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Australian Government

**Equal Opportunity for
Women in the Workplace Agency**

SUBMISSION TO THE
HOUSE STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS
INQUIRY INTO PAY EQUITY AND ASSOCIATED ISSUES
RELATED TO INCREASING FEMALE PARTICIPATION IN
THE WORKFORCE

24 September 2008

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Recommendations

- A.** That the Government place increased focus on gender pay equity issues and that it do so through the Equal Opportunity for Women in the Workplace Agency's existing reporting processes.
- B.** That EOWA, through increased funding, be given the opportunity to fully capitalise on the information it collects on women's workplace equal opportunity recorded and stored in its database.
- C.** EOWA is funded to run a three year (2009 – 2011) targeted industry campaign conducting voluntary gender pay equity audits. The campaign might focus on specific industries each year, identifying a group of organisations that have a pay gap greater than the industry average (and any organisations wishing to participate) and assisting employers to develop pay equity plans to lower the gap. This campaign, if supported, would require scoping and costing to determine feasibility. Such a program could support a PhD thesis which could report findings with a review to expanding the program.
- D.** That EOWA, with its specialised knowledge of Australian medium to large employers and the relationships it has built with them under its Act, be an integral part of any government-established working group on pay equity.
- E.** A nation-wide community education programme on pay inequity should be developed and implemented to increase awareness of the gender pay gap, further heighten debate and promote positive change throughout Australian workplaces, across all states and industries. Men, women, employees and employers should have access to such a programme.
- F.** Targeted education of young people in schools about the gender pay gap should be considered.
- G.** Appropriate steps should be identified and developed to reduce the gender pay gap and work toward ensuring that Australian women and men are paid equally, for work of equal value.
- H.** Existing initiatives taken by some of the states to address gender pay inequity should be analysed and considered in the development of a federal model.
- I.** That the development of the community education programme on the gender pay gap include an element specifically targeted toward employers and informing them on the realities and issues of this fundamental workplace inequity.

J. The community education programme should include addressing the belief that women risk being further discriminated against in a workplace environment that seeks to ensure that women are paid equally to men for equivalent work. This belief should neither manifest in reality, nor be used as a reason for arguing against steps being taken to address gender pay inequity.

PART 1: ABOUT EOWA

1. The Equal Opportunity for Women in the Workplace Agency's (EOWA) vision is to achieve equal opportunity for women in Australian workplaces.
2. The Agency's mission is to lead Australian employers to create workplaces where women's contribution is equally valued, recognised and rewarded by:
 - Providing education and leading edge solutions;
 - Building sustainable partnerships; and
 - Engaging community debate to increase the rate of change.
3. EOWA is a statutory authority of the Australian Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).
4. The Directorship of EOWA is a statutory appointment made by the Governor-General of Australia. The Director reports directly to the Minister for the Status of Women and embodies the powers and functions as described in the *Equal Opportunity for Women in the Workplace Act 1999* (the Act).

EOWA's Role under the Equal Opportunity for Women in the Workplace Act

5. The principal objects of the Act (s. 2A) are:¹
 - to promote the principle that employment for women should be dealt with on the basis of merit; and
 - to promote, amongst employers, the elimination of discrimination against, and the provision of equal opportunity for, women in relation to employment matters; and
 - to foster workplace consultation between employers and employees on issues concerning equal opportunity for women in relation to employment.
6. EOWA's primary role is to administer the Act by working with employers to improve equal employment opportunity (EEO) for women.
7. The functions of the Agency as stipulated in s.10 of the Act are:²

¹ EOWW Act 1999;
http://www.eowa.gov.au/About_EOWA/Overview_of_the_Act/The_Act/EOWW_Act_1999.pdf

² EOWW Act 1999;
http://www.eowa.gov.au/About_EOWA/Overview_of_the_Act/The_Act/EOWW_Act_1999.pdf

- to advise and assist relevant employers in the development and implementation of workplace programs;
 - to issues guidelines to assist relevant employers to achieve the purposes of the Act;
 - to monitor the lodging of reports by relevant employers as required by the Act and to review those reports and deal with them in accordance with the Act;
 - to monitor and evaluate the effectiveness of workplace programs in achieving the purposes of the Act;
 - to undertake research, educational programs and other programs for the purpose of promoting equal opportunity for women in the workplace;
 - to promote understanding and acceptance, and public discussion, of equal opportunity for women in the workplace;
 - to review the effectiveness of the Act in achieving its purposes; and
 - to report to the Minister on such matters in relation to equal opportunity for women in the workplace as the Agency sees fit.
8. Under section 3.1 of the Act, relevant employer means:³
- A higher education institution that is an employer; or
 - A natural person, or a body or association (whether incorporated or not), being the employer of 100 or more employees in Australia;
 - But does not include the Commonwealth, a State, a Territory or an authority.
9. Regulation of EEO for Australian federal government bodies is administered by the Australian Public Service Commission (APSC) under s.10 (b) (l) of the Public Service Act 1999.⁴
10. The APSC State of the Service Report is released annually reflecting the status of employment equity for women in the Australian Public Service.⁵

