

*The lack of adequate data on earnings and conditions of employment contributes to poor understanding among the wider community about the nature and extent of gender pay inequity in Australia.<sup>1</sup>*

## Data collection and research

### Current data

9.1 The International Labour Organisation Committee of Experts responsible for reporting on the Convention Concerning Discrimination in Respect to Employment and Occupation (ILO Convention 111) noted that, from an international perspective, the difficulties in the application of equal pay for equal work stem from:

- insufficient data and research; and
- inadequate financial resources for collection of data and instituting appropriate job evaluation schemes.<sup>2</sup>

9.2 Similar issues continue on a national scale, where the Committee on the Elimination of Discrimination Against Women (CEDAW) commented that:

The Committee regrets that the report [*Australia's Combined Fourth and Fifth Reports to the United Nations on CEDAW, June 2003*] neither provides sufficient statistical data, disaggregated by sex and ethnicity on the practical realization of equality between women and men in all areas covered by the Convention nor

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1 Work and Family Policy Roundtable, *Submission No. 143*, p. 8.

2 Group Training Australia Ltd, *Submission No. 45*, p. 5.

information on the impact and results achieved of legal and policy measures taken. It also regrets the absence of sufficient information and data on women with disabilities.<sup>3</sup>

## Equal Opportunity for Women in the Workplace Agency

- 9.3 The Equal Opportunity for Women in the Workplace Agency (EOWA) is a statutory authority of the Australian Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs.<sup>4</sup>
- 9.4 EOWA's role is to administer the *Equal Opportunity for Women in the Workplace Act 1999* (Commonwealth) and through education, assist organisations to achieve equal opportunity for women. EOWA works with employers to improve equal opportunity outcomes for women in the workplace by:
- delivering practical solutions;
  - building strategic partnerships; and
  - leading public debate to increase the rate of change.<sup>5</sup>

### EOWA research and resources

- 9.5 EOWA collects data and undertakes research each year to monitor the issues facing women in the workplace. EOWA research and data relevant to the inquiry:
- *EOWA Census of Women in Leadership and Top Earner Report*;
    - ⇒ Begun in 2002, this report analyses the numbers and positions of women and men in corporate leadership roles in the top 200 companies on the Australian Stock Exchange.<sup>6</sup>
    - ⇒ EOWA has conducted the census and associated research producing reports in 2002, 2003, 2004, 2006 and 2008.<sup>7</sup> Most recently, EOWA released *Pay, Power and Position: Beyond the 2008 EOWA Australian*

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3 Committee on the Elimination of Discrimination against Women, 2006, *Concluding comments of the Committee on the Elimination of Discrimination against Women*, United Nations Convention on the Elimination of All Forms of Discrimination, p. 3.

4 Equal Opportunity for Women in the Workplace Agency, *Submission No. 113*, p. 5.

5 Equal Opportunity for Women in the Workplace Agency 2009, *Equal Opportunity for Women in the Workplace Agency*, Sydney, viewed 9 September 2009, <<http://www.eowa.gov.au/>>.

6 Equal Opportunity for Women in the Workplace Agency, *Submission No. 113*, p. 14.

7 Equal Opportunity for Women in the Workplace Agency 2009, *Equal Opportunity for Women in the Workplace Agency*, Sydney, viewed 24 September 2009, <[http://www.eowa.gov.au/Australian\\_Women\\_In\\_Leadership\\_Census.asp](http://www.eowa.gov.au/Australian_Women_In_Leadership_Census.asp)>.

*Census of Women in Leadership*, which adds to the Census of Women's Leadership findings.

- *Generation F: Attract, Engage, Retain*;
  - ⇒ In April 2008, EOWA released this report that analysed the findings from a series of focus groups and an online survey of more than 1600 men and women across Australia. The report revealed that many employers are not providing workplaces that enable women (aged between 16 – 65 years of age) to fully participate in the Australian workforce, for reasons such as lack of workplace flexibility towards work/life balance, and workplaces not providing clear career development.<sup>8</sup>
- *EOWA Annual Survey*;
  - ⇒ Based on an annual survey of report contacts in EOWA reporting organisations (more than 2,300 organisations provided annual compliance report in 2008), this survey collects data on the provision and prevalence of specific employer initiatives, as well as opinion data on the emerging issues for employers in maximising outcomes for both female employees and the business.<sup>9</sup> The most recent report is titled *EOWA Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap*.<sup>10</sup>
- *Auspoll Research Consulting Survey on Australians' Attitude to Pay Equity*;
  - ⇒ In partnership with Diversity Council Australia, EOWA commissioned quantitative surveys conducted in September 2008. Two similar surveys were conducted, a general population online interviews of approximately 1200 people, and an online survey of 2,213 Workplace Training Advisory Australia business professionals. The purpose of the surveys was to identify the level of community awareness and understanding of the pay gap in Australia, and whether there is a need to educate the public on the complexities of gender pay inequity.<sup>11</sup>

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8 Equal Opportunity for Women in the Workplace Agency, *Generation F: Attract, Engage, Retain – Australian workplaces not positioned for productivity: EOWA research*, Sydney, 29 April 2008.

9 Equal Opportunity for Women in the Workplace Agency, *EOWA Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap*, Canberra, 2009, p. 3.

10 For report see:

<[http://www.eowa.gov.au/Information\\_Centres/Media\\_Centre/Media\\_Releases/2009\\_Alcoa\\_Survey.asp](http://www.eowa.gov.au/Information_Centres/Media_Centre/Media_Releases/2009_Alcoa_Survey.asp)>.

11 Equal Opportunity for Women in the Workplace Agency, *Submission No. 113*, pp. 19-20.

## Compliance reporting

9.6 Currently, under the *Equal Opportunity for Women in the Workplace Act 1999* (EOWW Act) businesses of over 100 employees<sup>12</sup> are required to report to EOWA annually. EOWA explained that,

By legislation they [relevant organisations] are required to have a program in place and tell the government about it. They are required to analyse issues around seven employment matters being those areas where women traditionally are touched by discrimination: recruitment and promotion, work organisation, pregnancy, sexual harassment, training and development.<sup>13</sup>

9.7 As per Section 19 of the EOWW Act, a non-compliant organisation is one that:

- fails to lodge a public report or confidential report as required; or
- fails to provide further information in accordance with a notice given under section 18.<sup>14</sup>

9.8 As a consequence, and in accordance with Section 19 of the EOWW Act, EOWA is required to name non-compliant organisations in a list presented annually before parliament. There is also a contract compliance policy, which renders non-complaint organisations ineligible to tender for government contracts and some industry assistance. Once a non-compliant organisation submits a compliant report their name is removed from the list.<sup>15</sup>

9.9 Annual compliance reporting provides information and data that,

...enables EOWA to undertake research for the purpose of measuring progress towards, and promoting, equal opportunity for women in the workplace.<sup>16</sup>

## Australian Bureau of Statistics

9.10 The Australian Bureau of Statistics (ABS) collects a wide range of information on the structure and operations of the labour market, and the

12 Definition for organisations covered by the legislation can be found Section 3.1 of the *Equal Opportunity for Women in the Workplace Act 1999*.

