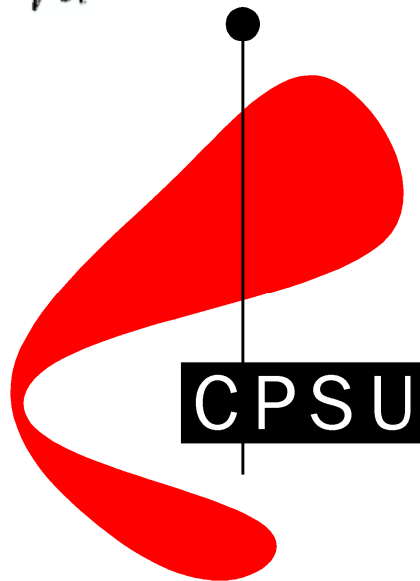


Submission Number: 13.1  
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**CPSU (PSU Group)  
submission to the:**

***Inquiry into Pay Equity and  
Associated Issues Related  
to Increasing Female  
Participation in the  
Workforce***

**September 2008**

## **Inquiry into pay equity and associated issues related to increasing female participation in the workforce**

### **Introduction**

The Community and Public Sector Union (CPSU) is an active and progressive union committed to promoting a modern, efficient and responsive public sector delivering quality services and quality jobs. We represent around 60,000 members in the Australian Public Service (APS), ACT Public Service, NT Public Service, ABC, SBS and the CSIRO.

The CPSU welcomes the *Inquiry into Pay Equity and Associated Issues Related to Increasing Female Participation in the Workforce*. With a majority female membership<sup>1</sup>, pay equity is an issue of great significance to our members and a specific target area in the CPSU's 'Agenda for Change' five year plan.

According to the May 2008 average weekly earnings data released by the Australian Bureau of Statistics (ABS)<sup>2</sup> full time female employees across all sectors on average earn an ordinary time wage that is \$193.10 a week less than their male counterparts. In the public sector women can expect to earn \$155.20 less a week than men. When overtime is taken into account, women working full time earn a total weekly wage that is \$246.50 less per week than men. In the public sector, women working full time earn a total weekly wage that is \$201.60 less than men.

While advances have been made in gender equality, it is a sad and confronting fact that there still exists a significant gender pay gap. This is not a straightforward issue: the lack of gender pay equity is a complex problem stemming from embedded social and structural discrimination and disadvantage.

The public sector has long been an employer of choice for women. This is because it has provided prospects of a career, valuable and interesting work and flexible employment arrangements. This explains why 57 per cent of the APS workforce is women, up nearly 9 per cent over the last decade<sup>3</sup>; two thirds of the ACT public service (ACTPS) is women<sup>4</sup>; and, 62 per cent of employees in the Northern Territory public service (NTPS) are women<sup>5</sup>.

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<sup>1</sup> 56.4 per cent of CPSU members are female.

<sup>2</sup> ABS, Average Weekly Earnings 6302.0, May 2008. Available at [www.abs.gov.au](http://www.abs.gov.au)

<sup>3</sup> Public Service and Merit Protection Commission (1998) *Workplace Diversity Report 1997-8*, Commonwealth of Australia, p.9.

<sup>4</sup> Commissioner for Public Administration (2007) *ACT Government Workforce Profile 2006-7*, Canberra, p.20.

<sup>5</sup> Office of the Commissioner for Public Employment (2007), *Northern Territory State of the Service Report 2006/7*, p.32.

Feminisation of the public sector will continue with 65.2 per cent of new entrants to the APS being women and only 55 per cent of separations<sup>6</sup>.

However women are more likely than men to be employed in lower level positions in the public sector<sup>7</sup> and rates of pay in highly feminised agencies such as Centrelink lag well behind those in male dominated agencies such as the Australian Tax Office, the Department of Foreign Affairs and Trade, and IP Australia. Pay gaps in the APS exist between agencies, with highly feminised agencies having overall lower pay scales and it also exists within agencies with levels that have a higher proportion of women being underpaid and undervalued. In order to understand gender pay inequity, there must be an examination of the consistent devaluing of areas and work roles that have been traditionally associated with women or currently have high female workforce participation rates (these issues are discussed in detail in this submission).

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

Current data is inadequate to reliably monitor employment changes that impact on pay equity issues.

There is a need for the Australian Bureau of Statistics to be properly funded to undertake important surveys using a proper sample size. In the last six months, in response to the Rudd government's efficiency dividend and in response to unsustainable budgetary pressures that had been mounting through the period of the Howard Government, the Australian Bureau of Statistics has changed its survey program to reduce costs. Important changes include:

- The release of the Employee Earnings and Hours survey, a survey which provides key earnings data by gender and has been carried out every two years from 1996 to 2006, will be delayed and will be partially user funded.
- The sample size of the population surveyed for the Labour Force Survey has been reduced by 22 per cent. This survey collects data on employment levels and labour force participation rates – again, crucial data in the analysis of the interaction of women workers with the labour market.
- The ABS has cancelled the annual Yearbook for 2009. This summarises key labour market data including 'labour market statistics, labour force, employed people, unemployed people, persons not in the labour force, underutilised labour, earnings, industrial relations, and job vacancies' and is useful in assessing the labour market situation of women workers.

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<sup>6</sup> Australian Public Service Commission (2007), *State of the Service 2006-7*, Commonwealth of Australia, p.16.

<sup>7</sup> Office of the Commissioner for Public Employment (2007), *Northern Territory State of the Service Report 2006/7*, p.33.

While the ABS provides a significant amount of data free of charge via its website, a lot of the disaggregated data which is required to analyse pay equity issues is not published. It can be purchased from the ABS for a fee, but often the cost is prohibitive and consequently, detailed analysis is not undertaken.

In 1990 and 1995, the Commonwealth Department of Industrial Relations undertook a comprehensive survey of Australians at work. The Australian Workplace Industrial Relations Survey (AWIRS) aimed to meet two research objectives: First 'to describe the different patterns of workplace industrial relations in order to map out the key features of workplace industrial relations structures, processes and outcomes'; and second 'to collect data that would be useful for secondary analysis of why efficiency and equity outcomes differ at workplaces'<sup>8</sup>. 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. Under the Howard government, the survey was cancelled. The CPSU recommends that, if the Rudd government is serious about identifying inequities in Australian workplaces and between workers, the AWIRS survey be conducted every five years and the data be publicly available.

**Recommendations:**

1. The ABS must be fully funded to ensure that sample sizes are not reduced to meet budget constraints and surveys are not cut or delayed.
2. Detailed ABS survey data must be available free of charge.
3. The AWIRS survey must be administered every five years and the results be publicly available.

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

There is a need for industrial parties to be fully informed about equity issues particularly when negotiating wages and conditions.

A key source of information used by the parties is the data collected by the ABS and provided to the public free of charge. Where funding has been reduced, it must be reinstated and current surveys must be maintained.

The role, function and reporting of the Equal Opportunity for Women in the Workplace Agency must be reviewed. It must be properly funded with research programs developed in conjunction with unions and employers to ensure that the research provides useful information to redress inequality at work.

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<sup>8</sup> Callus R, Morehead A, Cully M and Buchanan J (1991) *Industrial Relations at Work: The Australian Workplace Industrial Relations Survey*, Commonwealth Department of Industrial Relations, AGPS, Canberra, p. xviii.

Agencies including DEEWR and EOWA also have a role in developing policy measures such as best practice guidelines that can assist both public and private employers to identify and address pay equity issues. It is important that any development of policies and initiatives aimed at combating gender pay inequity be done in consultation with unions and employers.

Government agencies must be funded for the development and implementation of initiatives to address pay equity at the agency level.

**Recommendations:**

1. Comprehensive ABS survey data to be available free of charge.
2. Agencies including EOWA must be properly funded.
3. The role, function and reporting of EOWA must be reviewed.
4. Government agencies must be properly funded to develop and implement policy measures that address pay equity.

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

As of June 2007, the Australian Public Service had a total of 155 482 employees, with 88 621 of them being female. In other words, around 57 per cent of the APS workforce is female<sup>9</sup>. Given the predominance of female employees in the APS, it is important to understand where women fit within public sector employment.

In July 2008, the CPSU conducted a review of wages and classifications across the public service. The objective was to assess the effect of ten years of funding and fragmented wage negotiations on APS pay rates. The research shows a system in significant need of repair. The disparities which have emerged are fundamentally at odds with CPSU's view of the APS as a single employer which encourages career mobility and values high productivity workplaces.