³ EOWW Act 1999;
http://www.eowa.gov.au/About_EOWA/Overview_of_the_Act/The_Act/EOWW_Act_1999.pdf

⁴ Public Service Act 1999;
[http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/1DD68BE56B217C28CA256F82001C0C9F/\\$file/Public_Service1999WD02.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/1DD68BE56B217C28CA256F82001C0C9F/$file/Public_Service1999WD02.pdf)

⁵ Australian Public Service Commission, State of the Service Report 2006-07,
<http://www.apsc.gov.au/stateoftheservice/0607/index.html>

11. The Act does not cover individual women, nor does the Agency have the capacity to address discrimination complaints.
12. When individual women contact EOWA in relation to matters directly outside of the scope of the Act, they are referred to the appropriate bodies including the Australian Human Rights Commission, the Office for Women, Women's Working Centres, and the Workplace Ombudsman.
13. The Act, formally the *Affirmative Action (Equal Opportunity for Women) Act 1986*,⁶ was reviewed in 1993 and again in 1998. The objectives of the 1998 review were:
 - to assess whether the benefits to the community from the legislation/ regulation outweighed the costs;
 - to assess whether the objectives of the legislation/ regulation could be achieved more efficiently through other means;
 - to have regard to the effects on welfare and equity, economic and regional development, consumer interests, the competitiveness of business and efficient resource allocation; and
 - to ensure compliance costs and paperwork burden to small business be reduced where feasible.⁷
14. The review resulted in a name change to the Act and to the Agency signalling continued support for promoting EEO for women in Australian workplaces, operating in a facilitative capacity rather than adopting a punitive approach to compliance.
15. The review also resulted in a less prescriptive approach to reporting requirements, and the development of educative material and voluntary guidelines to assist organisations to meet those obligations.⁸
16. EOWA assists employers to achieve EEO through:
 - the compliance reporting process
 - provision of educational services

⁶ Affirmative Action (Equal Employment Opportunity for Women) Act 1986;
http://www.austlii.edu.au/au/legis/cth/num_act/aaefwa1986634/s8.html

⁷ Affirmative Action Agency submission to the Regulatory review, Affirmative Action (Equal Employment Opportunity for Women) Act 1996;
http://www.eowa.gov.au/Information_Centres/Resource_Centre/EOWA_Publications/Submission_To_The_Review_Of_The_Affirmative_Action_Act_PDF.pdf

⁸ Equal Opportunity for Women in the Workplace Amendment Act 1999;
[http://www.comlaw.gov.au/ComLaw/Legislation/Act1.nsf/0/9447DF644918DB5ACA257432000EB870/\\$file/18399.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/Act1.nsf/0/9447DF644918DB5ACA257432000EB870/$file/18399.pdf)

- communications and research; and
- building partnerships, and engaging business leaders in incentive-based initiatives.

Compliance reporting process

17. Approximately 3,000 reports are received annually covering 8,200 organisations and over one million female employees.⁹

18. Public reports submitted to the Agency must include the following:

- a workplace profile;
- a description of the methods used to consult with staff, particularly women, and a list of the issues raised by staff in relation to the seven employment matters;
- a description of the employer's analysis of the issues in the employer's workplace relating to equal opportunity for women;
- a description of the actions taken by the employer during the reporting period to address the priority issues in the employer's workplace relating to employment matters that the employer would need to address to achieve equal opportunity for women in the employer's workplace.
- an evaluation of the effectiveness of actions taken; and
- a summary of actions to be carried out in the next reporting period.

19. Employers should report on their workplace analysis and identify issues across the seven employment matters:¹⁰

- Recruitment and selection;
- Promotion, transfer and termination;
- Training and development;
- Work organisation;
- Conditions of service;
- Arrangements for dealing with sex-based harassment; and

⁹ EOWA Annual Report 2006-07, http://www.eowa.gov.au/Information_Centres/Resource_Centre/EOWA_Publications/Annual_Reports/EOWA_Annual_Report_06_07/AR_06_07.pdf

¹⁰ EOWW Act 1999, Section 8 (3); http://www.eowa.gov.au/About_EOWA/Overview_of_the_Act/The_Act/EOWW_Act_1999.pdf

