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Equal Opportunity for  
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gender income distribution  
of top earners in ASX200 companies  
2006 EOWA census of women in leadership

what gets measured  
gets managed



Macquarie University is highly acclaimed for the innovation and high quality of its teaching and research. In 2006 the University was the Gold sponsor of the 2006 EOWA Census of Women in Leadership and conducted the research. The analysis of ASX200 Top Earners from this data, was 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.

**[www.efs.mq.edu.au/dept/lmsf.htm](http://www.efs.mq.edu.au/dept/lmsf.htm)**

# gender income distribution of top earners in ASX200 companies

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## 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 create an Australia where women in the workplace can achieve their greatest potential. Since 2002, EOWA has published the EOWA Census of Women in Leadership, in partnership with Catalyst, in collaboration with Macquarie University and sponsored by ANZ Bank.

**[www.eowa.gov.au](http://www.eowa.gov.au)**



# preface

This **Gender Income Distribution of Top Earners in ASX200 Companies** provides an important and unprecedented piece of research to inform issues of pay disparity. Like research such as the Average Weekly Earnings and Employee Earnings, Benefits and Trade Union Membership data, produced by the Australian Bureau of Statistics and the Graduate salaries, by GradStats, this research also exposes large salary gaps between men and women.

Both the existence of a gap at this most senior level and the size of the gaps across roles are surprising and disappointing.

Since 2003, EOWA, together with partners ANZ Bank and Macquarie University, has conducted the Census of Women in Leadership. It has become an important measure of women's participation in corporate leadership and marks women's advancement, despite progress being glacial.

Using data collected as part of the 2006 EOWA Census of Women in Leadership, our research partner Macquarie University has been able to examine the declared Top Earners and/or Specified Executives of the 180 companies that published this information in their Annual Report. For the first time we are able to explore how gender interacts with income distribution at this level.

In 1969 the first federal equal pay case established equal pay for equal work. Equal pay for equal value was established three years later in 1972.

Over the past thirty years, women's workforce participation has increased significantly, as have women's earnings, however, women today experience an average pay gap of over 16%.

The gaps between women's and men's earnings reflect a number of complex and interrelated factors. Women's lower share of discretionary payments like overtime, occupational and industrial segregation, lesser access to education and training, the impact of family responsibilities, the lack of suitably qualified mentors and champions, the prevalence of limiting gender stereotypes and in some cases outdated ways in which remuneration is calculated, all contribute to the earnings gap.

This research perhaps highlights a further factor – that when all else appears equal, there is a broad undervaluation of women's skills. Methods used in remunerating senior level employees appear to have left women underpaid and undervalued.

Employers should act now to identify and address pay disparity in their workplace. Conducting audits, using resources like EOWA's Pay Equity Tool available free online, removing gendered performance measures and providing pathways to non-traditional careers for women are just some of the ways of action.

Pay discrimination still exists, let's make it history.

**Anna McPhee**  
Director



# introduction

The analysis in this report is based on the data collected and validated for the 2006 EOWA Census of Women in Leadership. It includes companies listed on the ASX200 Index as at the Census Date, 1 February 2006. The information presented for each company is current as at the date of the most recent Annual Report issued before the Census Date.

The Annual Reports analysed for the Census revealed 180 companies which declared one or more Top Earners or Specified Executives (hereafter referred to as Top Earners). The names and gender of this group were validated as part of the Census methodology. Amounts of remuneration were extracted from the Annual Reports.

The position held by the subsequent Top Earners was recorded through the Executive Manager validation, and the actual positions were then coded into categories, which were 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.

This data set is a Census, recording the population ASX200 Top Earners at the record date. Because it is the complete population, there is no statistical inference associated with the numerical results derived from the data. The numbers quoted are the actual true parameter values for this particular population and there is no uncertainty associated with any of them. There is no sense in which the Census represents a random sample from any larger super-population.



# POSITION AND GENDER PROFILE OF executive managers\*

- > The 2006 EOWA Census of Women in Leadership shows women hold 12.0% of Executive Manager positions in the ASX200 Companies – only a marginal increase from previous Census results (Table 1).
- > Figure 1 shows the profile of women Executive Managers by Function.
- > No position group is dominated by women.
- > Fewer than 10% of executives in CEO, CFO, Production, Strategy, Finance and other Line Positions are female.
- > More than 25% of executives in Human Resources, Legal Counsel and Corporate Communications positions are female.

