



16th February 2016

Committee Secretary
Senate Education and
Employment Committee
PO Box 6100
Parliament House

Dear Sir/Madam,

RE: Fair Work Amendment (Gender Pay Gap) Bill 2015

The Finance Sector Union of Australia (FSU) thanks you for the invitation to comment on the Fair Work Act Amendment (Gender Pay Gap) Bill 2015.

The FSU is the union representing workers in the banking, finance and insurance sector. The industry consists of more than 420 000 employees nationwide, with women making up approximately 51% of the total number of workers within the sector¹.

The Bill proposes an amendment to the Fair Work Act 2009 to remove restrictions on employees' rights to disclose the amount of, or information about their pay and to prohibit employers from taking adverse action against employees for disclosing this information.

The Financial & insurance services industry remains the industry with the highest gender pay gap in Australia, both by base salary at 27.3% and by total salary at 35% gender pay gap (this includes additional payments such as bonus payments, superannuation, discretionary pay, overtime and other allowances).²

The gender pay gap reflects a number of complex interrelated factors including occupational segregation which sees a concentration of women in low paying roles, the lack of flexible and part time senior roles and the design of the pay models prevalent in the industry.

¹ ABS, *Labour Force Australia: Detailed, Quarterly, August 2015*, (2015), <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Aug%202015?OpenDocument> Viewed 28/10/2015

² WGEA, *Australia's Gender Equality Scorecard*, November 2015, https://www.wgea.gov.au/sites/default/files/2014-15-WGEA_SCORECARD.pdf. Viewed 16/2/2016

The pay models in the finance sector are largely based on market rates and employee performance review results and are characterised by a high degree of managerial prerogative. They are incredibly complex and difficult for employees to understand and are significantly lacking in transparency. This combination of factors allows unconscious gender bias to have a significant impact on wages outcomes in the industry.

Research demonstrates that a lack of pay transparency is a key factor in gender pay equity, with the UK Equality and Human Rights Commission Financial Services Inquiry finding that *“A lack of transparency and, indeed, a culture of secrecy around pay create the conditions within which gender pay inequalities can flourish. Lack of transparency allows women and men on the same grades, and even with the same job titles to receive markedly different pay”*³

The FSU strongly supports the amendments proposed in the bill as a positive step in improving the transparency of salaries and assisting in addressing the gender pay gap in Australia.

Yours sincerely

Fiona Jordan
National Secretary.

³ Equality and Human Rights Commission, “Financial Services Inquiry”, 2009, p39