- Arrangements for dealing with pregnancy, potential pregnancy and breastfeeding.
20. EOWA collects, analyses, and benchmarks this information and provides reporting organisations with feedback and advice to further enhance each organisation's equal opportunity programs for women.
 21. EOWA client consultants, skilled in managing client relationships and human resource issues, receive comprehensive training that equips them to provide tailored feedback relevant to employer's needs. Client consultants are allocated specified industries to assess in order to develop industry specific expertise.
 22. For every report assessed, Client consultants telephone and email the organisation's EOWA Report Contact to provide personalised and detailed feedback on their workplace program.
 23. Should a report be initially assessed as non-compliant, Client Consultants work with that organisation to obtain the necessary additional information for the organisation to reach compliance status.
 24. This feedback conversation not only enhances the relationship between EOWA and reporting organisations but also provides an opportunity to discuss their individual program, ensuring that employers receive the maximum benefit of industry knowledge.
 25. This feedback call is designed to assist clients to influence change within their organisation and to apply for Business Achievement Awards and the EOWA Employer of Choice for Women (EOCFW) citation.
 26. EOWA reporting clients are then assessed as compliant, non-compliant or waived from reporting for a specified period of time under the Act.
 27. All CEOs from compliant organisations receive a tailored letter advising compliance with the Act and include feedback on their workplace program as outlined in their report.
 28. Under s. 19 of the Act, a non-compliant organisation is one which:
 - fails to lodge a public report or confidential report;
 - or fails to provide further information as requested by EOWA in accordance with s.18 of the Act concerning any aspect of:
 - (a) the employer's workplace program; or
 - (b) the preparation of the report;
 - (c) or the report itself.

29. The Act (s. 19. 1b) requires EOWA 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 industry assistance.
30. Once a non-compliant organisation submits a compliant report their name is removed from the non-compliant list.

PART 2: EOWA's Position on Gender Pay Inequity

31. Gender pay inequity is no longer simply about 'equal pay for equal work'. It is representative of the systemic discrimination that still occurs in the Australian workforce and is best defined as 'equal pay for different but equivalent work'.
32. The gender pay gap reflects the low value placed on the work women do, the unequal distribution of overtime and promotional opportunities, the impact of caring responsibilities, the continued reluctance to invest in women through training and development, old fashioned beliefs about women's abilities and roles and the failure to understand the difference between hours worked and outcomes achieved.
33. Unequal pay is a problem that affects all women at all levels of the Australian workforce and its solution lies in overcoming stereotypes and achieving genuine cultural change, both within the workplace, and in society generally.

EOWA Compliance Reporting on Remuneration and Pay Equity

34. EOWA is in a unique position, through the annual compliance reporting process, to identify gender issues occurring across the organisation and therefore the many and varied causes of pay inequity.
35. 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.¹¹
36. Many employers state there are no issues regarding pay distribution by gender in their workplace. They cite reasons for pay differences as being time spent in the role, differences in experience and women being in lower paying positions. Despite the fact this shows a gap in understanding of the causes of and definition of pay inequity and irrespective of the accuracy of these statements, if an employer reports from their analysis that there are no issues, then no actions are required to be taken by the employer.
37. Where pay data are submitted, EOWA's client consultants any pay issues that may be immediately apparent from the profile provided. Organisations are provided with advice and suggestions on addressing gender pay issues, including using the online EOWA Pay Equity Tool.

¹¹ See: http://www.eowa.gov.au/compliance_guidelines_word_2000.doc

38. Organisations seeking to be waived from reporting (for a period of up to three years) are required by EOWA guidelines to provide in their workplace profile, average salaries of men and women at all levels of the organisation and an analysis to explain any identified gaps as well as actions planned to reduce them.

Limitations

39. The Compliance Guidelines, established following the reform of the Legislation in 1999, do not make the reporting of pay data a requirement. However, a template workplace profile for the use of employers is included in the Compliance Guidelines and while the majority of employers use the template provided (which includes space for the provision of pay data), this information is not mandatory and employers can submit a profile in any format, without pay data. This makes collecting and analysing data in a consistent format problematic.
40. In addition, the Agency has limited resources to work with employers any issues regarding pay, the average time spent assessing and providing direct feedback to a relevant organisation on their entire program and report is one hour.
41. The EOWW Act does not enable the Agency or its Director to enforce remedy, nor to refer to other jurisdictions.
42. By requiring only non-government workplaces with more than 100 employees to submit compliance reports to EOWA, the Act does not cover Australian small to medium enterprises or government employers. Specific data and details on gender pay inequity and other issues for women in these workplaces thus cannot be monitored or obtained by EOWA.
43. EOWA's unique relationships with Australian employers enable it to collect each year, a wealth of data on these workplaces' equal opportunity programmes, issues and initiatives. While the Agency is able to produce significant amounts of research and resources and deliver these back to workplaces, government and the community on its small budget, EOWA lacks the financial and human capital to fully benefit from this pay data, which would add to existing information and understanding of the gender pay equity and women's participation in the workforce.
44. However, EOWA will be reviewing the Compliance Guidelines for possible introduction by 2010, in consultation with stakeholders, with a view to, amongst other things, improving the provision of pay data collected from relevant employers.

Recommendations

A. That the Government place increased focus on gender pay equity issues and that it do so through the Equal Opportunity for Women in the Workplace Agency's existing reporting processes.

B. That EOWA, through increased funding, be given the opportunity to fully capitalise on the information it collects on women's workplace equal opportunity recorded and stored in its database.