13 Ms. Anna McPhee, Director, Equal Opportunity for Women in the Workplace Agency, *Transcript of Evidence*, 26 September 2009, p. 19.

14 *Equal Opportunity for Women in the Workplace Act 1999* (Cwlth), Section 19, (1)(a-b).

15 Equal Opportunity for Women in the Workplace Agency, *Submission No. 113*, pp. 9-10.

16 Equal Opportunity for Women in the Workplace Agency, *EOWA Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap*, Canberra, 2009, p. 3.

links between work, family and community life. The ABS has a number of data sources on employee earnings which enable the measurement and analysis of pay equity.<sup>17</sup>

9.11 ABS surveys collect information from businesses (business surveys) or from individuals in a household (household surveys). The main differences between the two types of survey methodologies are as follows:

■ Business Surveys:

- ⇒ more robust earnings estimates as the data are obtained from employers' payrolls;
- ⇒ the ability to collect the components of earnings separately (i.e. ordinary time and overtime earnings);
- ⇒ better, more consistent, industry and sector estimates - industry coding is based on the main activities of the business (as maintained on the ABS Business Register);
- ⇒ little or no demographic information about employees.<sup>18</sup>

■ Household Surveys:

- ⇒ less robust earnings estimates as they are reliant on respondents accurate recall of their (pre-tax) earnings. In addition, for some household surveys respondents report on behalf of others in the households and this can affect the quality of data reported;
- ⇒ a wide range of socio-demographic and employment characteristics.<sup>19</sup>

9.12 The ABS suggested three main sources of data to monitor pay equity:

- survey of *Average Weekly Earnings* (AWE) - (cat no. 6302.0);
  - ⇒ AWE provides a quarterly business survey measure of the level of earnings, and represents the ABS headline measure of average earnings. The sample size is approximately 5,500 employers.<sup>20</sup>
- survey of *Employee Earnings and Hours* (EEH) - (cat. no. 6306.0);
  - ⇒ EEH provides two-yearly business survey statistics on the composition and distribution of employee earnings, the hours they

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17 Australian Bureau of Statistics, *Submission No. 132*, p. 1.

18 Australian Bureau of Statistics, *Submission No. 132*, p. 2.

19 Australian Bureau of Statistics, *Submission No. 132*, p. 2.

20 Australian Bureau of Statistics, *Submission No. 132*, p. 4.

are paid for, and the methods used to set their pay. The sample size is approximately 9,000 employers and 57,000 employees.<sup>21</sup>

- survey of *Employee Earnings, Benefits and Trade Union Membership* (EEBTUM) – (cat. no.6310.0);
  - ⇒ EEBTUM collects weekly earnings data together with a range of socio-demographic information, including: sex; age; marital status; relationship in household; geographic region; school attendance; country of birth and year of arrival in Australia.
  - ⇒ EEBTUM is a household survey conducted annually (in August) as a supplement to the monthly Labour Force Survey (LFS). The survey has a sample size of approximately 30,000 employees.<sup>22</sup>
- Labour Force Survey (LFS)
  - ⇒ LFS is a monthly survey of approximately 24,000 dwellings across Australia, which provides estimates of labour market activity of Australia's resident civilian population aged 15 years and over. Estimates are available by State/Territory, capital city/balance of state, and sub-state regions.<sup>23</sup>

## Household Income and Labour Dynamics in Australia

- 9.13 The Household Income and Labour Dynamics in Australia (HILDA) Survey is a household-based panel study which began in 2001. The HILDA survey is funded by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), and responsibility for the design and management of the survey lies with the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne.<sup>24</sup>
- 9.14 FaHCSIA stated that the primary objective of the HILDA survey is to support research questions falling within three broad areas:
- income dynamics - with a particular focus on how households respond to policy changes aimed at improving financial incentives, and interactions between changes in family status and poverty;

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21 Australian Bureau of Statistics, *Submission No. 132*, pp. 5-6.

22 Australian Bureau of Statistics, *Submission No. 132*, p. 9.

23 Australian Bureau of Statistics, *Submission No. 132*, p. 31.

24 Melbourne Institute of Applied Economics, University of Melbourne, Household Income and Labour Dynamics in Australia Survey, viewed 2 July 2009, <<http://www.melbourneinstitute.com/hilda/>>.

- labour market dynamics - with a focus on low-to-middle income households, female participation, and work to retirement transitions; and
  - family dynamics - focusing on family formation, well-being and separation, along with post-separation arrangements for children and links between income support and family formation and breakdown.<sup>25</sup>
- 9.15 The range of topics covered in HILDA extends well beyond the three aforementioned identified areas to include such things as life satisfaction, health outcomes, neighbourhood characteristics, time usage and work-family balance.
- 9.16 According to the 2006 WESKI report, the main advantages of the HILDA survey, when monitoring developments of new or changing workplace regulations, are that:
- the survey is conducted annually, which means that it is available more regularly than the some of the two yearly ABS survey reports; and
  - as a longitudinal data set, the same respondents are surveyed in each wave and it is possible to undertake analysis examining variables for the same individuals through time.<sup>26</sup>

## Workplace Industrial Relations Surveys

- 9.17 The Australian Workplace Industrial Relations Survey (AWIRS) was a large national scale survey of industrial relations. Two AWIRS have been conducted, the first in 1990 by the then Department of Industrial Relations, and the second in 1995 by the then Department of Industrial Relations which later became the Department of Employment and Small Business (DESB).<sup>27</sup> AWIRS has not been undertaken since 1995. This type of national survey continues to be conducted in other countries such as the British Workplace Employment Relations Survey (WERS) which was most recently conducted in 2004.<sup>28</sup>

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25 Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Submission No. 112*, p. 16.

