

pay, power and position:

BEYOND THE 2008 EOWA AUSTRALIAN CENSUS OF WOMEN IN LEADERSHIP

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Australian Government
Equal Opportunity for
Women in the Workplace Agency

RESEARCH CONDUCTED BY
MACQUARIE UNIVERSITY

About EOWA

An Australian Government Agency, the Equal Opportunity for Women in the Workplace Agency (EOWA) consults with Australian employers annually regarding their equal opportunity initiatives. EOWA's vision is to achieve equal opportunity for women in Australian workplaces. In addition to compliance reporting, EOWA leads employers to create workplaces where women's contribution is equally valued through a variety of programs. These include educational services, the EOWA Business Achievement Awards, Employer of Choice for Women citation and the EOWA Australian Census of Women in Leadership, among other research publications.

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Macquarie University is a modern research-intensive institution with a mission to serve the needs of industry and the community. Macquarie's relaxing and spacious 126 hectare park-like campus is strategically located within the high-technology corridor of Sydney's north-west. The University has led the way on EEO and diversity, appointing the first female Vice-Chancellor in 1987 and winning awards for its strategies to lift barriers in the path of female students and staff. Macquarie University is committed to equity and diversity in employment and education, and to creating a fair and inclusive work and study environment. The University, through its Labour-Management Studies Foundation, has hosted the acclaimed Women, Management and Employment Relations Conference since 1989.

The University was the Gold sponsor of the 2008 EOWA Australian Census of Women in Leadership and conducted the research. The research and analyses in *Pay, Power and Position: Beyond the 2008 EOWA Australian Census of Women in Leadership* were conducted by Associate Professor Peter McGraw, Director of the Labour Management Studies Foundation and Department of Business, Division of Economic and Financial Studies and Dr. Margaret Mackisack, Consulting Statistician.

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foreword

In his keynote speech at the World Bank's celebration for International Women's Day in March this year, the Bank's President, Robert Zoellick, predicted that the economic crisis would disproportionately disadvantage women globally. However, he stressed that women can be the agents of change and should not be overlooked when rebuilding economies. "Investing in women and girls is not only the right thing to do, but also the smart thing to do. Gender equality will not or need not compete with other goals", he said.¹

In Australia, the Government has a comprehensive agenda for women, which addresses a range of issues into the 21st century. Improving economic and leadership outcomes for women are key priorities for the Minister for the Status of Women, the Hon Tanya Plibersek MP.

In helping to fulfil that agenda, here at EOWA, we continue to encourage and support employers in developing and implementing workplace programs designed to ensure women's equal participation and advancement at all levels in their workplaces.

The 2008 EOWA Australian Census of Women in Leadership² revealed very disappointing results for women. Female representation at board director and executive management level across the ASX200 declined for the first time since the Census was first conducted in 2002 and in some cases, reverted to pre-2004 levels. We do not want to see these figures fall again when the Census is next conducted.

The figures presented in this report drill deeper into the Census results, exposing areas at the highest levels of business where women are under-represented, under-paid and prevented from advancing in greater numbers to the most senior levels of leadership. This represents a huge waste of talent.

International research investigating the impact of diversity at senior management level reveals that strategies to ensure merit-based promotion and equal access to leadership roles, regardless of gender, age, cultural background and individual and professional experience, can positively influence employee performance, productivity and innovation. An ongoing commitment to women's workforce participation and advancement will be of long-term benefit to employees, business performance and ultimately, to the Australian economy.

EOWA will continue its work with employers to keep equal opportunity for women on the agenda and help ensure that women have the same opportunity as men to be agents of change during the economic recovery.

Mairi Steele
Acting Director
EOWA

¹<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTGENDER/0,,contentMDK:22118024~pagePK:148956~piPK:149081~theSitePK:336868,00.html>
²www.eowa.gov.au/Australian_Women_In_Leadership_Census/2008_Australian_Women_In_Leadership_Census.asp

introduction

Background

This research publication explores, for the first time, the valuable data collected for the *EOWA Australian Census of Women in Leadership* and builds on EOWA's extensive qualitative and quantitative research on the pay, power and position of women in senior leadership roles in Australian business.

The EOWA Census is based on the methodology developed by Catalyst which was first applied in the United States in 1995.³ It analyses the numbers and positions of women and men in corporate leadership roles, that is, board directors and executive managers, in companies listed on the ASX200 Index of the Australian Stock Exchange.

First conducted in 2002, the Census has produced trend data revealing negligible improvement overall in the representation of women on Australian boards and in executive management roles, with numbers declining for the first time between 2006 and 2008. In 2008, women made up only 2.0% of ASX200 CEOs (down from 3.0% in 2006), 8.3% of board directors (down from 8.7% in 2006) and 10.7% of executive managers (down from 12.0% in 2006).

Using the data collected for the 2006 Census, EOWA released the *Gender Income Distribution of Top Earners in ASX200 Companies* in early 2008. This report examined the declared salaries of the five highest earning individuals across the ASX200, revealing significant

gaps between women's and men's salaries at that highest level of business. Only 7.0% of ASX200 top earners were women and there was an overall median gender pay gap of 42.0% at top earner level. Female Chief Financial Officers and Chief Operating Officers earned half the salary of their male equivalents, while female Chief Executive Officers earned two-thirds the salary of male Chief Executive Officers.

In late 2008, EOWA also released a qualitative research piece, entitled *Agender in the Boardroom*, which further identified and investigated some of the present issues and contradictions occurring across workplace culture, and the recruitment, promotion, training and development issues that prevent more women from being appointed to board director roles.

Key research findings

This report focuses on the status of women at board director and executive manager level in the ASX200.

Women on ASX200 Boards and Board Committees

Position

- Between 2006 and 2008, the number of board seats in ASX200 companies *increased* from 1,487 to 1,505, while the number of seats held by women *decreased* from 129 to 125. Thus, the representation of women on boards has declined relative to men.

- While the number of individual women serving on ASX200 boards has increased since the first Census, the rate of change has been so slow that without significant improvement, women will remain substantially under-represented on company boards for decades.

Status

- It appears that once women have been appointed to boards, they are as influential as men. Among the 89 individual women holding ASX200 board seats, 49.4% are chairing at least one board committee, compared to 32.9% of male board directors.
- However, because of the small number of women on boards, women only make up 11.0% of all board committee chairs.

Remuneration

- The small number of women on ASX200 boards appear to be slightly better paid than their male counterparts, regardless of the number of board seats held. Women earn 7.7% more on median earnings. There are two likely explanations for this. First, a greater percentage of women are on boards of larger companies, which have higher remunerations rates. Second, board members tend to get a fixed rate for the position with additional amounts for chairing key committees. This equality in remuneration for female board members contrasts sharply with the inequality that is evident for female executive managers.

³ www.catalyst.org

Women Executive Managers in the ASX200

Position

- The 2008 EOWA Census showed a decline in the number of executive managers in the ASX200 from 2006. Women executives were disproportionately affected by this, with the number of female executive managers declining by 18.0% from 2006 to 2008, while the number of male executive managers, who were already the significant majority, declined by only 7.1% during this time.
- Women executive managers are more likely to occupy Human Resources, Legal Counsel, Corporate Communications, Company Secretary and Finance Roles.
- Since the 2006 EOWA Census, the number of women executive managers in Legal Counsel, Corporate Communications and Company Secretary roles has increased.
- The number of women Chief Executive Officers, Chief Financial Officers and Production executive managers has declined since 2006.
- Women executive managers are least likely to occupy CEO, Production, Strategy and General Line positions.
- Overall women remain under-represented in key leadership

positions and do not represent more than 50% of any position group. However, over a third of Legal and Human Resources positions are occupied by women.