EOWA Information, Resources and Initiatives Relating to the Gender Pay Gap and Women's Workforce Participation

EOWA Website

45. The EOWA website contains a range of resources that can be publicly accessed free of charge to help inform employers, government, media and the community on the barriers preventing women from participating and advancing equally in the workforce.
46. EOWA's website resources draw on the Agency's expertise and strong relationships built and maintained with reporting organisations.
47. There is comprehensive information available regarding the specific obstacles women encounter in the workplace, as well as information for employers on how to identify and address these issues.

EOWA Pay Equity Resources and the Pay Equity Tool

48. The EOWA website contains a considerable amount of information on the gender pay gap, including the Pay Equity Tool designed to assist employers identify pay inequities in their organisation by conducting a pay equity audit.¹² EOWA launched the Pay Equity Tool in 2004. Compatible with most payroll systems, the online tool was developed to help employers to audit and analyse the gender pay distribution throughout their workplace and to help ensure that all employees are treated equally and to thereby avoid legal action.
49. Using the tool, employers are able to conduct a pay analysis and identify whether a pay equity problem exists in their workplace, or even in one particular business unit.
50. The tool includes pay scenarios which help explain and direct employers to the causes of pay gaps, which have helped to educate employers about the nature of pay equity

¹² See http://www.eowa.gov.au/Research_And_Resources.asp The EOWA Pay Equity Tool is available at: http://www.eowa.gov.au/Developing_a_Workplace_Program/Six_Steps_to_a_Workplace_Program/Step_2/Pay_Equity_Tool.asp

and the nature of workplace segregation. It has been promoted on State Government websites promoting issues of pay equity to business.

51. Available free on the EOWA website, the tool provides employers with a spreadsheet to undertake pay analysis. NAB in conjunction with the FSU recently used the tool as a guide to conduct a company wide analysis. See below for more information.
52. The pay equity tool has been used and promoted by the Western Australian State Government which has recently enhanced and added resources to the tools including a number of different guides advising employers how to reduce the gap.¹³ This tool has been added to the WA Pay Equity website and will be added to EOWA's website and made available to all businesses free of charge.

EOWA Research

53. EOWA conducts research each year to monitor the issues women are facing in the workplace. Research topics includes access to flexible working practices, paid maternity leave, pay equity and women in management. This research contributes to our understanding of pay equity issues and women's workforce participation. Research relevant to the inquiry is described below.

EOWA Census of Women in Leadership and Top Earner Report

54. Since 2003, EOWA has published the EOWA Census of Women in Leadership, a study of women board directors and executive managers in the top 200 companies on the Australian Stock Exchange (ASX).¹⁴
55. In August 2006, EOWA released the most recent Census, which revealed that only 12 per cent of ASX200 Executive Managers are women and 8.7 per cent of ASX Board Directors are women.
56. With research partner Macquarie University, using pay data collected as part of the 2006 census, EOWA was able to examine the declared Top Earner of Specified Executives of the 180 companies which declared this information in their Annual Report. For the first time, it was possible to explore how gender interacts with Top Earner status.¹⁵

¹³ Available at:

http://www.docep.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/About_the_Pay_Equity_Unit.html

¹⁴ Available at:

http://www.eowa.gov.au/Australian_Women_In_Leadership_Census/2006_Australian_Women_In_Leadership_Census/2006.asp

¹⁵ According to the Corporations Act 2001, Section 300A 1 c (iv), "top earners" are defined as each of the five named company executives who receive the highest remuneration for that year.

57. Released in January 2008, EOWA's *Gender Income Distribution of Top Earners in ASX200 Companies* report examined the remuneration of the five most highly paid executives in the top 200 companies on the Australian Stock Exchange (ASX200).¹⁶
58. The report exposed large salary gaps between women and men at the most senior level. Key findings included:
- Women hold only 7 per cent of Top Earner position in the ASX200.
 - The overall median pay for women top earners is 58 per cent that of the overall median pay for men.
 - Female Chief Financial Officers and Chief Operating Officers earn half the wage of their male equivalents.
 - In CEO positions, a female CEO earns two-thirds the salary of her male counterpart.
 - Even in support roles where women are concentrated, women have less than a 50 per cent chance of being a Top Earner.
 - In Human Resources positions, where women are also concentrated, the gender pay gap is 43 per cent.
 - In nine out of 10 industry sectors, the female median salary is less than the male median salary in the same sector.
59. These identified gaps between the salaries of women and men top earners are consistent with data from other studies, including:
- Women earn 84 per cent of male full-time adult ordinary earnings.¹⁷
 - It takes women 58 days more to earn the equivalent annual salary of men.¹⁸
 - New male graduates start work on a median salary of \$45,000 (an increase of \$3,000 from 2006), while female graduates earn \$42,000 (an increase of \$2,000 from 2006).¹⁹

¹⁶ Available at:

http://www.eowa.gov.au/Australian_Women_In_Leadership_Census/2006_Australian_Women_In_Leadership_Census/Top_Earner_Report.asp

¹⁷ ABS Average Weekly Earnings Cat. No. 6302.0, August 2008.

