

SUBMISSION TO THE INQUIRY INTO PAY EQUITY AND ASSOCIATED ISSUES RELATED TO INCREASING FEMALE PARTICIPATION IN THE WORKFORCE

1. This submission addresses a number of issues related to pay equity within the Australian Public Service (APS). At June 2007 APS agencies employed a total of 155,482 employees. Women comprised 57% of APS employment, reflecting a long term trend of increasing female employment.

2. The APS includes those agencies that employ people under the terms of the *Public Service Act 1999* (the Act). The Act sets much of the employment framework for APS employees, including the APS Values set out in section 10 which stipulate, among other things, that the APS

- provides a workplace that is free from discrimination and recognises and utilises the diversity of the Australian community it serves
- provides a fair, flexible, safe and rewarding workplace
- promotes equity in employment.

The adequacy of current data to reliably monitor employment changes that may impact on pay equity issues.

3. The Commission's submission to the Committee confines itself in this regard to the adequacy of the current data on employment in APS agencies staff under the Act.

4. The Commission 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.

5. The key limitations of the APSED remuneration data are that 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.

6. Nonetheless, information collected in APSED allows a reasonably detailed examination of most pay equity issues in the APS. Table 1, for example, indicates that at June 2007 the median remuneration for women at the APS-wide level was less than that for men by between 1.5 and 6 percentage points at different classification levels (except for APS 4 where there was no difference).

7. Importantly, the gap was not larger for those classifications that had higher proportions of employees on AWAs (all SES employees, for example, were on AWAs in June 2007 with around 26% of EL employees and only 8% of APS 1-6 employees on AWAs), suggesting that the use of individual contracts is not a determining factor.

Table 1: Median remuneration by gender and classification, June 2007

	Men \$	Women \$	Pay Equity ratio
APS 1	37698	35180	93.3
APS 2	42854	41960	97.9
APS 3	46972	46251	98.5
APS 4	53047	53047	100
APS 5	57937	56549	97.6
APS 6	67276	65496	97.4
EL1	83050	80928	97.4
EL2	101299	99750	98.5
SES 1	130000	127920	98.4
SES 2	165039	160431	97.2
SES 3	205588	199300	96.9

Source: APSED

8. Analysis of the APSED data indicates that a key reason underlying the gap is the longer median length of service that male employees have accumulated at nearly all classification levels. Most classification levels include, under collective or individual agreements, a number of pay points or 'increments' allowing for annual performance-related pay movements.

9. The fact that male employees tend to have longer median lengths of service at their classification means that they are likely to have progressed further through a salary range than women and thus they are likely to be on higher pay points. It is interesting to note that the one classification where there is no difference between length of service between men and women, APS 4, is also the only classification where there is no gender gap in median remuneration (see Table 1).

Table 2: Median length of service (years) at classification level

June 2007

Classification	Men	Women
APS 1	5	1
APS 2	4	2
APS 3	3	2
APS 4	4	4
APS 5	3	2
APS 6	4	3
EL 1	4	3
EL 2	5	3
SES 1	4	3
SES 2	4	2
SES 3	4	3

