



VICTORIAN  
WOMEN  
LAWYERS

# CALCULATING THE GENDER PAY GAP

THE DIFFERENCE BETWEEN  
THE AVERAGE MALE FULL-TIME  
EQUIVALENT EARNINGS AND  
AVERAGE FEMALE FULL-TIME  
EQUIVALENT EARNINGS,  
EXPRESSED AS A PERCENTAGE  
OF MALE EARNINGS

$$\text{Gender pay gap} = \left[ 1 - \frac{\text{Female salary}}{\text{Male salary}} \right] \times 100$$

There are three types of gender pay gaps:

- 1. Like-for-like gaps** – These are gaps between women and men undertaking work of equal or comparative value (comparing jobs).
- 2. By-level gaps** – These are gaps between women and men at the same organisational level, for example, at each manager level or level to the CEO.
- 3. Organisation wide gaps** – This is the difference between the average remuneration of women and the average remuneration of men across the whole organisation.

Variations in family circumstances and labour market histories may also influence the statistically robustness of the current gender pay gap.

Regardless of what form of data is used to calculate the gap, each result demonstrates that there is still a double-digit gender pay gap in Australia.

## THE GENDER PAY GAP IN AUSTRALIA

### What is the gender pay gap in Australia?

The Workplace Gender Equality Agency (WGEA) places the 2015 national gender pay gap of full-time workers at 17.3%. This represents a gap of \$277.70 a week of full-time average earnings.

### What has been done to date in Australia?

Various initiatives have been implemented by organisations, industries and government to address the gender pay gap over recent times:

- Legislation to prohibit discrimination based on gender.
- Government policies to support women's participation in the workforce through childcare and tax rebates.

A recent Bill introduced into the Federal Parliament to end pay gag clause in employee contracts, could be a sign of things to come.



## THE GENDER PAY GAP AROUND THE WORLD

### What is happening internationally?

#### United Kingdom

Recent legislation in the United Kingdom will require all companies with more than 250 employees to publish their gender pay gap on their websites and league tables will be published to show which types of companies are the worst offenders. In addition, around 8,000 of the country's largest employers will have to publish the number of men and women in each pay range – to make clear where the pay gap is at its worst. Interestingly, performance bonuses will also be included in the statistics to ensure the male bonus premiums are captured.

According to the UK law, from 2018, companies with more than 250 employees will have to disclose how much they are paying in salaries and bonuses to their male and female staff.

Estimates from the UK Office for National Statistics suggest the pay gap currently stands at 19.2% for full-time and part-time workers in the UK, meaning a woman on average earns around 80p for every £1 earned by a man.

Company pay gaps will be ranked in a league table. The league table of around 8,000 firms will be published from 2018 which the government hopes will draw attention to the worst offenders.

#### Europe

At least 10 European countries have enacted legislation aimed at closing the gender wage gap, but most don't require companies to disclose the data to the public. Consumers and employees interested in seeing it typically must request it.

#### United States

Several states in the United States have enacted legislation to prevent employers from punishing workers for discussing their pay.

Recent efforts to pass national legislation on the issue have stalled, according to the American Association of University Women. While at least 46 states have adopted laws enforcing pay equity, the group says, none of them require individual companies to publish their data.

The government has also pledged to extend plans for gender pay gap to include the public sector and eliminate all-male boards in FTSE 350 companies. New regulations that set out how this will work in practice will be revealed 'in due course', the announcement said.

## WANT TO KNOW MORE?

The Workplace Gender Equality Agency has the tools and resources you need to conduct a pay gap analysis and create a pay equity strategy:  
<https://www.wgea.gov.au/lead/addressing-pay-equity>.

To access live links to the resources in this flyer, legal sector case studies and more on the gender pay gap, visit our website at [vwl.asn.au](http://vwl.asn.au)