¹⁸ ABS Average Weekly Earnings Cat. No. 6302.0, August 2008

¹⁹ GradStats Number 12, December 2007 www.graduatecareers.com.au

- The Australian Institute of Management survey findings that the most significant difference in gender pay occurs for at the Chief Executive level, where females earn less than their male counterparts for undertaking the same job roles and the proportion of pay differentials largely reduces in line with job level.²⁰
60. Subject to funding, EOWA will release the 2008 Australian Census of Women in Leadership in October this year and anticipates that the second Gender Income Distribution of Top Earners in ASX200 Companies report will follow in early 2009. This will enable the Agency to identify any changes in the gender pay disparity that was revealed among top earners in the first report.

Generation F: Attract, Engage, Retain

61. In April 2008, EOWA released a new research report, *Generation F: Attract, Engage, Retain*.²¹ The report analysed the findings from a series of focus groups and an online survey and revealed the perceptions and attitudes of women and men in the workforce or seeking to join or return to the workforce, outlining the factors they consider most important when choosing an employer, and identifying the issues that will motivate them to move on.
62. The research revealed that many employers are not providing workplaces that enable women to fully participate in the Australian workforce, including in regard to gender pay equity. Findings included:
- good pay including bonuses was rated as an important characteristic of a new job by 88 per cent of women;
 - just over half (55 per cent) of women said their current employer offered them good pay;
 - desire for a higher salary was the second most common reason that motivated women to leave their current or most recent workplace;
 - 25 per cent of women and 21 per cent of men did not believe that women and men were treated equally in the workplace; and
 - 27 per cent of women and 16 per cent of men believed that generally, men were paid more than women for the same job.

²⁰ Submission No 51 to this Inquiry by the Australian Institute of Management

²¹ Available at: http://www.eowa.gov.au/Information_Centres/Resource_Centre/EOWA_Publications/Generation_F.asp

EOWA Annual Survey

63. Based on an annual survey of report contacts in EOWA reporting organisations, this research 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.
64. The survey assists in raising awareness of particular issues in the workplace as well as to collect trend data. Past years' surveys have focussed on issues for women including flexibility and work/life balance, paid parental leave and assistance with child-care.
65. In 2008, the survey included two questions on gender pay equity:
 - Do you conduct an annual gender pay equity analysis in your organisation; and
 - Is there a gender pay gap in your organisation?
66. The final results of this survey will be available in 2009.

EOWA Employer of Choice for Women Citation ²²

67. To maintain the citation's recognition of leading edge organisations, EOWA decided to raise the benchmark for organisations to qualify from 2008 EOCFW onwards. This followed extensive consultation with EOCFW organisations in 2006 via focus group gatherings held in Melbourne, Sydney and Brisbane, plus a review of written submissions. Following this process, the following six new pre-requisites were established, including one relating specifically to gender pay equity:
 - equal Opportunity for Women is a standing agenda item on a Committee chaired by the CEO of his/her direct report;
 - female managers can work part-time;
 - paid maternity leave – a minimum of six weeks' paid leave is offered after 12 months of services;
 - sex-based harassment training is conducted at Induction for all staff members (including management, contract staff and casual staff) and refresher education OR update is received by all staff (including management, contract staff and casual staff) every two years;
 - the Pay Equity Gap between average male and female salaries at each level of the organisation is less than the national gender gap identified by ABS research (17

²² Available at : http://www.eowa.gov.au/EOWA_Employer_of_Choice_for_Women.asp

per cent in 2008). Additionally, the organisation's overall pay gap must be less than the organisation's industry average pay gap, based on current ABS statistics. Both calculations are based on ordinary time earnings; and

- at least 27 per cent of managers are women or the number of female managers is greater than the industry sector.

68. The following six original criteria remain unchanged and also need to be met by organisations applying for the citation:

- have policies in place (across employment matters) that support women across the organisation;
- have effective processes (across employment matters) that are transparent;
- have strategies in place that support a commitment to fully utilising and developing its people (including women);
- educate employees (including supervisors and managers) on their rights and obligations regarding sex-based harassment;
- have an inclusive organisational culture that is championed by the CEO, driven by senior executives and holds line managers accountable; and
- deliver improved outcomes for women and the business.

69. Because the Employer of Choice for Women is a highly regarded citation, the new pre-requisite concerning the pay equity gap has been effective in encouraging reporting organisations across all industry sectors to focus on identifying and addressing any gender pay issues.

70. The average gender pay gap in 2008 EOWA Employer of Choice for Women organisations was 10 per cent, 7 per cent lower than the national average, according to the most current ABS statistics available.²³

71. In March 2008, 99 organisations were listed as Employer of Choice for Women, having met both the original criteria and six new pre-requisites. This was a significant decrease from the 131 organisations that were awarded the citation in 2007 and is reflective of the higher benchmark set by the new pre-requisites for 2008.

