



Community and Public Sector Union

Michael Tull – Assistant National Secretary

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Senate Finance and Public Administration Legislation Committee
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Dear Committee Members

Inquiry into the Australian Government Boards (Gender Balanced Representation) Bill 2015

The Community and Public Sector Union (CPSU) welcomes the opportunity to comment on the *Australian Government Boards (Gender Balanced Representation) Bill 2015* (the Bill).

The CPSU is proud of its record of supporting improvement in the working lives of Australian women and regards enhancing women's participation in the workforce and their access to the most senior roles as highly important. As an organisation with a majority female membership and leadership, the CPSU has a long history of campaigning for gender equality, whether industrially by campaigning for more flexible work arrangements and superannuation payments on unpaid maternity leave or through public advocacy on the needs of working women through submissions to Government and our *What Women Want* survey.

The lack of representation of women on government boards unfortunately reflects their disproportionate employment in senior positions in the APS and the economy more broadly. These senior roles provide the vital feeder streams for women to take positions on boards. That said, the current pool of women with the necessarily skills to contribute at these most senior levels should not be underestimated.

There is an unquestionable need to improve gender balance on boards. There is strong evidence that gender-balanced boards are more effective¹, and the role of the public sector in serving the interests of the Australian community demands public sector boardrooms that reflect the gender diversity of our community. Furthermore, government must provide leadership to the private sector in this area, where despite positive trends gender diversity among company directors and key executive management personnel remains generally poor.²

¹ Whelan, J and Wood, R 2012, *Targets and Quotas for Women in Leadership: A Global Review of Policy, Practice, and Psychological Research* Melbourne Business School, Victoria.

² Women on Boards 2015, *2015 Boardroom Diversity Index*, available at <http://www.womenonboards.org.au/pubs/bdi/index.htm>, accessed 27 May 2015.



The positive effect of specific, challenging goals on management performance, when combined with feedback and accountability measures, is unequivocally effective.³ The Gillard Government's introduction of a 40:40:20 target for gender balance on government boards has proved valuable. By 2012-13, by portfolio, more than 50 per cent of the 18 government portfolios had on average attained the target.

The decline in women on government boards since 2012-13, while small, is concerning. *Decisive* action to arrest this decline must occur. Consequently, the CPSU welcomes the Bill. Mandating gender balanced government boards will ensure that improvements made under the existing target structure are not lost. Entrenching whole of government reporting requirements in statute will ensure that high-quality information about the government's performance remains routinely available for public scrutiny.

Extending reporting requirements to departmental secretaries (pivotal in the selection and appointment of government board members), is a particularly positive change. It is essential that the party responsible for attaining a goal is directly accountable for their performance. Otherwise, the effectiveness of a goal is undermined.

While measuring performance towards achieving gender balanced government boards on average is informative, ultimately gender balance on individual boards is required for the benefits of gender diversity to accrue. The Bill will give a clear parliamentary direction to the government that Australians expect gender diverse government boards. However, there appear to be a number of opportunities to strengthen this direction.

The CPSU notes that the gender balance requirement will not apply where the maximum number of board members is four or less, which is explained in the explanatory statement to the Bill as a consequence of 'the mathematical difficulty of determining the relevant percentages for these numbers'. The CPSU questions the legitimacy of this explanation. It is correct that it is not possible to arrive at an integer in these circumstances. However, it is possible to design a quota rule that accommodates boards where the maximum number of members is four or less while maintain a gender balance requirement.

For example, the Bill could provide that for boards where the maximum number of members is four or less, rounding will determine the minimum number of members of each gender. If the basic quota results in a fraction of one half or more, the quota is rounded up; the quota for a fraction of less than one half should be rounded down. The principle underlying a gender quota would thereby be achieved.

The CPSU notes that the gender balance requirement will also not apply where the requirement is, due to extraordinary circumstances, not reasonably practicable. The explanatory statement to the Bill sets out a framework for deciding that extraordinary circumstances prevent the gender balance requirement from being upheld. The value of a statutory target for gender diverse government boards is that the target becomes mandatory. An "extraordinary circumstances" exception undermines an obligation to achieve gender diversity. While the CPSU acknowledges the practical need for this exception, it must not be available as an excuse. The CPSU suggests that the framework for deciding that extraordinary circumstances have arisen should form part of the Bill, rather than merely being included in the explanatory statement to Bill.

Finally, the CPSU *What Women Want Survey*, the largest survey of working women in Australia, highlights the need to assist women develop the necessary skills to participate in

³ Whelan, J and Wood, R 2012, *Targets and Quotas for Women in Leadership: A Global Review of Policy, Practice, and Psychological Research* Melbourne Business School, Victoria.



senior roles. CPSU members regard mentoring as one of the key ways to do this⁴ but other mechanisms should also be explored to ensure the pool of available, skilled women is expanded.

Yours sincerely

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⁴ Community and Public Sector Union 2014, *What Women Want 2013/14 Survey Report*