

BUSINESS GUIDE

Understanding why and how to achieve pay equality in small-to-medium businesses

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Being paid fairly and equally for work of equal or comparable value is a basic human right. Regardless of where we work – or our sex, gender, race or age – we are all entitled to be paid and treated fairly at work.

What is equal pay?

The Equal Workplaces Advisory Council defines equal pay as all workers, regardless of their sex or gender, being rewarded equally for performing the same work or work of comparable value. This includes work of different types.

The Fair Work Ombudsman *Best Practice Guide: Gender Pay Equity* (2019) details that determining comparable value can be done by evaluating the skills, responsibilities, and working conditions in each job or job type, even where the work itself is different.

Gender pay inequality mainly affects women and has significant consequences for their lifetime economic security. Women are more likely to retire with less savings in their superannuation accounts than men.

Women from culturally and linguistically diverse backgrounds and recent migrants face even greater barriers to pay equality.

There are repercussions for men too, who may be denied opportunities for flexible work, parental or carer's leave – or have their career progression impacted when they attempt to access those opportunities.

What drives unequal pay?

Unequal pay is driven by gender bias and sex discrimination and the historical and systemic undervaluing of work traditionally associated with women.

There is also widespread industry and occupational segregation resulting in high concentrations of women in low-paid jobs.

Unequal pay occurs throughout an employment cycle:

- recruitment
- career progression
- remuneration
- leave
- training and development
- flexible and part-time working arrangements.

What are businesses' obligations to ensure equal pay?

The law on equal pay is shaped by Victorian, national and international law.

This is not intended to be an exhaustive list and is intended as general information, not legal advice.

Victoria's *Equal Opportunity Act 2010* prohibits sex discrimination in employment and imposes a positive duty on employers to eliminate discrimination from the workplace, which could include unequal pay on the basis of sex.

The Commonwealth has three acts that businesses have obligations under:

1. ***Sex Discrimination Act 1984***

Prohibits sex discrimination in employment. This could include unequal pay if it is for a discriminatory reason.

2. ***Fair Work Act 2009***

General protections prohibit sex discrimination in employment. Fair Work Commission must consider equal pay in minimum wage and awards, and it can make 'equal remuneration orders' to ensure equal pay.

3. ***Workplace Gender Equality Act 2012***

Requires non-public sector organisations with 100 or more employees to report on equal remuneration between men and women.

What are the benefits to business?

Small and medium enterprises (SMEs) can play an integral role to reduce the gender pay gap and achieve gender pay equality.

Equal pay in business can deliver wide-ranging benefits to your business, your employees, and the broader community.

With more women paid fairly and with more financial security, businesses would attract more diverse and talented staff and operate more productively, and the Australian economy would be stronger.

Benefits to businesses include:

- minimising costs and disruptions associated with high staff turnovers
- business and consumer base growth with responsible and ethical workplace conduct
- improved morale and productivity with each worker enabled to contribute to their best potential
- enhanced reputation and brand and not needing to use limited resources for managing reputation and brand risks
- reduced vulnerability to costly and resource intensive legal claims related to compliance with legal obligations.

Ensuring individual workers are remunerated fairly contributes to a fair, respectful, and equal society.

What can businesses do now?

We are working with industry to develop training resources for smaller businesses. These will be available in 2022.

SMEs interested in acting now can:

- conduct a pay audit
- implement equal pay policies
- conduct gender neutral job evaluations.

The Workplace Gender Equality Agency (WGEA) has a three-step guide for small or medium businesses to address pay equality. The guide includes details to:

- get started
- review your data
- take action.

[Read more from WGEA and access the three-step guide](#)