



## CLOSING THE GENDER PAY GAP



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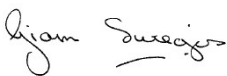
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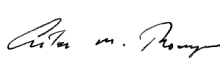
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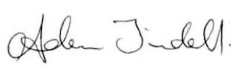
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Dear Colleagues

The Male Champions of Change (MCC) aim to achieve a significant and sustainable increase in the representation of women in leadership in Australia. We work together to identify approaches towards this end, put them into practice, and disseminate those that are successful.

We firmly believe in the principle of equal pay for equal work. Delivering on that principle requires action.

Data informs actions. And it matters what you measure. It is important to understand your overall pay gap - this will tell you that there is an imbalance between men and women in leadership and higher-paying roles. However, we already know this by looking at our representation data.

More revealing, and more immediately actionable, is ensuring women are paid the same as men for doing the same role (like-for-like analysis) and women and men are paid comparably against market rates for their role (market-based analysis). This is important because it is in our power and interests as executives, to close the gap for individual roles immediately.

Building on the work and leadership of the Property Male Champions of Change, in this letter we offer a number of useful tools for successfully uncovering and addressing aspects of your pay gap. We also offer what we have learned about measuring and closing the pay gap in our organisations.

We call on all business leaders to measure their pay gap, take action to close the gap, advocate for others to do so, and do your part to deliver on the principle of equal pay for equal work. Let's make equal pay for equal work a reality.

**MALE CHAMPIONS OF CHANGE** 

# What is the pay gap?

## You need to know overall what you are dealing with.

Start by understanding your organisation-wide pay gap and drill into further detail from there. By getting the facts on your own situation, you will reveal the specifics about your organisation's system of recruitment, retention, promotion and transition.

Your situation will in some ways reflect the wider picture. The average Australian pay gap is currently 15.3% as reported by the Workplace Gender Equality Agency. This gap reflects these factors:

- **Leadership gap** – more men than women hold higher paying leadership roles
- **Occupational segregation** – a higher proportion of women in support roles that are paid less, while men are more likely to be in higher paid operational roles
- **Industry segregation** – female-dominated industries (eg teaching and caring) attract lower wages than male-dominated industries (eg engineering)
- **Salary negotiation gap / promotion rates** – men are more likely to successfully negotiate salary and promotions, while women are more likely to be penalised when they negotiate salary and promotions
- **Inequity in access to discretionary pay** – men are more likely to be in roles that attract discretionary pay, and receive it in larger amounts
- **Bias** – about the role men and women should play in the workplace and gender biases at hire and remuneration reviews
- **Flexible work and perception of part-time work** – women are more likely to work part-time or flexibly and therefore find it more difficult to access senior roles; they may be perceived to be less ambitious and fall behind in responsibility, promotion, and prestigious work
- **Career breaks** – women are more likely to take career breaks resulting in them missing out on career opportunities, promotions and salary increments

## You need to know your like-for-like pay gap.

In parts of your organisation, men and women will be doing the same job, with the same accountability, breadth and difficulty. They will have similar performance expectations. And they will bring to their work equivalent competence and experience.

The principle of equal pay for equal work demands that men and women receive comparable remuneration opportunity and outcomes for doing the same work.

A like-for-like pay gap analysis allows you to ensure the principle of equal pay for equal work is a reality. It will reveal mismatches in the system. While bias may not be the only cause of a like-for-like pay gap, this form of analysis allows you to determine if there is bias in the way in which men's and women's pay is set and rectify this immediately.

If your organisation does not have sufficient numbers to conduct a like-for-like pay gap analysis for some roles, you can measure like-for-like against a market benchmark. That is, women and men will be paid comparably against market rates for their role.

