



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

Reference: Pay equity and increasing female participation in the workforce

THURSDAY, 12 MARCH 2009

CANBERRA

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS
Thursday, 12 March 2009

Members: Ms Jackson (*Chair*), Mr Haase (*Deputy Chair*), Ms Bird, Ms Hall, Mr Hayes, Mr Keenan, Mr Marles, Mr Ramsey, Dr Southcott and Mr Symon

Members in attendance: Ms Bird, Mr Haase, Ms Hall, Mr Hayes, Ms Jackson, Mr Ramsey, Mr Symon

Terms of reference for the inquiry:

To inquire into and report on:

Pay equity and associated issues related to increasing female participation in the workforce

That the Committee inquire into and report on the causes of any potential disadvantages in relation to women's participation in the workforce including, but not limited to:

- The adequacy of current data to reliably monitor employment changes that may impact on pay equity issues;
- The need for education and information among employers, employees and trade unions in relation to pay equity issues;
- Current structural arrangements in the negotiation of wages that may impact disproportionately on women;
- The adequacy of recent and current equal remuneration provisions in state and federal workplace relations legislation;
- The adequacy of current arrangements to ensure fair access to training and promotion for women who have taken maternity leave and/or returned to work part time and/or sought flexible work hours; and
- The need for further legislative reform to address pay equity in Australia.

WITNESSES

O'CONNOR, Ms Susan, Australian Catholic Bishops Conference..... 1

QUINLAN, Mr Frank, Australian Catholic Bishops Conference..... 1

Committee met at 11.21 am**O'CONNOR, Ms Susan, Australian Catholic Bishops Conference****QUINLAN, Mr Frank, Australian Catholic Bishops Conference**

CHAIR (Ms Jackson)—Welcome. This is the 14th public hearing for the committee's inquiry into pay equity and associated issues relating to increased female participation in the workforce. I welcome representatives of the Australian Catholic Bishops Conference to today's hearing. Although the committee does not require you to give evidence under oath, I should advise you that today's hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. Can I also indicate that we are being broadcast on the internet. We have received your written submission to the inquiry. I invite you to make an opening statement and make any other further submissions you may have. The committee will no doubt have questions for you.

Mr Quinlan—Thank you, Ms Jackson.

CHAIR—Please call me Sharon.

Mr Quinlan—Thanks, Sharon. Thanks for the opportunity to appear before this committee today. As we said in our introductions, the Australian Catholic Council for Employment Relations advises the Australian Catholic bishops about employment related issues. Catholic Social Services Australia is the peak body for more than 60 Catholic agencies, providing a broad range of social services to people in need, particularly low income Australians. So we felt it was important for us both to appear today and to perhaps take some of your questions later.

While we do not want to dwell on the figures, it should be noted that in August last year, the FaHCSIA statistics show that the gender pay gap for full-time adult ordinary time female employees was something like 16.7 per cent and the gap is increasing. This inequity has flow-on effects for women's ability to accumulate superannuation. As noted in our submission, the Catholic Church in Australia is both a major employer and a major advocate for fairer workplace arrangements. In fact, the Catholic Church is one of the country's largest employers, employing in excess of 100,000 employees.

We have made a number of points in our submission, including about the inadequacy of current data collections to properly assess and monitor equity outcomes in employment and the need for policy and legislative reform, particularly the need for paid maternity leave—we have made submissions in other places regarding paid maternity leave—in order to overcome some of the systemic barriers to inequity. There is the particular plight of low-paid female workers dependent on the federal minimum wage who face systematic discrimination in terms of their pay and conditions due to the inadequacy of the Australian Fair Pay Commission's calculation of the minimum wage. Again, we have made further detailed submissions on that. Our concern with the erosion of the capacity for collective bargaining has seen some very vulnerable employees face further disadvantage and greater risk. Award pay rates in the community sector do not reflect the increased demand for a better skilled workforce in community services. Pay rates do not reflect the increased work value in this sector.

I want to make the point that equity issues disproportionately affect the most vulnerable. As the submissions from the Australian Bureau of Statistics shows, women in professional or managerial roles probably enjoy the most equity post maternity leave and workforce participation arrangements and yet still they face conditions less favourable than their male counterparts. How much more difficult, then, are the challenges faced by women in unskilled, labouring and caring roles frequently in work that is casualised or part time? These workers consequently miss out on other entitlements, such as sick leave, holiday pay and bereavement leave. In addition, the unpredictable hours in casual employment make it difficult to access adequate childcare arrangements. Women in these roles also have lower access to training and more limited opportunities for promotion and career development.

As we have mentioned, the Catholic Church is a partner with state and federal government in the provision of a very diverse range of social and community services. In education, in health care, in aged care and in social and community services, governments provide the vast majority of the funding that ultimately pays the workforce that we deploy. In that context, we would encourage the government to fast-track some of the consultations already underway to develop a compact between the government and the third sector. The pay and conditions of most of the sector are determined by contracts and service agreements between government and third sector organisations. To the extent that these agreements fail to meet the real costs of service provision, they impede the capacity of organisations to provide employment conditions that are supportive of equity outcomes.