The CPSU Report *Far from Equal*<sup>10</sup>, found that 'since the early nineties wage movements have been underpinned by a productivity assumption. That is, increases in wages need to be paid for within agency budgets by improvements in productivity. Supplementation for wage increases has been modest (generally around half the rate of CPI) at an average of 1.25 per cent per annum, while wage growth has been at around 3 per cent to 4 per cent per annum. At the same time agency running costs have been reduced by the imposition of an efficiency dividend (1% per annum since 1987, 1.25% per annum since 2005, and 3.25% in 2008-9). In addition to the general efficiency dividends some agencies have had additional dividends imposed. The long

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<sup>9</sup> APSC State of the Service Report 2006-2007, pg 11-17

<sup>10</sup> See [http://www.cpsu.org.au/multiversions/8549/FileName/CPSU\\_Report\\_APS\\_Wages.pdf](http://www.cpsu.org.au/multiversions/8549/FileName/CPSU_Report_APS_Wages.pdf)

term effect has been that the capacity to find additional savings to pay for wage increases has been constrained. Those agencies with new initiatives have found ways to maintain or increase real wages, but those with smaller budgets and/or less dynamic program responsibilities have not’.

Often, the agencies with smaller budgets and/or less dynamic programs are the ones where women are employed in the APS. The *Far from Equal Report* contained an analysis of APS agencies that fell within the bottom ten of all agencies in terms of pay. The proportion of women employed in these lowest paying agencies was also considered (Table 1).

**Table 1: Agencies in the Bottom Ten (any grade)**

Agencies in the Bottom Ten (any grade)	Proportion of Employees who are Women	Total Employees
Australian Centre for International Agricultural Research (ACIAR)	79%	52
Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)	66%	114
Australian Institute of Family Studies	80%	59
Australian Public Service Commission	72%	250
Australian War Memorial	52%	293
Defence Housing Australia	74%	699
Department of Education, Science and Training	63%	2470
Geoscience Australia	28%	682
Human Rights and Equal Opportunity Commission	72%	116
Torres Strait Regional Authority	68%	76
Royal Australian Mint	39%	181
Australian Film Commission – Including Screensound	57%	244
Agriculture, Fisheries and Forestry	43%	4951
National Library of Australia	71%	521
Department of Families, Housing, Community Services and Indigenous Affairs (FACCSIA)	67%	3099

Source: CPSU Far from Equal Report, July 2008

The *Far from Equal* analysis found that ‘some agencies fell with in the bottom 10 for only one grade. For example, the Australian Public Service Commission, pays at or just below the average for most grades. At APS 3 level, where according to the APSSB 07 it has 8 employees, all of whom are women, it is the third lowest paying agency. Perhaps the agency which best demonstrates the propensity of the current bargaining arrangements to have less favourable outcomes for women in small agencies is the Defence Housing Authority. It employs around 699 employees of whom 68 per cent are women. The DHA was among the lowest paying agencies in 4 out of 6 grades in our study. This is in stark contrast to the Department of Defence proper, which has a relatively large number of female employees (8185) but they only make up 38.7 per cent of the 21,177 strong civilian Defence workforce. The Department is in the top quartile for most pay grades. Employees of DHA perform a range of functions for Defence Force personnel which would be similar to, or of equivalent work value to work performed in the Department, yet there is \$5,000 pay difference’.

## Detailed analysis of APS pay rates

Building on the findings of the *Far from Equal* Report, a detailed analysis of agencies by classification level was undertaken to ascertain whether women employed at particular APS levels were more or less likely to be paid below the average pay rate<sup>11</sup> at each level from APS 3 to APS 6<sup>12</sup>. The findings are summarised below.

### APS 3

The average rate of pay at APS 3 level is \$49, 631. Chart 1 shows that of the forty agencies that pay below the average at the APS 3 classification, just six have a workforce that is comprised of less than 50 per cent women. The remaining 34 agencies have a workforce that is more than 50 per cent women.

Of these 34 agencies, 7 have a workforce density of 50 per cent to 60 per cent women, 18 have a density of between 60 and 70 per cent women employees and the remaining 9 agencies have a workforce that is greater than 70 per cent women. **In other words, 27 out of the 40 agencies that pay below average at APS 3 have a workforce that is 60 per cent or more women.**

**Chart 1: APS 3 Below Average Agencies**

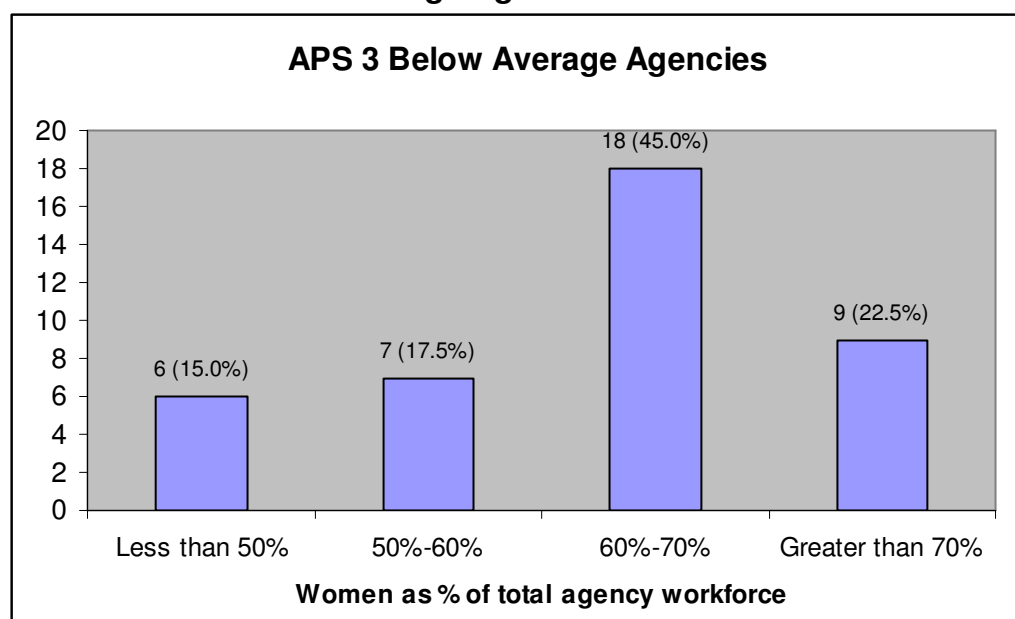


Table 2 lists the agencies that pay below the average at APS 3. **While some agencies which pay below average have a high percentage of male employees, they generally employ very few people at the APS 3 level.** The six agencies which pay below the average and have a workforce that is less than fifty per cent female are: Geoscience Australia, Agriculture,

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<sup>11</sup> The average is calculated from the top increment at each APS level.

<sup>12</sup> Note that the data is current at 30 June 2008. The staffing figures are current at 30 June 2007 and were drawn from the APSC Statistical Bulletin.

Fisheries and Forestry, Royal Australian Mint, National Capital Authority, Department of Transport & Regional Services and the Australian Crime Commission. However it must be noted that: while Geoscience Australia has one of the lowest APS 3 pay rates, it does not employ anyone at that level. Further, the other six agencies did not employ many people at the APS 3 level. For example, the Royal Australian Mint employs two women out of the seven employed at that level; one of the three employed at Level 3 at the National Capital Authority is a woman; at Department of Transport & Regional Services, 16 of 29 employees at APS 3 are women and 46 of 62 employed at APS 3 at the Australian Crime Commission are women. The only exception was the Department of Agriculture, Fisheries and Forestry 258 of 832 people employed at APS 3 are women.

By way of contrast, Centrelink and Medicare employ a significant number of staff at the APS 3 level – the rate of pay for these staff is 3.5-3.1 per cent below the average for APS 3. Of the 2789 staff employed by Centrelink at Level 3, 2101 or 75 per cent are women. Similarly of the 2238 Level 3 employees at Medicare, 2055 or 92 per cent are women.

