Supplementary Explanatory Guide to Research Note 03/23: *Drivers of the 2021 APS Gender Pay Gap*

## Higher numbers of women at junior levels

In an APS context, the largest cause of the gender pay gap is the large numbers of more junior classifications that are mostly occupied by women[[1]](#endnote-1).

Even though women outnumber men at Executive Levels and SES 1, and comprise nearly half of SES 2 and 3 cohorts, the very large number of women at junior levels makes the average female salary lower. A lower average female salary results in a gender pay gap.

In **Scenario 1** below, men and women at the same level are paid exactly the same amount. As there are equal numbers of men and women at each level, the average salary for each gender is exactly the same, resulting in a 0.0% gender pay gap.

In **Scenario 2**, men and women at the same level are still paid exactly the same amount. There are also exactly equal numbers of women and men at the senior level. However, in this scenario, there are two additional female employees at the more junior level. This makes the average female salary lower, resulting in a gender pay gap, even though there are equal numbers of men and women at the top level, and men and women are paid the same salary at the same level.

In Scenario 2, the gap would not be closed by promoting women or by adjusting salaries. The gap would only close if one of the junior roles filled by female employees, was instead filled by a male employee.

**Scenario 2**

**Scenario 1**

$160,000

$160,000

$130,000

Gender Pay Gap: 5.2%

Male average Salary: $145,000

$130,000

$130,000

$160,000

$160,000

$130,000

$130,000

$130,000

Female average Salary: $137,500

Male average Salary: $145,000

Female average Salary: $145,000

Gender Pay Gap: 0.0%

The effect of the additional female employees at the junior level illustrated in Scenario 2 is the primary cause of the gender pay gap in the APS.

Figure 1 below shows the classification profile of the APS by gender, which mirrors that of Scenario 2 above.

As in Scenario 2, there are roughly equal or higher numbers of women at more senior levels. Promoting more women to senior levels will not reduce the gender pay gap. As in Scenario 2, the gap can only be closed by having more of the junior roles filled by men.

**Figure 1. Number of male and female APS employees by classification group.**



Source: APS Remuneration Survey, 31 December 2022.

For many APS agencies, this will be a primary factor in their agency gender pay gap. It is important to audit remuneration for other potential factors, such as ensuring equal pay for equal work. However, it is very likely that the action required to remediate the gender pay gap in respective agencies is to ensure that men are encouraged to apply for roles at the junior levels, and to ensure that there are no barriers for men in occupying these roles.

## Wider Gender Pay Gap Factors for APS Agencies

Agencies with a gender pay gap may find the list of potential factors below of assistance.

While this is only a broad list, it may provide a starting point for investigating and remediating reasons behind an agency-level pay gap.

**Table 1. Potential gender pay gap factors.**

|  |  |  |
| --- | --- | --- |
| **Factor Category** | **Factor** | **Check by** |
| Pay inequity | Systemic differences in pay across organisations | Review differences in pay by classification level:   * Low differences at each level indicates unlikely widespread unequal pay for equal work. * Note that differences in average tenure can lead to differences by level as new starters will usually be on a lower increment. |
| Differences in negotiated Senior Executive salaries or base salary IFAs | Review salaries of Senior Executive and IFAs for disparities |
| Classification differences | Fewer women in senior roles | Compare gender numbers at senior classification levels |
| More women in junior roles\* | Compare gender numbers at junior classification levels |
| Occupational segregation | More women in lower paid job roles | Compare salaries by job family |

Calculation methodology for APS Gender Pay Gap can be found at <https://www.apsc.gov.au/remuneration-reports>, and more detailed information on the Gender Pay Gap can be found at <https://www.wgea.gov.au/the-gender-pay-gap>.

1. APSC Research Note 03/23: Drivers of the 2021 APS Gender Pay Gap, Australian Public Service Commission, April 2023. [↑](#endnote-ref-1)