Catholic agencies strive, albeit imperfectly, to achieve workplace equity for women and low-paid workers. We employ a very substantial workforce directly and provide services and other support to low paid workers, the unemployed and those not in the workforce. Government reform and improved legislative framework and better data collection and monitoring will play an important part in bringing about the cultural reform required to achieve equity across the population. I would be pleased to answer any further questions you might have about our submission or any of the issues that we might be able to help you with today.

CHAIR—Thanks very much, Frank. I just have a couple of questions to start you off. Given the size of your employment arrangements, can you tell me whether you have ever applied a pay equity audit to your own organisations? If so, can you give us some idea of the results of that?

Mr Quinlan—I think Susan is in the best position to answer that.

Mrs O'Connor—As a result of our work with the low pay and wages, the bishops actually asked us about where we sat with our wages. This is related to the bishops conference agencies, so there are 23 agencies and 18 of them actually employ people. The others are religious and clergy, so they are on stipends. We had a feeling that because we had been over the years adjusting our wages by the federal minimum wage increase, which we advocate as being inadequate, it seemed a bit of a nonsense, really, that that was the measure we used. So we have just finished an undertaking with Mercer and assessed every single one of our jobs against work value and created a new bishops conference salary scale based on the market. So we have tested ourselves against the general market. Most of the community sector is based at the 25th percentile, according to the statistics collected by Mercer. So that is where we have aimed our wage rates at.

CHAIR—So, to that extent, you will reflect any inequities that are reflected generally in the market?

Mrs O'Connor—Yes. And the bishops also undertook to raise those salaries, and did so with quite a substantial pay increase for people that were below. The Mercer scale works on a minimum mid, which is market, and up a level. So everybody has been moved at least on to the minimum. We are in the process of developing a performance management system which will then give people access to increased wages.

CHAIR—So you have not used, for example, the pay equity tool that is available from the EOWA, the federal Commonwealth government agency, to actually assess what your pay equity results are as an individual employer?

Mrs O'Connor—No. That would be my intention to do that as the next step because we realised that there was a gap in our wages. We were looking for a better way to achieve equity. So my next step would be to use that tool, which I downloaded last night, in fact.

CHAIR—My second question takes up the wages debate. I appreciate that many of the agencies you have talked about that employ people are dependent on usually Commonwealth government funding. They are predominantly in the aged care sector, I should imagine, and similar community services areas?

Mr Quinlan—It is different for different sectors. But I estimate that something like 70 per cent of the funding received by our member agencies is actually from state government sources overall. So we have some large federal government programs. Aged care is one. The Job Network would be another one. But the large majority of the funding for the broad work of our agencies comes from state governments.

CHAIR—That would be, for example, the disability services sector, the residential as well as—

Mr Quinlan—All manner of homeless care, youth services—a very diverse range.

CHAIR—So you are trying to negotiate both with state governments and the federal government separately or together to have a common outcome?

Mr Quinlan—We tried to negotiate separately and we are increasingly realising, I think, the futility of that. I could give you just a brief example. We did some work ahead of the Senate Economics Committee that was looking at the regulation and disclosure regimes in the not-for-profit sector. So we conducted a survey of 18 of our members. To our own horror, I might say—we surveyed 18 of our members—we found those 18 members were in 620 different contracts with state and federal government sources in order to provide the broad range of community services that they might offer. So that means the agency, for instance, in Wilcannia-Forbes, which is a pretty typical, broadly based community service offering family services, employment services and a range of drought relief counselling and other sorts of services, would be in something like 40 different contracts with state and federal government sources in order to make up the funding pool that they use to deliver services.

CHAIR—So governments, in their drive to efficiency, thinking they can do it more efficiently by contracts, actually have the NGOs spending a considerable amount of time with red tape and contract writing?

Mr Quinlan—A massive amount. We have put submissions to the parliament in other places, I think, that the hardest numbers are in the Job Network area. I think the estimates have been that something like 50 per cent of the funding that we receive from federal government sources is spent on compliance and administration. So it is an enormous wastage, particularly when you consider that the funding that is received in that space is administered completely differently to the funding that is received for a different agency next door. It will be reported on different datasets. It will be reported on a different timeline. There will be separate audits required in order to reconcile the grants and so on.

CHAIR—That is because it is from different funding agencies and the like?

Mr Quinlan—That is right. And hence the submission we have made that I think the process the Commonwealth government have undertaken around what they are describing as a compact

to look at some of these issues across the whole sector is a really important process. We would be encouraging again the government to fast-track that process.

CHAIR—Just on the wages issue, I have had some involvement working, for example, for unions in this area. The situation for wages in, for example, aged care as an industry has never been any different. The not-for-profit sector has been largely dependent on the Commonwealth government for funding, at least since 1996 for most of the wages. But would you accept that it might be appropriate to have some caveat that additional money was specifically directed towards wages and employment conditions? Otherwise, we could be a federal government increasing the bundling of money to the agency and the agency decides to spend it on whatever.