**Addressing the national gender pay gap requires the effort of our whole community. Importantly, employers must step up and play their part. All leaders have the power to analyse their data and take action on pay gaps within their organisations.**

– Libby Lyons, Director, Workplace Gender Equality Agency

# What to look out for:

## Pay gap warning signs

What you might hear	What might be getting in the way	What to do about it
<p><i>We don't have a pay gap - we wouldn't let that happen... but we haven't done a review</i></p> <p><i>It results from women's choices</i></p>	<p>Pay gaps are caused by a complex set of factors, which will often remain hidden until you conduct a gender pay equity review. The facts are the best place to start.</p> <p>Many leaders believe there is a pay gap, but they also believe it's explainable, mainly due to the career choices women make, such as taking breaks to have children or opting for flexibility. Leaders often don't believe they have a like-for-like pay gap until the analysis is done.</p>	<p>Conduct a pay review, including a like-for-like analysis or market-based comparison.</p>
<p><i>We checked our fixed pay and don't have a gap</i></p> <p><i>Women choose lower incentives and higher fixed pay</i></p>	<p>Fixed pay is just one element. Often the pay gap emerges through variable pay.</p> <p>Presuming that women are risk averse and prefer more fixed pay leads inevitably to gaps. Unconscious bias can also play a role.</p>	<p>Look at all types of remuneration. Set parameters for fixed pay vs. incentives.</p>
<p><i>I am paying her more than she got in her last role</i></p> <p><i>It's thankless - the gap came back, and even widened over the year</i></p>	<p>Women you take on may be earning less with their current employer than men in your team despite equivalent skills and experience. It is all too easy to perpetuate a pay gap that has its origin in the pools from which you typically recruit your people.</p> <p>After remedial action on pay, the cycles of recruitment and transition, and out-of-cycle increases may work against the one-off correction.</p>	<p>Look out for the inherited pay gap. Price the role not the person. Have a plan to follow up and sustain the gains.</p>
<p><i>We don't have a pay gap because we have salary bands</i></p> <p><i>We value loyalty and women don't stick around as long as men</i></p>	<p>Women are often appointed at the lower end of salary bands. The causes include pay shortfalls from previous roles, shorter average tenure or career breaks.</p> <p>Consider what you are paying employees for. If your approach links pay to tenure, then high performing women with shorter tenure may be disadvantaged. Tenure itself is not necessarily an indicator of performance and contribution.</p>	<p>Subject the reasons for low banding and tenure-based rewards to close scrutiny. Increase attention to performance and contribution.</p>
<p><i>No bias here. Our variable pay is performance driven</i></p> <p><i>It's not our fault men and women have different negotiation styles</i></p>	<p>An uncritical use of 'merit' often disadvantages women and results in lower performance ratings and lower variable pay.</p> <p><a href="http://malechampionsofchange.com/take-practical-action/avoiding-the-merit-trap/">http://malechampionsofchange.com/take-practical-action/avoiding-the-merit-trap/</a></p> <p>Behaviours in men that are seen as 'commercial' may be seen as 'aggressive' in women. Determine the competitive rate of pay and apply this equitably.</p>	<p>Beware the 'merit trap'. Examine performance ratings alongside remuneration reviews.</p> <p>Mitigate against gender-role bias. Examine perceptions critically.</p>
<p><i>It's problematic to compare 'apples to apples'. The data is too complex</i></p>	<p>Getting the right role and market matches is not impossible. Fairness demands it.</p>	<p>Look internally by role where possible and benchmark to market. Invest in getting it right and seek support.</p>

# First, get the facts by remuneration type...

You get the best results when you look at all kinds of remuneration

## Component What it includes

Fixed	<ul style="list-style-type: none"> <li>Base pay plus superannuation.</li> </ul>
Variable	<ul style="list-style-type: none"> <li>Non-fixed remuneration that is contingent on discretion, performance, or results (eg, bonus schemes, sales commissions, short-term incentives, long term incentives). Express as opportunity provided, actual variable remuneration delivered or as ratio of the two.</li> </ul>
Total	<ul style="list-style-type: none"> <li>Fixed remuneration plus variable remuneration (opportunity, actual and ratio).</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>Non-salary compensation provided in addition to normal salary (eg, allowances, learning or development opportunities).</li> </ul>

# Next, measure your pay gap...

Looking across four lenses will surface different facets and causes of your pay gap

