. The FSU recommends that in addition to the pay data employers be required to identify the categories of employees by job title and/or organizational segment that is reporting this pay data. This will enhance understanding of the nature of the gender pay gaps within each section of the organisation.

Recommendation 2: Employers to report indicative job titles and/or organizational segment that apply to each of the pay quartiles.

Division 2 – Gender Equity Standards

The FSU supports the ACTU's submission and has nothing further to add in this section.

⁴ <https://www.wgea.gov.au/data-statistics/data-explorer> [accessed 1 March 2023]

Division 3 – Giving Reports to Governing Bodies

The FSU supports the ACTU's submission and recommends that there is a requirement for employers to provide unions and workers with a copy of WGEA reports. Currently employers only provide notice that they have lodged the report and these reports have been difficult to access on the WGEA website since the changes were introduced to the data explorer. Provision of the actual reports by employers to unions and their workers removed a layer of complexity for unions and workers to access this information.

Recommendation 3: Require employers to provide workers and unions with a copy of WGEA reports.

Division 4 – Gender Equity Indicators

The FSU supports the ACTU's submission and has nothing further to add in this section.

Division 5 – CEO of WGEA

The FSU supports the ACTU's submission and has nothing further to add in this section.

Division 6 – Technical Amendment

The FSU supports the ACTU's submission and has nothing further to add in this section.

Other Required Reforms

The FSU refers to the ACTU submission that outlines further recommended reforms. The FSU supports these recommendations.

Conclusion

The FSU supports The Bill and acknowledges that The Bill will provide transparency and accountability for driving down the gender pay gap. FSU workers work in an industry that has a total remuneration gender pay gap of almost 30% and this gap hasn't significantly declined despite the introduction of various of leave designed to increase gender pay equality. We support the reforms contained in The Bill and our submission reflects some of

the challenges we have faced when trying to ascertain the extent of the gender pay gap within organisations in the finance industry. It is important that organisations be required to report both base pay and total remuneration given the finance industry has long relied on bonuses and incentive payments to attract staff. Without the reporting of this crucial information it will be difficult to shine a light on the nature of the pay gap in some of Australia's largest and most profitable companies.