Mr Quinlan—That is possible. There are all manner of caveats that are put on funding agreements from time to time.

CHAIR—Have you ever known one to be related to wages and conditions, though?

Mr Quinlan—I have certainly known there to be restrictions on wages and conditions. So we are prohibited from paying above certain awards or certain standards. Again, I would not like to be pinned on the number, but it would be commonly something like 70 or 80 per cent of the budget of agencies that are spent on wages and salaries in any case. So wages do make up the dominant share of the funding. The concern I would have about putting a caveat in relation to funding for salaries is the ongoing concern we have across the board about capital renewal and about training and development for the workforce and a whole range of other issues, which also, I think, rightly will be incorporated into government funding agreements. So I think the question, as the process is beginning now, is to sit down with government and to work out actually what is realistic in terms of some of those sort of ongoing investments in the infrastructure that are required to deliver the services. Frankly, many community organisations have run down their infrastructure over perhaps two or three decades. That is infrastructure that government has depended on, really, to be there in order to provide the sorts of services. We are going to be decreasingly able to support that kind of investment. We are running out of second-hand schools and refurbished buildings and so on. Unless there is substantial capital renewal not just in the churches sector but in the community sector more broadly, those facilities just are not going to exist.

Mrs O'Connor—I have some further concerns about the actual award wages and how we look at them in terms of keeping up with real wages in the sector. Over the next 10 years or so, we are going to have a huge increase in demand for aged services care, yet how we attract young people to come in and deliver these services is a real issue. I have come from a local government background. Nearly all of the carers are probably of an age where they should be receiving the care, not delivering the care. We had a real drive to try to make it an attractive profession—not just see it as house cleaners but people providing a professional service to enable people to stay in their home—but it was always a battle because there was no money to do it.

Mr Quinlan—And often paid—

Mrs O'Connor—Paid very low.

Mr Quinlan—\$20,000 or \$30,000 less than the bureaucrats that they will be working with directly.

CHAIR—The pay is appalling.

Mrs O'Connor—How do we attract a workforce?

CHAIR—The pay was appalling 20 years ago. Anyway, I think the labour supply is the issue.

Mr HAASE—I am interested in what you are saying because there is a degree of confusion in my mind as to whether or not you are speaking about gender pay equity or the low rates of pay within the industry sector.

Mr Quinlan—Sure.

Mr HAASE—I believe that it is the latter that you have the most complaint with?

Mr Quinlan—Yes. It would be, actually, except that our sector is dominated by a female workforce.

Mr HAASE—That is perhaps chicken and egg. You have a situation where the problem is low rates of pay within the industry and traditionally those low paid jobs are taken up by women. Your awards already have built in pay equity requirements, do they not?

Mrs O'Connor—They do.

Mr HAASE—There is no wage variation according to gender?

Mrs O'Connor—No.

Mr HAASE—It is an industry situation that is the problem. Given that—and the Chair, of course, touched upon it—the majority of your revenue is from government sources, we have a major hurdle here. You have a classic chicken and egg situation. You need to get more money into the industry from taxpayers via government. You therefore need to have your budgets increased. You need to pay a better wage in the industry. That will require much greater funding from government sources. So I would suggest it is not so much a gender issue in this particular case as an industry sector low wage issue. That is a different hurdle we have to jump. I understand—

Mr Quinlan—Or by jumping that hurdle we could make a contribution to the broader issue of gender equity. I think targeting industries where there is a predominance of female employees is a logical strategy to improving gender more broadly.

Mr HAASE—I agree.

Mr Quinlan—And it is not just community services. In, I think, hospitality and some other sectors, you could quite clearly identify industry groups that have a predominance of female

employees. By targeting those industries, I think you could make some great steps forward in terms of the broader equity issues.

Mr HAASE—I am sure you are right. This is a major issue for budgeting for aged care, for instance, within the government sector and the affordability and cost of the sector to the Australian taxpayer. That is a question that has to be addressed on.

Mr Quinlan—Yes.

Mrs O'Connor—I think there are a couple of issues here. It is not just the aged sector. It is the provision of services to the disability sector. A lot of women are in the caring role, so it is unpaid caring for elderly people and people with disabilities. Those women tend to work in casual and part-time jobs, which then reduce their ability to access education. They tend to work in the lower paid sectors. But even in local government, when we had a need for men to work in that sector, we could not attract a male workforce to it because the wages were too low. People would not come and work the part-time hours and they would not work for those wages. It is a cycle that goes there. So it is not necessarily that we just have a female workforce there; there is a need for a male workforce as well. But I think if we do not address it and find some way to take the statistics and find a way to implement and change the continuing downward spiral of the pay inequity, what are we doing here?