Lens	Methodology	What it tells you
Like-for-like	<ol style="list-style-type: none"> <li>Determine appropriate role matches (i.e., which roles are like-for-like or similar-to-similar) across the organisation</li> <li>Calculate average FTE adjusted pay of female employees for a specific role match</li> <li>Calculate average FTE adjusted pay of male employees for a specific role match</li> <li>Express female pay relative to male pay: Subtract average male pay from average female pay and divide result by average male pay to identify the role-based gender pay gap</li> </ol>	<p><b>Compares the average pay of women and men undertaking the same work or work of comparable value</b></p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> <li>Impact of career breaks or flexible work</li> <li>Inequity in starting salaries or out-of-cycle salary changes</li> <li>Bias in performance ratings (if linked to pay)</li> <li>Women have worked for a shorter time in the organisation or role</li> <li>Discrimination (conscious and unconscious)</li> </ul>
External market-based	<ol style="list-style-type: none"> <li>Choose a market reference point</li> <li>Match roles to relevant external market comparator</li> <li>Calculate FTE adjusted pay for each female and each male and the compa-ratio for each female and each male using the external market reference point (i.e., divide pay by the market reference point)</li> <li>Calculate the average female and male compa-ratio for the organisation</li> <li>Express female pay relative to male pay: Subtract average male compa-ratio from average female compa-ratio and divide result by average male compa-ratio to get the relative pay gap</li> </ol>	<p><b>Compares pay of women and men to the market rate for their roles</b></p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> <li>Systemic issues in pay management</li> <li>Tenure, negotiation and/or service gaps</li> </ul> <p>Note:</p> <ul style="list-style-type: none"> <li>This methodology makes analysis possible for smaller sample sizes</li> <li>Analysis will not indicate if there are occupational segmentation or representation issues</li> </ul>
Level-by-level	<ol style="list-style-type: none"> <li>Calculate average FTE adjusted pay of female employees for a specific organisational level</li> <li>Calculate average FTE adjusted pay of male employees for a specific organisational level</li> <li>Express female pay relative to male pay: Subtract average male pay from average female pay and divide result by average male pay to identify the level-based pay gap</li> <li>Level-based organisation average: Add the pay gaps from the different levels together and divide by the number of organisational levels measured</li> </ol>	<p><b>Compares the average pay of women and men at the same organisational level (eg, manager level)</b></p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> <li>Impact of career breaks or flexible work</li> <li>Women may have worked for a shorter time in the organisation or role</li> <li>Cumulative effect of like-for-like gender pay gap</li> <li>Under-representation of women in leadership positions</li> <li>Occupational segregation</li> </ul>
Organisation-wide	<ol style="list-style-type: none"> <li>Calculate average FTE adjusted pay of female employees</li> <li>Calculate average FTE adjusted pay of male employees</li> <li>Express female pay relative to male pay: Subtract average male pay from average female pay and divide result by average male pay to identify the organisation-based gender pay gap</li> </ol>	<p><b>Compares the average pay of women and men across an organisation</b></p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> <li>Under-representation of women in leadership positions</li> <li>Occupational segregation</li> <li>Gender inequality in promotion rates</li> </ul>