Status

- The percentage of ASX200 executive managers who are declared key management personnel increased from 66.1% in 2006 to 75.7% in 2008. While women have shared in this increase, only 7.0% of ASX200 key management personnel are women.
- Only 54% of reported female executives have key manager status, compared to 78.1% of reported male executives.
- The areas in which women executive managers are most commonly represented are also those areas least likely to have key manager status, for example, in Public Affairs, Communications and Human Resources.

Remuneration

- Overall, female median remuneration is \$642,297, compared with a male equivalent figure of \$895,725. In other words, female median remuneration is 71.7% of the male median. Whilst some of this discrepancy is due to women occupying more of the lower paying positions, within position comparison still reveals a pattern of female disadvantage.

- Median remuneration of women in line positions is 89% that of men in line positions. For support positions, female remuneration is 63% of the male median.
- Remuneration generally increases as companies get larger (measured by market capitalisation) but it increases much faster for men than for women. Remuneration of women executives in the smallest companies is closer to parity with that of men.
- Male CEOs have by far the highest median remuneration of any position, but the one female CEO whose remuneration is included is by no means the highest paid woman in the study.

board structure and committees

Board Size

This section will investigate women's status on ASX200 boards. There are two ways in which the data are analysed: the total number of board seats, and the number of individuals who are board members. This is necessary because there are many individual directors who sit on more than one board, resulting in two different figures.

In 2008, the number of board seats across ASX200 companies has increased to a total of 1,505 board seats, compared to 1,487 in 2006. Disappointingly, the number of seats held by women shifted in the opposite direction, decreasing from 129 to 125 between 2006 and 2008 (see Figure 1). This represents a percentage decline from 8.7% to 8.3% over the period.

Because many board directors hold positions on more than one board, the actual number of individuals who are ASX200 board directors is 1,180. The average female director sits on 1.4 boards and the average male on 1.3. Of individual board directors, 1,091 are men and only 89 are women (making up only 7.5% of the full population of ASX200 board directors). This compares to 1,076 men and 85 women in 2006 (1,161 individuals in total, of whom 7.3% were women).

Thus, while there are 16 more individual men serving on ASX200 boards in 2008 compared to 2006, there are only four more women,

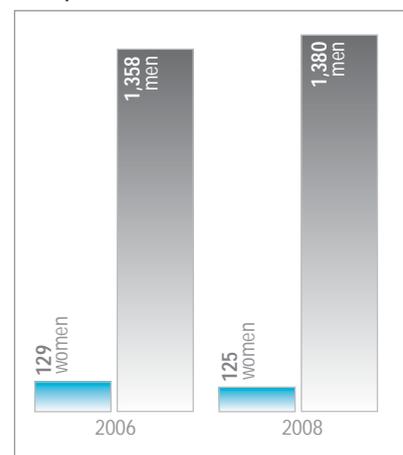
making up just 20% of the additional individuals who joined ASX200 boards over the two-year period (see Table 1).

While the number of additional individual women who are ASX200 board directors has increased each Census year since 2003, the rate of change has been so minimal that without greater improvement, women will remain significantly under-represented on ASX200 boards for decades.⁴

Further, interviews conducted for the *Agender in the Boardroom* research revealed a perception that women's representation on boards is so low because today, Australian company boards are smaller than in the past and as such, it is more challenging for boards to 'risk' appointing individuals whom they consider to be inexperienced.⁵

But in fact, the average size of ASX200 boards remains more or less unchanged at 7.8 board members in 2008, compared to 7.6 in 2006. Given that the number of women board directors *decreased* while the number of board directors overall *increased* and the size of boards remains more or less unchanged, it is clear that an increase in the number of board director positions does not translate into a corresponding increase in the representation of women on ASX200 boards.

FIGURE 1: Gender breakdown of board seats in ASX200 companies



...the rate of change has been so minimal that without greater improvement, women will remain significantly under-represented on ASX200 boards for decades.

⁴ There were 79, 80, 85 and 89 women who were serving on ASX200 boards in 2003, 2004, 2006 and 2008 respectively. Corresponding data for men for years 2003 and 2004 are not available.

⁵ (2008) *Agender in the Boardroom*, EOWA: 14. www.eowa.gov.au/Australian_Women_In_Leadership_Census/2008_Australian_Women_In_Leadership_Census/Egon%20Zehnder/EZ%20Media%20Kit%20materials/Exec_Summary_LR.pdf

Chairing Board Committees

Despite their low overall representation at board director level, once women have been appointed onto boards, they appear to be more or less as influential as their male counterparts, in terms of chairing board committees.

Among the 89 individual women holding board seats in 2008, 44 (49.4%) chair at least one board committee, while among the 1,091 men holding board seats, 359 (32.9%) chair at least one board committee. Put another way, where male board directors have a one in three chance of chairing at least one committee, women have a one in two chance.

Furthermore, those individual women who chair any ASX200 board committee, chair multiple committees in proportions similar to that for men. Table 2 shows that 79.5% of women chairing any board committee chair only one committee, while the remaining 20.5% chair multiple committees (with three being the maximum number of committees chaired by a women board director). In similar proportions, 75.7% of men chairing any board committee chair only one, with the remaining 24.3% chairing between two and four committees.

Notwithstanding this seeming equality of influence, it is important to note that because of the very low proportion of women who are ASX200 board directors, women who are committee chairs represent only 3.7% of all individual ASX200 board

TABLE 1: ASX200 board directors by gender

	Total # Individual Women Board Directors (% of all individual directors)	Total # Individual Men Board Directors (% of all individual directors)	TOTAL Individual Board Directors
2006	85 (7.3%)	1,076 (92.7%)	1,161
2008	89 (7.5%)	1,091 (92.5%)	1,180

TABLE 2: Number of ASX200 board committees chaired by individual board directors

Number of Committees Chaired	FEMALE (% of women chairing at least one committee)	FEMALE (actual #)	MALE (% of men chairing at least one committee)	MALE (actual #)	TOTAL Board Directors chairing at least on committee
1	79.5%	35	75.7%	272	307
2	18.2%	8	19.5%	70	78
3	2.3%	1	4.5%	16	17
4	0%	0	0.3%	1	1
TOTAL	100%	44	100%	359	403

directors (whereas men who are committee chairs represent 30.4%).

In total, there are 471 board committees in ASX200 companies, of which 419 are chaired by men and only 52 are chaired by women. Therefore, only 11.0% of ASX200 board committees are chaired by women. It should also be added that as found in the 2008 Census, women make up only 2.0% of all ASX200 board chairs.

Interviews conducted as part of the EOWA *Agender in the Boardroom* research revealed that chairmen generally feel that women's strengths lie in their understanding of the soft or social issues of the business, such as culture, sustainability, occupational health and safety, customer service and human resources issues.⁶ Consistent with this view, it would be expected that women board directors tend to chair Human Resources and OH&S committees.

⁶ *ibid.*: 9.

However, analysis of the kinds of committees female and male directors actually chair disproves this belief and shows that there is little difference in the types of board committees women and men tend to chair (see Table 3).

Furthermore, women and men are equally likely to chair Audit and Remuneration Committees, which are two of the most important and common board committees on the ASX200, together making up nearly 70.0% of all ASX200 committees. In addition, over 20% of both females and males chair Governance Committees.

Once again these findings refute the chairmen's stereotypical view of the areas in which women are 'better' and 'less' skilled than men. There is no evidence of any concentration of women committee chairs in the stereotypically 'feminised' areas, or any remarkable absence of them in those committees which might traditionally be considered male-dominated.

Overall, it appears to a degree, to be a matter of critical mass; once women break through and become appointed at board director level, their skills and contribution give them as good a chance as men of chairing any board committee. But the reality that women make up such a small part of the ASX200 board director population shows that more needs to be done to advance female talent into that still significantly male-dominated group.