²³ Calculated from the average of the last four quarters of ABS statistics available as at 31 March 2007. ABS Average Weekly Earnings Cat. No. 6302.0.

72. Many organisations who had previously been awarded the EOFCW citation were removed from the list in 2008 because they were unable to meet the new pay equity gap criterion.

'Equal Pay Day' Campaign

- On 27 August 2008, EOWA launched a new media campaign on 'Equal Pay Day', to generate community awareness and debate on the gender pay gap, and the barriers women face in the workplace generally. EOWA's 'Equal Pay Day' media release is included in this document in Annexe 1.
- Based on the ABS figure that working full-time ordinary hours, a woman earns on average, 84 cents to a man's dollar, a woman has to work an extra 58 days in a year to earn the same as a man.
- The 27th August therefore, was calculated as Australia's 2008 'Equal Pay Day', 58 days after the end of the financial year, when women's salaries had caught up to those of men.
- This inaugural Equal Pay Day was the focus of an ongoing campaign for EOWA to educate the community about the causes of and solutions to gender pay inequity.
- As at 17 September 2008, this media campaign had generated over forty known mentions of EOWA's Equal Pay Day.

Auspoll Research Consulting Survey on Australians' Attitudes to Pay Equity

73. In partnership with Diversity Council Australia EOWA commissioned a quantitative survey on Australians' Attitudes to Pay Equity, which was conducted in September 2008.
74. The purpose of the survey was to identify the level 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.
75. The survey comprised three (3) key questions which examined:
- Respondents' understanding of the definition of 'gender pay equity';
 - Perceived differences in earnings of men and women in Australia; and
 - Respondents' desire for steps to be taken to close the gap between men's and women's earnings.
76. Two similar surveys were conducted amongst:
- The general population; and

- Australian professionals from the Workplace Training Advisory Australia (WTAA) database.

77. The general population survey involved a sample of 1,200 interviews conducted online, while the 'WTAA Professional Survey' was completed online by 2,213 business professionals, of which 415 identified themselves as Human Resources Managers.

78. The key findings from the survey include the following.

Respondents' understanding of gender pay equity

79. Only 12 per cent of Australians are aware of the Diversity Council's and EOWA's accepted definition of gender pay equity, which is 'equal pay for different but equivalent work'. Instead, nearly two thirds of Australians (63 per cent) believe that gender pay equity means 'equal pay for men and women doing the same job'.

80. Business professionals from the WTAA database are more likely to define pay equity correctly, with 39 per cent understanding gender pay equity as 'equal pay for different but equivalent work'. However, 55 per cent of business professionals still incorrectly believe the term means 'equal pay for men and women doing the same job'.

81. Women are slightly more likely than men to define 'gender pay equity' correctly (15 per cent of women compared to ten per cent of men).

82. General respondents in Victoria and NSW are slightly more likely than respondents from other states to correctly define the term 'gender pay equity'.

Respondents are aware that a pay gap exists but do not know how big that gap actually is

83. Most Australians (82 per cent) are aware that Australian women earn, on average, less than Australian men. However, 14 per cent believe there is no difference in men's and women's weekly earnings and four per cent believe that women earn more than men.

84. Only 29 per cent of Australians are correctly aware that women earn between 11 per cent and 20 per cent less than men.

85. Thirty per cent of Australians *overestimate* the disparity in men's and women's weekly wages, while 41 per cent either *underestimate* the gap or believe women earn the same as or more than men.

86. In comparison, business professionals from the WTAA database are more likely to be correct in believing that women earn between 11-20 per cent less than men. They are however, more likely than the general population to *overestimate* the gap. Forty-three per cent believe that women earn over 21 per cent less than men, while only 19 per

cent underestimate the gap, or believe that women earn the same as, or more than men.

87. The same proportion of men and women (29 per cent) correctly identify that women in Australia earn between 11 and 20 per cent less than men.
88. Younger people are more likely to underestimate the gender pay gap. For example, only 23 per cent of respondents aged between 18 and 24 years overestimate the gap, compared to nearly half (48 per cent) who *underestimate* the gap, or believe women earn the same as or more than men. In contrast, 39 per cent of respondents aged 55-64 overestimate the gap, while 34 per cent believe women earn the same as or more than men.
89. Respondents in South Australia are most likely to correctly identify the disparity in men's and women's wages.

Respondents agree that the gap should be closed

- Eight out of ten Australians agree that 'steps should be taken to close the gap between men and women's earnings'. The remaining twenty-one per cent either disagreed or neither agreed nor disagreed.
- By comparison, almost all (96 per cent) of respondents from the WTAA database agree that steps should be taken to close the gender pay gap.
- While there is broad agreement from both men and women that steps should be taken to close the gap between men's and women's earnings, women are more likely than men to *strongly agree* (69 per cent of women compared to 42 per cent of men).
- Middle-aged respondents, who are the most likely to be working full-time, are more likely to strongly agree that steps should be taken to reduce the gap. Differences between the states are negligible.