# As you go, be sure to consider...

There are ways around all the difficult issues you may encounter

Issue	Insights from MCC experience
Commissions and location	<p>Commissions can span multiple years and, as a result, year-on-year analysis of variable pay may be mismatched. Consider analysis across a 24-month cycle to mitigate this.</p> <p>In addition, variable remuneration on a like-for-like basis may be skewed where you have a dispersed workforce or a greater representation of one gender in a geography. To mitigate this, consider using a market-based approach where average male and female pay is compared to external market data specific to the geographies. This will assist in determining whether any observed pay gap is due to gender, rather than location.</p>
Bias in benefits received	<p>Consider potential gender inequities with respect to benefits received by employees and review policies for unintended bias (eg, male employees may have greater opportunities than female employees to be sponsored to complete higher education).</p> <p>Consider also allowances/loadings/penalties.</p>
Work schedule / penalties	<p>Consider what benefits to include in gender pay equity analyses. For example, consider shift allowances, roster allowances and penalties in fixed remuneration pay equity analyses. These benefits relate to the way your employees work and any work schedule requirements.</p>
Flexible workers and those on leave	<p>Include employees on leave or part-time/flexible arrangements in your remuneration review.</p> <p>As there are typically a higher number of women on parental leave or working part-time/under flexible arrangements, if you do not include these workers in your review it may negatively impact remuneration levels and contribute to gender pay disparity.</p>
Job family or division-by-division analysis	<p>Different occupations may be paid differently at the same job level. For example, an accountant and engineer at the same job level may be paid at different rates. If occupational gender representation is skewed, this may result in a reported pay gap.</p> <p>Consider using alternative level-by-level approaches that recognise that different occupations are paid at different rates (eg, conducting job family-by-job family or division-by-division pay equity analyses).</p>
Like-for-like analysis with a small number of roles	<p>Like-for-like comparisons are powerful. However it may not be possible to conduct a like-for-like analysis if there are a small number of employees in roles or only males or females in certain roles. Where a sufficient sample is not available, you may combine roles to enable for similar-to-similar comparisons. This involves subjectivity and requires care. You may also look to market-based comparisons and ensure men and women are paid comparably against market-rates for the role.</p>
Immediate vs. cumulative pay gaps	<p>The impact of a pay gap may compound over time resulting in a cumulative wealth gap. Consider doing the analysis to understand the wealth gap of female employees in your organisation.</p>

**Fixing the gender pay gap requires serious focus and ongoing monitoring and action. It's not a one-off exercise and there's no quick fix to righting inequality embedded over generations. We need to commit for the long haul.**

– Steve McCann, Group CEO and Managing Director, Lendlease

# Take action

Area	Action
Timing of gender pay equity reviews	<ul style="list-style-type: none"> <li>• Ensure company-specific gender pay equity reviews are conducted simultaneously with the annual remuneration review.</li> <li>• Conduct a pay equity review before comp review, during comp review (before business-unit sign-offs, based on recommendations in HR system), and after comp review.</li> <li>• Ensure leave takers are included in the performance and remuneration review so they will be “matched” against individuals who are on the appropriate remuneration band when they return from leave.</li> </ul>
Performance review and process	<ul style="list-style-type: none"> <li>• Review performance ratings to detect any gender bias and align performance reviews with pay equity reviews.</li> <li>• Limit or remove out-of-cycle salary adjustments and payments.</li> <li>• Remove discretionary payments by linking all variable remuneration to objective performance criteria.</li> <li>• Keep employees on extended leave included in the performance and remuneration review process.</li> </ul>
One-off adjustments	<ul style="list-style-type: none"> <li>• Withhold a portion of the remuneration budget/allocate additional budget to address the gender pay gap via one-off individual adjustments.</li> <li>• Set a specific gender pay equity target for your organisation within a specific timeframe to assist with allocating any additional budget.</li> <li>• Provide business functions that have the greatest pay gaps with additional remuneration budget to close the gap.</li> <li>• Hold a portion of the budget at the CEO’s discretion to be applied at the end of the annual salary review to further reduce any gender pay gap.</li> </ul>
Market / merit matrix	<ul style="list-style-type: none"> <li>• If you have a pay gap, allocate a greater proportion of remuneration budget to higher performing employees with the least market-competitive pay. This helps to automatically ‘close’ any market-relative gap.</li> </ul>
Recruitment and retention	<ul style="list-style-type: none"> <li>• Set and monitor commencement salaries for work of the same / comparable value.</li> <li>• Establish a practice of not asking candidates about their current salary. Knowing the number can lead to anchoring bias.</li> <li>• Ensure recruitment firms understand your organisations’ commitment to pay equity and expectations regarding salary negotiation – price the role not the candidate.</li> <li>• The focus should not only be on recruiting more females, but also retaining female employees to support representation, progression and promotion, and reduce pay gaps caused by differences in tenure.</li> </ul>
Salary setting	<ul style="list-style-type: none"> <li>• During hiring and the annual salary review, equip managers with tools to make factual, data-driven remuneration decisions (eg, provide access to real-time remuneration data and salary setting guidelines which are based on external market data points and reflect internal rates of pay).</li> <li>• Monitor salary increases and one-off adjustments by implementing an approval process which is triggered should the proposed salary be above or below the approved band for a particular role. Triggers may be set asymmetrically by gender.</li> </ul>
Wealth gap	<ul style="list-style-type: none"> <li>• Consider paying superannuation on unpaid parental leave and making one-off additional superannuation contributions during or upon return from parental leave. Even a small payment now can have a large impact on addressing the wealth gap (especially when accumulating compound interest over the period to retirement).</li> </ul>