TABLE 3: Distribution of committee chair roles by gender⁷

Title of Committee Chaired	% Female Directors Chairing Committees (actual number)	% Male Directors Chairing Committees (actual number)	% of All ASX200 Committees (actual number)
Audit	38.4% (20)	37.5% (157)	37.6% (177)
Remuneration	26.9% (14)	28.2% (118)	28.0% (132)
Governance	21.2% (11)	21.0% (88)	21.0% (99)
Business Systems & Stakeholder Relationships	5.8% (3)	2.4% (10)	2.8% (13)
Human Resources	5.8% (3)	2.1% (9)	2.5% (12)
Finance, Investment	1.9% (1)	3.5% (14)	3.2% (15)
OH&S	0% (0)	5.5% (23)	4.9% (23)
TOTAL	100%* (52)	100%* (419)	(100%) 471

*Percentages do not add up to 100% due to rounding.

...the reality that women make up such a small part of the ASX200 board director population shows that more needs to be done to advance female talent into that still significantly male-dominated group.

⁷ For the full list of Committee titles identified, please see Appendix One.

ASX200 board directors' remuneration

In this study, remuneration has been analysed for those 826 non-executive ASX200 board directors who held their seat for the whole financial year being reported, and for whom the necessary data were available.⁸ Overall, the median remuneration for those 826 individuals (of whom 95 were women and 731 were men) is \$145,030.

The median remuneration for female board directors is \$154,181, compared to \$143,180 for male board directors (see Figure 2). Female board directors on the ASX200 therefore earn 7.7% more than their male equivalents. Even when broken down by the number of board seats held, female board directors' salaries are slightly higher than male board directors' salaries (see Figure 3).

It is important, however, that these figures be considered with caution. There is a substantially higher percentage of remuneration data missing for men than for women, which may be skewing the data. As shown in Table 4, remuneration data are missing for 23.1% more male board directors than for female board directors.⁹

Overall, it is evident that there is more or less gender parity regarding remuneration for board directors in ASX200 companies. There are two explanations for this. First, a greater percentage of women are on boards of larger companies, which have higher remuneration rates. Second, board remuneration tends to be fixed for a given position rather than negotiated individually. The parity of earnings for female board directors is in strong contrast to the remuneration of female executives, which will be explored later in this report.

FIGURE 2: Median remuneration for board directors by gender

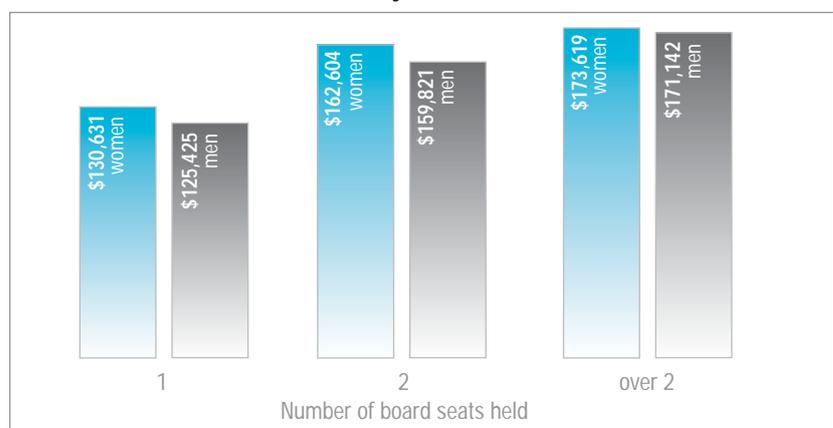


TABLE 4: Breakdown of available remuneration information by gender

	Female Board Directors	Male Board Directors	Total
Remuneration full year	95 (76.0%)	731 (52.9%)	826
Remuneration missing	22 (17.6%)	347 (25.1%)	369
Remuneration executive directors	8 (6.4%)	302 (21.9%)	310
Total	125 (100%)	1,380 (100%)*	1,505

*Percentages do not add up to 100% due to rounding.

FIGURE 3: Median remuneration by number of board seats held



⁸ The 310 positions of executive director are excluded from the analysis of board directors' remuneration. See the Methodology Section for more details on the requirements for remuneration reporting.

⁹ Only directors who were remunerated for a full year were included in the analysis. Please see the Methodology Section for further explanation regarding missing remuneration data.

women executive managers on the ASX200

The 2008 EOWA Australian Census of Women in Leadership found that women hold 10.7% of executive manager positions in ASX200 companies, down from 12.0% in the last Census conducted in 2006.¹⁰

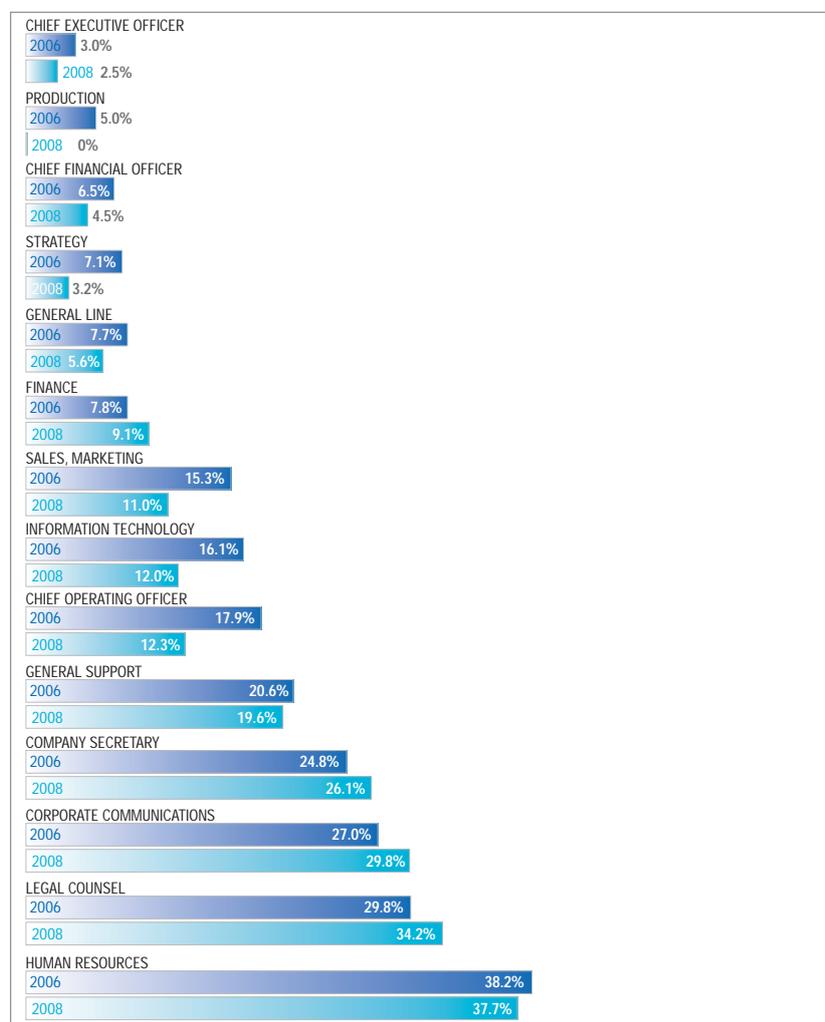
Looking at how the figures have changed over time, the overall population of ASX200 executive managers decreased by 11.0% between 2004 and 2008, and 8.4% between 2006 and 2008. However, while the number of male executive managers decreased by 11.1%, the number of female executive managers decreased by a greater 16.9% between 2004 and 2008. The number of male executive managers decreased by 7.1% between 2006 and 2008, while the number of female executive managers decreased by 18.0% in that time.

Figure 4 shows the profile of female executive managers by function, for 2006 and 2008. It is revealed that no position group is dominated by women, with the function with the highest proportion of women being Human Resources (37.7% women).