**Table 2: APS 3 Level Agencies that pay below the average**

Agency Name	Deviation from Average %	% of the workforce that is female
Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)	-9.0%	70.0%
Geoscience Australia	-7.0%	28.1%
Australian War Memorial	-5.8%	51.0%
Australian Public Service Commission	-5.2%	72.9%
Defence Housing Australia	-5.2%	73.8%
Australian Centre for International Agricultural Research (ACIAR)	-4.9%	72.2%
Human Rights and Equal Opportunity Commission	-4.9%	67.5%
Torres Strait Regional Authority	-4.4%	60.5%
Department of Education, Science and Training	-4.4%	63.4%
Australian Institute of Family Studies	-4.1%	80.6%
Comcare	-4.0%	62.9%
Agriculture, Fisheries and Forestry	-4.0%	42.3%
Royal Australian Mint	-3.9%	40.3%
Australian Research Council	-3.6%	69.2%
Centrelink	-3.5%	69.0%
National Museum of Australia	-3.5%	65.7%
Medicare Australia	-3.1%	81.2%
National Capital Authority	-3.0%	46.1%
Family Court of Australia	-2.6%	66.3%
Department of Families, Housing, Community Services and Indigenous Affairs (FACSI)	-2.5%	67.2%
National Library of Australia	-2.3%	71.9%
Department of Employment and Workplace Relations	-2.3%	56.5%
Office of the Federal Privacy Commissioner	-2.1%	56.3%
Australian National Maritime Museum	-2.1%	51.5%
Equal Opportunity for Women in the Workplace Agency	-2.0%	100.0%

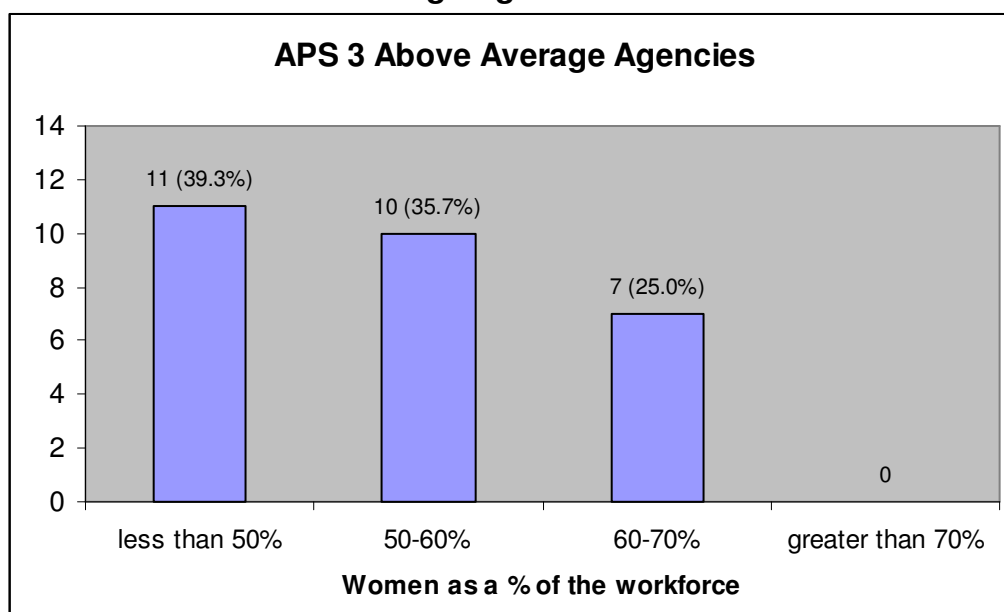


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Agency Name	Deviation from Average %	% of the workforce that is female
Attorney-General's Department	-1.7%	62.6%
Department of the Prime Minister and Cabinet	-1.4%	64.5%
Department of Transport & Regional Services	-1.3%	44.5%
Australian Crime Commission	-1.3%	49.9%
Department of Communications, Information Technology and the Arts	-1.3%	60.1%
Administrative Appeals Tribunal	-1.3%	69.2%
Australian Film Commission - Including Screensound	-1.0%	56.0%
Food Standards Australia New Zealand	-0.7%	67.3%
Federal Court of Australia	-0.7%	65.7%
Migration Review Tribunal & Refugee Review Tribunal	-0.7%	62.3%
Federal Magistrates Court	-0.6%	86.1%
Australian Securities and Investments Commission	-0.6%	58.2%
National Archives of Australia	-0.4%	58.6%
Australian Electoral Commission	-0.3%	60.2%
Office of the Commonwealth Ombudsman	-0.1%	62.1%

At the other end of the scale, 28 agencies pay above the average at the APS 3 level. Of these, 11 have a workforce that is comprised of less than 50 per cent women. Of the remaining 17 agencies, 10 have a workforce that is 50 per cent to 60 per cent women and 7 have a workforce density of 60 per cent to 70 per cent women. **Importantly, no agencies that pay above the average at the APS 3 classification have a workforce that is more than 70 per cent women** (Chart 2).

**Chart 2: APS 3 Above Average Agencies**

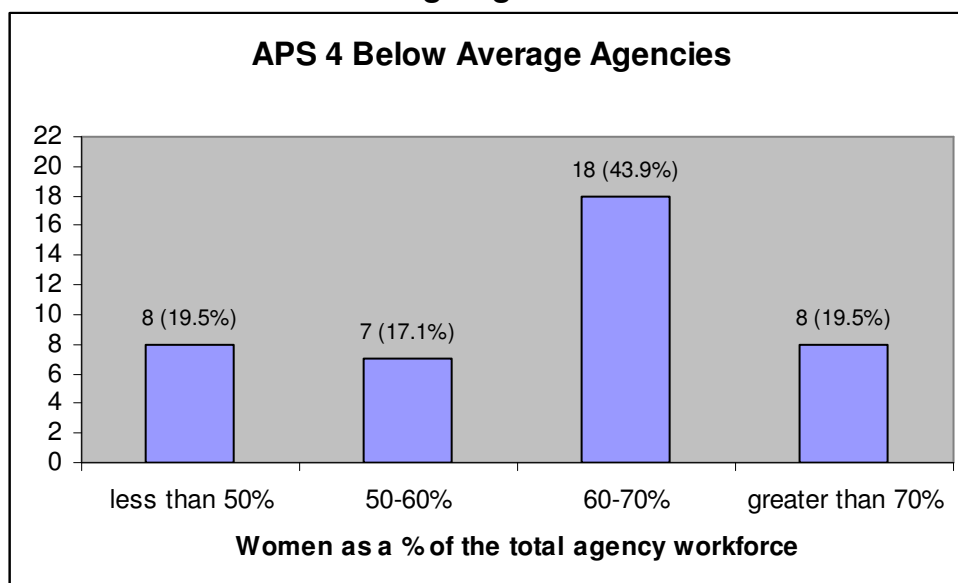


#### **APS 4**

The average rate of pay at APS 4 is \$55 316 per annum. Of the 41 agencies that pay below the average at the APS 4 classification, 8 have a workforce that is comprised of less than 50 per cent women. The remaining 33 agencies have a workforce that is more than 50 per cent women.

Of these 33 agencies, 7 have a workforce density of 50 per cent to 60 per cent women, 18 have 60 per cent to 70 per cent women and the remaining 8 agencies have a workforce that is greater than 70 per cent women (Chart 3).

**Chart 3: APS 4 Below Average Agencies**



The ten lowest paying agencies at APS 4 are:

1. Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)
2. Defence Housing Australia
3. Australian War Memorial
4. Australian Institute of Family Studies
5. Royal Australian Mint
6. Australian Centre for International Agricultural Research (ACIAR)
7. Human Rights and Equal Opportunity Commission
8. Australian Film Commission - Including Soundsound
9. Torres Strait Regional Authority
10. Geoscience Australia

All these agencies except the Royal Australian Mint and Geoscience Australia have a workforce which is comprised of more than fifty per cent women. However, the only agency of the lowest ten paying agencies where more men than women are employed at APS 4 is the Royal Australian Mint, where just 10 of the 35 people employed at Level 4 are women. By way of contrast, at AIATSIS 6 of 8 at APS 4 are women; at Defence Housing 64 of 84 at APS 4 are women; and all 6 APS 4 employees at the Institute of Family Studies are women.