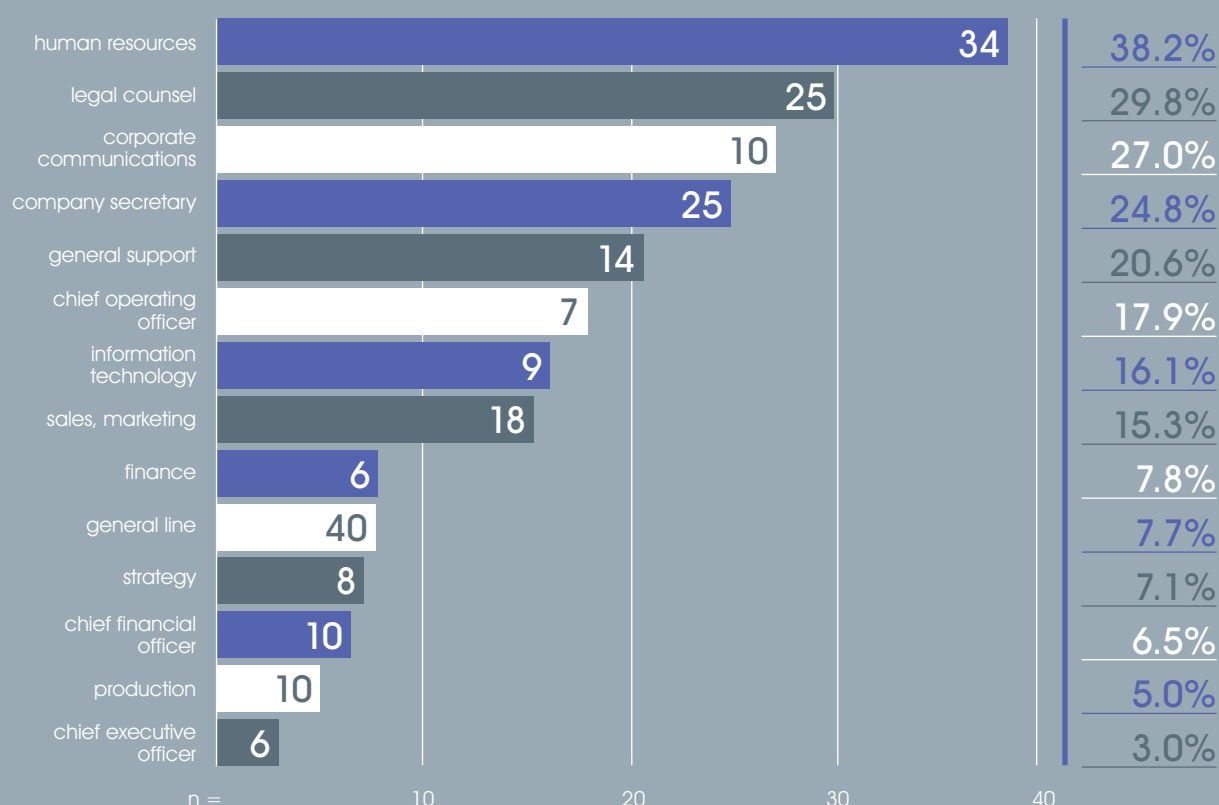


Figure 1. A Profile of Women Executive Managers by Function<sup>1</sup>

\* See Glossary on page 13 for definition

# POSITION AND GENDER PROFILE OF executive managers

Table 1. General Profile of ASX200 Executive Managers

position	female	% female	male	% male	total
Chief Executive Officer	6	3.0%	194	97.0%	200
Chief Operating Officer	7	17.9%	32	82.1%	39
Company Secretary	25	24.8%	76	75.2%	101
Chief Financial Officer	10	6.5%	144	93.5%	154
Legal Counsel	25	29.8%	59	70.2%	84
Sales, Marketing	18	15.3%	100	84.7%	118
Production	10	5.0%	191	95.0%	201
Strategy	8	7.1%	105	92.9%	113
Human Resources	34	38.2%	55	61.8%	89
Information Technology	9	16.1%	47	83.9%	56
Corporate Communications	10	27.0%	27	73.0%	37
Finance	6	7.8%	71	92.2%	77
General Line	40	7.7%	479	92.3%	519
General Support	14	20.6%	54	79.4%	68
<b>Total All Executive Positions</b>	<b>222</b>	<b>12.0%</b>	<b>1634</b>	<b>88.0%</b>	<b>1856</b>

# EARNING STATUS OF top earners

- > Overall females make up 11.1% of executives in companies which declare Top Earners (190 positions out of 1718).
- > Figure 2 shows women hold 7.0% of the Top Earner positions in the ASX200 (80 positions out of 1136).
- > Of women executive managers, 58% are not Top Earners, compared to 31% of male executives. (Table 2)
- > 60% of female Top Earners work in the bottom 100 companies by market capitalisation.