Since 2006, women's representation has increased across four functions: Legal Counsel, Corporate Communications, Company Secretary and Finance. Three out of the four (Legal Counsel, Corporate Communications and Company Secretary) are those functions where women are most likely to be present, with each made up of greater than 25.0% female executive managers.

However, there are ten functions where the representation of women has decreased since 2006, including

FIGURE 4: 2006 and 2008 distribution of women executive managers by position title



Chief Operating Officer (down by nearly 6.0%) and Production (down by 5.0%).

It is disappointing to observe that for the five positions female executive

managers are least likely to occupy (CEO, Production, CFO, Strategy and General Line), the percentage of women in these roles has decreased between 2006 and 2008.

¹⁰ (2006) EOWA Australian Census of Women in Leadership, EOWA.
www.eowa.gov.au/Australian_Women_In_Leadership_Census/2006_Australian_Women_In_Leadership_Census/2006.asp

key management personnel

This section of the report comprises new analysis of a group of senior executives referred to as 'key management personnel', who are designated as such in company annual reports in compliance with reporting regulations.

Key management personnel are defined as those individuals who have authority and responsibility for planning, directing and controlling the activities of an organisation, whether directly or indirectly, including both executive and non-executive directors.¹¹

After removing individuals from the population of 1,700 ASX200 executive managers for whom the relevant data were missing (see Methodology for details), 1,521 individuals were examined to determine how gender interacts with key management status.

Among the 1,521 individuals examined, 75.7%, or 1,152 are key management personnel. This is 9.6% more than in 2006, when 66.1% of executive managers were key management personnel. Among all key management personnel in 2008, only 81 (7.0%) are women and the remaining 1,071 (93.0%) are men (see Figure 5).

Table 5 shows that the increase in female executive managers who are key management personnel is slightly higher than for male executive managers: 54.0% of female executive managers are now key management personnel (up by 11.9% from 2006), compared to 78.1% of men (up by 9.0% from 2006).

FIGURE 5: Key management personnel in ASX200 companies by gender

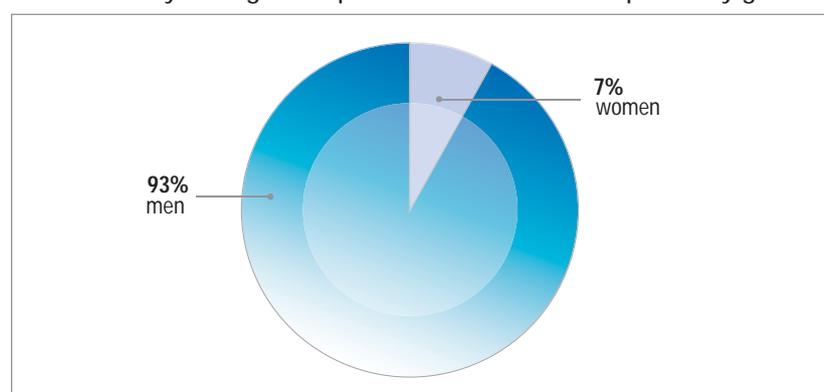


TABLE 5: Key management personnel by gender

	2006	2008	% increase between 2006–2008
Women%	42.1%	54.0%	+11.9%
Men%	69.1%	78.1%	+9.0%

Despite this encouraging trend, the fact remains that only 7.0% of all key management personnel in the ASX200 are women – further evidence of how the numbers of women grow increasingly sparse in the upwards progression towards the most senior levels of business.

It should also be noted that female executive managers are far less likely to be classified as line managers than male executive managers; only 39.6% of female executive managers are considered line managers (with the remaining 60.4% considered support managers), while significantly more male executive managers (75.3%) are line managers (with the remaining 24.7% classified as support managers).¹²

Position and Key Management Personnel Status

Figure 6 shows the percentages of key manager status by position and displays an obvious hierarchy of importance. At the top, those executive managers who hold the positions of Chief Executive Officer, Executive Director, Chief Financial Officer, Chief Operating Officer and Production, Manufacturing and Engineering, have greater than a four in five chance of being key management personnel.

At the bottom, executive managers holding positions in Public Affairs and Communication, Risk, Underwriting and Compliance, and Other Support

¹¹ The full definition of 'Key Management Personnel' according to the Australian Accounting Standards Board is found in the Glossary of Terms.

¹² The definitions for line managers and support managers may be found in the Glossary/Methodology section at the back of this report. 2008 EOWA Census: 12.

Staff have less than a 50% chance of being key management personnel. These positions are also those that tend more commonly to be held by women.

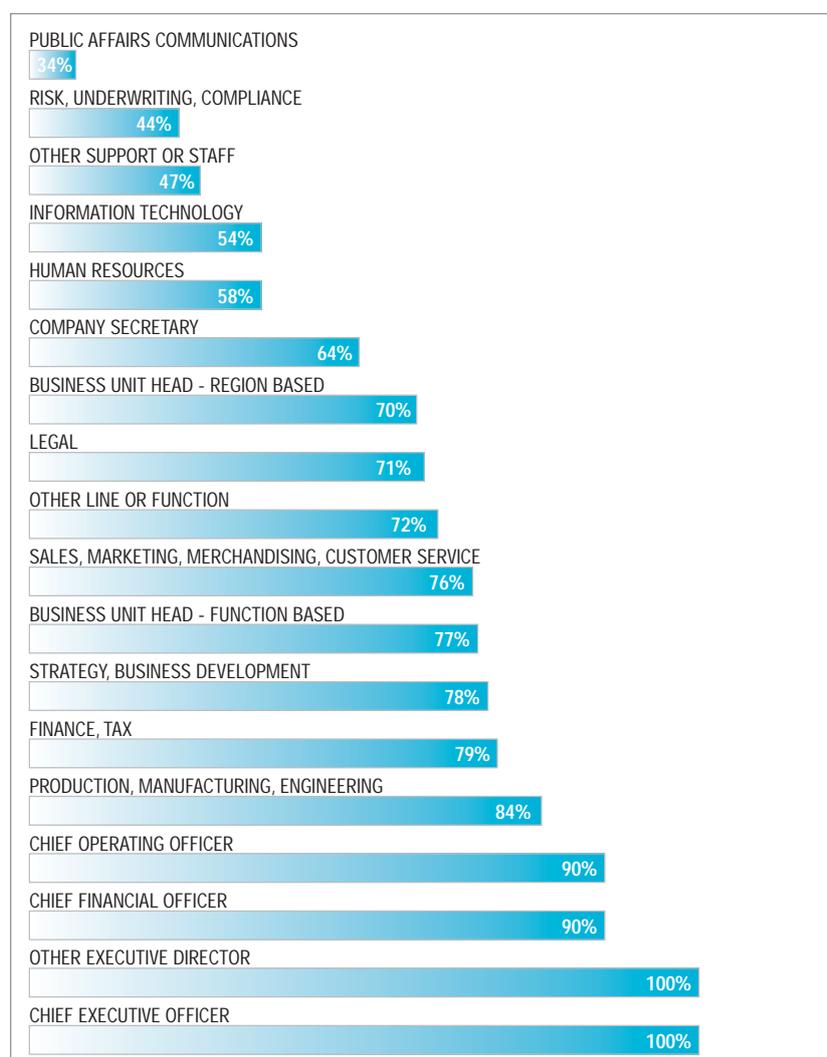
Notably, executive managers in Human Resources, where the greatest number of female executive managers are found, also have a relatively low likelihood of being key management personnel.

Among the 81 key management personnel who are women, the positions where the highest numbers of women are concentrated are: Legal, (21.0%); Human Resources (16.0%); and Business Unit Head – Function Based (13.6%). In contrast, among the 1,071 key management personnel who are men, the highest concentrations are: Business Unit Head – Function Based (22.3%); CEO (15.4%); and Chief Financial Officer (11.2%) (see Figure 7).