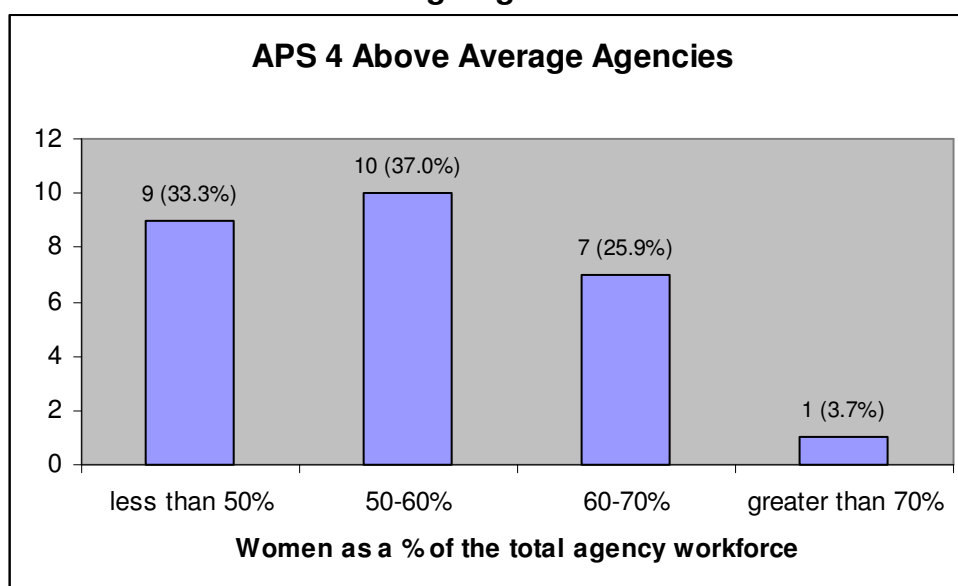
At the APS 4 classification, 27 agencies pay above the average. Of these 27, 9 have a total workforce that is predominantly male (Chart 4). These are:

- Department of the Treasury
- Australian Communications and Media Authority
- Bureau of Meteorology
- Department of Defence
- Department of Foreign Affairs and Trade
- IP Australia
- Office of National Assessments (PMC)
- Australian Radiation Protection and Nuclear Safety Agency
- Productivity Commission

However, male employees are not likely to be employed at Level 4 – most APS 4 employees of these agencies are women.

Of the other 18 agencies, 10 have a workforce that is 50 per cent to 60 per cent women and 7 have a workforce density of 60 per cent to 70 per cent women. Only one agency at the APS 4 classification has a workforce that is more than 70 per cent women, it is the Federal Magistrates Court and which pays just \$67 or 0.1 per cent above the average.

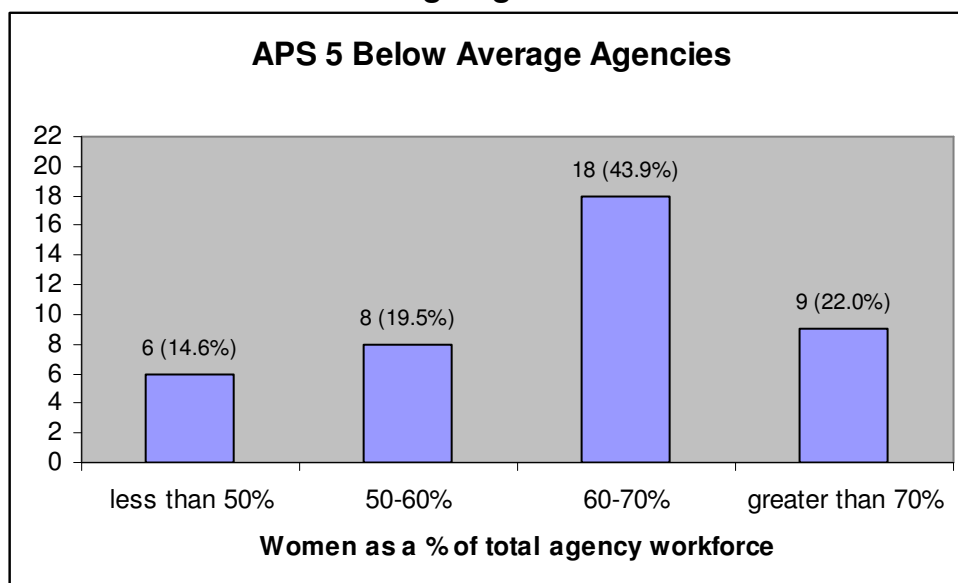
**Chart 4: APS 4 Above Average Agencies**



### **APS 5**

The average salary level at APS 5 is \$60 628 per annum. Of the 41 agencies that pay below the average at the APS 5 classification, 6 have a workforce that is comprised of less than 50 per cent women. The remaining 35 agencies have a workforce that is more than 50 per cent women. Of these 35 agencies, 8 have a workforce density of 50 per cent to 60 per cent women, 18 have 60 per cent to 70 per cent women and the remaining 9 agencies have a workforce that is greater than 70 per cent women (Chart 5).

**Chart 5: APS 5 Below Average Agencies**



The agencies that are below average are generally highly feminised at the APS 5 level with the majority of Level 5 employees at these agencies being women. The agencies include:

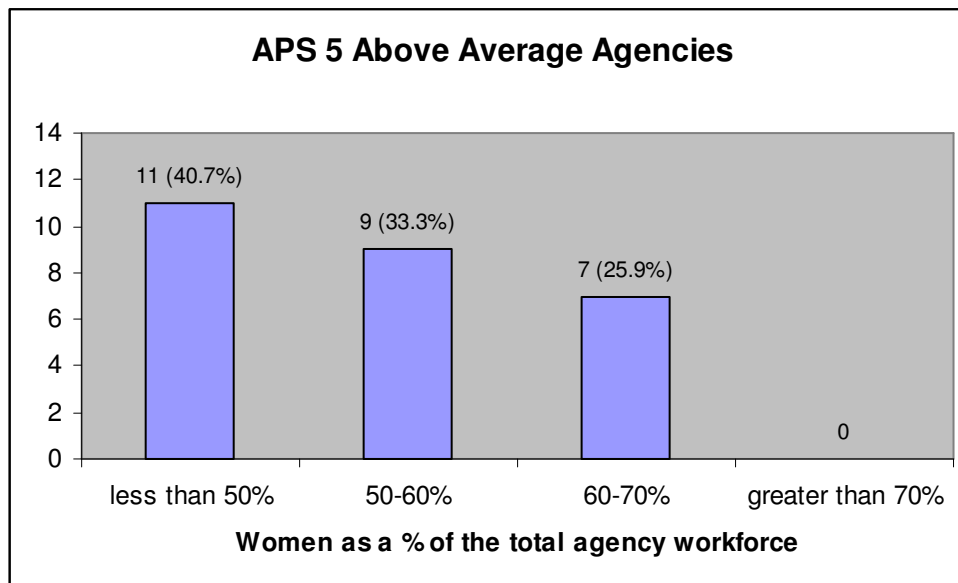
- Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)
- Australian War Memorial
- Defence Housing Australia
- Australian Centre for International Agricultural Research (ACIAR)
- Torres Strait Regional Authority
- Department of Education, Science and Training
- Agriculture, Fisheries and Forestry
- National Library of Australia
- Australian Institute of Family Studies
- Royal Australian Mint
- Centrelink
- National Museum of Australia
- Australian Film Commission - Including Screensound
- Human Rights and Equal Opportunity Commission
- Medicare Australia

These agencies pay on between 3 per cent and 9 per cent less than the average rate of pay at APS 5.

In contrast, at the APS 5 level, 27 agencies pay above the average. Of these 27, 11 have a workforce that is made up of less than 50 per cent women. Of the other 16 agencies, 9 have a workforce that is 50 per cent to 60 per cent women and 7 have a workforce density of 60 per cent to 70 per cent women. No agencies that pay above the average at the APS 5 classification have a workforce that is more than 70 per cent women (Chart 6). In other words,

Chart 6 clearly shows that the higher the rate of pay, the lower the proportion of women employed at the agency.