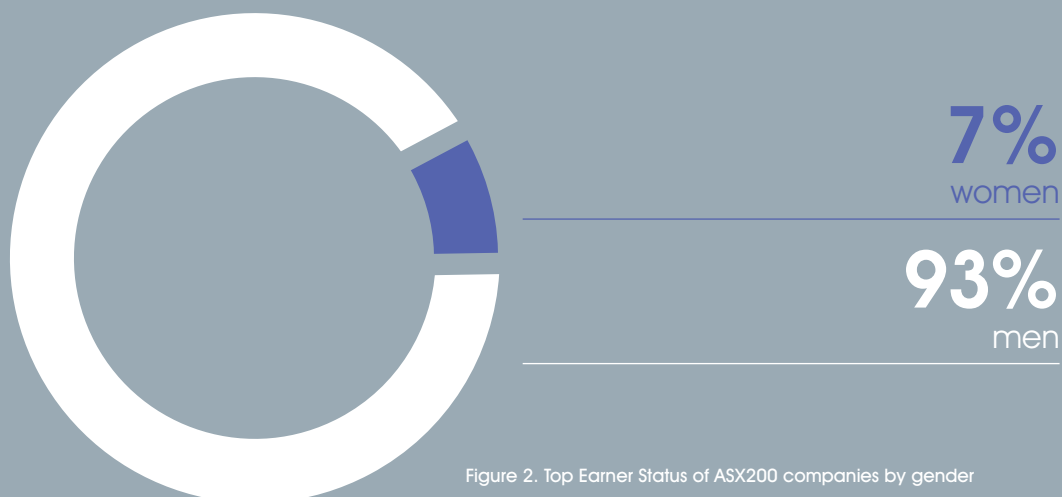


Figure 2. Top Earner Status of ASX200 companies by gender

Table 2. Percentage of Top Earner Status by Gender

	female		male	
	top	not top	top	not top
CEO	80%	20%	95%	5%
COO	100%	0%	73%	27%
Company Secretary	21%	79%	39%	61%
CFO	80%	20%	79%	21%
Legal	52%	48%	65%	35%
Sales	76%	24%	61%	39%
Production	40%	60%	63%	37%
Strategy	25%	75%	67%	33%
Human Resources	21%	79%	50%	50%
Info Technology	25%	75%	55%	45%
Communications	22%	78%	38%	62%
Finance	0%	100%	67%	33%
General Line	53%	47%	74%	26%
General Support	22%	78%	43%	57%
<b>Grand Total</b>	<b>42%</b>	<b>58%</b>	<b>69%</b>	<b>31%</b>



# EARNING STATUS OF top earners

- > Irrespective of gender, positions where women are more common, Company Secretary, Human Resources, Corporate Communications and General Support, have 40% or less chance of being Top Earner or Specified Executive. (Table 3)
- > Males in the same positions are more likely to be Top Earners. (Table 2)
- > Table 4 shows the numbers of men and women who are Top Earners and not Top Earners according to whether they have a line or support position. The table also includes ratios to illustrate the likelihood of being a Top Earner.
- > Women in line positions are more likely to be Top Earners than not (ratio 1.33), while women in support positions have less than 50% chance of being a Top Earner (ratio 0.42).
- > Men in both line (ratio 2.38) and support positions (ratio 1.22) are more likely to be Top Earners.