**This is a joint and concerted effort to help make unjustifiable pay differences in like-for-like roles for men and women a matter of history in Australia.**

– Elizabeth Broderick, AO, Non-Executive Director, Convenor, Male Champions of Change

# Make it work for you

## Articulate commercial rationale

- ✓ Articulate the business case for conducting a gender pay review. In addition to being 'the right thing to do', gender pay equity is a business and strategic focus for many MCC organisations.
- ✓ To attract talent, it is important you identify any gender pay gap and make gender equality a business and strategic focus.

## Secure leadership buy-in

- ✓ Executive and Board buy-in is key to the success of gender pay equity reviews, particularly given the sensitive nature of the topic.
- ✓ Get your middle-managers who make recruitment and pay decisions on board.

## Ensure data quality

- ✓ Get your data right to ensure accurate and useful insights.
- ✓ Review role titles, levels and descriptions to ensure consistency in role matches.
- ✓ Ensure workers on flexible arrangements/ parental leave are 'matched' appropriately.

## Invest

- ✓ Invest in a detailed pay gap analysis to get the granularity and detail required.
- ✓ Conduct gender pay reviews on a regular basis to monitor progress.
- ✓ Use external support available to get you started or to assist with your continuing pay equity efforts.

# Communicate with your organisation

Many of us have found it helpful to communicate the results of our pay reviews and the actions we are taking as a result.

## Action

## Description

To whom should the gender pay gap be communicated?

- Many organisations communicate the results of the pay equity review with the business heads/ division heads where the largest pay gaps have been identified.
- Some MCC organisations have also found it helpful to share pay equity results across the business.

What should be communicated?

- Consider communicating your pay equity result, the rationale for conducting the gender pay equity review, factors contributing to the gender pay gap, and remedial actions to close the gender pay gap. You may also wish to communicate the timeframe for closing the pay gap.

Who should communicate the pay gap?

- Communication of gender pay equity review findings should come from the CEO and executive leadership team as this reinforces gender pay equity as a key strategic goal for the business.

## CASE STUDY

# LENLEASE: ACTIVELY ADDRESSING THE GENDER PAY GAP

### Context

Equality of pay is an important issue for Lendlease. It has committed significant resources to understanding what causes gender pay gaps and how to best address them.

Lendlease currently employs circa 12,600 people worldwide across its diverse business operations and is committed to ensuring gender equity is a reality for everyone within the company. Over the last six years, Lendlease has actively worked toward achieving its gender pay equity goals through a range of in-depth reviews, processes and communications.

### Problem identified

In addition to its annual like for like gender pay analysis, Lendlease actively monitors its 'business as usual activities' to identify hot spots and emerging issues related to remuneration gaps, such as the potential to import pay inequities through external hiring.

### Action taken

To address this issue, Lendlease reviewed their commercial decision processes in relation to new hires as well as the complexities and variables of the entire employee lifecycle. Lendlease also implemented a program of actions based on research and their findings, specifically the importance of communications, training and education to work toward closing any gender pay gaps. These included:

- Regular employee communications about the gender pay gap review, its key findings and actions taken
- Manager training to ensure recruitment and promotion processes are fair and equitable
- Recruitment metrics for employee applications, shortlists, interviews and placements to track and identify potential gender pay disparity and gender balance issues in advance
- Setting and reviewing gender-based targets on a quarterly basis for graduates, leadership programs, new hires and starting salaries
- Embed unconscious bias and inclusive leadership training in key people manager development programs.