**Chart 6: APS 5 Above Average Agencies**

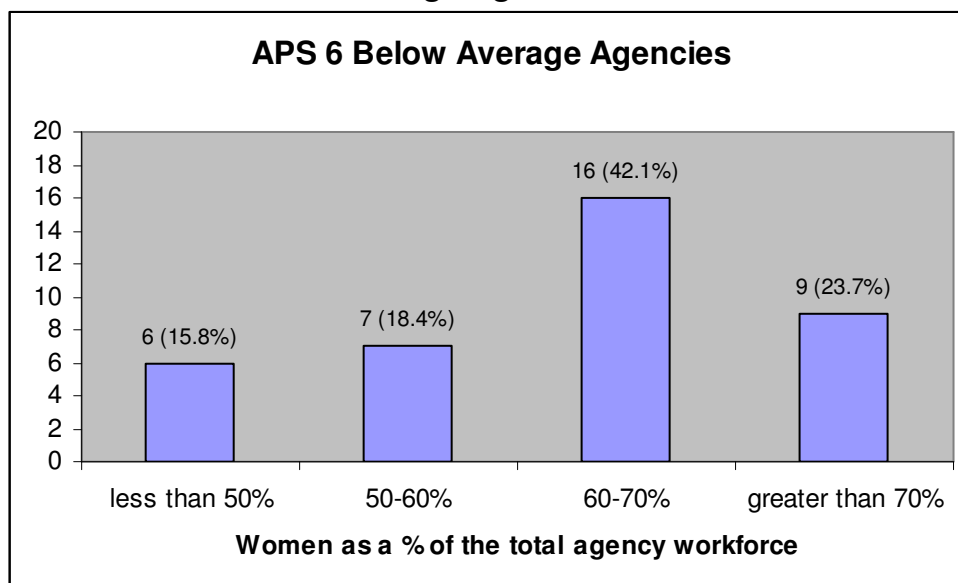


**APS 6**

The average rate of pay at APS 6 level is \$70 605 per annum. Of the 40 agencies that pay below the average at the APS 6 classification, 6 have a workforce that is comprised of less than 50 per cent women. The remaining 34 agencies have a workforce that is more than 50 per cent women.

Of these 34 agencies, 7 have a workforce density of 50 per cent to 60 per cent women, 18 have 60 per cent to 70 per cent women and the remaining 9 agencies have a workforce that is greater than 70 per cent women (Chart 7).

**Chart 7: APS 6 Below Average Agencies**



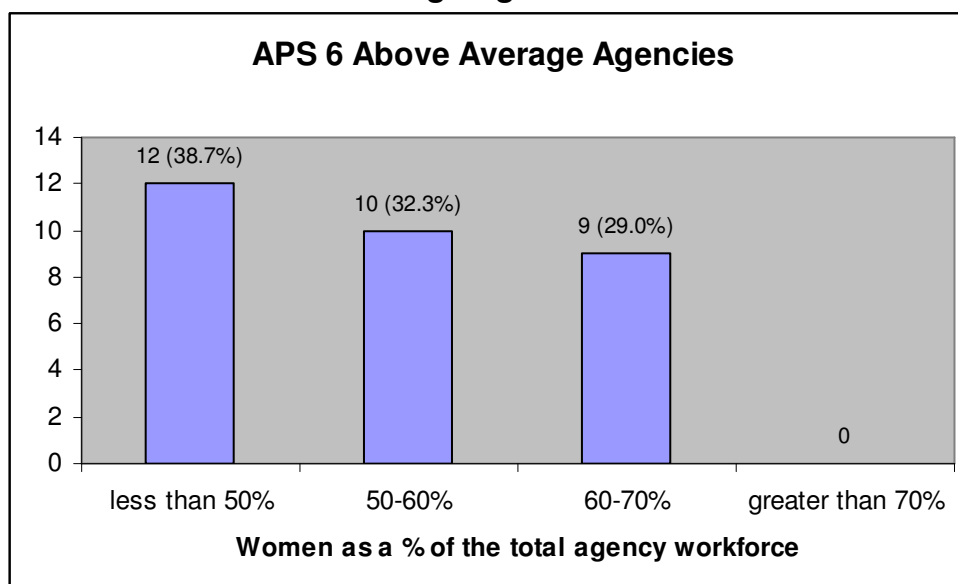
The nine agencies that pay below average and have a total workforce of more than 70 per cent women are:

- Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)
- National Library of Australia
- Australian Centre for International Agricultural Research (ACIAR)
- Australian Public Service Commission
- Defence Housing Australia
- Australian Institute of Family Studies
- Medicare Australia
- Federal Magistrates Court
- Equal Opportunity for Women in the Workplace Agency

These agencies pay between 1.3 per cent and 8.6 per cent below the average rate of pay for APS 6 employees in the APS.

In contrast, at the APS 6 level, 31 agencies pay above the average. Of these 31, 12 or have a workforce that is made up of less than 50 per cent women. Of the other 19 agencies, 10 have a workforce that is 50 per cent to 60 per cent women and 9 have a workforce density of 60 per cent to 70 per cent women. No agencies that pay above the average at the APS 6 classification have a workforce that is more than 70 per cent women (Chart 8).

**Chart 8: APS 6 Above Average Agencies**



The 12 agencies that pay above average and are comprised of mainly male employees are listed in Table 3. The Table shows that earnings for these employees are between 0.2 per cent and 9.5 per cent above the APS 6 average pay rate.

**Table 3: APS 6 Level Agencies that pay above the average and have more than 50 per cent male employees**

Agency Name	Deviation from Average %
Department of the Treasury	0.2%
Australian Communications and Media Authority	1.3%
Bureau of Meteorology	2.3%
Department of Defence	2.8%
Australian Customs Service	3.2%
Office of the Renewable Energy Regulator	3.5%
Department of Foreign Affairs and Trade	3.5%
Geoscience Australia	4.1%
IP Australia	4.2%
Office of National Assessments (PMC)	7.7%
Australian Radiation Protection and Nuclear Safety Agency	8.7%
Productivity Commission	9.5%

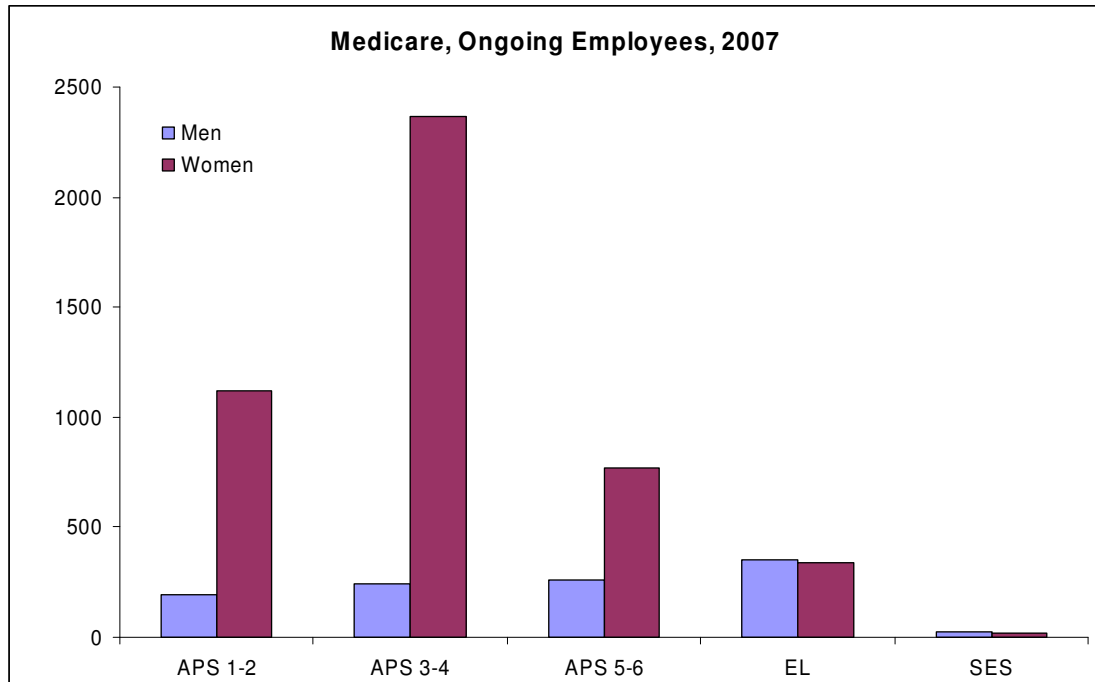
### **Summary**

It is clear from the detail analysis of APS classifications 3 – 6 that feminised agencies are more likely to have an average pay rate that is less than that in male dominated agencies.

Further, a snapshot of two agencies – Medicare, on average a lower paying agency and the Department of Foreign Affairs and Trade, on average a higher paying agency shows that women are generally overrepresented in the lower levels and underrepresented in senior positions. Chart 9 shows that despite being a highly feminised agency, women employed at Medicare Australia are overrepresented in the non-executive levels. Despite 81.2 per cent of all employees at Medicare being women, just 49 per cent of EL positions are held by women and 44 per cent of SES positions are held by women.