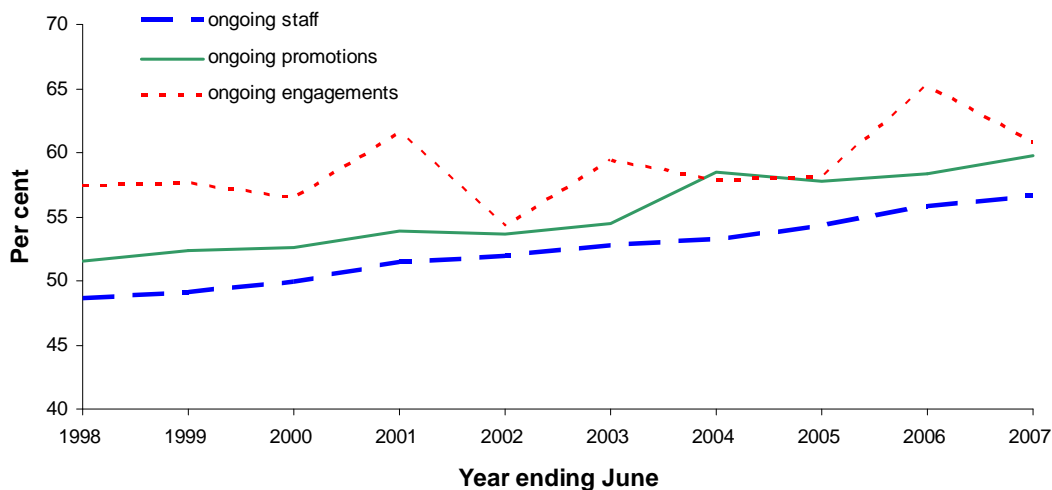
Source: APSED

10. There are several reasons why men have longer lengths of service at most classification levels

- As Graph 1 below indicates, women have had higher rates of promotion than men over the past decade. In short, they have been less likely to accumulate lengthy service at a particular classification because they are more likely instead to be promoted to the next classification.
- Women have also comprised a higher proportion of total engagements (i.e. new recruits to the APS) compared to men over the last decade. Recently engaged employees will have a shorter length of service at any given classification level, and as women are a higher proportion of recent engagements, this lowers their median length of service compared to men.

- Women may interrupt their employment more often for family reasons compared to men. Where this involves resigning and then rejoining the APS this could lower their length of service at a given classification level. The available data, however, indicates that only a small proportion of women who would be eligible for maternity leave resign rather than take leave.

Graph 1: Engagement and promotion rates for women, 1992-93 to 2006-07



Source: APSED

11. In our view, differences in length of service are the major factor behind the gap in median remuneration of men and women at most classification levels rather than issues of pay equity (noting it is not possible to be precise about the exact proportion of the gap due to such differences).

12. It has been suggested elsewhere that there is a link between a female dominated workforce and low paying agencies. Given that in June 2007 women made up 57% of ongoing employees in the APS, it is not surprising that most agencies have a higher proportion of women than men. It is possible, however, that the differences in remuneration among agencies occurring under agency-level bargaining arrangements have had some impact on median remuneration between men and women at the APS-wide level. A range of factors will affect where an agency's remuneration is pitched (e.g. agency size and nature, the labour markets in which they operate, and funding arrangements). One outcome of the interplay of such factors may be that those agencies that employ a significantly higher proportion of women tend to pay in the lower part of the APS remuneration distribution. Investigating this issue would require further detailed analysis and a clear understanding of the factors behind agency remuneration approaches.

13. There are two other sources of remuneration data on APS agencies.

14. A remuneration survey of some APS agencies by Mercer Consulting is conducted annually for the Department of Education, Employment and Workplace Relations. As participation in the Mercer survey is voluntary, there are some limitations with the data being representative of the APS as a whole (in 2006, 56 agencies out of more than 90 APS agencies participated in the survey). Agency level results are confidential so only APS-wide analysis of data is currently possible. Results by gender are not published. The Mercer survey, however, includes information on some key conditions of employment such as cars, superannuation and performance bonuses, and can provide data separately for those covered by collective and individual agreements.

15. HBA Consulting sells a *Commonwealth Remuneration Guide*. This guide provides information on base salary increases in collective agreements only and the size of salary ranges by classification by agency but results by gender are not available.

16. The Commission also collects, as part of its evidence base for the Public Service Commissioner's State of the Service Report, survey data on employee attitudes to various factors that can be disaggregated by gender. Attitudes relevant to this submission include satisfaction with learning and development which is covered in later sections.

The need for education and information among employers, employees and trade unions in relation to pay equity issues.

17. The Australian Public Service has had a strong, statutorily-based commitment to workplace diversity since the implementation of the Public Sector Reform Act in 1984.

18. Over that time the representation of women within the APS has changed dramatically both in terms of their overall proportion within the workforce and their penetration into senior management positions. For example

- women's employment has been growing at a faster rate than men's employment since 1999. As at 30 June 2007, women occupied 57% of ongoing positions
- the proportion of women in the SES continues to rise, reaching 36.1% by 30 June 2007, up from 34.9% in June 2006 and 15.3% in June 1993. Based on the current rate of growth for women in the SES, they will account for half of the SES in around 10 years' time.

