

## CHECKLIST

# What should be included in an equal pay policy?

Use this checklist to help create an equal pay policy, whether it be standalone or part of a broader policy.

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### Purpose

Explain what the organisation can expect from this policy. If pay equality is a new concept for your business, you might like to include a summary of what equal pay is and why it is important to business.

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### Scope

The scope of a policy refers to who it applies to and in what specific contexts. Make sure you list the different types of employees you have and all aspects of employment that the policy applies to.

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### Legal obligations

Your policy should outline the legal obligations attached to equal pay.

The law on equal pay is shaped by Victorian, national and international law. Under Victoria's *Equal Opportunity Act 2010*, employers have a positive duty to take reasonable and proportionate measures to eliminate discrimination, sexual harassment and victimisation as far as possible.

The positive duty applies to employers of all sizes, regardless of whether they are a major company or a small cafe, and whether their workers are:

- full-time, part-time and casual employees
- agents and contract workers
- trainees and apprentices.

It applies to all stages of employment, including:

- [advertising jobs and recruitment](#)
- [returning to work after injury, illness or pregnancy](#)
- [dismissal and retrenchment](#).

The Equal Opportunity Act also prohibits discrimination at work. Discrimination can be direct or indirect. Both kinds of discrimination are against the law.

### *Direct discrimination*

Direct discrimination happens when someone is treated unfavourably because of a personal characteristic protected by the law.

Direct discrimination often happens because of unfair assumptions about what people with certain personal characteristics can and cannot do.

### *Indirect discrimination*

Indirect discrimination happens when there is an unreasonable requirement, condition or practice that disadvantages a group of people because of a personal characteristic.

A complaint of pay disparity can be made by any employee to the [Fair Work Ombudsman](#). They can make a report to [Wage Inspectorate Victoria](#) if they think wages or entitlements have been deliberately and dishonestly underpaid or withheld.

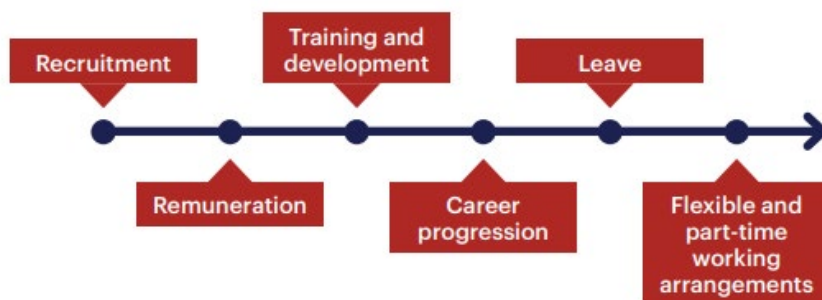
[Find out more about discrimination](#)

## **Policy commitments**

Write a statement that explains why your organisation is committed to equal pay and what those commitments are. This could reference or directly quote your business' vision, mission or values and how they align with equal pay. To define your organisation's values about equal pay, you can watch part three of the [Equal pay matters educational resources](#) and complete the activity.

The [Equal Pay Matters report](#) found that unequal pay can occur at multiple points during the employment cycle beginning before a worker starts employment through to retirement and including periods in and out of the workforce.

To achieve equal pay, SMEs should take action at each point of the employment life cycle.



Write a statement about what your organisation expects at each point of the employment cycle. If this is your first equal pay policy, it might be more beneficial to focus on two or three of these areas.

For example:

- **Recruitment:** a statement could include a commitment to eliminate biases from job advertisements, interviews, and onboarding processes.
- **Remuneration:** a statement could include a commitment to equal remuneration for work of equal value, according to the appropriate award and market rates.
- **Training and development:** a statement could include a commitment to providing training and development to all employees on an equal basis.
- **Career progression:** a statement could include a commitment to fair processes for career progression among all employees.
- **Leave:** a statement could include a commitment to policies and practices around staff leave being in line with the [National Employment Standards \(NES\)](#).
- **Flexible and part-time working arrangements:** a statement could include a commitment to fair and equitable practices around flexible and part-time working arrangements, consider the needs of all employees. Flexible and part-time work are never barriers to career progression.

The [Small Business Showcase](#) from the Fair Work Ombudsman has examples of best practice around these points in the employment cycle with tips and practical advice you can consider for your own organisation.

## Resolving issues

Outline your organisation's complaints procedure when pay issues arise. Explain how these will be responded to (including the expected time frame). You may already have a complaints resolution procedure that can also address issues about pay equality. You can choose to use this process or create one for equal pay issues with the [Complaints procedure tool](#).

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**Responsibilities**

Identify roles involved in the implementation and oversight of the equal pay policy and what their responsibilities are. To allow for staff changes mention roles, not the names of people who are in those roles.

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**Other relevant policies**

Provide links to any other policies that your business has relevant to pay equality. This might include flexible work arrangements policy, leave policy, workplace equal opportunity policy, etc.

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**Further information**

Note what the organisation should do if they require further information about this policy. This may include who they should speak to or where they might find other relevant information.

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**Review and communication details**

Note the date of when the policy is to be adopted.

Make a statement of commitment to regularly review the policy to ensure the information is up to date and to assess its effectiveness against its purpose and commitments. Explain how information from these reviews will be shared.

If you have a policy register make sure you add this to the register with a date for review.

Current best practice is to review your policy annually to ensure your pay equality progress is on track to meet your goals. However, you may find that 2-3 yearly reviews are better for you once your processes and practices are in place.

Note when the policy was last updated.

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**Annex: Definitions**

Make a list of terms, and their definitions, that are specific to this policy. The purpose of this is so that all those who read the policy have shared understanding of the terminology.

Examples of these can be found in the [Equal pay policy template](#).

You can download the [Equal pay policy template](#) for an equal pay policy and tailor it for your business.