The contrast between Medicare and DFAT is stark. Many more women than men in DFAT are employed in non-executive roles yet the ratio of female to male employees is not reflected in the more senior levels of that department where the number of EL and SES level men far outweighs women (Chart 10).

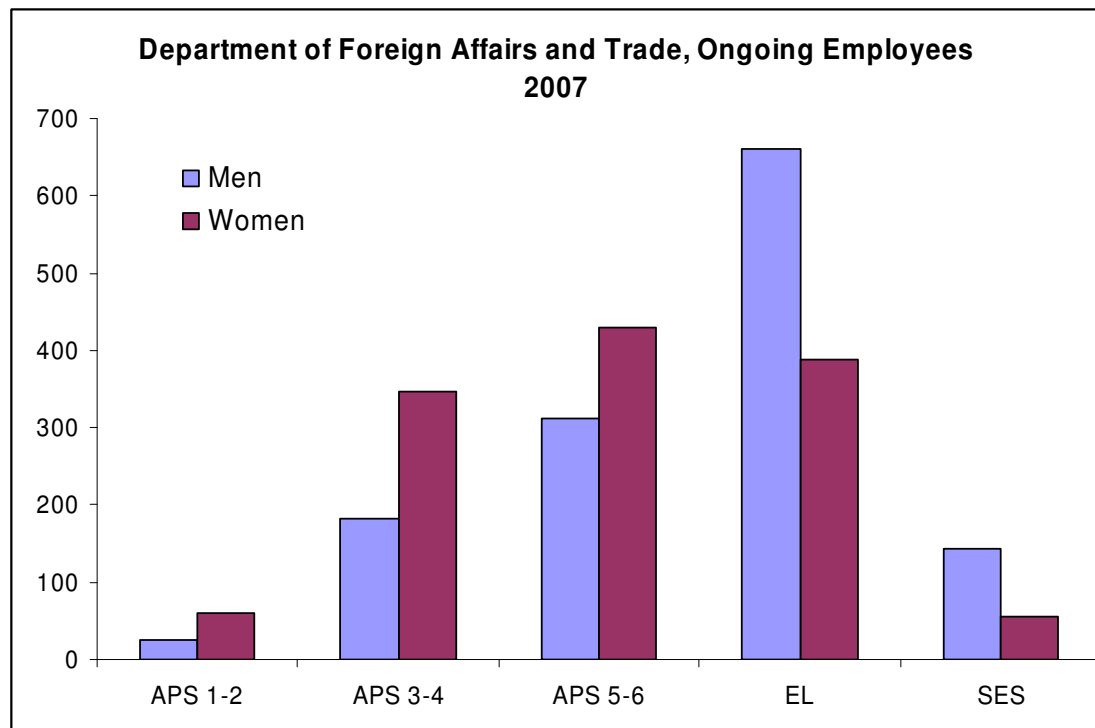
**Chart 9: Medicare, Ongoing Employees, 2007**



Source: APSC Statistical Bulletin 2007/8

Chart 10 shows that at one of consistently higher paying agencies at all levels, the Department of Foreign Affairs and Trade, women are overrepresented in non-executive employment and men dominate employment at the EL and SES levels.

**Chart 10: DFAT, Ongoing Employees, 2007**



Source: APSC Statistical Bulletin 2007/8



## **Explanations for Pay Inequity in the APS**

Why does this pay inequality exist? It is especially puzzling in light of the feminised nature of the APS. The answer is complex as the APS is an intersection of several different structures that perpetuate pay inequity between men and women.

The first step to combating the gender pay gap is understanding where the gaps exist and what contributes to its creation and continuation. It is very clear that small feminised agencies are more likely to have lower rates of pay than both small and large male dominated agencies. The CPSU research also found that even large agencies with a high percentage of female employees have lower rates of pay compared with similar sized agencies that are male dominated.

These differences are so widespread that they cannot be explained by pointing to small agencies and their small staffing budgets or the different work performed by agencies, rather the gender pay gap is a clear demonstration that the current structures in place do not serve to promote equal pay for work of equal value between men and women across the APS.

There are several factors that have contributed to the establishment of the current structures they are:

1. The reflection in the funding of agencies of embedded social attitudes that systematically devalue the work and the agencies that are traditionally associated with women.
2. The impact of the efficiency dividend on agency budgets.
3. The existence of piecemeal bargaining arrangements and non-union agreements that are not grounded in the principles of pay equity and non-discrimination.
4. Variation in the use and application of the APS grade structure across agencies, which can result in an APS Level 4 in one agency being paid at the Level of an APS 3 in another agency. Also the ability of individuals to move up levels varies greatly between agencies, resulting in some agencies with employees (often female employees) being clustered at the bottom end of the scale with little opportunity of advancing.
5. The widespread use of performance appraisals and performance based pay. There is evidence to suggest that the current performance pay systems impact disproportionately on women.
6. The legacy of AWAs and individual agreements has created a culture of secrecy in regards to wages and conditions making it difficult to

determine rates of pay. It was a system that negatively impacted on women.

7. The impact of maternity leave and other long periods away from work on the career paths of women.

## **1. Social Attitudes**

According to recent CPSU research into the pay rates for 90 collective agreements, there exists large pay gaps between agencies, resulting in employees doing the same work in different agencies but one employee being paid quite a great deal less.

The agencies whose pay rates were consistently at the bottom of the scale were agencies that have a high proportion of women. Of the agencies that had 3 or more grades in the bottom 10 all of them had a workforce that was greater than 70 per cent women. We believe that this is more than just a coincidence, it is a reflection of social attitudes that devalue work that is associated with or performed by women.

The work of employees in Departments such as DEST or FACSIA (both of whom appear in the bottom 10) are not any less valuable to the community than the work of DFAT or the ATO however the rates of pay seem to suggest otherwise. Departments and work associated with women suffer from systematically devaluation and under funding, creating a situation whereby women are not able to achieve pay equity with their male counterparts in male dominated departments and sectors.

## **2. The Impact of the Efficiency Dividend**

Since the early nineties wage movements have been underpinned by a productivity assumption. That is, increases in wages need to be paid for within agency budgets by improvements in productivity.

Supplementation for wage increases has been modest (generally around half the rate of CPI) at an average of 1.25% per annum, while wage growth has been at around 3 -4% per annum. At the same time agency running costs have been reduced by the imposition of an efficiency dividend (1% per annum since 1987, 1.25% per annum since 2005, and 3.25% in 2008-9).

The long term effect has been that the capacity to find additional savings to pay for wage increases has been constrained. Those agencies with new initiatives have found ways to maintain or increase real wages, but those with smaller budgets and / or less dynamic program responsibilities have not. Often the agencies that have struggled to fund wage increases have often been those employing a significant proportion of women.

### 3. Bargaining and Non-Union Agreements

Contributing to this disparity in pay rates is the fragmented bargaining process that has developed over the past 10 years. Since 1997, wages and conditions in the APS have been negotiated through both Collective Agreements (CA) and individual agreements (AWAs), this has created a system that is not cohesive and does not reflect the ideal of the APS as one employer.

Consequently the APS is an odd concoction of agreements that allow for vastly different wages and conditions between agencies, within agencies and in some case within APS classifications within agencies. For the APS to regain its status as an employer of choice for women it should be adopting a consistent wages and conditions framework that encourages movement between agencies and provides the service and the government with greater flexibility.

### 4. APS Classification System

The consistency provided by the APS classification system has been eroded through collective agreement making. One of the consequences of this is growing inequality between government agencies among employees doing the same work.

### 5. Performance Based Pay

Adoption of performance-based pay and appraisal systems has become commonplace in the APS and there is evidence to suggest that in the adoption of these systems, women have been disadvantaged and earn less than their male counterparts.

According to a recent report released by the Human Rights and Equal Opportunity Commission (HREOC) there are a number of barriers that make it difficult for women to close the pay gap with men when it comes to performance pay. One respondent to the HREOC research stated:

*“Men are [more] likely than women to come out and say I want more money. Women are more likely to hope they get praise or a pay rise. Unless they talk to each other and realise that it isn’t fair and others are getting more it doesn’t get fixed. Younger women are better at it.”<sup>13</sup>*

There is evidence to suggest that women do not fare as well as their male counterparts under performance appraisal systems, especially if performance is measured in terms of hours worked, as many women take leave for family purposes and/or work part-time. These performance pay systems do not recognise the high work outcomes that can be achieved by part time workers.

