



10 minutes on...

Workplace gender equality reporting

August 2014

*Taking stock and
examining future
requirements*

pwc

A quick recap...

Workplace Gender Equality Act

Non-public sector employers with more than 100 employees have now completed their first round of reporting under the *Workplace Gender Equality Act (WGE Act)*. For some it will be the first time they have had to analyse their workplace along gender lines, and the results may be surprising.

The Workforce Gender Equality Agency is currently collating and analysing the data, and Gender Equality Benchmarks reports to individual employers are expected to be issued in September 2014.

Whilst a survey conducted by PwC before the end of the 2013/14 reporting period found 80% of respondents felt prepared for reporting, feedback from some clients after completing the process indicated that the process was time consuming and considerable effort was required to collate the data. Some clients were surprised by the data which led to further exploration of the underlying causes, which they found valuable.

ASX Corporate Governance Principles and Recommendations (ASX Guidelines)

Currently Principle 3 of the ASX Guidelines is to “*Promote ethical and responsible decision making*” and requires the establishment of a diversity policy, and measurable objectives for companies to achieve gender diversity. Companies are expected to disclose the proportion of women employed across (i) the whole organisation (ii) senior executive positions and (iii) on the board.

Revised ASX Guidelines will operate from 1 July 2014 with an increased expectation that companies report on gender diversity in a more detailed and meaningful way.

Key dates

In recent years, key Australian legislative and regulatory requirements have formed the basis for corporate action on gender equality. Below is a timeline of critical dates

June 2010

Amendments to ASX Guidelines establish expectation of gender equality reporting

31 March 2014

End of first full WGE Act reporting period

1 July 2014

Revised ASX Guidelines take effect

1 October 2014

WGE Act minimum standards in force for organisations with over 500 employees

31 March 2016

WGE Act minimum reporting requirements extended to include more detail

December 2012

Workplace Gender Equality Act (2012) replaces the Equal Opportunity for Women in the Workplace Act (1999)

31 May 2014

WGE Act Reports due for the 2013/14 year

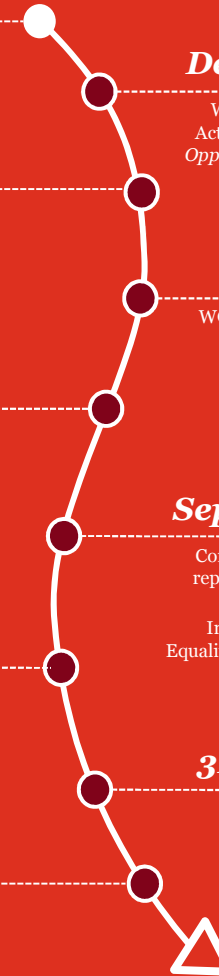
September 2014

Consultation on the WGE Act reporting requirements closes

Individual employer Gender Equality Benchmark Reports due to be issued by Workplace Gender Equality Agency

31 March 2015

End of 2014/15 WGE Act reporting period



Next steps for WGE Act reporting...



Minimum standards

- Employers of more than 500 employees to comply with a minimum standard by 1 October 2014
- Requirement to have in place a policy or strategy in at least one of the following areas:
 - Gender composition of the workforce
 - Equal remuneration between men and women
 - Availability and utility of employment terms, conditions and practices relating to flexible working and arrangements supporting family or caring responsibilities
 - Sex-based harassment and discrimination

Have your say



- A Federal Government consultation process on the WGE Act reporting requirements is in progress with submissions due by 30 September 2014
- Employers wanting to make a submission on their experience of WGE Act reporting should contact the Department of Employment directly
- There is an alternative option of completing a short on-line survey
- PwC is preparing a submission, and is happy to include any employer feedback if organisations do not intend to make a separate submission. Please visit www.pwc.com.au/diversity for more details



Future reporting requirements

- 2014/15 reporting requirements remain unchanged, but component reporting of total remuneration (described as including cash and non cash items such as bonuses, and share allocations) due to operate from the 2015/16 reporting period
- This will be an area of focus for the PwC submission as we anticipate this expansion in level of detail required could create significant additional work for organisations

The revised ASX Guidelines...

Recommendation 1.5 states that:

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them
- (b) disclose that policy or a summary of it
- (c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either
 - (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for this purpose) or
 - (ii) the employer is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.

An analysis of previous disclosures has shown many companies are not reporting on measurable objectives, making progress impossible to monitor.

Under the "if not, why not" disclosure regime, many organisations still do not have gender measures in place, with the most common reasons being that they were in the process of adopting or, for smaller entities, the entity size or stage of development made adoption impractical.

From the first full reporting period after 1 July 2014, the expectations around gender diversity have been elevated to Principle 1 of the ASX Guidelines "*Lay solid foundations for management and oversight*".

The commentary to the revised Guidelines notes that having a diversity policy or establishing a diversity council are, by themselves, unlikely to be effective unless backed up with appropriate numerical targets. The ASX is urging larger listed entities with significant numbers of employees to show leadership and go beyond the base levels of reporting to better identify the pipeline of women coming through for higher management roles.



Why organisations should focus on this...



Proxy advisors have entered the diversity debate

A recent BlackRock report¹ predicts key proxy advisors may recommend that clients vote against the re-election of directors to encourage gender diversity at board level during the 2014 proxy season. CGI Glass Lewis state that they are attacking this directly, while others, such as ISS Governance will not make recommendations purely on diversity, but will be taking it into account.



Increased transparency with stakeholder groups

The WGE Act reporting must be signed off by the CEO and shared with employees, investors and other stakeholders. Some information will then be made available publicly. Coupled with the increased reporting requirements under the ASX Guidelines, there will be more transparency and accountability expected of gender diversity and other diversity measures. Benchmarking data provided by the Workplace Gender Equality Agency will also highlight the spread across each industry sector, and highlight best practice and worse practice.



Sanctions for non-compliance

If an employer is non-compliant with the WGE Act, the Agency may name a non-compliant employer in a report to the Minister, and list them on the Agency's web-site. A non-compliant employer may not be eligible to tender under the Commonwealth and some state procurement frameworks and may not be eligible for some Commonwealth grants or other financial assistance under the Workplace Gender Equality Procurement Principles. Some corporates are also requiring compliance as a condition of their own procurement processes.



Recognition as an employer of choice

In order to be eligible for the citation of WGE Act Employer of Choice for Gender Equality (EOCGE) organisations must be compliant with the WGE Act and meet all prerequisites. As a general rule, the EOCGE standard for most compliance questions is higher than the requirement for compliance purposes. Even if not an employer of choice, performance against diversity indicators will impact on reputation.



It's good for business

This is also more than a compliance activity. Research shows that diversity improves financial performance, leverages talent, reflects the marketplace and builds reputation, and increases innovation and group performance².

What smart organisations will do...

A final word

The key is for organisations to think about how to streamline their data collection at the most relevant points so that the WGE Act reporting requirements can be met in the most straightforward way.

Use the data to set and monitor measurable objectives. What gets measured gets done.

Rather than handle information a number of times, if the WGE Act data is correctly identified at its source, this will streamline the reporting process, which in turn, makes the ASX Guidelines easier to comply with. These should not be seen as competing compliance objectives, but read together.

01

Invest in ways to make the data work for you and not the other way round

Realise that accurate measurement tracks trends and forms a baseline for progress

02

03

Understand that to be an employer of choice it is no longer sufficient to rely on aspirational policies

Recognise that this is more than a data collection exercise. It's about driving business performance by creating a more diverse and inclusive workplace

04

PwC contacts...

For a deeper conversation on any of the issues raised in this 10 minutes on... please contact:

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