Lendlease will continue to focus on future improvements and monitoring and is looking to undertake a qualitative review of decision making by managers in 2017 to determine any additional actions.

### Lessons learned

Successfully addressing the gender pay gap requires knowledge, sound data and constant improvement and vigilance. A one-time or once a year 'fix' of pay gaps will not solve this issue in the long term or create an organisation with a fair and equitable ethos.

With every review Lendlease has conducted, the company has gained a better and much deeper understanding of the causes that contribute to a gender pay gap in like for like roles and what to do about them. By regularly analysing pay data, reviewing the processes and communicating outcomes, Lendlease has a much greater chance of eliminating any remuneration gaps, mitigating the risk of future gaps developing and building a strong corporate culture as an employer of choice.

## CASE STUDY

# COMMONWEALTH BANK OF AUSTRALIA (CBA): “JUST-IN-TIME” INFORMATION FOR MANAGERS

### Context

Gender pay equity is an important focus area for Commonwealth Bank of Australia (CBA) as part of its diversity and inclusion strategy. CBA conducts pay equity analyses throughout the year and as part of the annual remuneration review process. We report on gender pay equity to the Workplace Gender Equality Agency (WGEA) and the Dow Jones Sustainability Index.

### Problem identified

Overall, CBA has achieved gender pay parity on like-for-like basis. However, remaining vigilant is vital to maintaining momentum. Research reveals that pay equity issues may occur at any point in the employee cycle: on hiring; on transfer or promotion to a new role; or during performance and remuneration reviews.

### Action taken

Our commitment to identifying and addressing any gender pay equity gaps that may arise is supported by making managers aware of the issue, and helping them in their decision-making with education and support tools. Just-in-time solutions empower managers to make informed decisions at the appropriate juncture to minimise gender pay inequity. This approach builds awareness and commitment, and is incorporated into business as usual processes with the use of customised team dashboards.

CBA developed and implemented the following tools to inform managers of any potential gender pay bias before decisions are made:

- **Pay Range Tool:** Supports HR and Recruitment managers by providing advice to aid remuneration decisions for hires and employees changing roles. The tool uses benchmarked market data, and highlights gender bias by displaying compa-ratios, and how they differ between men and women.
- **Online ‘People Insights’ dashboard:** This manager self-service tool reports on overall pay gaps in teams and any like-for-like employee pay differences on a 12-month rolling basis.
- **Performance Round Table tool:** This detects any gender bias in performance outcomes during leader discussions. Employees who are on extended leave, i.e. parental leave, are included as part of the annual performance and remuneration reviews.
- **Manager guides:** Resources are available to managers to explain the impact of unconscious bias to help minimise pay inequity, and to explain how to make remuneration decisions.

### Lessons learned

CBA has seen a significant behavioural change in its people managers since introducing these tools, which has resulted in closing the like-for-like pay gap at a Group level. Targeting pay inequity from time of hiring and continuously throughout the employee lifecycle helps CBA maintain a proactive focus on pay equity, rather than addressing any issues retrospectively. Achieving and maintaining gender pay equity is complex, but a continuous focus, consistent leadership tone and direct action will help CBA to achieve its diversity and inclusion goals.

## CASE STUDY

# VICTORIAN DEPARTMENT OF ENVIRONMENT, LAND, WATER AND PLANNING: **SHARING PAY EQUITY RESULTS**

### Context

As part of the Victorian Department of Environment, Land, Water and Planning's (DELWP) commitment to create a more equitable and inclusive organisation, it conducted a gender pay review to understand if there was a gender pay gap within the organisation.

### Problem identified

The gender pay review revealed that men across DELWP are paid on average 1.48 per cent more than women. However, when looking at the results across different pay levels, they identified areas where the gap is wider. For example, at the executive level, men are earning 7.92 per cent more than women. At the Senior Technical Specialist level, the gap is 3.74 per cent.

### Action taken

DELWP's then Secretary Adam Fennessy decided to share the results of the pay gap review in his weekly all staff message and on the Department's intranet.

