



Consultation on the Review of the Workplace Gender Equality Act 2012

Department of the Prime Minister and Cabinet

KPMG Australia

November 2021

—

[KPMG.com.au](https://www.kpmg.com.au)

Contents

Executive Summary

KPMG Background

Section 1: KPMG Recommendations

Section 2: KPMG Insights

Key Authors

Executive Summary

As a leading professional services firm, KPMG Australia (KPMG) is committed to meeting the requirements of all our stakeholders – not only the organisations we audit and advise, but also employees, governments, regulators and the wider community. We strive to contribute to the debate that is shaping the Australian economy and welcome the opportunity to provide a submission in response to the review (the Review) of the *Workplace Gender Equality Act 2012* (the Act).

KPMG is committed to making progress towards gender equality. We strive to achieve a gender inclusive environment that is not only fair but has a significant impact on our organisation's success and engagement. We achieve this through our market leading gender equality policies but also beyond the workplace by advocating strongly for gender-based policy reform that is societal changing. KPMG's gender equity series proposes policy settings aimed at shifting the dial in several key areas, including parental equity, superannuation, retirement security, childcare, and parental leave.

To further demonstrate our commitment to gender equality KPMG set a new benchmark for parental leave among large employers in Australia earlier this year, providing 26 weeks flexible parental leave for both parents, with no distinction between primary and secondary carers. The leave can be taken flexibly to suit each parent, regardless of gender, within the first 24 months of the child's arrival.

To build on our ongoing advocacy and commitment, KPMG's submission in response to the Review strongly welcomes greater transparency of gender pay gaps across partnership structures. As a sign of support, KPMG will be voluntarily reporting data on full-equity, part-equity and non-equity partners by gender, subject to reporting consistency being agreed by Australia's leading professional services partnerships. KPMG also supports including partners when reporting on promotions, resignations and those who cease employment during, or at the end of, a period of parental leave.

Our submission also recommends the Review consider the collection of broader diversity data, requiring the mandatory reporting of allegations of sexual harassment, transparency of data that relates to gender other than female and male and improving reporting around executive level communications.

We congratulate the Australian Government on the establishment of the Review in the Women's Budget Statement 2021-22 and look forward to continuing to work with the Workplace Gender Equality Agency as it implements the findings of the Review.

Yours sincerely,

Alison Kitchen

National Chairman

KPMG Australia

Andrew Yates

Chief Executive Officer

KPMG Australia

Background

KPMG is a global network of professional firms providing a full range of services to organisations across a wide range of industries, governments and not-for-profit sectors. We operate in 147 countries and territories and have more than 219,000 people working in member firms around the world. In Australia, KPMG has a long tradition of professionalism and integrity combined with our dynamic approach to advising clients in the digital-driven world.

KPMG Gender Equality Series

KPMG regularly advocates for reforms and policy settings that promote gender equality in Australia.

Towards a more equal sharing of work advocates for a parent equality model allowing parents optimal balance of work and care responsibilities, and equal work opportunities for mothers. The report finds that the gap between male and female workforce participation rates is a full 10 percentage points – the 16th largest gap in the OECD. The report suggests a number of policy reforms that would move couples towards a more equal model, including reform of the Child Care Subsidy (CCS), a restructured Commonwealth paid parental leave scheme, and measures to address the superannuation gap.

Enhancing work-life balance: A better system of Paid Parental Leave sets out recommendations for a restructured Commonwealth paid parental leave scheme that would aim to overcome impediments to women's economic participation and help Australia move towards equal responsibility for raising children. Under the scheme, after birth or adoption, there would be an allocation of 20 weeks for two parents, with a maximum 18 weeks for either parent. The number of weeks under the scheme would increase to 26 weeks over six years, rising by two weeks every two years. The report also proposes an 'equality supplement' where bonus weeks are awarded to the extent that responsibility for care is shared more equally.

Options for addressing the gender superannuation gap, outlines four options available to policy makers to help support gender equity in retirement. In the years approaching retirement age, the gender superannuation gap can be anywhere between 22 percent and 35 percent. The options considered to address this include time-limited rebates of the superannuation contributions tax (SCT), the creation of a supplementary concessional contributions cap, removing the five-year limit on utilisation of concessional contributions caps relating to years spent as a primary carer and top-up payments for low-income primary carers.

KPMG's commitment to Gender Equality

KPMG Australia is committed to making progress towards gender equality. We strive to achieve a gender inclusive environment that is not only fair but has a significant impact on our organisation's success and engagement.

In October 2021, KPMG submitted its Workplace Gender Equality Agency (WGEA), Employer of Choice for Gender Equality submission. This submission is prepared on a bi-annual basis and requires us to meet criteria in order to retain our Employer of Choice for Gender Equality status. We have held this citation for the last 13 years and this is our 14th application.

KPMG's October 2021 submission highlights some of our gender equality initiatives, including:

- Achievement of women in leadership targets;
- Gender neutral Parental leave policy;
- Gender Pay Gap;
- Driving change beyond the workplace through KPMG's gender equality series; and
- Bird Walton our emerging female leaders program.