19. The wage setting arrangements that apply within the APS militate against pay differentials related to gender discrimination

- wages for most non-SES employees are usually determined under a collective agreement that applies within an agency
- salaries are linked to classifications which are established in accordance with

objective Workplace Classification Standards

- classifications generally contain a number of salary increment points. Progress through these increment points is related to performance.

20. In other words, wage setting arrangements in the APS are relatively transparent, and the processes well-established. The data available does not indicate that there is a significant problem with pay discrimination among APS employees.

21. Noting this, there does not appear to be a strong case for increasing education in this area.

Current structural arrangements in the negotiation of wages that may impact disproportionately on women.

22. The Government issued its revised *Australian Government Employment Bargaining Framework* in February 2008, which provides the current structural arrangement for the negotiation of wages in APS agencies. The revisions reflected the new Government's general workplace relations policies, including the prohibition on the making of new AWAs. The Bargaining Framework, however, confirmed that agency level bargaining would be retained but that collective agreements would generally be the basis for non-SES employees' terms and conditions. Scope for the negotiation of terms and conditions outside of collective agreements is still available via section 24(1) determinations or individual common law contracts.

23. In addition, wage bargaining, as for all employment matters, takes place under the legislative umbrella of the APS Values. Set out in the *Public Service Act 1999* (s10), these stress the need for APS workplaces to be free from discrimination, be fair and promote equity in employment.

24. In the Commission's view, the structural arrangements for wage setting in the APS provide strong support for achieving pay equity. There are, however, some limited avenues for impacts that could potentially disproportionately affect women. While there is nothing to suggest a particular problem, as noted earlier, there are currently no data available to assess the operation of such performance based pay arrangements from a gender equity point of view. In addition, as discussed at paragraph 12, the devolution of bargaining to the agency level within the APS, coupled with the impact of the efficiency dividend and broader funding arrangements, has led to greater remuneration dispersion among and it is possible that this may have had some impact on median remuneration between men and women at the APS-wide level.

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.

25. This part of the submission includes a number of related elements that are dealt with separately below.

Access to training

26. Access to training and development was one of the twelve 'employee engagement factors' assessed by the Commission in its *State of the Service Report 2006–07*. The data obtained for that purpose indicates that women were substantially more likely than men to indicate that they were satisfied with these factors (72% of women reported they were satisfied compared to 61% for men).

27. The majority of APS employees (60%) also reported satisfaction with their access to learning and development. Fewer than one in five were dissatisfied.

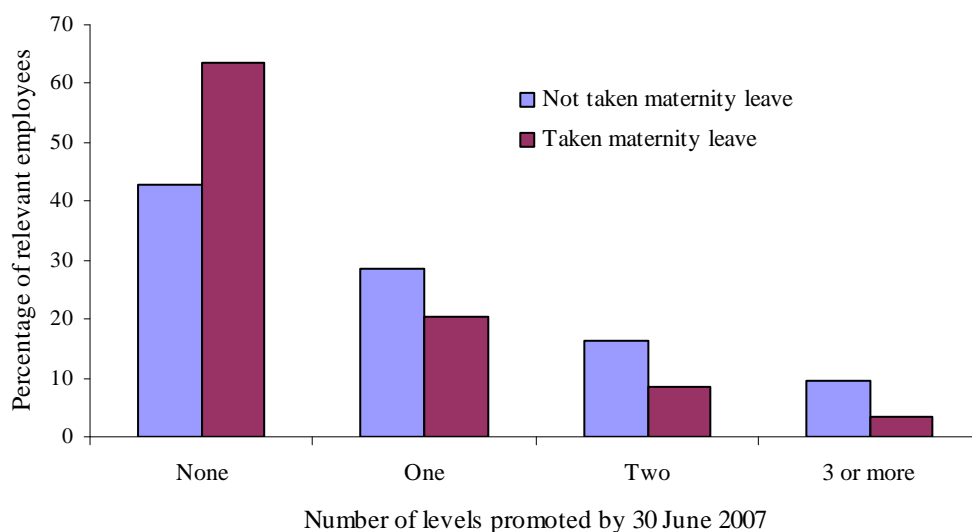
28. Within this group, women were approximately as likely as men to report that they were satisfied with their access to learning and development opportunities (61% of women were satisfied compare to 59% of men). While this data does not provide separate information about women returning from maternity leave, given that the overall satisfaction rate for women is similar to men it appears unlikely that as a group they are significantly less satisfied in this regard than their peers.