DELWP employees were able to see the full results of the pay gap review and learn more about the Secretary's commitment to close the gap and prevent it from widening again in the future. A partnership with the Victorian Government 'Recruit Smarter' program was also announced in recognition that unconscious bias can creep into recruitment practices and contribute to the gender pay gap.

### Lessons learned

Sharing the pay gap results with staff sent an important message that DELWP is serious about understanding and ending the gender pay gap and addressing all forms of gender inequality in the organisation.

**It was important for our organisation's progress to be transparent and accountable – we had to be open with our people and share the facts about where we were at and what we were going to do about it.**

– Adam Fennessy, former Secretary, Department of Environment, Land, Water and Planning

## CASE STUDY

### **QIC: A GRANULAR APPROACH TO PAY EQUITY REVIEWS**

#### **Context**

Gender pay is an issue. At QIC we recognised that we needed to take a prominent and determined stand to rectify this. We also knew we needed to be granular and have objective and valid salary data points to do our analysis.

#### **Problem identified**

We took the following approach to identifying if we had a pay gap in our organisation:

- 1 We mapped 96% of our roles to an external data point. We subscribe to numerous external salary surveys and so did this exercise with a great degree of confidence.
- 2 For each of our roles we could therefore determine where each person sits against the compa ratio (i.e. where they are against market). Our policy range is to have, at the aggregate, our remuneration +/- 10% of the market median.
- 3 We assessed our full workforce using the compa ratios and split it by gender. This was a deep and detailed piece of work – but invaluable.
- 4 We found that males were on average paid more against the compa ratio than females. This was a worrying statistic that we had to change.

#### **Action taken**

We reported the gap to our Board and Executive Committee and outlined the plan to close the gender pay gap. We have an annual remuneration budget that is approved by the Board. In the last remuneration review a substantial amount of this budget was not allocated out to the business units. Instead, it was directed to our females that were too far below the market salary for their role. We had a targeted list and in partnership with the head of the business unit, we were able to make some meaningful changes to salaries. As a result, the gap closed to 0.3% when the full remuneration cycle was completed. In real terms, it meant a far greater proportion of our females got salary increases, compared to our males. The reaction from our females was overwhelming. We had put our money where our mouth was.

#### **Lessons learned**

- You have to be granular and use objective salary data points to understand your starting position.
- Don't hide behind what you find. Take it all the way to the top.
- Communicate what you are doing. We were subtle – yet determined.
- Be courageous in your actions. You won't make the necessary changes by thinking it will change by itself or by the way you had traditionally done things.
- Change the way you think at the appointment stage. The old behaviours of 'let's bring her in a little below market because we will make it up over time' just doesn't hold true. If they are deemed competent for the role – pay appropriately right from the start.

**The reality is, if we don't do the analysis we won't know if we have a gender pay gap. This is something every CEO can address now.**

– Steven Leigh, Managing Director, QIC Global Real Estate

## Take Action

1. Conduct a pay equity review at least every 2 years using an externally verified methodology. Include an organisation-wide analysis and either a 'like-for-like' or external market-based analysis
2. Commit to CEO-led action to close the pay gap and advance gender equality strategies in your organisation.
3. Become a Workplace Gender Equality Agency (WGEA) **Pay Equity Ambassador**.

**The principle of equal pay for equal work is widely accepted across Australia. We must translate principle into consistent practice. This relies on personal investment from senior leaders. We need to be accountable for ensuring that good intentions lead to tangible and measurable outcomes.**

– Ian Narev, Managing Director and Chief Executive Officer, CBA



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### About Male Champions of Change

The Male Champions of Change is a coalition of CEOs, Secretaries of government departments, Non-Executive Directors and Community Leaders. The Male Champions of Change believe gender equality is one of the nation's most significant societal and economic issues.

Established in 2010, by then Australian Sex Discrimination Commissioner Elizabeth Broderick, our mission is to step up beside women to help achieve a significant and sustainable increase in the representation of women in leadership.

[www.malechampionsofchange.com](http://www.malechampionsofchange.com)

We thank EY for their support in developing this letter and the Property Male Champions of Change for their leadership on this issue.