Mr HAASE—The major question really is: why are we confronted with this existing situation? Is it because there is a call from women to have casualised employment hours or is it because women are in that sector because of their traditional nurturing role? Are there no men in that sector because it does not provide a wage that can provide a family supporting income? There are many issues here.

CHAIR—You are enunciating stereotypes here.

Mr HAASE—I need to. But that is the issue that we need to collectively address. We need to say very strongly that these sectors that are traditional employers of women need to be more highly valued by the community at large so that government budgets afforded to the running of these services—aged care and care generally—are lifted out of that cycle and so a male or female employee will get a wage in that industry that will support the raising of a family.

Mrs O'Connor—I think there are several issues here. It is about how we view work Monday to Friday, nine to five. First of all, it does not often meet the needs of our services, especially in the community sector, in terms of delivery. But we also do not look at making it possible for men who have traditionally been the breadwinner to participate in part-time work because then they face the same issues that the women face about career progression and access to promotion to provide better for their family when in fact government looks at providing wages on a single person unit rather than providing a wage for a family benefit. So there are many—

Mr HAASE—That is the issue, isn't it?

Mrs O'Connor—many, many issues.

CHAIR—It then goes into your discussions with the federal government about the compact and whether in fact the work-life-family balance, which is partly what you are talking about, and greater recognition of the value of work, particularly the work undertaken in the caring and nurturing areas, is your priority for discussion. Or is it in fact about buildings, capital refurbishment and coming down on bureaucracy? Am I making sense?

Mr Quinlan—Yes, sure.

CHAIR—I would also love to know the gender make-up of the people sitting around the table discussing the compact, but that is perhaps another question.

Mr Quinlan—I would be sorry to say that I think it is all of those things, really. There is not a silver bullet or a simple solution. I think that by raising industry standards, to a certain extent we can then better understand whether the workforce is dominated by females because of various terms and conditions or arrangements or because that is a choice people are making. I think if we improve the conditions across the sector, increase the stability of the sector and increase the funding, both males and females will have an opportunity to make of that work whatever it is that they wish to do.

Mr HAASE—Government will ask the question: can we afford that luxury?

Mr Quinlan—The neat, simple answer to that question is: can we afford not to? I think it is not a luxury. I do not think we intended to say it is a luxury. It is just simply the cost of doing the business. Can we afford not to provide those services is the question.

Ms BIRD—I want to ask two questions. My apologies to you. I have to leave for another committee after I have asked this. First of all, I want to ask about whether you have done anything on unpaid hours. My observation would be that yours is a sector where people will regularly do additional hours out of a sense of commitment and vocation that is unpaid. With the best will in the world, often the organisations are not in a position to convert that to paid work because of the nature of the contracts, which you have already discussed. So there is unpaid work. The second thing that has been raised with us consistently is even where rights to maternity leave, flexible work hours and so on and so forth exist within employment agreements, people are unlikely to take them. Some of the evidence has been around promotion and career type issues. But I am also wondering in the sector whether you find people unwilling to take them because of the pressure it puts on their colleagues and their clients, so prohibiting them from accessing what is in place as well. There are those two issues.

Mr Quinlan—I do not have any hard numbers that I could give you from our sector except to confirm that the trend you are talking about is a strong one and that for many in the sector there is no capacity to backfill or to fill in. So, for instance, if people go on leave, it just means that work is not done. It is frankly very difficult for the people who are at the front line because they see as they walk out the door the people in the queue for their service. ACOSS did some studies. I think the most recent numbers were for 2006 and 2007. In that year, something like 80,000 Australians who are eligible for services did not receive them. That was just in a small section of an ACOSS study. They did not receive them because the funding was not adequate. So it means quite literally that when people are deciding to go on holidays, take leave, take extended parental

leave or make other arrangements, Australians in need of essential services are missing out. So it is a real challenge.

Ms BIRD—What about the unpaid hours? Have you done any surveys of your staff about the numbers that they do?

Mrs O'Connor—With our staff within the bishops conference and the agencies, which is separate from our Centacare agencies that deliver the service, we have in our terms and conditions time in lieu policies, as do the Centacare agencies. Once again, it is there but—

Ms BIRD—How does that address my point?

Mrs O'Connor—But it is about the ability to be able to take that. We are also trying to look at how we deliver our work. To coin a phrase, we are trying to work smarter rather than harder and look at what it is we are trying to deliver and how best we can deliver it. So there is work starting on trying to do that, but it is a bandaid for a large wound.

Mr Quinlan—You used the word ‘vacation’ in your question. I think it is important to come back to because the challenge we have constantly faced—to be honest, we have been guilty of playing the same game to a certain extent—is to understand what it means to be an outsourced provider of government services. It is essentially making widgets or building widgets at a certain cost per unit on the one hand and actually being a partner in the provision of services on the other hand. I think we are seeing the failure of many of our contracting models because we have tried to apply contracting models that were developed for the production of widgets and worked arguably well for the production of—

Mr HAYES—The two actually operate inconsistently.