When the positions are compressed into two categories, that is, line and support,¹³ it is revealed that women in line positions are more likely to be key management personnel than not, while women in support positions have a less than even chance of being key management personnel. Men in both groups are more likely than women to be key management personnel.¹⁴

Looking at this another way reveals that male line managers have an 80% chance of being designated key management personnel, while

FIGURE 6: Percentage of key management personnel by position



female line managers have only a 60% chance of the same designation. For support staff, males have a 62% chance of being designated key management personnel, while females have only a 48% chance of the same designation (see Table 6).¹⁵

¹³ Compressing the position into the categories of line and support roles is done using the company-validated line and support classification.

¹⁴ CEOs are excluded from this discussion, since they are always key management personnel.

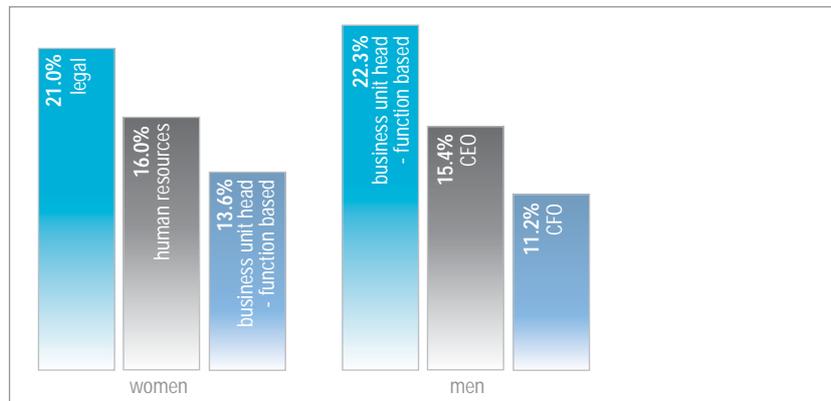
¹⁵ A table with ratios can be found at Appendix 2.

Overall, what is evident from this analysis is not only the disproportionately low percentage of women executive managers who are key management personnel, but also the segregation of those women who are key management personnel, to positions that tend to be female-dominated. Patterns of gender segregation that occur in the wider working population are therefore also reflected at this level of senior leadership.

TABLE 6: Likelihood of line and support staff being designated key management personnel

Line or Support	Female Key Mgmt Personnel	Female Chance of Being Designated Key Mgmt Personnel	Female not Key Mgmt Personnel	Male Key Mgmt Personnel	Male Chance of Being Designated Key Mgmt Personnel	Male not Key Mgmt Personnel
Line	34	60%	23	693	80%	173
Support	44	48%	46	214	62%	127

FIGURE 7: Positions where key management personnel are most likely found



Patterns of gender segregation that occur in the wider working population are also reflected at this level of senior leadership.

remuneration for ASX200 key management personnel

Among the population of key management personnel for whom remuneration is counted, the median remuneration for women is \$642,297, compared to \$895,725 for men.¹⁶ This reveals a gender pay gap of 28.3% which is 11.1% higher than the national average gender pay gap, which as at February 2009, was 17.2%.¹⁷

Graduate Careers' *GradStats* 2008 found that the median salary for new female graduates was 95.7% that of new male bachelor degree graduates.¹⁸ Therefore, there is a gender pay gap from the moment young women enter the workforce (4.3%), and this gap continues to widen as they progress, with women's salaries becoming a smaller percentage of their male equivalents'.

Given that women make up 62.7% of bachelor degree graduates¹⁹; 35.5% of the full-time Australian workforce²⁰; and 7.0% of ASX200 key management personnel, it could be concluded that as women's representation at different levels of the workforce decreases, the gender pay gap *increases* (see Figure 8).

Where female executives in support roles earn 37.4% less than their male equivalents, those in line management positions earn 10.4% less than the male equivalent, and at board director level, (as was revealed in the earlier section) the median salary for women is actually higher than that for men (see Figure 9 and Table 8).

FIGURE 8: The gender pay gap in the Australian workforce

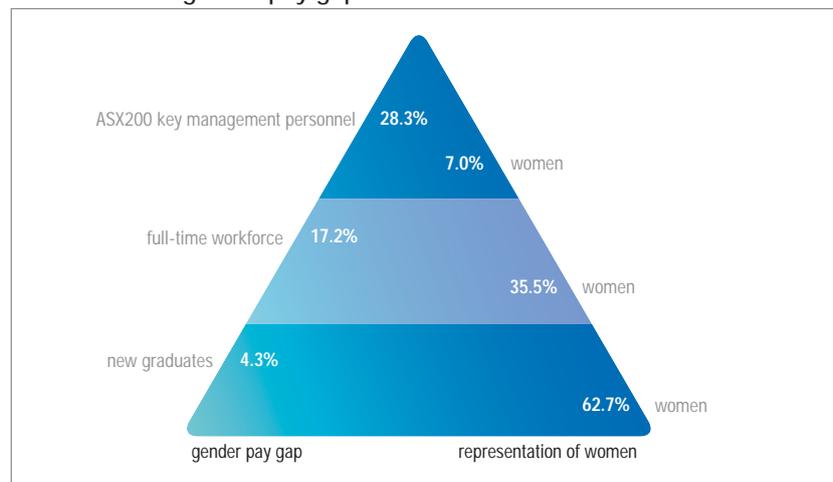
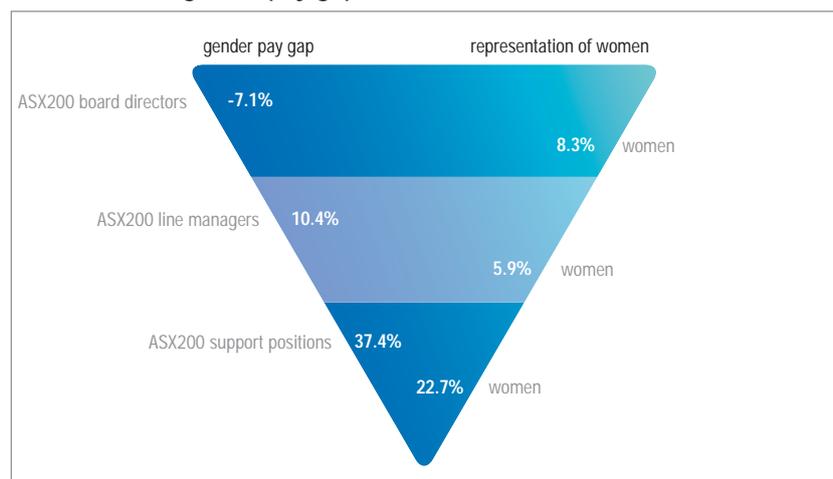


FIGURE 9: The gender pay gap at senior executive level²¹



¹⁶ See the Methodology Section for further detail on the population for whom remuneration was included in the analysis.

¹⁷ ABS *Average Weekly Earnings*. Catalogue 6302.0, February 2009. Figure relates to salaries based on seasonally adjusted full-time, adult ordinary time earnings.

¹⁸ *GradStats*, Number 13, December 2008, Graduate Careers Australia.

¹⁹ *ibid.*

²⁰ ABS *Labour Force*. Catalogue 6202.0, April 2009. Based on seasonally adjusted figures.

²¹ At CEO level, the median salary for women was only 39.3% that for men. However, there was only one female CEO among the population of 150 ASX200 CEOs for whom remuneration was counted, thus this figure cannot be considered indicative and thus has not been included.

Median Pay Gap by Position

When earnings are analysed by position classification, it is found that in eight out of seventeen positions, the female median salary is less than the male median salary in the same position; in six position categories, the female median is greater than the male median and in three positions, there are no women executives (see Table 7 and Figure 10. The latter illustrates the gap between women's and men's salaries by position).