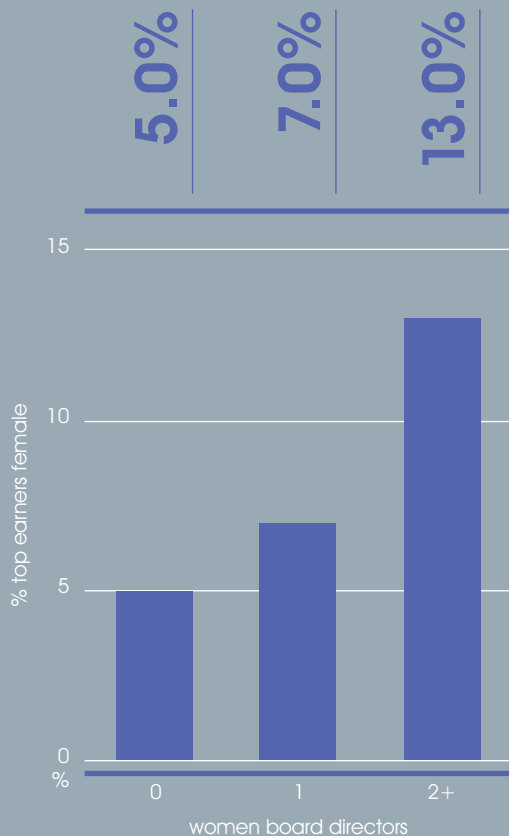
Table 3. Top Earner Status by Position

executive managers position	top earner	% top earner	not TE/SE	% not TE/SE	grand total
CEO	170	94%	10	6%	180
COO	27	77%	8	23%	35
Company Secretary	32	35%	59	65%	91
CFO	111	79%	29	21%	140
Legal	48	62%	30	38%	78
Sales	73	63%	43	37%	116
Production	120	62%	73	38%	193
Strategy	70	64%	40	36%	110
Human Resources	33	39%	52	61%	85
Information Technology	26	50%	26	50%	52
Communications	11	33%	22	67%	33
Finance	43	64%	24	36%	67
General Line	349	73%	131	27%	480
General Support	23	40%	35	60%	58
<b>Grand Total</b>	<b>1136</b>	<b>66%</b>	<b>582</b>	<b>34%</b>	<b>1718</b>

Table 4. Line and Support Roles by Gender

	female top	ratio top/ not top	not top	male top	ratio top/ not top	not top
Line	44	1.33	33	666	2.38	280
Support	32	0.42	76	224	1.22	183

# WOMEN ON BOARDS AND female top earners



- > Overall females make up 11.1% of executives in companies which declare Top Earners.
- > Women represent only 7% of the total Top Earners in the ASX200 companies. However Figure 4 shows that in companies with 2+ women on boards, females represent 13% of the Top Earners.
- > A higher percentage of Top Earners are female in companies with more women on the Board. (Table 5)

Figure 4. Women on Boards and Female Top Earners

Table 5. Top Earners and Women on Boards

women board directors	top earners female		top earners male		total top earners
0 (n=88)	29	5%	513	95%	542
1 (n=65)	28	7%	384	93%	412
2+ (n=27)	23	13%	159	87%	182
<b>Grand Total</b>	<b>80</b>	<b>7%</b>	<b>1056</b>	<b>93%</b>	<b>1136</b>

# remuneration<sup>2</sup>

- > Telecommunications services is the only sector where women earn more than men.
- > In nine out of ten industry sectors, the female median salary is less than the male median salary in the same sector. (Table 6)
- > The overall median pay for women is only 58% of the overall median pay for men.
- > Figure 5 shows the largest median pay gap is in the Finance sector, with a median pay gap of 52%. In real terms this represents an average pay inequity gap of \$543,635pa.
- > The Materials sector has the lowest pay gap of 1.5%.