Mr Quinlan—They do. And I think what we would be hoping to see is a swing back towards a contract arrangement nonetheless but a contract arrangement that looks much more like a partnership in the provision of a service than it does in terms of an outsourced provision of a government service.

Ms BIRD—Would you support an outcomes based approach that does not pay per hour or per service or whatever but actually provides on the outcomes for the clients?

Mr Quinlan—I think there needs to be an element of both. We would certainly be encouraging our services to be seeking outcomes in any case whether that is how they are paid. But there are some traps in outcomes based funding as well. The current crisis in the employment services area is a good example, where, through no fault of the agencies providing the services, the outcomes in those Job Network agencies have plummeted and the queues are getting longer. So right at a time when those agencies are anticipating an increased demand in the next six to 12 months, they are laying off staff because they have not been receiving adequate outcome payments. So right at a time when I think it would be in the interests of both government and the sector to be building up that workforce and preparing for the onslaught, the funding model is not working. I think that is a reflection of the balance between what we would call in that sector outcomes fees and service fees. That mix, which has to be a mix somewhere, is out of whack.

Mr HAYES—Throughout the community sector and the disability sector, particularly aged care—I understand and take Barry’s point that we are almost talking sectors here as opposed to gender difference—mainly because of wages and time constraints, it is going to be women that gravitate to those areas in the first place. But it seems to me that simply having our outsourcing arrangements by competitive tendering by itself is always going to deliver or prohibit any form of wage adjustment. So, therefore, whether there be a greater pool of money put there and it still goes out to competitive tendering without being outcomes based, as you are talking about, or a mixture, you are still going to be out there trying to attract blokes that are not out there.

Mr Quinlan—Particularly in our industry, as was said earlier, so much of the spend, so much of the total budget, is wages and salaries. It is not as if we can deploy a smarter technology or we can build a better machine to make the widgets. If there are cutbacks in our sector, it is likely to be in the areas of wages and salaries and training and professional development.

Mr HAYES—Throughout that whole sector there is not really great capacity for an employer to sit back and actually negotiate these things. In your sector, the employees will ordinarily be price takers. The price taking employee ordinarily is going to be a female.

Mrs O’Connor—I have real concerns about competitive tendering in that area because it just tends to push the wages down so people actually get the business. Then you find that you have this small pool of money to deliver those services. The first thing that gets affected is your wages when that is the largest part of your funding. I have seen that happen right through that era in local government, when we had compulsory competitive tendering happening in exactly those areas, especially in the aged care services. The wages were just decimated through that area.

Mr HAYES—I know this is not a committee looking at paid maternity leave per se, but in terms of paid maternity leave, I think the Catholic universities actually led the charge in developing that. You made some comments early in the piece about looking holistically at female salaries. You have to look at not just superannuation or a lack thereof through a lack of continuity but also paid maternity leave. How much does that factor into a continuity of workforce within the aged care and community based sectors and where women who cannot access paid maternity leave as a consequence actually leave the sector?

Mr Quinlan—Yes, I think that is certainly the case in terms of the inadequacy of the paid maternity leave arrangements that are in place under many awards that would be covered. But the second issue also relates back to the contracting issue that I talked about before. We have the situation currently, for instance, which is not at all atypical, where some of our agencies are waiting for the federal government to determine whether beyond 30 June this year it will provide funding for a particular program. It would not be uncommon in our services for us to wait until the middle of June for the government to make its decision about whether those services will be ongoing. So when services are funded often on an annual basis, sometimes on a biannual basis, it is almost impossible for women in those workforces to make sensible plans about taking some reasonable time off or for parents—fathers as well—to make reasonable plans about taking substantial time off because you just may not know whether the program is going to exist when you come back from that leave.

Mr RAMSEY—I want to follow on from Chris regarding maternity leave. By way of explanation, I have come on to this inquiry a bit later than others so I am still trying to catch up

on information. Most submissions have somewhere focused on maternity leave, as has yours. I would like your reflections on the current scheme, which is the abominably named and appallingly marketed baby bonus. It is in fact a pool of money that is going to support those who are raising families and at least does give government a halfway fighting chance of putting some maternity scheme together because there is already some existing funding. Can you point out to me what you think is wrong with the current package? Inasmuch as I presume the Catholic Church would be very supportive of those who choose to stay home and be full-time parents, if we adopt a paid maternity scheme or paternity scheme for Australia for those who are in the workforce, how do we address those who wish not to be in the workforce and be full-time parents? I would have thought that would be a core issue to you.

Mr Quinlan—Yes, sure. I think if there were a simple answer, you would have had it already, so I cannot give you the simple answer. But I think my general comment would be that a system of bonuses is always going to be inadequate across all of our entitlements and payments, whether it is pension payments or unemployment benefits or others. I think there is a fundamental flaw in paying bonus payments.

Mr RAMSEY—Do you mean as in lump sum?