Access to promotion

30. While the APS provides strong support for women with young children remaining in APS employment, it is apparent that there is an effect on their career progression.

31. For example, as the graph below shows, the data reveal that when the employment outcomes for women who took maternity leave in 2000–01 are compared with those for women who had never (according to available data) taken maternity leave, the latter group is significantly more likely to have been promoted by 30 June 2007. (Nevertheless, as noted earlier, women overall have had higher rates of promotion compared to men.)

Career progression



32. A key factor in this will be one of personal choice by the employees concerned in balancing family commitments with the increased demands of more senior positions. Other factors to note include:

- subsequent additional periods of maternity leave. Forty percent of these employees had taken additional maternity leave by 30 June 2007
- a lack of access to part-time work at more senior levels
- that women having children are at relatively more senior classifications already and simply have less scope for promotion.

33. Similarly, whether the difference in career progression is likely to decrease over a longer period is unknown because the collection of data in this form about the use of maternity leave has been undertaken only in relatively recent years.

Part-time work

34. Women returning from maternity leave are strong users of part-time arrangements in the APS. The data at 30 June 2007 indicates that:

- the APS provided 16769 ongoing part-time positions. This amounted to about 12% of all ongoing positions
- of those positions, 14731 (about 88%) were occupied by women
- the great majority of women working part-time are in the 25-44 year age group i.e. the age group most likely to have responsibility for caring for young children
- in 2006-07, 68% of women returning from maternity leave worked fewer than 35 hours per week. This pattern has changed significantly from 2001 when

most women returned to work for 35 hours per week or more.

35. The data suggests that women returning to work are usually able to access part-time work. In addition to the APS Values (which emphasise the need for workplaces that are diverse, flexible and equitable), the *Australian Government Employment Bargaining Framework* developed by the Department of Employment, Education and Workplace Relations requires all workplace arrangements (including workplace agreements, common law arrangements, Determinations issued under the employing legislation, and workplace policies and practices) to incorporate flexible attraction and retention initiatives, including terms and conditions which assist employees in maintaining a healthy work-life balance. In some APS agencies this has included provisions that guarantee employees returning from maternity leave the right to convert their employment to part time work.

Flexible work hours

36. Under collective agreements established under the Workplace Relations Act, APS agencies currently provide a range of flexible working provisions for their employees to help them balance work and life demands, including flexible working hours. These conditions also generally include

- paid paternity leave
- paid adoption leave
- working from home arrangements
- job share arrangements
- purchased leave, and
- recreation leave available at half pay.

37. The *State of the Service Report 2006–07* reported that women were more likely than men to indicate that they had caring responsibilities and that 26% of those with caring responsibilities were responsible for children aged less than 5 years old. Carers were more likely to access flexible working arrangements than other employees.

38. 'Flexible working arrangements' was the second highest factor nominated by employees as contributing to their job satisfaction in the *State of the Service Report 2006–07*. Of those employees identifying this as a factor, the vast majority (91%) reported that they were satisfied with these arrangements.

39. Longitudinal data for a number of cohorts suggests that two years after returning from maternity leave a greater proportion of these women were still in the APS compared to their colleagues aged between 20 and 44 who had not taken maternity leave. In other words, women with young children appear more likely to stay in the APS than other women, and it is likely that the flexible arrangements available to support women in the APS play a significant role in this outcome.

Conclusion

40. This submission examines exclusively arrangements that apply within the Australian Public Service and makes no comment on arrangements that may apply elsewhere in the workforce. It concludes that the structural arrangements around negotiating wages and balancing work and family in the APS generally support achieving pay equity.

41. The submission also reinforces the conclusion that the APS is a leading employer of women and has in place an array of provisions supporting flexible workplaces.