Women earn less than half that of their male equivalents in Other Line or Function (68.0% less than men), Chief Executive Officer (60.7% less than men) and Finance Positions (54.3% less than men).

However, due to the very low number of women in most categories, these results should be treated with caution. The best indication of gender pay equity may be found in the three categories with the largest female counts (that is, Business Unit Head – Function Based, Legal and Human Resources). Within these categories, women's median salaries were 13.8%, 35.6% and 49.1% less than that of their male equivalents respectively (see Figure 10).

Once again due to the relatively smaller number of women, the gaps suggested here are less indicative of any real trends or gaps than the earlier figures in

TABLE 7: Median remuneration by position

MEDIAN REMUNERATION \$A	% OF MALE*	FEMALE \$	FEMALE COUNT	MALE \$	MALE COUNT
STRATEGY, BUSINESS DEVELOPMENT	204.20%	1,168,500	2	572,192	51
SALES, MARKETING, MERCHANDISING, CUSTOMER SERVICE	138.20%	1,073,275	3	776,580	46
PUBLIC AFFAIRS, COMMUNICATIONS	131.00%	903,604	2	689,764	8
INFORMATION TECHNOLOGY	112.90%	638,765	4	565,619	17
CHIEF FINANCIAL OFFICER	107.60%	1,028,546	3	955,959	94
COMPANY SECRETARY	100.60%	429,922	2	427,469	21
CHIEF OPERATING OFFICER	91.4%	647,546	5	708,657	49
BUSINESS UNIT HEAD – FUNCTION BASED	81.7%	685,775	11	839,712	202
BUSINESS FUNCTION HEAD – REGION BASED	64.8%	667,271	5	1,029,192	85
LEGAL	64.4%	498,191	16	774,125	28
HUMAN RESOURCES	50.9%	546,916	10	1,073,641	22
FINANCE, TAX	45.7%	407,566	1	892,631	21
CHIEF EXECUTIVE OFFICER	39.3%	896,879	1	2,282,765	150
OTHER LINE OR FUNCTION	32.0%	220,166	1	688,317	43
OTHER SUPPORT OR STAFF	0.0%	0	0	573,029	23
PRODUCTION, MANUFACTURING, ENGINEERING	0.0%	0	0	465,521	20
RISK, UNDERWRITING, COMPLIANCE	0.0%	0	0	879,986	9

*The pay gap is calculated by subtracting this figure from 100%.

Figure 9 and in Table 8, which compress into line or support roles and thereby create a more substantial and representative population.

Compressing the positions into CEO, line or support groups, we see that females in support positions have a median remuneration of less than two thirds that of men in similar positions. In line positions, the female median figure is nearly 90% of the comparable male median (see Table 8).

Remuneration by Company Size

As might be expected, there is a strong trend that the larger ASX200 companies (by market capitalisation) have higher levels of remuneration and as the companies become smaller, the median remuneration tends to decrease (see Table 9). Looking at remuneration for men and women executives in firms of different size reveals some interesting gender patterns.

As remuneration increases with company size, salaries increase much faster for men than for women. Thus, Table 9 shows that the median remuneration for women in the largest 20 ASX listed companies (Band 10) is only 63.6% of that for men but for women in companies ranked 161 to 180 (Band 2), it is 94.0%. In the smallest twenty ASX200 companies (Band 1), the median salary for the two women concerned was actually 20.9% greater than the median salary for the 82 men for whom salaries were counted.

FIGURE 10: Median pay gap by position

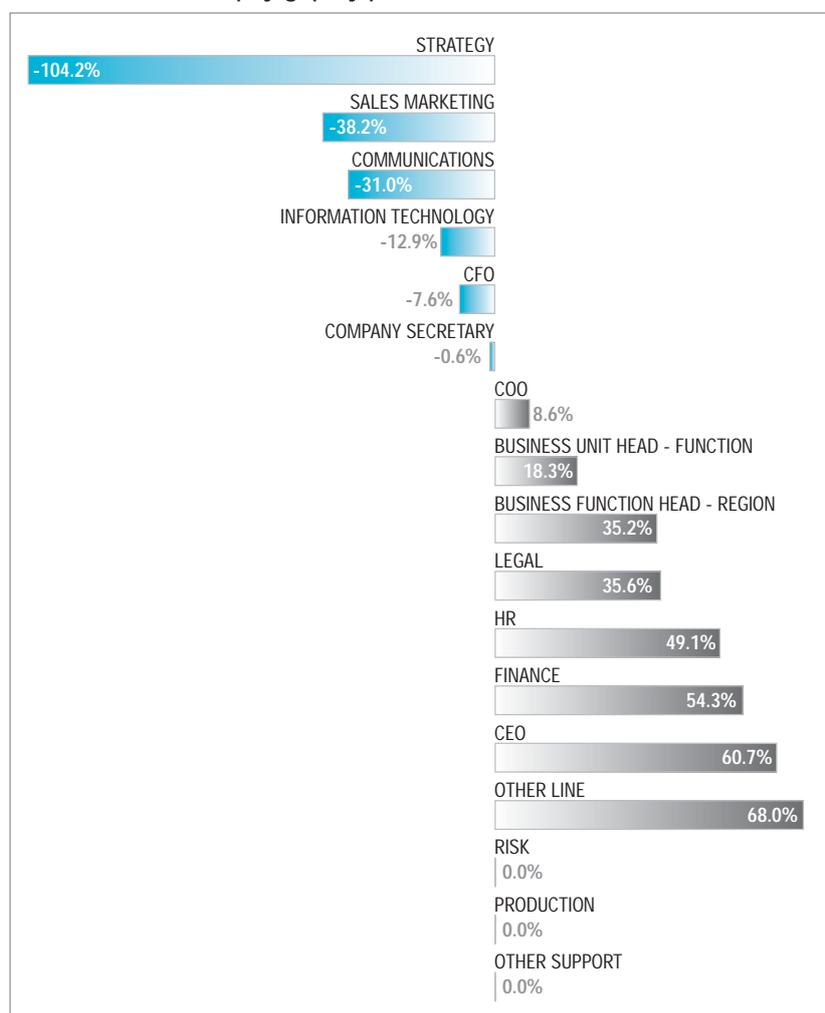


TABLE 8: Median remuneration compressed into CEO, line or support roles

Median Remuneration	Female \$	% of Male \$*	Female count	Male \$	Male count
CEO	896,879	39.0%	1	2,298,724	149
Line	715,037	89.6%	32	797,975	578
Support	503,357	62.6%	34	803,756	176

*The pay gap is calculated by subtracting this figure from 100%.

It is interesting to note that the 2008 Census report reveals that there is no apparent relationship between board representation of women and executive management representation of women by market capitalisation.²² There is therefore no apparent explanation shown by the Census data for why women tend to earn a greater percentage of the salaries of their male equivalents in the smaller ASX200 companies.

Trends in Executive Remuneration Over Time

There are some difficulties in comparing remuneration trends over time for this group of executives because, due to changes to the statutory reporting regulations, the group of executives is different in 2006 and 2008 company reports.²³ However, while the 2006 remuneration figures are not precisely comparable to those in 2008, the overall figures for different groups provide a good approximation of any changes.

It is noteworthy that the 2008 Census data reveal that the median salary for women in line roles has improved to 90% of the comparable male figure from 72% in the 2006 Census. For women in support roles, there has been little change, with women in these positions earning 61.3% of their male equivalents' salaries in 2006, compared to over 62% in 2008.