Survey Conclusions.

90. The survey findings clearly demonstrate that while there is some understanding of gender pay inequity and evident recognition that steps need to be taken to address the gap, the complexities and details of the problem are not fully understood by the Australian public.
91. However, despite some misunderstanding in regard to the complex meaning of gender pay inequity and its proliferation in Australian workplaces, there is overwhelming agreement among all respondents regardless of gender, age, location or profession, that the gap needs to be reduced.

Limitations

92. The EOWA website does not require registrations so EOWA is unable to determine how many organisations have used the Pay Equity tool.
93. Only a relatively small number of organisations are interested in achieving EOWA Employer of Choice for Women status, so the impact of the pay criteria has limited reach.
94. The causes of pay inequity are complex and educating business on these issues and subtleties is time- consuming and sophisticated. EOWA lacks sufficient resources to mount any significant campaign.

Recommendations

- C.** EOWA is funded to run a three year (2009 – 2011) targeted industry campaign conducting voluntary gender pay equity audits. The campaign might focus on specific industries each year, identifying a group of organisations that have a pay gap greater than the industry average (and any organisations wishing to participate) and assisting employers to develop pay equity plans to lower the gap. This campaign, if supported, would require scoping and costing to determine feasibility. Such a program could support a PhD thesis which could report findings with a review to expanding the program.
- D.** That EOWA, with its specialised knowledge of Australian medium to large employers and the relationships it has built with them under its Act, be an integral part of any government-established working group on pay equity.
- E.** A nation-wide community education programme on pay inequity should be developed and implemented to increase awareness of the gender pay gap, further heighten debate and promote positive change throughout Australian workplaces, across all states and industries. Men, women, employees and employers should have access to such a programme.
- F.** Targeted education of young people in schools about the gender pay gap should be considered.
- G.** Appropriate steps should be identified and developed to reduce the gender pay gap and work toward ensuring that Australian women and men are paid equally, for work of equal value.
- H.** Existing initiatives taken by some of the states to address gender pay inequity should be analysed and considered in the development of a federal model.

Case Studies

95. Some reporting organisations, through their annual discussions with EOWA client consultants, have reported to the Agency on the actions they have taken to identify and address matters of pay inequity within the workplace.

Churches of Christ Homes and Community Services Inc.

96. The organisation recognised that while it paid similarly to other Aged Care providers and charities, its salaries were not competitive with other industries.
97. The Senior Executive felt that the contribution, skills, knowledge and abilities of their employees deserved to be recognised in comparison to their peers beyond the Aged Care industry.
98. An external management consultancy was commissioned to benchmark Churches of Christ's 120 salaried positions against similar positions across all industries.
99. From this process, all positions were banded and new, appropriate remuneration was recommended, delivering significant pay increases to the organisation's mainly female workforce.
100. The investigation clearly demonstrated that in general, industries with a traditionally male-dominated workforce have higher remuneration than industries with a traditionally predominantly female workforce.

Praxa

101. The IT professional services firm conducted a pay audit, which enabled it to identify where pay inequities existed within the company and to create a more efficient and productive organisation.
102. It was found that the pay inequities were mainly due to the types of roles that women were performing compared to men in the company. For example, females were predominantly located in administration, customer service and finance departments but were under-represented in management and technical roles.
103. The organisation is now looking at strategies to move women into non-traditional areas of the business, and mentoring women into management in an effort to further reduce the pay gap.

National Australia Bank

104. In 2006, in collaboration with the Finance Sector Union (FSU), the bank conducted an open and transparent pay equity audit using EOWA's Pay Equity Tool among other resources, as part of the development process of a three-year enterprise agreement that included a formal commitment to reduce the gender pay gap.

Response to submissions made by reporting organisations

105. Submissions made to this Inquiry by some organisations which are required to report annually to EOWA reflect the positive effects of the relationships the Agency has built with client employers and its educative approach to regulation:

Central Queensland University (Submission #19), submitted 14/08/08 by Prof. John Rickard, Vice-Chancellor & President:

'It is recognised that pay equity is also about the potential undervaluing of work that is traditionally viewed as "women's work". At CQUniversity, general staff positions within the 9 level Higher Education Worker (HEW) structure and the 7 level Research Support Only Worker (RWK) structure are evaluated using the Hay job evaluation methodology...[which] minimises the risk of undervaluing and overvaluing positions and assists in more equitable pay outcomes.'

TNT (Submission #33), submitted 20/08/08 by Roger Corcoran, Chief Executive Officer:

'There is a greater need for government agencies to heighten Australian business's awareness of gender based disparity in salaries and issues restricting female participation in the work force...A gender neutral job evaluation methodology is an excellent basis for setting fair and equitable pay practices. In TNT we are using the Hay methodology which allows job-to-job comparisons based on skill, effort and responsibility.'