Mr Quinlan—As in lump sums and as in one-offs. I think we really need to go back to things like our federal minimum wage and the basic sort of terms and conditions upon which parents are able to take leave to look at an approach to building up a system that is more supportive. The fundamental problem that I think we have is the current disconnection between wages, particularly minimum wages, and the pension system. So when we make submissions before the Fair Pay Commission, for instance, we like to discuss the minimum wage and do not like to talk much about the transfer system because that is considered somehow separate. The government set the transfer system and vice versa. We come to talk about pensions and they will not want to talk about the minimum wage. We have a system that is built around the notion that the minimum wage now need not be adequate to support a family in employment because the government—

CHAIR—The family tax benefit.

Mr Quinlan—Because the government is going to provide transfers that will compensate for that. But those two discussions are always held separately. So our concern is that we ought to be bringing those discussions together and building up an overall system that has an opportunity to actually support some level of family payment, living wage or whatever you might call it. The second concern we would have is that in that system on the one hand we have, whatever its merits or otherwise, an independent body established to set minimum wages. So the Fair Pay Commissioner was established to determine minimum wages independently, but the pensions and entitlements are not reviewed independently. So notwithstanding that we have a current review underway, and that is a welcome review, we have until now set those pensions and entitlements through an entirely political process whereby governments of all persuasions can make bonus payments and one-off adjustments to transfers that are actually affecting the living wages of Australians. We think that is an inadequate system.

We have made submissions that pensions and entitlements ought also be set by an independent commission or reviewed by an independent commission routinely to determine what it is that an unemployed person or a pensioner requires to live a reasonable and dignified existence with their family. Through the wages system

and the pensions and entitlements system we can come to some notion of what it actually costs people to live and support their family with some basic level of dignity. It is probably beyond the scope of this panel.

Mr RAMSEY—It is as clear as mud. I understand what you are saying.

Mr HAASE—I have a very simple question. Rowan's point of discussion and your reference to what we know as family tax benefits begs the question about your belief in whether or not the means testing of some of those tax benefits is appropriate. You perhaps suggest that it is not appropriate. I would like to hear about that.

Mr Quinlan—Yes. I think clearly not. But I would also be honest and say that it is a particularly difficult problem. Adequate means testing is really a very difficult mechanism to set up because there are so many opportunities for income to come from a range of sources—partner arrangements, company arrangements and so on. So means testing is particularly difficult but is an absolutely important principle. Of course, we would support the notion of means testing as a fundamental. I think it just means we have to constantly review the sorts of anomalies that do see people on higher incomes. For instance, the current stimulus package will see some reasonably high income earners able to package their salaries and receive the bonus because they can package their salaries down and receive a bonus. We will see other low income earners who on the face of it ought to be entitled not receive a payment. All of these systems are imperfect and it is not necessarily a criticism of the whole system except to say that I think we must be constantly vigilant for those sorts of anomalies.

Mr HAASE—And I accept that that is very different to the issue we are discussing in committee, Sharon. Thank you.

CHAIR—Maybe.

Mr SYMON—I would like to change tack on the questions and talk about legislative reform. In going through your submission and, I must say, many, many others before it as well, certainly a clear indication comes through that there is a lot more to be done. I think at state and federal level that is well known. But right near the end of your submission you talk about related realistic and enforcement arrangements. It is the realistic part that I am interested in. We get a lot of groups in here to talk to us. I suppose from the committee's point of view, things that have already been put in legislation have not worked to solve the problem that we see. So if you have a realistic side, what is it that we have missed so far in terms of what government should be doing to solve this problem? Do you have any suggestions or ideas in that area?

Mrs O'Connor—I looked at some of the submissions before coming here. Some suggestions being made about the Sex Discrimination Act and the reforms that could be undertaken in there seem to be a reasonable approach. Some of the submissions talk about gender equity audits. I wondered if there was any merit in that or whether it was just another administrative thing we would be putting on organisations to do. It is such a complex and difficult issue to deal with because it seems to be that no matter what you put in place, people find a way around it.

Mr SYMON—Yes.

Mrs O'Connor—You do not want to disadvantage the people who are doing the right thing by making another administrative task for them to take them away from their service delivery. But I do not think we have the answer.

Mr SYMON—I suppose I could add to my question, then. It is a question I have asked several times before. It is especially the things that go beyond what can be measured in take home pay. You touch upon it in your submission as well as access to training and promotion for women who have taken maternity leave and come back in. But there is a whole lot of other things along the way that in some cases are intangible but have that effect. When you sit down and compare the figures at the end of the year, it creates that gap. That is why I am interested in anything you think is realistic that we might not have considered that you might already be aware of or might have held out as an ideal that if we were to do the scenario, for instance, it would change the figures that we see at the end of the year. I think from a government point of view that it is very hard. We see the figures. We see the gap. I, for one, get very frustrated that there is a gap despite there being legislation that says there should not be.