26 WISER 2006 *Towards a Database of Women's Employment Status Key Indicators*, p. 49.

27 Department of Workplace Relations & Small Business, 1997, *Changes at Work: The 1995 Australian Workplace Industrial Relations Survey, A Summary of the major findings*, p. 1.

28 Work and Family Policy Roundtable, *Submission No. 143*, p. 10.

## Women's Interdepartmental Committee

9.18 In September 2008, when the Committee first spoke with government departments and agencies regarding interdepartmental communication on pay equity, there was little evidence of a formal mechanism for coordination of monitoring pay equity issues.<sup>29</sup>

9.19 When DEEWR, EOWA and FaHCSIA returned in August 2009, progress had been made with regard to interdepartmental communication and coordination.

The most significant development since the committee last heard from us [FaHCSIA] is the formation of the women's IDC working group on economic security. A specific part of its responsibility is to bring together the key agencies across the federal government with responsibility for pay equity.<sup>30</sup>

9.20 A vital part of data collection is information sharing. As discussed in chapter seven a Women's Interdepartmental Committee (IDC) was established in February 2009,<sup>31</sup> is co-chaired by DEEWR and FaHCSIA,<sup>32</sup> and has senior-executive representation from a range of government departments and agencies.<sup>33</sup>

9.21 In a speech given at the 2009 Australian Women's Leadership Symposium, the Minister for the Status of Women commented that:

Gender equality is best advanced through whole-of-government engagement, otherwise known as gender mainstreaming or gender sensitive policy making. The Government has created a Women's Interdepartmental Committee (IDC) so that departments do a better job of talking to one another regarding how their policies are effecting and will affect women.<sup>34</sup>

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29 See *Transcript of Evidence*, 25 September 2008, p. 6.

30 Ms Julia Burns, Executive Director, Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Transcript of Evidence*, 20 August 2009, p. 6.

31 Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Exhibit 101*, p. 1.

32 Ms Julia Burns, Executive Director, Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Transcript of Evidence*, 20 August 2009, p. 6.

33 Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Exhibit No.101*, p. 1.

34 Plibersek, T (Minister for the Status of Women), 2009, Australian Women's Leadership Symposium, Canberra, 17 June.



## Australian Public Service surveys

- 9.22 DEEWR reported three regular Australian Public Service (APS) surveys provide data on the gender wage gap and pay differences between APS departments:
- *APS Remuneration Survey* conducted annually for DEEWR by Mercer Consulting - The Mercer survey provides an overview of SES and Non SES remuneration trends across the APS, state agencies and the wider market. The survey does not produce any gender specific data.
  - *The Commonwealth Remuneration Guide* conducted annually by HBA Consulting - HBA's Commonwealth Remuneration Guide provides information on salary rates delivered through certified and collective agreements across Commonwealth agencies. The survey does not produce any gender specific data.
  - *State of the Service* reports produced by the APSC - Data is available by gender but the survey is attitudinal and does not cover remuneration.<sup>35</sup>

## Australian Public Service Commission

9.23 The Australian Public Service Commission (APSC) is an agency within the Department of the Prime Minister and Cabinet. The Commission supports two statutory office holders, the Public Service Commissioner – who is also agency head – and the Merit Protection Commissioner. The Commission's mission is to support the Australian Public Service (APS) and the statutory responsibilities that support that mission are outlined in the *Public Service Act 1999*.<sup>36</sup>

9.24 APSC stated that it,

...maintains the APS Employment Database (APSED) which has recorded a variety of human resource details of individual APS employees for over 40 years. The information collected includes remuneration (defined as base salary plus allowances) for each APS employee. Remuneration data can be broken down by many variables including gender, agency, classification, engagement from outside the APS, and length of service.<sup>37</sup>

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35 Department of Education, Employment and Workplace Relations, *Supplementary Submission No. 58.1*, p. 1.

36 Australian Public Service Commission 2009, Australian Public Service Commission, Canberra, viewed 25 September 2009, <<http://www.apsc.gov.au/annualreport/0708/partoneoverview.htm>>.

37 Australian Public Service Commission, *Submission No. 102*, p. 1.

9.25 Whilst the data contained in APSED allows for some analysis of pay equity issues within the APS, according to APSC some of the limitations of APSED are:

- allowances cannot be separately identified from base salary;
- it cannot be broken down by collective or individual agreements (such as Australian Workplace Agreements (AWAs) or determinations made under section 24(1) of the Act);
- and it does not include key non-monetary benefits such as cars, superannuation or performance bonuses.<sup>38</sup>

## Issues and deficiencies in data collection

9.26 Stakeholders claimed that much of the current data used to monitor employment changes that may impact on pay equity issues is inadequate. Where relevant data is collected, it is not collected consistently or regularly enough and not sufficiently comparable to prove useful in the analysis and monitoring of any changes in pay inequity, or changes in issues affecting pay equity.

9.27 For instance the Diversity Council of Australia noted:

The lack of a dedicated body funded to analyse data and monitor pay equity progress over time has compromised Australia's capacity to readily and easily understand how we are tracking, including how changing federal and state government policy and the associated changing employment relations landscape is impacting upon the gender pay gap.<sup>39</sup>

## Women's employment status key indicators

9.28 In September 2006, the Australian Human Rights Commission<sup>40</sup> partnered with the Women's Electoral Lobby and the National Foundation for Australian Women to fund Women in Social and Economic Research (WiSER)<sup>41</sup> to produce a report examining the capacity of existing data collections to monitor women's pay and other employment conditions

38 Australian Public Service Commission, *Submission No. 102*, p. 1.

39 Diversity Council of Australia, *Submission No. 110*, p. 15.

40 Then the Human Rights and Equal Opportunity Commission

41 is an inter-disciplinary research program spanning the Curtin Business School and the Division of Humanities of the Curtin University

under the new regulatory framework established by the Workplace Relations Amendment (Work Choices) Act 2005 (Work Choices).<sup>42</sup> As a result, WiSER prepared and released its report, *Women's pay and conditions in an era of changing workplace regulations: Towards a "Women's Employment Status Key Indicators" (WESKI) database*.