Figure 5. The Gender Pay Gap by Industry

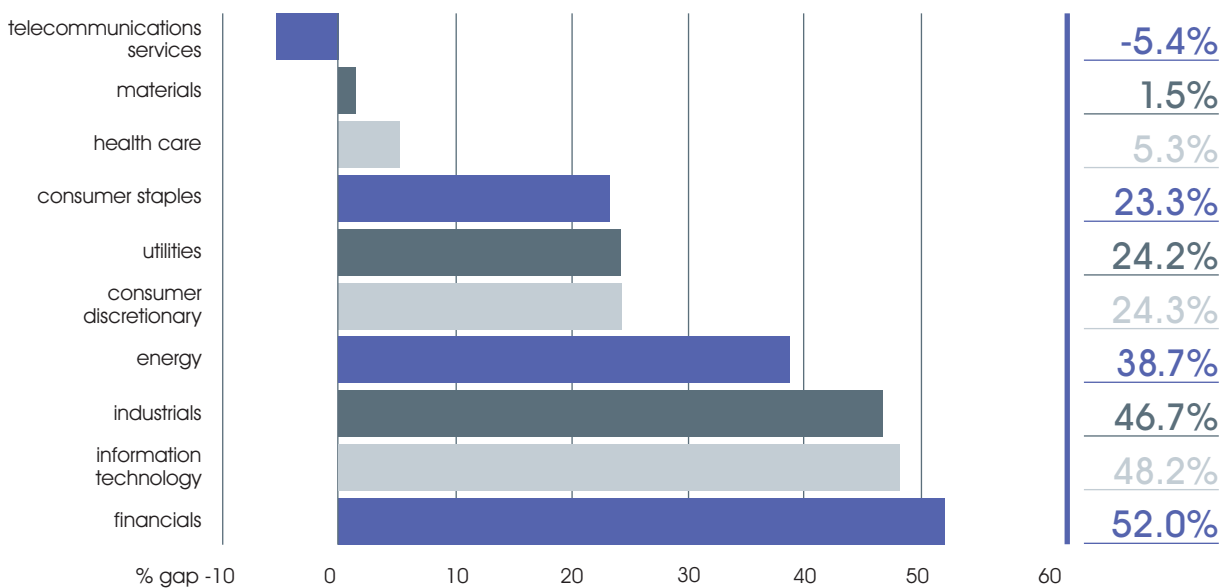


Table 6. Median Remuneration by Industry

median remuneration \$A industry sector name	female \$	% of male \$	female count	male \$	male count	companies count
Telecommunications Services	1,829,840	105.4%	2	1,736,082	12	2
Consumer Staples	699,143	76.7%	7	912,076	74	11
Materials	670,973	98.5%	6	681,179	218	31
Financials	502,536	48.0%	21	1,046,171	268	44
Health Care	434,994	94.7%	6	459,138	85	11
Consumer Discretionary	391,722	75.7%	17	517,420	159	27
Energy	334,775	61.6%	5	543,198	82	14
Industrials	319,365	53.3%	6	599,560	181	21
Information Technology	295,709	51.8%	6	570,321	40	5
Utilities	250,520	75.8%	6	330,500	31	7

# remuneration<sup>2</sup>

- > In ten of thirteen position classifications, the female median salary is less than the male median salary in the same position. (Table 7)
- > In the Strategy, Communications and General Support position classes women have higher median remuneration than men. However, these results, like others for women, should be interpreted with caution due to the low numbers.
- > Figure 6 shows the positions of Chief Financial Officer and Chief Operating Officer each have a median pay gap of 50%.
- > Eight of the fourteen positions have a median pay gap of 25% or more.

Table 7. Median Remuneration by Position

median remuneration \$A	female \$	% of male \$	female count	male \$	male count
CEO	945,252	67.7%	4	1,395,540	180
Strategy	859,912	161.2%	2	533,578	70
Communications	752,788	139.0%	2	541,741	10
General Support	733,657	121.8%	2	602,253	35
Sales	573,670	94.6%	12	606,559	64
General Line	543,352	74.4%	22	730,045	372
COO	384,856	49.6%	5	776,312	23
Information Technology	336,909	72.1%	2	467,540	24
CFO	323,432	49.1%	4	658,830	111
Human Resources	314,042	57.0%	6	551,237	27
Legal	303,636	53.1%	12	571,337	36
Company Secretary	286,415	89.2%	5	321,000	29
Production	286,089	71.3%	4	401,196	120
Finance		n. a.	0	713,600	43