Mr Quinlan—Sure. I think it is, as Sue said, a mix of legislation and cultural reform. We made that point in our opening statement, I think, that we are talking about transforming cultures and the culture of employment, particularly as we move from an economy built around manufacturing and clocking on and clocking off. That is a very different environment to a sort of service economy. I think that is an enormous shift that we are only possibly just beginning. I speak for my own organisation. We are beginning to look at just how flexible our arrangements really can be. Once you relieve yourself of the notion that you are factory building widgets between nine and five, you actually realise that there is a whole lot of things you can do about flexibility of hours and arrangements and return from maternity leave and parental leave and so on. That is cultural reform.

But I make the point that there are some fairly major pieces of legislative reform that are still missing from the picture. Paid maternity leave or parental leave is, I think, the most obvious one. Without a major piece of the puzzle, we are just not likely, I do not think, to overcome some of the major hurdles in the overall environment and create an environment where people can realistically enjoy some of the flexibility we are talking about.

Mr SYMON—Certainly as a country without a paid maternity leave scheme I agree with that. But, I suppose from a wider perspective, even women in the workforce who have not taken maternity leave and do not have children will still have this gap.

Mr Quinlan—Sure.

Mr SYMON—Yes, I am certainly interested in the paid maternity leave scheme and how it affects them. But, from a wider perspective, when we look at the figures at the end of the year, there is still a gap.

Mrs O'Connor—It was interesting to see the studies done in the Public Service about the difference between women who stayed in the workforce in terms of promotion and progression versus the women who took maternity leave. So the government could be looking at their own workforce first. But also, with paid maternity leave, I am shocked that the government is thinking of not going forward with it. It is everybody's right to it. That is what we put forward in our submission. It is everybody's right to access that. But it is also everybody's responsibility to contribute to funding it. Our submissions on those matters were that it should be jointly funded

by all employers and government because it is all employers that will benefit from having a workforce in the future to carry on their business.

Mr SYMON—Of course.

Mrs O'Connor—That was not considered in the final report, so we found that a bit amazing. But to have anything to start with would be better than what we have got. We need to start somewhere. We talk a lot about it, but we do not see much happening on the ground. It is complicated, but you need to start somewhere. Even something small will help.

CHAIR—One benefit of having been in the industrial relations field for nearly 30 years is that I can still remember them opposing unpaid maternity leave. So do not give up hope, Sue. I guess I want to flesh out a little the issue of contact. We have identified that gender pay equity is not a simple problem caused by one or two easily identifiable things. I think we understand that any responses or recommendations we need to make have to cover potentially a broad range of initiatives. They include carrot and stick type activities with equity audits. There are good ones that I would encourage employers to do before they embark on pay rises, partly because some councils that employed them discovered that they had pay equity gaps that they had not even identified. I think it is part of fleshing that out. So there might be that sort of reward for good behaviour. Yes, I agree it should not be adding an administrative burden to employers.

But what I keep coming back to is this area of predominantly female employment. We have the most sex segregated labour market in the world here in Australia. Industries like aged care, disability services, community services and child care are the ones that I think the bulk of your organisations are in. I would like to think there are some practical things we can do. It bothers me that this compact you are discussing is in part not challenging things outside the box. By that I am saying that there is lots of federal government funding available at the moment for a variety of things, not the least of which is the productivity places for employment services.

We have a major problem in these sectors attracting people into employment. You are not asking for new money from the federal government. You are asking for that money to be targeted to industries where we know we have a labour supply shortage. So I really want you to think a little more about this approach to the compact. I have always been one that likes planning and community services for whole-of-life arrangements, not for sectors of my life, which reflect various Commonwealth government agencies or state government funding agencies. I think those kinds of steps we take as a community will assist that sort of cultural and social change. We need an economic analysis which demonstrates that every dollar you increase the wages of a carer is going to have X impact overall. A reduction in family tax benefit payments by government is another way of demonstrating that this is not all about how much you have to pay but the benefits that there are—

Mr Quinlan—The benefits of the investment.

CHAIR—I know this sounds awful to say, but there is economic rationalism in this as well.

Mr Quinlan—It is the language.

CHAIR—Lose this language barrier and you never get anywhere in this sector. Maybe it is not appropriate necessarily for this committee, but certainly it is in areas that are about that gender pay gap, which is, ultimately, it seems to me, about women still having the primary carer role. We are working in sectors that are traditionally low paid because they are predominantly female sectors. You are in a good position to give us some practical recommendations.

Mr Quinlan—I will not judge that—well, I will a bit—except to say that part of the business of having run down the services to the point where essentially we are paying wages and not

much else is that there is a capacity constraint in this section of the economy, which is about our capacity to actually conduct the sort of research and analysis that you are talking about over time. We receive our funds—

CHAIR—Maybe that is a practical suggestion for this committee.

Mr Quinlan—We receive our funds to deliver a certain number of widgets. Frankly, we have been squeezed on every front from doing any of the sorts of research that you are talking about that would cover that.