- 9.29 The WESKI report called for 'a comprehensive research program systematically examining the wages and conditions in key industries and occupations in which minimum wage women workers are employed'.<sup>43</sup> WESKI recommended that a program be established for:

... monitoring and research with respect to the federal minimum wage and its impact on particularly vulnerable groups of women employees with limited bargaining power, especially women with a disability, young women, women from CALD [culturally and linguistically diverse] and Indigenous backgrounds, and women working in more less protected sectors of the labour market such as outworkers.<sup>44</sup>

- 9.30 The AHRC endorsed the WESKI report and recommended that the ABS collect and publish regular disaggregated data in areas identified by the WESKI report.<sup>45</sup>

- 9.31 The Australian Human Rights Commission referred to:

...the need to design new data collections in line with new regulatory frameworks and the need for detailed, gender disaggregated data to inform gender sensitive policy development.<sup>46</sup>

- 9.32 The Queensland Government noted:

...the need for a national response to the WESKI report findings. It is crucial that new data collections are developed and currently existing collections modified to provide capacity to accurately monitor women's wages and other employment related conditions.<sup>47</sup>

- 9.33 The Work and Family Policy Roundtable supported the recommendations of the WESKI report, particularly,

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42 Australian Human Rights Commission, *Submission No. 108*, p. 9.

43 WiSER 2006 *Towards a Database of Women's Employment Status Key Indicators*, p. xviii.

44 WiSER 2006 *Towards a Database of Women's Employment Status Key Indicators*, pp. xviii – xix.

45 Australian Human Rights Commission, *Submission No. 108*, recommendation 12 (1), p. 23.

46 Australian Human Rights Commission, *Submission No. 108*, p. 22.

47 Queensland Government, *Submission No. 135*, p. 10.

- the re-establishment of a regular Australian Workplace Industrial Relations Survey that collects data from both management and employees at national level;
- the need for accurate data on hourly earnings for part-time and casual employees in ABS survey data; and
- the inclusion of more detailed information relevant to gender pay equity in HILDA.<sup>48</sup>

### Committee Comment

- 9.34 The WESKI report was published in the environment of a previous industrial relations regime but remains relevant and received wide support from a number of organisations and agencies.
- 9.35 Some of the following recommendations in this chapter refer and are drawn from recommendations of the WESKI report. Further consideration of the findings of the WESKI report need to be considered by the proposed Pay Equity Unit or an appropriate government organisation.

### Recommendation 48

**That the Pay Equity Unit consider and respond to the findings and recommendations of the Women in Social and Economic Research 2006 report *Women's pay and conditions in an era of changing workplace regulations: Towards a "Women's Employment Status Key Indicators" (WESKI) database.***

## Equal Opportunity for Women in the Workplace Agency

### Compliance Reporting to EOWA

- 9.36 Stakeholders raised a series of issues in relation to EOWA's ability to extract reliable data from organisations required to report. ACTU stated that EOWA,
- ... is not a particularly well resourced organisation, and the sanction is being named in parliament... If you read the reports that are submitted by firms – and they are available on the web – quite often it is the same report now that is being submitted every

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48 Work and Family Policy Roundtable, *Submission No. 143*, p. 10.

year – year in, year out. That is a waste of everybody’s time, frankly.<sup>49</sup>

- 9.37 A common criticism of the EOWW Act, and more specifically the requirement of organisations of over 100 employees to report to EOWA, has been that the reporting process is not rigorous enough, and that businesses of fewer than 100 employees escape having to report to EOWA at all.

Reports to the Agency must be more rigorous and provide more and better information on wages, employment structures, access to leave, training, forms of employment contracts and occupational arrangements. This information will provide useful data in assessing effects, causes and drivers of gender inequality in pay.<sup>50</sup>

- 9.38 EOWA effectively referred to the voluntary nature of the reporting regime,

Remuneration and Pay Equity issues fall within the EOWW Act under Employment Matter 5 (Conditions of Service). The workplace profile may include pay data; however this is not mandatory under the current Compliance Guidelines.<sup>51</sup>

- 9.39 EOWA stated that whilst pay data, which looks at average salary data by occupational category, is not mandatory under the compliance reporting requirements, over 90 per cent of businesses supply in this format.<sup>52</sup>

- 9.40 The issue of self-identification of organisations of more than 100 employees was also raised. EOWA stated that,

There are businesses with over 100 employees in the private sector that we do not know about. They are meant to self-identify to the agency... [They] should be reporting but are not. Trying to find them is very, very hard.<sup>53</sup>

- 9.41 Whilst EOWA resources, through its website, are available to business of all sizes, there remains a concern that pay equity issues may still be left unidentified in businesses of fewer than 100 employees that are not required to report under the EOWW Act.

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49 Ms Catherine Bowtell, Senior Industrial Officer, Australian Council of Trade Unions, *Transcript of Evidence*, 3 April 2009, p. 15.

50 National Pay Equity Coalition and Women’s Electoral Lobby, *Submission No. 118*, p. 6.

51 Equal Opportunity for Women in the Workplace Agency, *Submission No. 113*, p. 11.

52 Ms Mairi Steele, Acting Director, Equal Opportunity for Women in the Workplace Agency, *Transcript of Evidence*, 20 August 2009, p. 2.

53 Ms Mairi Steele, Acting Director, Equal Opportunity for Women in the Workplace Agency, *Transcript of Evidence*, 20 August 2009, pp. 15-16.

- 9.42 The Diversity Council of Australia (DCA) reported that,
- DCA members have indicated that, in particular, leading edge industry-specific benchmarking information on pay equity gap would greatly assist them progress the pay equity agenda within their own workplaces through providing a meaningful point of comparison and an incentive for their organisation to aspire to industry best practice.<sup>54</sup>

### Committee Comment

- 9.43 Regular reporting from organisations and businesses is essential to not only ensuring compliance with responsibilities under legislation, but regular reporting can show trends over time and across industries.
- 9.44 Research and data collection functions and responsibilities for the proposed Pay Equity Unit discussed in chapter seven would build on and expand information gathered by EOWA.
- 9.45 In seeking to address pay equity, public service departments, agencies and authorities should lead by example and be required to complete pay equity audits regardless of their size. The Australian Government has a responsibility and capability in demonstrating best practice reporting of pay and gender equity issues in the workplace.