TABLE 9: Median remuneration by company size

MEDIAN REMUNERATION MARKET CAP DECILE	FEMALE \$	% OF MALE \$*	FEMALE COUNT	MALE \$	MALE COUNT
1 (Smallest 20 companies)	626,378	120.9%	2	518,236	82
2	462,471	94.0%	8	491,965	70
3	342,654	71.7%	8	477,580	88
4	498,692	81.6%	7	611,158	93
5	524,652	62.2%	5	843,976	82
6	587,000	68.1%	5	861,677	83
7	607,815	68.8%	6	883,388	99
8	884,497	73.9%	12	1,197,247	109
9	1,081,668	68.4%	6	1,580,457	98
10 (Largest 20 companies)	1,945,411	63.6%	8	3,058,257	99

*The pay gap is calculated by subtracting this figure from 100%.

Between 2006 and 2008, the percentage of women among the population of ASX200 line executive managers dropped by 1.5% to 6%, while the percentage of women in support management positions remained the same (22.5% in 2006 and 22.7% in 2008). Whether there is a link between the narrowed gender pay gap and the decrease in women's representation at line management level, however, does not appear clear.

'As remuneration increases with company size, salaries increase much faster for men than for women.'

²² (2008) EOWA Australian Census of Women in Leadership: 15.

²³ The class of executives for whom remuneration is reported in 2008 has changed from focussing on the top earners, who constituted 66% of the population in the 2006 Census, to reporting key management personnel, who make up 76% of the population in the 2008 Census.

Also, the 2008 report includes only those individuals who were employed for the full financial year reported on, whereas the 2006 report included all persons for whom remuneration was recorded, even if they were only in the relevant position for part of the financial year (hence resulting in a downward bias to the median values). However, there is no reason to believe that there is a major gender bias in the changes, so some tentative comparisons may still be drawn. See the Methodology section for more detail.

methodology

This section describes the data collection in detail. Terms are defined and explanations of missing data categories given. Tables in this section are included to show where numbers may differ from those in the Census, or to explain and support decisions about the inclusion or exclusion of certain categories of individuals from particular analyses.

Sources of data

Copies of company Annual Reports submitted to the Australian Stock Exchange in the calendar year 2007 were obtained, in the main, from corporate websites. For each company, data were extracted from the directors' statutory report and entered into a summary spreadsheet to be sent to the company for validation. Names and gender of executive managers were included, as well as their position title and whether this position was considered to be line or support. Names and gender of the directors, and whether they were executive or non-executive directors, were extracted, and these details were forwarded to the company for validation. As well as this validated data, the spreadsheet included report of remuneration for both directors and executives. For directors, the data also recorded which board committees an individual chaired and their date of appointment to the board.

The Census date is defined to be the date at which the directors' statutory report is signed, not the end of the financial year being reported on, the date of the Annual General Meeting, or

Populations within the ASX200 included in this study

	ASX200 Board Director Seats	ASX200 Board Directors for whom remuneration is counted	ASX200 Executive Managers	ASX200 Key Management Personnel	ASX200 Key Management Personnel for whom remuneration is counted
Women	125 (8.3%)	95 (11.5%)	182 (10.7%)	81 (7.0%)	67 (6.9%)
Men	1,380 (91.7%)	731 (88.5%)	1,518 (89.3%)	1,071 (93.0%)	903 (93.1%)
TOTAL	1,505 (100%)	826 (100%)	1,700 (100%)	1,152 (100%)	970 (100%)

any other date. Where no Annual Report had been issued, the data were presented as at 1 February 2008.

Companies are required to report information about their board of directors. There is no obligation on companies to report their executive management team as defined for the Census, (Chief Executive Officer and his or her direct reports) hence the need to have this component of the data verified by each company. Required reporting is limited to the name and remuneration of five employees with greatest remuneration, and key management personnel (almost always the same individuals). Not all companies reported this item, either because they were trusts of a type that did not have employees, or the company had not yet issued an Annual Report since listing.

Remuneration Issues – General

A number of companies declared remuneration in other currencies than Australian dollars. Amounts were converted to Australian dollars as at the end date of the financial year

which the company reported using conversion rates obtained from oanda.com.

The requirements for reporting remuneration have changed since the 2006 Census. Thus, the group of executives for whom remuneration is declared in the 2008 Census are not directly comparable with the previous study.

The range of remuneration between different industries varies by at least an order of magnitude, with some CEOs receiving less than \$1 million, and others more than \$10 million, with their subordinates similarly arranged behind them. This generates a problem similar to that which arises in trying to compare house prices and the same approach is taken here, namely to report the median value. Tables of medians were generated using the statistical software Minitab.

Each company reports according to its own remuneration structures and the amounts can include short and long-term incentive payments, termination payments, option values, and other benefits. The valuation of these components of remuneration is by no means uniform.

The comparability of remuneration amounts is complicated by the fact that they relate to the financial year being reported, and some of the persons included in the Census data collection have been appointed part-way through the financial year, and the reporting relates only to the period when the individual was included in the key management personnel of the company. In order to improve treatment of such censored data, a record was made of the commencement date of service for any individual whose service commenced within the financial year. This allows two possible approaches to dealing with the censored data: analysis can be based solely on those individuals who were employed for the whole financial year, or the stated amount can be used to derive a daily rate based on the number of days served, which is then multiplied by 365 to give an equivalent whole-year amount. In the study based on the 2006 census the raw data was used regardless of the downward bias introduced by the censoring (because it included part-year payments for some people). Tables were constructed using all three approaches.

- The known disadvantage of using all the raw data is the downward bias.
- The problem with scaling remuneration values for persons employed less than the financial year is that it is based on the strong assumption that the remuneration quoted can be reduced to a daily rate. However,

examining the consequences of this scaling action shows that many people end up with an unrealistically large value for their full-year remuneration, compared with others employed by the company: so this approach tends to produce an upward bias.

- The problem with using only those individuals who were employed for the whole financial year is that it reduces the population size, as shown in the following tables.

In the document 'pay gap' refers to the difference between male and female median remuneration expressed as a percentage of male remuneration.

Remuneration Issues – Specific to Board Directors

Remuneration values are missing for certain directors. This may be because:

- there was no remuneration, as in the case of directors who are nominees of a majority shareholder, employed by that shareholder and the reported remuneration was \$0.
- the company had not issued an Annual Report since listing and hence had no remuneration reported for their directors.
- the directors were appointed after the end of the financial year but before the date on which the Annual Report was signed off and

hence had no remuneration reported.

- in addition, some directors were appointed part-way through the financial year and the reporting relates only to the part of the year that they were board members. If such individuals were included, the impression would be created that these smaller part-year figures represented a whole year's remuneration, which would be misleading. Such individuals were therefore also categorised as "missing data" for the purposes of this study, as explained in the general discussion above.
- executive directors are executive managers of the company, and their remuneration (which, as executives, is generally ten times that of non-executive directors), is included in the study of executive managers' remuneration, so the study of board directors' remuneration focuses exclusively on non-executive directors.

The table below shows how one quarter of the women board directors in the original Census population and nearly half of the men Board Directors are thus excluded from the remuneration study because for one reason or another, as described above, their full-year remuneration is missing.

ASX200 Executive Managers – Summarising Positions held

The position held by each executive manager was recorded and the actual positions were coded into categories, which are then used for analysis. Each company was asked to verify whether the executive's position was a line or support position, and the company's decision was final in this matter. (For the small number of individuals who were key management personnel but not executive managers, position was recorded from the Annual Report or company website, and categorised as line or support based on the type of position, but not validated by the company.)

The categories into which positions were coded were expanded since the 2006 Census, since it proved difficult to correctly allocate various positions to a category. The table below shows the categories used in the 2006 and 2008 studies for comparison: the main difference is the introduction of the two categories for Business Unit Head, the Risk, Underwriting and Compliance, and Other Executive Director category.

