



Pay equity and the gender pay gap in Western Australia

What is the gender pay gap?

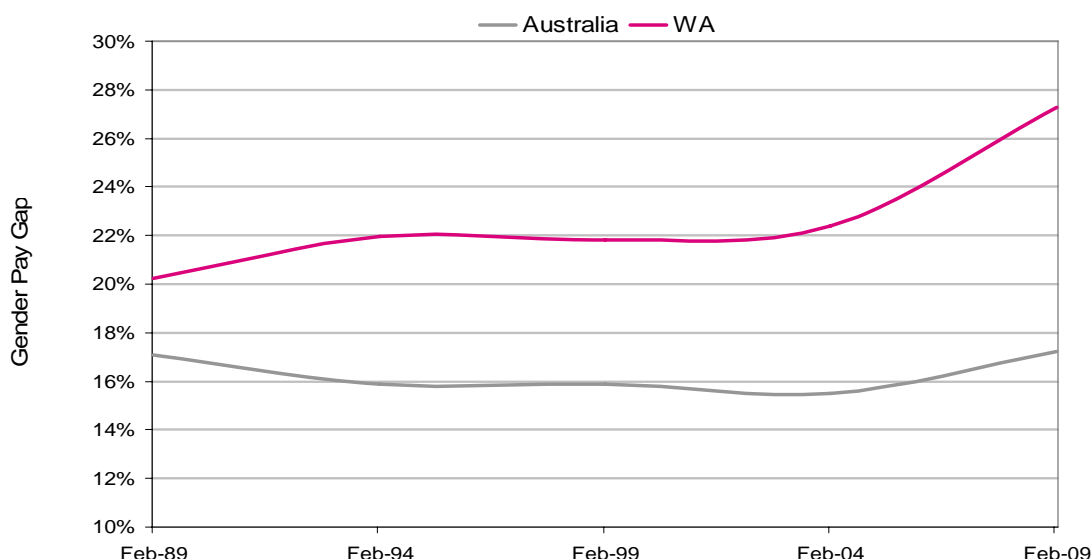
The gender pay gap refers to the difference in average earnings of men and women. Pay equity is the process of narrowing the gap in remuneration between females and males.

The gender pay gap in Western Australia is 26 per cent¹. This means that on average for every dollar earned by a full time male employee, full time female employees earn 74 cents.

This pay gap figure is based on full time adult ordinary time earnings figures compiled by the ABS. Part time and casual employees are not included, nor are overtime payments.

Western Australia has the biggest gender pay gap in Australia. Nationally the gender pay gap is 17 per cent¹. In Western Australia, the difference between men and women's pay has been steadily worsening over the last twenty years.

Gender pay gap by year Australia and Western Australia 1988-2008²



Why does it matter?

Increasing female participation rates is a key solution to Western Australia's ongoing labour shortages. Australia's ageing population and changing demographics mean that a shortage of skilled employees is likely to be a long term issue for Western Australian business.



Addressing pay equity in the workplace is a critical strategy to improve opportunities for women's workforce participation and remove barriers to career progression.

For women the gender pay gap can cause lower income in the short term, as well as lower lifetime earnings and retirement savings. This impacts on the level of income available to families and may mean both women and men work longer hours and have reduced work life balance.

Why does the gender pay gap exist?

Many different factors contribute to the gender pay gap. Key factors in women earning less than men over their life cycle are:

- A lack of permanent part time jobs and flexible working arrangements restricts the ability to combine quality employment and family care responsibilities and impacts on current and future earnings potential. This applies to all employees, but impacts most on women who have dependant children.
- Women taking time out of the work force or working in part time and casual jobs. This pattern can influence the overall pay gap through differential starting wages and different patterns of progression in female and male careers.
- Men and women still tend to work in different areas of the workforce and to be clustered into separate occupations and industries. Those industries and occupations that are female dominated have traditionally been undervalued in relation to male dominated occupations.

What is happening about pay equity?

The Department of Commerce is working with the public sector, business and industry stakeholders on a range of innovative best practice strategies to address pay equity and encourage greater opportunities for workforce participation and career development for women.

To address pay equity at the workplace level, the Department is advocating the use of pay equity audits in the public and private sectors. A pay equity audit is an analysis of payroll data and human resource practices to identify where gender pay gaps and gender issues exist within an organisation. The Department has developed the *Pay Equity Audit Toolkit*, a unique best practice resource for employers to use in assessing workforce data and develop strategies to improve pay equity and female career progression in the workplace. A critical component of the toolkit is the Pay Equity Audit Tool, an automated spreadsheet that creates tables and charts based on payroll data, showing gender pay gaps and other indicators such as the prevalence of flexible working arrangements.

**For more information on pay equity in Western Australia visit
www.payequity.wa.gov.au**

¹ ABS Average Weekly Ordinary Time Earnings (AWOTE) 6302 May 2009 (quarterly trend data)
Calculated as Female AWOTE / Male AWOTE x 100%

² ABS Average Weekly Ordinary Time Earnings (AWOTE) 6302 May 2009 (quarterly trend data)