### Australian Bureau of Statistics

- 9.46 The Western Australian Department of Consumer Protection and Government Employment identified specific data inadequacies within current data sets to enable accurate analysis of gender pay equity issues.<sup>55</sup> With regard to ABS data, these deficiencies include:
- *Average Weekly Earnings:*
    - ⇒ sample size not large enough;
    - ⇒ lack of detail of industrial instrument;
    - ⇒ no data on different occupation or occupational categories;
    - ⇒ data not disaggregated to managerial and non-managerial employees; and
    - ⇒ no information on compositional change.

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54 Diversity Council of Australia, *Submission No. 110*, p. 14.

55 Department of Consumer Protection and Government Employment, Government of Western Australia, *Submission No. 134*, pp. 18-23.

- *Employee Earnings and Hours*:
  - ⇒ only conducted every two years; and
  - ⇒ does not measure the spread (split-shifts) or time (weekends) of hours.

9.47 The Western Australian Government also commented that the *Employees Earnings and Hours* survey is,

...possibly the most valuable publicly released earnings dataset with information relevant to pay equity. Any proposal to reduce the survey's sample size and/or its frequency should be firmly resisted.<sup>56</sup>

9.48 The Finance Sector Union (FSU) submitted that the most rigorous ABS data is based on "average hourly ordinary time earnings of full-time non-managerial employees" which is currently collected biennially at an industry level through the ABS *Employees Earnings and Hours* survey. FSU highlighted that:

...the two year publication cycle does not align with many other economic indicators and allows the issue of the gender pay gap to 'fade' between editions.<sup>57</sup>

9.49 The Industrial Relations Research Centre (University of New South Wales) recognised efforts of agencies such as ABS, especially in the current financial environment, seeing greater consultation as a way to address the shortcoming of current data.

We have found the Australian Bureau of Statistics to be highly responsive to client data requirements, within the constraints imposed by budgets and data collection methods<sup>58</sup>... We welcome the current initiative by the Australian Bureau of Statistics to consult with researchers on ways to enhance data collection to assist monitoring gender equity.<sup>59</sup>

## Committee Comment

9.50 At the very least, sample sizes and frequency of current ABS surveys should not be decreased.

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56 Department of Consumer Protection and Government Employment, Government of Western Australia, *Submission No. 134*, p. 21.

57 Finance Sector Union, *Submission No. 122*, p. 3.

58 Industrial Relations Research Centre, *Submission No. 109*, p. 2.

59 Industrial Relations Research Centre, *Submission No. 109*, p. 2.

- 9.51 In light of the suggestions made of ABS regarding a number of existing surveys where possible, ABS should review existing data from previous surveys with a specific emphasis on gender pay equity issues or indicators. Conducting this review would provide some background to the gender pay equity research conducted by the ABS for the proposed Pay Equity Unit and other relevant stakeholders.
- 9.52 Evidence further supported amendments to existing data series so as to better assess gender pay equity issues. Dialogue should continue between the ABS and stakeholders to ensure that pay equity issues are better analysed through existing data series.

#### **Recommendation 49**

**That the Australian Bureau of Statistics, where possible, review all existing surveys and data, relevant to pay equity, for evidence of any trends over time in pay inequity and issues affecting female participation in the workforce.**

#### **Recommendation 50**

**That the Australian Bureau of Statistics amend data surveys as follows:**

- **Survey of *Average Weekly Earnings* (cat no. 6302.0)**
  - ⇒ **seek further detail of industrial instrument;**

**seek further detail of different occupation or occupational categories; disaggregate data to managerial and non-managerial employee level.**

#### **Recommendation 51**

**That the Australian Bureau of Statistics, where possible, introduce gender disaggregation into all surveys that relate to pay equity issues.**



## Workplace Industrial Relations Surveys

- 9.53 The NSW Government commented that, the absence of AWIRS as a baseline study of workplace conditions over time left an information gap that needed to be filled. In 2005, Workplace Industrial Relations Surveys were commissioned independently by the NSW, Queensland, and Victorian Governments which provided limited additional information for the eastern seaboard states.<sup>60</sup>
- 9.54 According to the then Department of Employment and Small Business summary of major findings:
- Prior to AWIRS 90 there were no comprehensive and statistically reliable nationwide data available on workplace relations... AWIRS 95 had the additional aim of assessing changes since AWIRS 90. Comparisons between AWIRS 90 and AWIRS 95 data provide insight into the impact of these changes at the workplace level, and allow trends in workplace relations that emerged between the survey periods to be explored.<sup>61</sup>
- 9.55 With reference to AWIRS, the Community and Public Sector Union (CPSU) stated that:
- The data collected in the survey provided invaluable longitudinal information that could be used to address pay equity concerns – not least by identifying differing equity outcomes and showing how these changed over time.<sup>62</sup>
- 9.56 The CPSU recommended that AWIRS be conducted every five years and the results made publicly available free of charge.<sup>63</sup> This reinstatement, and adequate funding, of AWIRS was also endorsed by many organisations such as the National Tertiary Education Union,<sup>64</sup> the Work and Family Policy Roundtable,<sup>65</sup> and the National Pay Equity Coalition and Women’s Electoral Lobby.<sup>66</sup>
- 9.57 The Industrial Relations Research Centre further supported the re-introduction of AWIRS,

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60 Office for Women’s Policy, New South Wales Government, *Submission No. 153*, p. 38.

61 Department of Workplace Relations & Small Business, 1997, *Changes at Work: The 1995 Australian Workplace Industrial Relations Survey, A Summary of the major findings*, p. 1.