Rio Tinto (Submission #62), submitted 28/08/08:

'Australia has a legislative regime across state and federal jurisdictions that supports and promotes the issue of pay equity. The EOWA plays a significant part in this process and the current arrangements are fully supported by Rio Tinto.'

'Rio Tinto believes that the advancement of pay equality and improved female participation in the workplace will occur as a result of employers recognizing the benefit this will bring to their organisation. In a scarce and highly competitive labour market the necessity to increase the levels of female participation is paramount to ensure business success.'

106. However, other submissions made by EOWA reporting organisations demonstrate the need for further education of employers of matters of gender pay inequity. Below are extracts from submissions that have specifically referred to EOWA compliance reporting:

A. Noble & Son Ltd (Submission #2), submitted 21/07/08 by Kevin Essing, Managing Director:

'Further legislative reform could present negative opportunities for women when seeking employment.'

Honda Australia Motorcycle & Power Equipment Pty Ltd (Submission #5), submitted 28/07/08 by Stuart Strickland, Managing Director:

'We do not see any disadvantages whatsoever in the employment of women in our organisation at any level and believe that the Australian Government's current initiatives, legislation and education campaign are appropriate.'

The Epping Club (Submission #12), submitted on 06/08/08 by Helena Lorenzon, HR

Manager:

'My experience when dealing with both males and females in salary negotiations demonstrates a vast difference in the negotiating styles of the sexes...Men appear to believe they are entitled to their request and present a proposal supporting their request. To my disappointment women do not demonstrate the same confidence nor do they prepare for the negotiation process. Often times expecting that their line Manager or CEO will "look after them". History also reflects that when women do not achieve the salary increase expected they have to tell their colleagues about it, causing a flow on effect from reduction in moral [sic]. Men just deal with it.'

107. These submissions substantiate the results from the Auspoll survey (see above), which revealed the need for greater education on the complex nature and causes of gender pay inequity. They also indicate that there is misunderstanding regarding the potential consequences of future steps, be they Legislation or regulation change or otherwise, that may be taken to reduce the pay gap.

Recommendations

I. That the development of the community education programme on the gender pay gap include an element specifically targeted toward employers and informing them on the realities and issues of this fundamental workplace inequity.

J. The community education programme should include addressing the belief that women risk being further discriminated against in a workplace environment that seeks to ensure that women are paid equally to men for equivalent work. This belief should neither manifest in reality, nor be used as a reason for arguing against steps being taken to address gender pay inequity.

Attachment A: EOWA Equal Pay Day Media Release

Equal Pay Day: Women short changed at June 30

The Equal Opportunity for Women in the Workplace Agency (EOWA) has named August 27 *Equal Pay Day* and is calling on employers to conduct a pay audit in their workplace.

With women earning just 84 cents in the male dollar, women effectively have to work longer to earn the same money as a man.

To match the average wage a man earns in 12 months or the financial year working full time ordinary hours, a woman has to work an extra 58 days, or a total of 14 months to earn the same.

August 27, 2008 marks the day when women's average salary catches up to what men have banked by June 30 2008.

Anna McPhee Director of the Equal Opportunity for Women in the Workplace Agency said "there will be no ribbons, wrist bands or special clothing to promote Equal Pay Day on August 27."

"Women already have less hourly pay, less weekly pay, less annual pay and less total superannuation savings, we wouldn't want them to give up any more of their hard earned pay to support this day."

Employers can support Equal Pay Day by initiating a pay audit in their workplace and respond where appropriate with transparent payment and promotion criteria, a meaningful work valuation assessment, review of overtime payments, provision of flexible work practices for all staff, removal of gender bias from performance reviews and where appropriate increases in pay for women.

Despite being granted equal pay for equal work more than 30 years ago in the 1972 Equal Pay Case, pay equity has not been achieved.

"Pay equity is not just about equal pay for equal work. The 15.6% gender wage gap reveals the systemic discrimination in the under-valuation of women's work", said Anna McPhee

The impact of pay inequity in our society is costly not only to women, but also to families, government and the community. Women's life time earnings are low, leaving many women in poverty after the significant contribution to society of raising children. Most families are forced to assume traditional roles of male bread winner and female carer, rather than equally sharing the load of both paid and unpaid work.

August 27 is the focus of an ongoing campaign for the Equal Opportunity for Women in the Workplace Agency (EOWA) to educate the community about the causes and solutions of pay equity. This campaign includes working with over 7,000 Australian businesses each year on their workplace programs, research and resource development and an ongoing awareness campaign. EOWA has also developed a tool to help business audit and analyse issues of pay which is available free from www.eowa.gov.au.

EOWA is a Federal Government statutory authority which administers the Equal Opportunity for Women in the Workplace Act (1999). Employers of 100 people or more are required to report to the Agency on the initiatives they take within their organisations to advance women in the workplace. EOWA works with employers to improve equal opportunity outcomes for women in Australian workplaces.

[ENDS]