# remuneration<sup>2</sup>

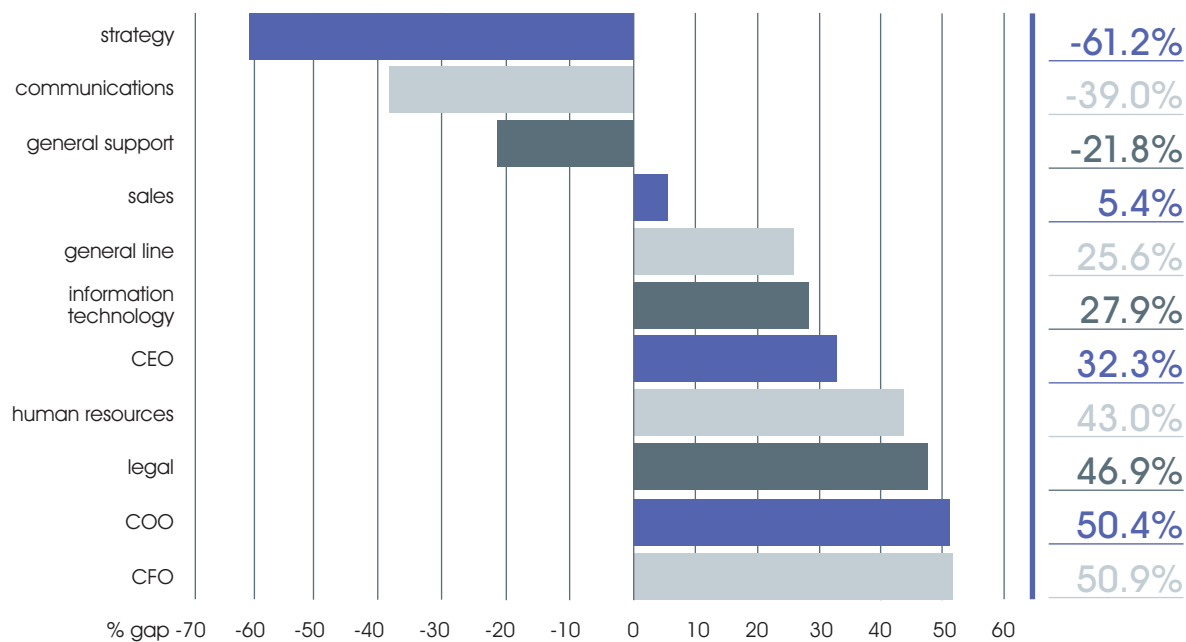


Figure 6. Median Pay Gap by Position

> The median salary for women in line positions is higher than for those in support positions; however compared with their male peers they earn just over two thirds as much pay, a median pay gap of 28%. (Table 8)

> The median pay gap between male and female Top Earners in support positions is 39%.

Table 8. Median Remuneration by Line & Support

median remuneration \$A	female \$	% of male \$	count	male \$	count
CEO	945,252	67.7%	4	1,395,540	168
Line	455,234	71.9%	46	632,782	731
Support	331,070	61.3%	32	539,801	245

# 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 this 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](http://www.standardandpoors.com) and [www.asx.com.au](http://www.asx.com.au)

**ASX200:** Refers to ASX200 Index companies as at 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 (eg. CEO, MD) and those who report directly to that person, including those based outside Australia.

**Line Roles:** Positions with responsibility for profit-and-loss or direct client service. These 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).

**Specified Executives:** Executives with the greatest authority for the strategic direction and management of the consolidated entity ('specified executives') during the financial year. Specified executives are defined in the accounting standards.



# notes and references

<sup>1</sup> Figures from 2006 EOWA Census of Women in Leadership in ASX200

<sup>2</sup> Remuneration – A number of issues concerning interpretation should be noted in relation to this data. Although there is no reason to assume that these impact on the influence of gender in the distribution of income.

First, each company reports according to its own remuneration structures. The reported amounts can include short and long term incentive payments, termination payments, option values and other benefits. The valuation of components of remuneration is not uniform between companies.

Second, some of the persons included in the Census data collection will have been appointed part way through the financial year, and some possibly even after its end, so that the amounts reported are “left censored”. However, it is not recorded in the Census whether the information is censored or not. In small groups if such censoring is present the effect will be to put a downward bias on any statistics, including the median which we use to record the central remuneration value. This will be particularly problematic for the data relating to women where there are in any case only small numbers. Cases where the dollar amount reported is zero have been removed from the analysis.

Third, in some cases the actual number of female managers in specific positions is very low (See CEO, COO, IT, Strategy and Finance positions in Table 1). This may have a distorting effect on remuneration comparisons (Tables 7 and 8) and where numbers are recorded as percentages (Table 3).

Fourth, 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, and their subordinates similarly ranged behind them. This issue is similar to that which arises in trying to compare house prices, and the same approach is taken here namely to report the median value rather than the mean.

Fifth, because of the difference between the date of the Census count (Annual Report Date) and the date of the remuneration report (end of the financial year) there were a number of individuals whose remuneration was recorded as 0, and these have been deleted. On the other hand, other individuals were included in the remuneration reports who for various reasons (company specific) were not reported as top earners in the Census. Furthermore, in one case six positions occupied by top earners could not be identified because the company did not list them.

Sixth, some companies, such as trusts, do not declare top earners because they do not have any employees. Thus table 8 reports earnings of only 4 female CEOs (Not six which are recorded in the Census) because two Macquarie Trusts did not report top earners.

The impact of the last two issues leads to number counts varying slightly between tables.

<sup>3</sup> 2006 EOWA Census of Women in Leadership in ASX200, 2006

<sup>4</sup> Excluding CEO

WOMEN + MEN = **BUSINESS SUCCESS**



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