62 Community and Public Sector Union, *Supplementary Submission No. 13.1*, p. 3.

63 Community and Public Sector Union, *Supplementary Submission No. 13.1*, p. 3.

64 National Tertiary Education Union, *Submission No. 98*, p. 5.

65 Work and Family Policy Roundtable, *Submission No. 143*, p. 10.

66 National Pay Equity Coalition and Women’s Electoral Lobby, *Submission No. 118*, p. 8.

... which provided a statistically valid and reliable window into workplaces. We submit that the revival of this ongoing research agenda by the Department of Education, Employment and Workplace Relations could provide a vehicle for a contextual understanding of issues relating to pay equity.<sup>67</sup>

9.58 The WESKI report in 2006 commented on the need to increase the regularity of key surveys and recommended the collection of comprehensive detailed indicators of employment across time. A national workplace industrial relations survey of the type being conducted in Queensland, New South Wales and Victoria was suggested as a way to address this issue.<sup>68</sup>

9.59 In 2005, the Queensland Government undertook its own longitudinal research survey, the Queensland Workplace Industrial Relations Survey (QWIRS) with the intention to produce regular data every 3 to 5 years. The Queensland Government emphasise that whilst its state-run surveys provides a certain degree of functional data,

...they cannot truly replace a regular national survey such as AWIRS. The demise of AWIRS has left a significant void in the amount and quality of data available to monitor the conditions and wages of Australian workers.<sup>69</sup>

9.60 Similarly, the Western Australian Government's Department of Consumer Protection and Government Employment recommended that AWIRS,

... would need to be conducted regularly (no less than every 5 years), include all variables relating to gender equity issues; allow state-level analysis; provide an ability to easily compare disaggregated survey results over time; and be developed in consultation with stakeholders, including the states.<sup>70</sup>

9.61 The importance of data raised through AWIRS was further supported by the Victorian Government:

In order to enable the collection of national workplace and employee level data, to monitor comprehensively employment changes influencing pay equity, the Victorian Government recommends that the Commonwealth Government consider

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67 Industrial Relations Research Centre, University of New South Wales, *Submission No. 109*, p. 4.

68 WISER 2006 *Towards a Database of Women's Employment Status Key Indicators*, p. xiv.

69 Queensland Government, *Submission No. 135*, p. 10.

70 Department of Consumer Protection and Government Employment, Government of Western Australia, *Submission No. 134*, p. 23.

conducting an Australian Workplace Industrial Relations Survey (AWIRS).<sup>71</sup>

9.62 The National Foundation for Australian Women suggested one way to improve monitoring systems of workplace data was to,

Conduct annual national workplace industrial relations surveys of the type undertaken in Queensland, New South Wales and Victoria.<sup>72</sup>

9.63 WESKI identified the following data sets as invaluable to plotting pay equity trends:

- average hourly and weekly wage rates for employees in non-managerial and non-professional occupations;
- provisions for the adjustment of wages rates during the life of the agreement;
- compensatory wage payments for the absorption of penalty rates and/or other employment conditions;
- the inclusion of non wage benefits such as bonus payments;
- the incidence of trading off provisions, such as annual leave for wage payments;
- the incidence of averaging ordinary working hours across several weeks or months and common averaging periods used for this purpose;
- ordinary working hours, including the incidence of ordinary working hours of more than forty per week;
- the availability of flexible start and finish times and breaks;
- developments or changes in the standards of family-friendly provisions such as access to paid family or parental leave;
- the availability of other forms of leave such as annual leave, unpaid leave and long service leave; and
- access to family friendly employment benefits such as employer provided or subsidized childcare.<sup>73</sup>

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71 Department of Innovation, Industry and Regional Development, Victorian Government, *Submission No. 136*, p. 7.

See also, Ms Sarah Tuberville, Officer, Department of Innovation, Industry and Regional Development, Victorian Government, *Transcript of Evidence*, 2 April 2009, p. 4.

72 National Foundation for Australian Women, *Submission No. 94*, p. 6.

73 WISER 2006 *Towards a Database of Women's Employment Status Key Indicators*, p. xiv.

## Committee Comment

- 9.64 The fundamental problem with pay equity data formerly available from AWIRS is that it is no longer available. The reintroduction of AWIRS is supported by a number of organisations as a method of addressing the lack of adequate information, and is one of the major recommendations of the WESKI report.
- 9.65 A survey, such as AWIRS, provided national scale data on industrial relations. An updated survey that incorporates variables relating to gender equity issues into the original survey would show results in any workforce changes, and also provide information on the outcomes of any gender pay equity initiatives.
- 9.66 Cognisant that the cost of reinstating AWIRS in full may prove problematic, it is proposed that a National Pay Equity Workplace Survey be developed. Like AWIRS this survey would be national in scale and at workplace level, however focussed primarily on pay equity issues.
- 9.67 Allowing for a more focussed approach in survey data collection on pay equity, as well as more regular collection of every two years rather than five, provides accurate and adequate data that is needed to better analyse and monitor Australia's pay equity issues.
- 9.68 As the previous AWIRS were conducted by the then Department of Industrial Relations, it would be appropriate that the current Department of Education, Employment and Workplace Relations be responsible for undertaking the new survey. The Pay Equity Unit, in conjunction with DEEWR, would develop the survey and analyse its results. To allow adequate time for collation and analysis of survey outcomes but keeping the information timely, this survey should be conducted every two years.

## **Recommendation 52**

**That a National Pay Equity Workplace Survey be developed and conducted biennially by the Department of Education, Employment and Workplace Relations in partnership with the Pay Equity Unit.**

**The survey should cover, but not be limited to:**

- **average hourly and weekly wage rates for employees in non-managerial and non-professional occupations;**
- **provisions for the adjustment of wages rates during the life of the agreement;**
- **compensatory wage payments for the absorption of penalty rates and/or other employment conditions;**
- **the inclusion of non wage benefits such as bonus payments;**
- **the incidence of trading off provisions, such as annual leave for wage payments;**
- **the incidence of averaging ordinary working hours across several weeks or months and common averaging periods used for this purpose;**
- **ordinary working hours, including the incidence of ordinary working hours of more than forty per week;**
- **the availability of flexible start and finish times and breaks;**
- **developments or changes in the standards of family-friendly provisions such as access to paid family or parental leave;**
- **the availability of other forms of leave such as annual leave, unpaid leave and long service leave; and**
- **access to family friendly employment benefits such as employer provided or subsidized childcare.**

## **Household Income and Labour Dynamics Australia**

9.69 Not unlike the AWIRS, there was widespread support from a number of submissions and witnesses for maintaining the HILDA survey. As pointed out by the Western Australian Government, the HILDA survey is

household-based, which provides a helpful counterpoint to employer or workplace-based surveys.<sup>74</sup>

- 9.70 Whilst the Work and Family Policy Roundtable acknowledged the development in Australia of longitudinal studies being established, the Roundtable continued;

...some extension would be needed to adapt a survey such as HILDA as an effective vehicle for tracking gender pay equity issues.<sup>75</sup>

- 9.71 Suggestions for improvement to the HILDA survey supported a recommendation of the WESKI report which highlighted that currently, HILDA survey respondents are not asked about their specific type of employment contract or agreement relevant to determining respondents' conditions of employment which:

...limits [HILDA] usefulness as a database for monitoring relationships between forms of employment contract and employment benefits.<sup>76</sup>

- 9.72 Recommendation 12 of the WESKI 2006 report states that:

Consultation should take place as soon as possible between the Government, key users of workplace relations information and administrators of the Household Income and Labour Dynamics in Australia (HILDA) survey to discuss the feasibility of including a question about respondents' type of employment contract.<sup>77</sup>

### Committee Comment

- 9.73 HILDA provides valuable data, and has advantages of a regular annual reporting period to analyse trends over time. Recommendation 12 of the WESKI report proposes the inclusion of a question, or questions, about type of employment contract or agreement. Consultation over this extension to HILDA should be undertaken between:

- Department of Families, Housing, Community Services and Indigenous Affairs (as the government agency responsible for funding and managing HILDA); and

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74 Department of Consumer Protection and Government Employment, Government of Western Australia, *Submission No. 134*, p. 20.

75 Work and Family Policy Roundtable, *Submission No. 143*, p. 10.

76 WISER 2006 *Towards a Database of Women's Employment Status Key Indicators*, p. xiii.

77 WISER 2006 *Towards a Database of Women's Employment Status Key Indicators*, p. xviii.

- Melbourne Institute of Applied Economic and Social Research at the University of Melbourne;
- Australian Council for Educational Research; and
- Australian Institute of Family Studies (as members of the research consortium contracted to design, develop and conduct HILDA).<sup>78</sup>

### **Recommendation 53**

**That the Department of Families, Housing, Community Services and Indigenous Affairs consult with:**

- **Melbourne Institute of Applied Economic and Social Research at the University of Melbourne;**
- **Australian Council for Educational Research;**
- **Australian Institute of Family Studies, and**
- **the Pay Equity Unit,**

**in relation to possible improvements to Household Income and Labour Dynamics Australia survey to encompass pay equity considerations.**

### **Women's Interdepartmental Committee**

- 9.74 The list of agencies that have senior executive representation is promising, and other Commonwealth departments and agencies are urged to join the WIDC.
- 9.75 The concern with overlap or duplication of responsibilities remained a theme from the beginning of the inquiry as there appeared to be no formerly established form of coordination between Commonwealth departments and agencies. The Women's Interdepartmental Committee is a welcome initiative as it provides a mechanism for this dialogue to occur.
- 9.76 Given the current agency representation, specifically FaHCSIA, DEEWR, ABS, the Treasury, and the Department of Finance and Deregulation, there is an opportunity for the sharing and compilation of data specific for the research and analysis of issues affecting pay equity. This information should be submitted to the Pay Equity Unit.

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<sup>78</sup> Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Submission No. 112*, p. 16.

## Committee Comment

- 9.77 The Office for Women is to be commended on its establishment of the Women's IDC since its appearance before the Committee at the beginning of the inquiry. The Women's IDC is one of the first steps to greater consultation between government departments and agencies.
- 9.78 In line with the recommendations of this report, the Women's IDC should continue into the future gaining greater representation from the wider public service.

## Pay Equity Unit – Research Function

- 9.79 The proposed federal Pay Equity Unit would have three general functions. One of which would be undertaking and coordinating a variety of research to provide further information on issues related to pay equity in Australia. The Pay Equity Unit must have the capacity and resources to undertake monitoring and research if it is to act effectively to ensure compliance and identify areas where education is required.
- 9.80 The rationale behind the comprehensive research functions of the Pay Equity Unit is that arguing pay equity cases is impossible without reliable accurate and up to date data on pay and conditions in industries and occupations when performing a gender neutral work value evaluation. Fair Work Australia needs reliable pay equity data to perform its award and minimum wage fixing functions. Furthermore, the data is necessary for Australia's reporting obligations under ILO and CEDAW.
- 9.81 Much of the data collection is likely to be obtained through existing systems, but the data must also be disaggregated if it is to identify and track pay equity.

## Data, research and analysis function

- 9.82 The establishment of a Pay Equity Unit with a substantial research role would provide the required information to form the basis for future policy directions and enable Australia to reduce the gender pay gap and meet its commitment under its international obligations. The functions of the research facility within the Pay Equity Unit in relation to data collection would include:
- developing appropriate tools and programs to assist employers to design pay equity plans and implement the audits for reporting purposes;
  - monitoring and evaluating the effectiveness of workplace programs;



- preparing relevant reports to the Minister and Government on wages and conditions and changes in pay equity outcomes;
- providing information and assistance to employers through the maintenance of a website; and
- facilitating the collection of consistent and comparable data through liaison with Australian Bureau of Statistics, Australian Taxation Office and other relevant Federal agencies and the Australian Public Service Commission, State and Local Governments, research institutions, business and industry bodies, unions and other relevant groups.

### Committee Comment

9.83 A number of changes would be needed to ensure the effectiveness of the establishment of the research branch within the Pay Equity Unit, and should include:

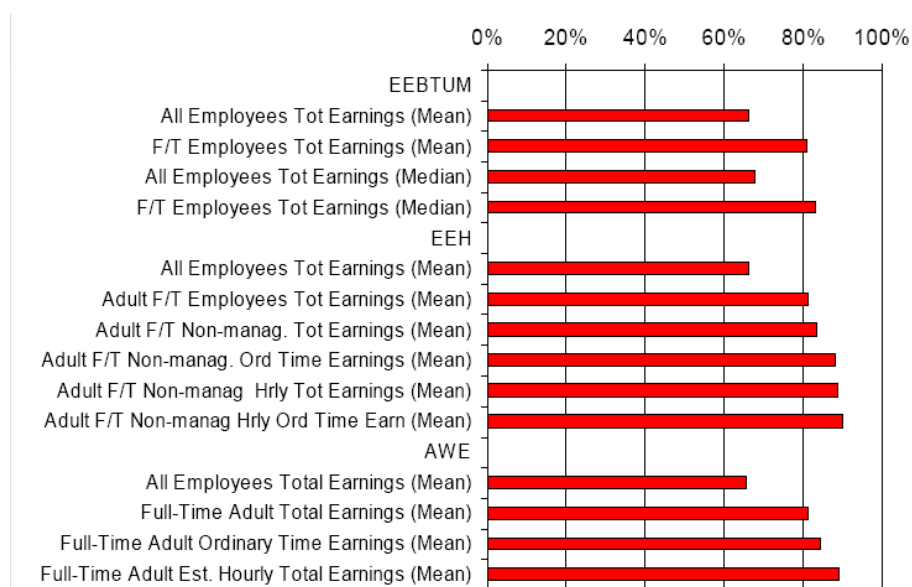
- that the data, research and analysis be available for tri-annual reporting to Fair Work Australia with an obligation on the relevant Minister to table the report in Parliament within 10 sitting days;
- the collection of data may be sourced through the Australian Taxation Office and the Australian Bureau of Statistics and be available on an occupation and industry basis and able to track trends over time.
- that a cross agency working group be established to ensure the data collection is comprehensive and fit for purpose;
- amending the *Fair Work Act* to extend the statutory research obligations of Fair Work Australia to conduct three yearly reports to include additional three yearly separate reporting on pay equity;
- that the amendment make clear that for pay equity purposes the data must be disaggregated on the basis of gender and, in recognition that additional factors aggravate pay equity, include also disability, age, ethnicity, child care responsibilities, and marital status.
- that the data also be available for industry and occupational analysis at the direction of the Fair Work Australia for the purpose of exercising its own functions under the Act (e.g. equal remuneration case or annual wage review).