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<sup>13</sup> Human Rights and Equal Opportunity Commission ‘2008 Gender Equality: What Matters to Australian men and Women – Listening Tour Community Report’. July 2008, HREOC. Available [www.humanrights.gov.au](http://www.humanrights.gov.au)

## 6. Legacy of AWAs

Under the previous federal government a secretive and fragmented approach towards pay negotiation was promoted and adopted by APS agencies. As a result, gaining a clear picture of what men and women are currently being paid to perform work has become increasingly difficult. What we do know is that women often do not benefit from individual negotiations and that AWAs have created great inequalities between workers who are on or at a similar work level.

## 7. Maternity Leave and Career Paths

Research for the Australian Public Service Commission's submission to the government's Inquiry into Paid Maternity, Paternity and Parental Leave found that 65 per cent of women who accessed paid maternity leave in 2000-1 failed to achieve promotion by June 2007. By contrast, only 42 per cent of women who had not had children in the same period failed to achieve career progression. The APSC suggested that while the reasons behind the gap were not clear, it might be due to the personal choices made by employees about balancing family commitments with the increased demands of more senior positions, and access to part-time work at more senior levels.

The APSC submission revealed that there is a clear link between the career progression of female public servants and maternity leave.

### **Recommendations:**

Pay inequity in the APS will be addressed by establishing a single wages agreement in the APS, recognising that the APS is one employer. This will allow mobility both within and between agencies, providing career opportunities and enhancing the ability of the APS to attract and retain staff.

Wage increases must be fully funded and key entitlements such as paid maternity leave must be funded from a central pool to remove the disparity that currently exists between feminised and less-feminised agencies.

Important cultural change must occur in the APS to ensure that workers who take extended periods of time away from the workforce are not disadvantaged in terms of career progression and have access to flexible ways of working.

## **4. The adequacy of recent and current equal remuneration provisions in state and federal workplace relations legislation**

The Australian Industrial Relations Commission and the State counterparts have played a crucial role in improving wages for women workers since 1993 when the Commonwealth Industrial Relations Act was amended to include equal remuneration provisions based on International Labour Organisation

Convention 100, *Convention Concerning Remuneration for Men and Women Workers for Work of Equal Value*.

However at the Federal level, cases often failed because of a requirement to prove that direct discrimination had occurred because of the pay structure in awards. Regardless, the Workplace Relations Act 1996 severely constrained the role of the Commission, removing the ability of the parties to run pay equity cases in the Federal jurisdiction.

There was more scope to run successful equal pay cases in some of the State jurisdictions, particularly New South Wales and Queensland. However, while pay equity cases have been useful in improving the wages of some women, they are costly to run, take a significant amount of time and do not have a flow-on effect beyond the industry for which the matter was conducted. Better ways of achieving outcomes for women must be developed and this must start with the inclusion of proper pay equity principles in industrial relations legislation.

**Recommendations:**

There must be an ability for unions to take equal pay cases before Fair Work Australia.

Federal industrial relations legislation must contain pay equity principles that enable Fair Work Australia to make binding decisions to redress pay inequity.

**5. 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**

Many women find juggling a family and a career difficult and are often faced with barriers when they attempt to access training, promotion and flexible working arrangements.

The CPSU recently conducted a survey into paid maternity leave and the issues for women associated with it. We found that the current arrangements did not always ensure fair access to training, promotion or flexible working arrangement for women, and substantial improvements need to be made.

In that survey and more recently in response to an APSC study which found that women in the APS are disadvantaged as a result of taking time away from work many CPSU members described circumstances where they had to sacrifice their plans to take time away from work for caring purposes in order to maintain their career. In the modern workplace women should be forced to return to work early in order to maintain their career, but in our research we found that many women are still forced to do so. One member said:

*Yes I returned before I had planned to in order to secure a promotion I was offered when on maternity leave. If I didn't come back it would not have been guaranteed to me. Therefore I came back to work when my child was 5 months of age. I would have preferred to wait a few more months.*

Other women described how their career prospects had been negatively impacted because they chose to work reduced hours upon return from maternity leave. Simply having flexible arrangements in employment conditions is not enough. There is a need for substantial cultural change to ensure that women can choose to work fewer hours and still be considered for promotion or training. Some members' comments included:

*I have recently returned to work from Mat leave and must say it is a struggle to create a family work life balance, work. The first struggle is getting a part-time agreement that is workable, approved by management. The so called family friendly environment is just a heap of words placed in the agreement to make it look good, but they have no back bone are not worth the paper they are written on.*

*Post-children I am still the main income-earner so I still work full-time (husband is part-time). However, if I want to be able to see my very young children at night (before bed), then there is no way I could ever accept a Director-level position.*

*I had to essentially demote my self, in order to get a job where part time hours were an option. Now, I did not officially lose my level, but having to settle down to a fraction of my salary it feels just the same. Of course I will second guess myself before having an other child.*

*The part time status as a result of having children (and I am talking a 4 day week) has disadvantaged me in relation to opportunities for mobility and for acting at a higher level. I was chosen for a position that was suddenly no longer offered when I informed them that I did not work Fridays and was told that the position required a full time person. I was told by my Branch Manager that I could not act at a higher level while I was part time.*

*I feel that my career has been penalised for taking the time off and then opting to come back 3 days a week. I have been told that I would not be successfully promoted to the next APS level while part time or for another 5 years (although I am rated as highly effective in my role).*

*When I first came back after my second child I was tired from feeding during the night. I also came back part-time but was expected to complete a full complement of weeks work. Often my equal counterpart, who was full time achieved the same targets but of course there was no recognition for me with my reduced pay.*

*Mothers returning to work part time after mat leave get really boring work. It is hard to demonstrate the ability your capabilities if your work gets whipped out of your hands into someone else's the minute it starts to get interesting. This is a real problem if you have performance based pay or are seeking a higher position. This limits opportunities for women with aspirations to higher levels and may answer the question of why there are few women in higher management positions.*

This issue attracted so many comments from CPSU members that further comments are contained in Attachment 1.

While strides have been made in recent years in regards to the availability of flexible working arrangements, the current system still undervalues the work of women returning from maternity leave or those with caring responsibilities who elect to work part-time.

Attitudes that see women being overlooked for promotion, not being given training opportunities or forced to do menial work need to be eradicated through greater structural protection and widespread education for the entire workforce. Keeping women clustered at lower levels of employment because they need to work flexible hours only serve to undo the gains that have been made, promote gender inequality, widen the pay gap and lessen the appeal of employment in the public sector to potential employees.

**Recommendations:**

1. There must be a cultural change among employers and management to enable women to combine part time work and caring responsibilities.
2. Women must be able to access existing entitlements to flexible working arrangements.

**6. The need for further legislative reform to address pay equity in Australia**

**Superannuation**

One area that cannot be overlooked when discussing the gender pay gap is superannuation. With the average retirement payout for men being \$155,000, while the average for women being \$75,000<sup>14</sup>, superannuation is an area that needs to be addressed when attempting to close the pay gap between men and women.

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<sup>14</sup> Meredith Booth. 'Working women placed on tax-cut proposal to boost retirement savings' *Herald Sun*, July 22, 2008

There are a number of reasons behind this gap in superannuation payouts for women. One of the most central is the movement of women in and out of the workforce. Women take time out to have/raise children and also to perform a range of carer roles. Women are also more likely to change jobs and careers, impacting their long-term ability to accumulate a large superannuation fund. Women are also more likely to be employed in lower paying positions, something which also impact on their final superannuation outcome.

Financial literacy education for women is as important as legislative reform and a properly funded government program to provide women with necessary information is desperately needed.

### **Paid Maternity Leave**

The research presented in this submission highlights the impact that periods of extended leave has on the careers of women. Parents need paid time away from work in order to ensure the best start in life for their children and the World Health Organisation recommends that women must be given at least 6 months paid leave in order to meet this aim.

The CPSU position is that women in the public service must have access to six months paid leave at full pay. The public service must lead the way in achieving six months paid leave.

#### **Recommendations:**

1. There must be an Inquiry into the disparity in superannuation between men and women with recommendations as to how this can be redressed.
2. Workers in the Northern Territory and Australian Capital Territory governments must have their entitlement to 15.4% employer contribution to superannuation reinstated.
3. Government must take responsibility for ensuring that women have the necessary information to make informed financial decisions.
4. Women must be granted six months paid maternity leave at replacement wages. Their superannuation entitlements must also be paid during this period of paid leave.