Position comparison between 2006 and 2008

Position 2006	Position 2008
CEO	CEO Business Unit Head - Function based Business Unit Head - Region Based
Chief Financial Officer	Chief Financial Officer
Chief Operating Officer	Chief Operating Officer
Company Secretary	Company Secretary
Finance	Finance, Tax
Human Resources	Human Resources
Information Technology	Information Technology
Legal Counsel	Legal
Other Line Position	Other Executive Director Other Line or Function
Other Support Position	Other Support or Staff
Production	Production, Manufacturing, Engineering
Corporate Communications	Public Affairs, Communication Risk, Underwriting, Compliance
Sales, Marketing etc Strategy	Sales, Marketing, Merchandising, Customer Service Strategy, Business Development

Breakdown of ASX200 executive managers according to key management personnel status

ASX200 Executive Managers	Gender		Total		Total	
	Female	Male				
KMP	81	7%	1,071	93%	1,152	100%
Not KMP	69	19%	300	81%	369	100%
Remuneration data missing	32	18%	147	82%	179	100%
Total Executive Managers	182	11%	1,518	89%	1,700	100%

Remuneration Issues – Specific to Executive Managers ²⁴

Amounts of remuneration were extracted from the Annual Report but not independently validated by the company for all those executives for whom remuneration was required to

be reported. This includes those executives who were deemed to be key management personnel, and those who earned the five largest salaries in the company. In almost all

cases, those who earned the five largest salaries were also defined to be key management personnel, so this term will be used to refer to all persons for whom remuneration was reported.

²⁴ See Table 4 for the breakdown of available remuneration information by gender.

Remuneration values are considered missing and thus not included for the following individuals in the Census population of Executive Managers:

- Trust employees. Some types of trusts do not have employees or for various reasons are not required to declare remuneration
- Employees of companies which had not yet issued an Annual Report since listing
- Those individuals whose employment did not commence until after the end of the financial year being reported
- Individuals who left the company between the end of the financial year and the Annual Report Date (also excluded from the Census population)
- Those executives for whom remuneration was not required to be reported because they were either not declared to be key management personnel nor were among the top five earners in the company.

As for company directors, the approach adopted was to include only those who were included as key management personnel for the full financial year since, although this leads to a smaller population, the data are free of known biases. Thus, the remuneration study is based on 67 women and 903 men.

The following table shows how the whole Census population of key management personnel is divided:

Full-year remuneration reported	Female	Male	All non-missing
Yes – included in remuneration study	67	903	970
No – missing, excluded from remuneration study	14	168	182
TOTAL	81	1,071	1,152

glossary of terms

ASX200 Index

“Comprises the S&P/ASX100 plus an additional 100 stocks, with an emphasis on liquidity and investability. Representing the top two tiers of S&P/ASX300 stocks, the S&P/ASX200 Index provides investors and fund managers with an effective benchmark for Australian equity performance, yet with an emphasis on broader representation. There will always be a fixed number of companies, 200, in the Index. When an Index constituent is removed, it will be immediately replaced by a company in the S&P/ASX300, but which is not in the S&P/ASX200 Index”.

www.standardandpoors.com and www.asx.com.au

ASX200

Refers to ASX200 Index companies as at 1 February 2008. The Census date for the 2006 EOWA Australian Census of Women in Leadership was 1 February 2006.

Board Directors

Those holding a seat on a Company Board, including executive and non-executive members.

Executive Managers

The most senior person in the organisation (e.g. CEO, MD) and those who report directly to that person, including those based outside of Australia.

Key Management Personnel

Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, whether directly or indirectly, including any director (whether executive or otherwise) of that entity. This definition comes from the Australian Accounting Standards Board standard AASB 124.9.

Line Roles

Positions with responsibility for profit-and-loss or direct client service. Those include the CEO, Operations Manager, Marketing Director, Sales Directors, head of a particular business unit, etc.

Support (Staff) Roles

Positions that perform a corporate function with responsibility for supporting main (or line) business functions, including Human Resources director, Business Affairs/Legal Director, Public Relations Manager, Asset Manager, etc.

Top Earners

Each of the five named company executives who receive the highest remuneration for that year. Corporations Act 2001, Section 300A 1 c (iv).

appendix 1

'Other Committees': Full list of committees mentioned

Acquisitions Committee	Ethics & Compliance Committee	Human Resources Committee
Advanced Metering Infrastructure Due Diligence Committee	Executive Committee	Human Resources Committee, Superannuation Committee
Board Performance & Renewal Committee	Executive Committee, Nomination Committee	Independent Directors Committee
Budget Review Committee	Finance & Investment Committee	Investment Committee
Business Information Systems Committee	Finance & Risk Committee	IT Strategy Committee
Chairman's Committee, Funding Committee	Finance Committee	Managed Investments Compliance Committee
Compliance & Social Responsibility Committee	Finance Committee, Nomination Committee	Medical Science Committee
Compliance Committee	Governance & Nomination Committee	Nominating & Corporate Governance Committee
Conflicts & Related Party Committee	Governance & Nominations Committee	Nominating & Governance Committee
Corporate Development Committee, Remuneration/Nomination/Litigation Committee	Governance & Nominations Committee, Strategy Committee	Nominating Committee, Risk Committee
Corporate Governance & Nominations Committee	Governance Committee	Nomination & Corporate Governance Committee
Corporate Governance Committee	Group Remuneration & Appointments Committee	Nomination & Governance Committee
Corporate Responsibility & Sustainability Committee	Grower Links Committee	Nomination Committee
Corporate Risk & Compliance Committee	Health Safety and Environment Committee	Nomination Committee, Allotment Committee, Options Committee
Corporate Risk Committee	Health Safety Security & Environment Committee	Nomination Committee, Prudential & Remuneration Committee
Corporate Social Responsibility Committee, Risk Committee	Health, Safety & Environment Committee	Nomination Committee: Technology & Innovation Committee
Credit Committee	Health, Safety & Sustainability Committee	Nominations & Corporate Governance Committee
Environment Committee	Health, Safety, Environment & Community Committee	Nominations Committee
Environmental & Lihir Impact Committee	Human Resources & Nomination Committee	Nominations Committee, Risk Committee
	Human Resources & Remuneration Committee, Related Party Committee	Occupational Health, Safety & Environment Committee

Operational Risk Committee
Operations Risk Committee
People and Performance Committee,
Health Safety and Environment
Committee
People Committee
People Policy Committee
Personnel & Organisation Committee
Personnel Policy & Remuneration
Committee
Property Committee
Regulatory & Compliance Committee
Related Party Committee;
Nominations Committee
Risk & Compliance Committee
Risk Committee
Risk Management
Risk Management & Compliance
Committee
Risk Management Committee
Safety & Environment Committee
Safety & Operational Risk Committee
Safety & Technical Committee
Safety Committee
Safety Health & Environment
Committee
Safety Health and Environment
Safety, Environment & Security
Committee
Safety, Health & Environment
Committee
Safety, Health, Environment &
Community Committee

appendix 2

Supplement to Table 6 (includes ratios)

Key management personnel by line and support roles

Line or Support	Female KMP	Female ratio KMP/ not KMP	Female not KMP	Male KMP	Male ratio KMP/ not KMP	Male not KMP
Line	34	1.48	23	693	4.00	173
Support	44	0.95	46	214	1.68	127

acknowledgements

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The original research and analyses were conducted by Macquarie University. Associate Professor Peter McGraw, Director, Labour Management Studies Foundation, Department of Business, Division of Economics and Financial Studies, directed the Census project through which the data analysed in this report were obtained. Dr. Margaret Mackisack, Chartered Statistician, collected and validated the data. Together, Professor McGraw and Dr. Mackisack carried out the analysis, with contribution from Cheryl Seeto, Policy and Publications Officer at EOWA.

This report was written by Professor McGraw, Dr. Mackisack and Cheryl Seeto. Amber Fitzpatrick provided invaluable editing assistance prior to publication.



Australian Government

Equal Opportunity for
Women in the Workplace Agency