9.84 The Committee believes that in order to address pay equity issues within and across industries, it is vital that current, consistent relevant data be collected and analysed by the Pay Equity Unit.

- 9.85 The Pay Equity Unit will provide an annual report to the Minister for the Status of Women, highlighting any pay equity issues and progress made in achieving gender pay equity.

### Working Group - Consistency of Data

Figure 9.1 Female earnings as a proportion of male earnings



Source Department of Families, Housing, Community Services and Indigenous Affairs, 2008, *Gender Earning differentials in Australia: A statistical overview of women's earnings*, unpublished, p. 4.

- 9.86 Vital to developing a national approach to the analysis, and subsequent addressing, of gender pay equity issues, is the consistency in collection and analysis of data.

There are two broad ways of examining the gender pay gap. The first is by using weekly earnings measures. The second is using hourly earnings measures. Hourly earnings measures provide a narrower gender pay gap than weekly measures because women tend to work fewer hours per week than men. Indeed, males employed full-time work about 10 per cent more total hours per week than full-time females.<sup>79</sup>

Using total average weekly ordinary time earnings of full-time adults (exclusive of overtime payments), the gender pay gap stood at 16.2 per cent in May 2008 based on AWE, and 15.4 per cent in May 2006 based on EEH. Women do not receive overtime earnings

<sup>79</sup> Department of Education, Employment and Workplace Relations, *Submission No. 58*, p. 5.

to the same extent as men. When overtime payments are included in the average weekly total earnings, the gender pay gap estimates in the three surveys are higher at 19.5 per cent for AWE, 18.8 per cent for EEH and 19.9 per cent for EEBTUM.<sup>80</sup>

9.87 There is a need for greater coordination amongst stakeholders and relevant government agencies, and this should be facilitated by the proposed Pay Equity Unit. Effective consultation between research bodies will reduce the possibility of repetition of research, and help to provide a focussed approach to addressing pay equity issues. Similarly, coordination and consultation between government bodies is paramount to avoiding any overlap of responsibilities, and make best use of existing resources.

9.88 The NSW Office for Women stated that;

One of the challenges in building public awareness of pay equity issues is the fact that gender pay gaps can be measured in different ways, and that there is no consistently reported measure or common access point for research and data analysis of these matters in the Australian context.<sup>81</sup>

9.89 In regard to hourly versus weekly earnings, ABS stated that the gender wage gap can be quite different when looking at an hourly perspective, not unlike comparing gender wage gaps between full time employees and part time employees.<sup>82</sup>

9.90 Similarly the use of mean, rather than median, in earnings analysis is not necessarily the most representative of average as it can be skewed by outliers. In one example of a data series provided by the ABS, 65 percent of employees surveyed earned less than the mean.<sup>83</sup>

9.91 A national working group within the Pay Equity Unit of Fair Work Australia would be best placed to coordinate the national collection and analysis of data with regard to pay equity issues. Membership of the working group should include:

- Commonwealth departments and agencies:
  - ⇒ Australian Bureau of Statistics;

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80 Department of Education, Employment and Workplace Relations, *Submission No. 58*, p. 5.

81 Office for Women, NSW Government, *Submission No. 153*, p. 7.

82 Mr Michael Gerrity, Assistant Director, Australian Bureau of Statistics, *Transcript of Evidence*, 13 November 2008, p. 5.

83 Mr Michael Gerrity, Assistant Director, Australian Bureau of Statistics, *Transcript of Evidence*, 13 November 2008, p. 5.

- ⇒ Australian Public Service Commission;
  - ⇒ Australian Taxation Office;
  - ⇒ Department of Education, Employment and Workplace Relations
  - ⇒ Department of Families, Housing, Community Services and Indigenous Affairs;
  - relevant stakeholders:
    - ⇒ State and local government;
    - ⇒ Industry groups and individual businesses;
    - ⇒ Unions
    - ⇒ Universities;
    - ⇒ Research bodies and institutions.
- 9.92 Depending on the focus of the working group at a particular point in time, persons or organisations with specialist knowledge may be invited to have input into any research or initiatives being established and developed.
- 9.93 The working group also presents an opportunity for sharing of knowledge and initiatives that departments and relevant stakeholders may undertake to address issues concerning gender inequality in their respective organisations. Much of the concern with assessing the gender pay gap, pay inequity and women's participation in the workforce has been the lack of consistent data upon which to assess and analyse these issues.
- 9.94 Industry groups, private businesses, academics and government agencies conduct a number of surveys that are relevant to pay equity considerations. However, the type of data collected often lacks comparability to other surveys thus limited its usefulness. An important function of the working group would be to liaise with private organisations and public sector entities in relation to the surveys being conducted to encourage greater comparability of measurements.
- 9.95 Consequently, the role of this working group should be outlined as follows:
- to manage the sharing of existing data and resources in relation to pay equity, ensuring consistency and relevance; and
  - to coordinate further national scale pay equity research, initiatives, programs and surveys.

**Recommendation 54**

**That a working group consisting of Commonwealth departments and agencies, as well as relevant stakeholders be established within the Pay Equity Unit to progress greater comparability of data collections.**