## Attachment 1: CPSU member comments regarding Caring and Careers

Below are more comments from CPSU members in response to the release of a report from the Australian Public Service Commission which found that the careers of women who take time away from work for family responsibilities are adversely affected:

*With post-graduate qualifications secured in the early 1980s, I was promoted 3-4 times in the APS, the last being in 1991. After my second lot of maternity leave in the mid-1990s I have worked continuously part-time for the same organisation. Since then, I have not sought promotion, but neither have I been offered any more than one week of higher duties. Even though performing higher duties is an increasingly rare phenomenon, there is no doubt in my mind that part-timers (who are commonly working mothers) are overlooked when it comes to access to higher duties, are not sought out for promotion and often aren't offered side-ways moves to jobs that involve travel. My ex-husband, with similar skills and qualifications secured in the late 1980s, and working full-time, most of it for the same organisation as I, is now in the SES.*

*There is a joke that says: you never hear men talking about how to balance marriage, career and children. How true this is. The simple fact is that when you have a child, even in the most equal of houses, certain duties fall to a mother. And some mothers find they do like mothering OR feel more responsibility to the child than they never thought they would - and choose to spend quality time with the home - which can only happen at the expense of quality time at work. Either way you end up feeling guilty - guilty that your weekend doesn't involve quality time with the baby - because you worked, so in the only time you have left, he crawls around behind the vacuum cleaner crying and then is shoved in the car and taken to the supermarket while other kids got to 'play' with mum, or guilty that you got 2 degrees at great personal and financial expense, established a career and unique qualifications and married late due to over-dedication to work, and are now letting down your employer by not being there full time. One solution is to increase the day from 24 hours to 30 hours - but apparently that can't be done.*

*Why are we requiring the women alone to make post-partum adjustments. Where there is a partner in the picture, why are we not requiring that the partner contribute to the care of the child? We should work towards the recognition that men should and ought to assist in all stages of child-rearing.*

*When I returned from Maternity Leave, I applied for a promotion, which they gave it to another person whom had only been in the job for one month. Their reason, which they clearly outlined to me was, I was part-time. This thinking has to stop. They expect women to have babies, but don't support us when we try to resume our careers. We are the ones who have to juggle the work/life balance.*

*A few months ago, I returned to work part-time after a year's maternity leave. My husband, also a public servant, is also working part-time. This*

*arrangement is working well for us so far. Both of us have decided not to apply for promotions at the moment, for two reasons. Firstly, it is difficult to access part-time arrangements at the higher levels of the APS, particularly EL2 and up, which is a problem that needs to be addressed. Secondly, learning the ropes of a new and more challenging job while part-time would be pretty difficult. We also like being able to mostly avoid overtime and spend some time with our daughter each evening.*

*After having my 2 children in the late 90's it became clear to me that my workplace was not flexible enough for me to meet the needs of my family. This meant that I gave up my career and settled for a job where I wouldn't have to apologise for putting my family first when I needed to, ie a part time job.*

*So long as progression in the public service is designed around a nineteenth century model of life where a bread winner, usually the man, went out to work and a caregiver, usually the woman, stayed home and looked after business caregivers will continue to struggle to meet everyone's needs and pay an enormous financial cost along the way. Going part time, almost always means no progression and usually less interesting work.*

*Until we restructure work patterns and redesign career paths to reflect the modern reality of both parents being bread winners we will continue to see women in particular keeping a low profile so that they can meet the needs of their families.*

*You certainly hit the nail on the head with that one. I have recently returned from maternity leave. Before I returned from leave I found myself expecting again. When I advised my supervisor, originally I got the "we've organised someone for your role" and you're only going to come back and go on maternity leave anyway. I advised my supervisor that as an ongoing employee on maternity leave who has been with the organisation, they are legally required to find something for me if even if my role is unavailable. When I returned to work I was supposed to return to my old job which involves providing support for the facilities management but instead I was stuck on a deserted reception desk and given nothing to do. The gentleman who took on my role in addition to his own constantly complains to my supervisor how overloaded he is with work and is getting no help, but when I offer to assist, I get the standard "I don't have anything for you to do". When I indicated this to my supervisor he indicated that there is no work for me. In my department if a person has no work to do on a regular basis they are almost always declared excess and either offered a transfer (which is all fine and well if a position is available) or offered a "voluntary" redundancy". Basically, because I have committed the mortal sin of becoming a parent, chances of a decent career in the APS are slim to none. But because my department has provided me with a "role", legally they are not discriminating against me. The scary thing is that I have spoken many women who are working or have worked in the APS and this is commonplace at all levels. This is basically a form of indirect discrimination but many agencies drive working female parents out of the APS in this manner and get away with it legally because they have not used*

*directly used the wording. So does having a family limit or kill your career in the APS? Yes it does. We hear the APS constantly complaining how they have trouble retaining and attracting quality employees and yet it is made harder for people especially families. If the APS wants to attract/retain quality employees then they need to get with the times and review their practices regarding people with caring responsibilities and make it more attractive to those with these responsibilities to work in the APS. This would not only make the APS a more desirable place to work, but would ensure that a higher level of service is provided to the Australian Public.*

*I'm about to go on maternity leave and I have been heavily encouraged by management not to come back full time, not to put my interest in for projects coming up next year and to forget my previous ambition of promotion. I believe woman should have a choice to do what's right for them and that includes having a career. What frustrates me is this sense that I don't have a choice that work has decided that I will not be suitable for promotion and I haven't even left on maternity leave yet!*

*I am a mother of 1 and we are trying for number 2. I am also a full time EL1. I'm not interested in going for a promotion not just because of lack of part time opportunities (although I'd LOVE to work 4 days a week) it's also the extra travel involved and the lack of flex time provisions at the EL2 level. There's no way the pay increase is worth it.*

*For me the demands I already have on me at work are almost unmanageable. There's no way I'd want an EL2 job*

*My career certainly took a stand still after returning to work after having my children. But it was more the fact that I returned part time and not full time. Whilst others around me, who worked full time, were approached and given opportunities to develop their careers further I was excluded. Furthermore there were no opportunities to apply for part time positions. The majority of employees working part time were that because they initiated the request to work part time, not the other way round with employer initiated part time work. This occurred back in 1993 and I still see the same thing happening today to part time workers. Employers can support their female workers by considering more employer initiated part time work. Not just at the lower levels but at the higher as well.*

*It would be good to get some action going on this. The unspoken assumptions are that a mother-worker isn't interested or capable or being an EL2 which is just ridiculous.*

*Managers need to be more prepared to take on part time workers (mostly mothers) in the first instance and then, to manage them effectively. In my experience, part timer workers don't really suit work requiring crisis-style, must-do-by-yesterday approaches by management. This approach seems to be the flavour of today's work. More effective medium-term planning would allow part timers to access meaningful work, so allowing them to demonstrate their aptitude for higher duties.*

*I completely agree. You would think that workplaces would be keen to hold onto capable, talented and experienced staff.*

*I think its absurd that women are being "punished" in a way for choosing to have a family. I agree to a point that productivity levels might reduce because of women taking maternity leave, but there needs to be a system in place that allows women to be able to go and have children and know that they won't be discriminated against. They should also have the opportunity to be promoted based on their merits.*

*The reality is also that males who support their female partners by taking carers leave and LWOP for child care are also discriminated against too. When my partner is denied leave to look after the kids it means I have to go to my manager to "beg" again. His boss thinks he is not committed to the job and doesn't support his advancement. More research needs to be done in this male area too.*

*If women are to be kept on in the workforce post baby then more needs to be done about understanding that just because you have had a child, doesn't mean that you lose your commitment and ability to do your job well.*

*After being asked by my supervisor to apply for an ARP position, I was told that one reason they were not offering me the 6 month job was because I was pregnant, and they were worried that it would affect my performance and abilities. Yet they still managed to ask if I would still be available to train the person who did get the job, wouldn't I?*

*I have experienced this in the workplace after maternity leave where I have missed out on 2 opportunities to move to another position, for one of them being told by the deputy manager that the position had gone to the other person because I had been on maternity leave. I am on maternity leave now for my third child & part of my decision to not have any more children is so that I can advance my career due to missing out on key positions.*

*This happened to me 17 years ago when I took time off to have children, 10 years ago my children were young and I was working part time I felt pressured to change to full time. Working mums are always juggling parental responsibilities and work. Now my children are grown up and I am a Team leader I go out of my way to ensure my team members do not have the same unpleasant experience.*