CHAIR—I will give you one classic example. My observation—and I have not been able to substantiate it—would be that when enterprise bargaining became the flavour of the day, the first squeeze went on in terms of funding in these sectors because they just assumed that you would be able to find the 3 per cent wage increase through savings. In my experience, in industries like aged care and child care, it was a nonsense. We have had enterprise bargaining since 1993. We saw some information the other day that showed that you can literally trace enterprise bargaining's start and then Work Choices started. The pay gap is what got bigger.

Mr Quinlan—Yes.

CHAIR—From that point of view, I understand what you are saying about capacity constraints. But if you are not careful, you get to the point where the government starts to think, 'Surely we can provide these services. If we have to take back on all this cost of administration, what were the savings in the first place?' I guess your response to that is, 'Well, my organisation has been working in this area of providing care and services to people for centuries.'

Mr Quinlan—Governments came to it quite recently, but we are glad they did.

Mrs O'Connor—This is not the only area where we have been calling for many, many years to have some research funded into the adequacy of the federal minimum wage. All of that flows across this. It is about funding wages, funding jobs and funding services.

CHAIR—It does. But I think your problem, from a human rights and equal opportunity point of view, is that the only fair way to determine the federal minimum wage is on the basis of an individual. To do anything other than that is to go back to the days where we assumed that a worker was a breadwinner with a dependent wife and three kids.

Mrs O'Connor—We can accept the individual wage. It is then about, as Frank was saying, the adequacy of the transfer payments and getting both of those groups to talk together. Because it flows on even further than just family tax benefits. It flows on to the funding that is available for students to access education, to live out of home and to access education. This is again providing our future workforce. There are all sorts of funding available there, but you go through all the lists and it is hard to find anywhere where you actually fit and young people can get funding in some instances.

CHAIR—I think what I am trying to suggest to you is: would it not be better, either to us or through your compact discussions, to actually go saying, 'This is what we need and can do?' We lived through the equal pay case for nurses and comparable worth and there has been a

substantial improvement. But I know very well that it has not increased substantially the number of nurses employed in aged care. They are still earning less in aged care than they are in the public hospital system. So it is not just about wages.

Mrs O'Connor—No.

CHAIR—What did we miss in that transition? If we are going to do it for carers, who are the significant shortage group, it is about finding ways of combining education with employment, so you are upskilling them and their qualifications at the same time. It might be about work-life balance issues that we have not yet properly identified. But I think you are in a better position, because you have this overview of all of your services, to come to a compact or to a group like ours saying, ‘These are the things that would go a long way to improve the system.’

Mr Quinlan—Or sort of improve.

CHAIR—Are there any other questions from committee members?

Mr HAASE—I do not want to prolong the process, Chair. But I think, once we have broached this particular aspect of the debate, aged care would be one of your significant employment areas. My perception presently is that aged care is in crisis.

Mr Quinlan—Yes.

Mr HAASE—You have already raised the issue that we have this industry pay inequity as opposed to gender pay inequity. You say that your resources and your infrastructure are deteriorating. Do you perceive that on the part of government there is a belief that because you are continuing to provide the services you must therefore be sustainable and that nothing needs to change in the funding regime because you keep on stepping up to the plate?

Mr Quinlan—That is exactly right. I am less expert than my colleague Martin Lavery at Catholic Health Australia, who could certainly give you some more direct feedback on the aged care situation. My understanding of what is happening in aged care is that fewer agencies are stepping up to the plate. It has actually reached that point of a crisis where agencies are saying, ‘No, we simply can’t agree to provide this service at this inadequate level.’

CHAIR—That may be right, but we are talking about a crisis that is at least of 10 years duration. If you are going to try and labour the current government’s term, I am suggesting it has a slightly longer history than that.

Mr HAASE—I am appalled, Chair. My awareness is that regional health care providers in particular these days, because of the skills crisis, are simply saying, ‘Enough is enough. We can no longer provide this service.’ It is apparent to me that the best, softest estimates are that to run regional aged care costs 20 per cent more than metropolitan care these days. Anyhow, Chair, I do not want to push on.

Mr RAMSEY—In that light, you said Martin Lavery.

Mr Quinlan—Lavery. I could ensure Martin Lavery makes some submissions.

Mrs O'Connor—One of the problems with the regional delivery of aged care is the immense distances and the cost that the people need to travel. So to have the number of staff to deliver it to isolated people, it is—

Mr RAMSEY—The cost of building in the country is high. I am meeting with some aged care people tomorrow.

CHAIR—There being no further questions, I would like to thank you very much for your attendance here today. I hope it has not been a terrible experience for you. We have been very grateful for your being here. If we have asked for any additional information, I ask you to provide that to the secretary. Frankly, we may have additional questions following this hearing, which the secretariat will forward to you for your response. You will be sent a copy of the transcript of your evidence, to which you can make corrections of grammar and fact. On behalf of the committee, I would like to thank you very much. I am sorry I was not able to spend more time here.

Mrs O'Connor—You have seen a few things.

CHAIR—Thank you very much for that.

Resolved (on motion by **Mr Ramsey**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.20 pm