KPMG has also committed to the following targets and we will show progress on these targets in our future submissions:

- Women in Partnership target – ensuring we meet FY23 and FY24 targets to ensure we are on track to reach 40 percent women in Partnership by 2025;
- Tracking and reporting on the progress of our Parental Leave policy, including measuring overall increase in men taking parental leave and increase in the average period men take in parental leave; and
- Tracking and reporting on the progress on our Organisation wide Gender Pay Gap. We have committed we will reduce our organisation wide gender pay gap by at least one percent over the next two years.

Section 1: KPMG Recommendations

Recommendation 1: KPMG supports the mandatory collection of full-equity, part-equity and non-equity partners by gender, subject to reporting consistency being agreed by Australia's leading professional services partnerships. KPMG also supports including partners when reporting on promotions, resignations and those who cease employment during, or at the end of, a period of parental leave.

Recommendation 2: KPMG supports the collection of broader diversity data to ensure that we better benchmark our collective commitment to culturally diverse talent.

Recommendation 3: Given that 100 percent of relevant employers have a policy or strategy in place on sex-based harassment and discrimination, it's time to move the dial. KPMG has committed to report the number of allegations of sexual harassment that were either fully or partially substantiated and would welcome this being mandatory across relevant employers.

Recommendation 4: KPMG welcomes greater reporting and transparency of gender other than female and male and plans to report this voluntarily in its 2022-23 report.

Recommendation 5: KPMG considers that executives across an entire organisation should be able to communicate the importance of gender equality and be included in reporting to ensure more voices reach broader areas of an organisation.

Section 2: KPMG Insights

The background of the page is a gradient of teal and blue. On the right side, there are numerous thin, diagonal light streaks in shades of blue and cyan, creating a sense of motion and depth. The overall aesthetic is modern and professional.

Introduction

In preparing this submission, KPMG reviewed the Workplace Gender Equality Agency's (WGEA) Progress Report 2019-2020 which requires the WGEA to submit to the Minister a report on the progress achieved in relation to the gender equality indicators in the relevant two-year period. In the report WGEA identified a number of areas which should be considered in the Review that aim to improve the state of gender equality in Australian workplaces, strengthen compliance mechanisms and boost education measures. Taking into consideration the reform options outlined by WGEA, KPMG's submission focuses on the following broad areas:

- Partnership structure transparency;
- Collection of diversity data other than gender;
- Collection of sex-based harassment and discrimination data;
- Collection of data on gender other than female or male; and
- Improving executive level communications reporting.

Partnership structure transparency

According to the WGEA Progress Report 2019-2020 partnerships should be required to report separately on the number of full-equity, part-equity and non-equity partners, by gender and employment status. The collection of this data will:

- enhance WGEA's understanding of gender equality, particularly career progression across different partnership levels.
- show how the gender composition of leadership structures may change over time as well as the progress of women through the leadership pipeline within partnership structures.

The Progress Report also notes that relevant employers with partnership structures should provide remuneration data for all of their partners. It further says that professional services firms should be required to include partners when reporting on promotions, resignations and those who cease employment during, or at the end of, a period of parental leave.

For the 2020-21 reporting period, WGEA asked relevant employers to provide disaggregated gender composition data on full-equity, part-equity and non-equity partners by gender and management category as well as by employment status, on a voluntary basis. While gender disaggregated formats were recommended, partnerships were able to provide non-disaggregated data if they chose. Where disaggregated data was provided, WGEA was able to show the proportion of women and men who are full-equity and part-equity partners, and their management category and employment status.

In 2013, KPMG Australia was the first of the Big Four professional services firms to set gender targets. At the time, 16% of partners were women. The first target for women

in partnership was set at 25% by 1 July 2016, which was achieved. The next gender target, 30% women in partnership by July 2020, was set in 2015. This was also achieved.

KPMG's new gender target was launched this year: 40% women in partnership by 2025. This target is underpinned by the principle of 40:40:20. The principle target is specifically set up to ensure that KPMG is inclusive of those who identify outside the binary. As of 30 June 2021, 31% of the KPMG partnership were women. However, we know more can be done, KPMG's Partner Gender Pay Gap is currently 16.57% (Female average salary divided by male average salary).

KPMG welcomes greater transparency around reporting Partner Gender Pay Gaps and supports the Review considering the mandatory collection of full-equity, part-equity and non-equity partners by gender, subject to reporting consistency being agreed by Australia's leading professional services partnerships. KPMG hopes that by leading the sector, others in our industry will follow. Transparency is an important measure to achieve gender parity across partnership structures and we are proud to lend our voice to this debate.

KPMG Recommendation: KPMG supports the mandatory collection of full-equity, part-equity and non-equity partners by gender, subject to reporting consistency being agreed by Australia's leading professional services partnerships. KPMG also supports including partners when reporting on promotions, resignations and those who cease employment during, or at the end of, a period of parental leave.

Collection of diversity data other than gender

Reporting on gender data is a mandatory requirement under the Act, but for 2020-21 WGEA also collected data on location and age of employees on a voluntary basis. KPMG welcomes WGEA collecting broader data sets to better understand other measures of diversity to enable a more detailed analysis of men and women's experiences in the workplace. In addition, the Australian Human Rights Commission has noted that official reporting and collection of data on cultural diversity would be an important mechanism for promoting cultural diversity within Australian organisations.

KPMG is maturing, broadening and expanding our inclusion ambitions at the leadership level, announcing our first cultural diversity target this year. We know we have a culturally diverse talent pool at our entry levels, which significantly declines as you move up the firm's leadership structure. We want a leadership population that reflects our clients and the community in which we live and work.

In 2020 we set a target of 20 percent of culturally diverse partners by 2025. Our latest firm-wide survey shows 10 percent of our partners currently identify as non-Anglo/Celtic/European so this is an ambitious target.

KPMG Recommendation: KPMG supports the collection of broader diversity data to ensure that we better benchmark our collective commitment to culturally diverse talent.

Collection of sex-based harassment and discrimination data

Relevant employers with 500 or more employees must have policies or strategies in place to support sex-based harassment and discrimination. WGEA's recent Progress Report found that currently 100 per cent of relevant employers with 500 or more employees comply with the minimum standards, with almost every company having a policy or strategy in place on sex-based harassment and discrimination. It's KPMG's view that its time to move the dial.

KPMG has demonstrated our ongoing commitment to greater transparency in relation to investigations into workplace complaints by reporting these publicly¹, including to shine a light on workplace sexual harassment. During FY21, KPMG investigations into workplace complaints – including formal, informal, identified and anonymous – were either fully or partially substantiated on 27 occasions. This included three allegations of sexual harassment that were either fully or partially substantiated. We are finalising details of a refreshed Sexual Harassment Policy, which will take a more victim-centred approach than in the past. We expect to launch the new policy early FY22. We are leading the way on transparently reporting on sexual harassment and consider that the Review recommend we move the dial and report this across relevant employers on mandatory basis in the future.

KPMG Recommendation: Given that 100 percent of relevant employers have a policy or strategy in place on sex-based harassment and discrimination, it's time to move the dial. KPMG has committed to report the number of allegations of sexual harassment that were either fully or partially substantiated and would welcome this being mandatory across relevant employers.

Collection of data on gender other than female or male

According to the WGEA's most recent Progress Report, the Act and Legislative Instrument require employers to provide reports based on the relative positions of women and men in their workplaces. This means that WGEA cannot include a mandatory additional category for information on gender other than female or male. It can only be asked on a voluntary basis.

For the 2020-21 reporting period, employers were able to provide, on a voluntary basis, data on employees who identify as a gender other than female or male. This additional option was identified as "gender 'X'" and is a new data point for people who identify as non-binary, however KPMG understands that this data will be collected as part of the Compliance Reporting program and the data will not be published in an organisation's public report.

¹ [KPMG's Impact Report FY21 - KPMG Australia \(home.kpmg\)](https://home.kpmg)

KPMG's gender partner target is underpinned by the principle of 40:40:20. The target is specifically set up to ensure that that KPMG is inclusive of those who identify outside the binary.

KPMG is also in the process of updating its data sets to capture more information about gender other than female and male and would welcome further leadership from WGEA in this area, beginning with the Review recommending that gender other than female and male be reported on a mandatory basis.

KPMG recommendation: KPMG welcomes greater reporting and transparency of gender other than female and male and we plans to report this voluntary in our upcoming report.

Improving executive level communications reporting

KPMG is strongly committed to gender equality and our commitments are guided by our annual report to the WGEA, however there are some areas of reporting that could be streamlined or be made more relevant.

For example, an organisation's CEO/head of business must have communicated the reasons why improving gender equality is good for the organisation every 12 months and details on the method and date of communication must be provided. Where an executive leader other than the CEO communicates the importance of gender equality only one evidence piece was allowed to be included in reporting.

KPMG considers that it would be beneficial to demonstrate that all executive team members shared the commitment to gender equality and that a range of voices into the organisation or externally might have a stronger overall impact. For example, male executives that may have direct influence and control over operational areas of a business may seek to enact stronger cultural change.

KPMG recommendation: KPMG considers that executives across an entire organisation should be able to communicate the importance of gender equality and be included in reporting to ensure more voices reach broader areas of an organisation.



Key authors

Dorothy Hisgrove – National Managing Partner, People & Inclusion

Salli Hood – Director, Inclusion and Well-being

Sophie Finemore – Associate Director, Government & Regulatory Affairs

Olivia Spurio – Senior Consultant, Government & Regulatory Affairs

Sam Lynch – Senior Manager, Government & Regulatory Affairs

[KPMG.com.au](https://www.kpmg.com.au)



The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

©2021 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. 672654839DTL April2021

Liability limited by a scheme approved under Professional Standards Legislation.