

Conclusions

- 12.1 Over the last two decade there has been a significant increase in female participation in the labour force which has been beneficial to Australia's national productivity levels. It has, however, not been all good news. Women in Australia still do not enjoy the same opportunities or levels of remuneration and conditions as men for work of similar value. Australia's gender pay gap has for some time been similar to those of comparable OECD countries. Recently, however, Australia has seen an increase in the gender pay gap which must be addressed as a matter of urgency if Australia is to realise its full economic potential.
- 12.2 Australia's international obligations require that women and men receive equal remuneration for work of equal value. Attempts to address the gender pay gap in Australia over the last couple of decades have met with limited success. Professional and managerial women in Australia still experience the highest gender pay inequities and women are also likely to work in the low paid sectors.
- 12.3 Research has identified a range of factors that impact on the gender wage gap globally including personal, job, institutional and company characteristics; gender segregation and social norms and traditions. Recent research in Australia has shown that many of the traditional factors are less relevant to the Australian situation and that occupational and industry characteristics and wage setting mechanisms may be responsible for up to 89 per cent of the difference. Recent trends have been identified within industries and under various wage setting mechanisms which will enable better analysis of the causal factors.

Wage setting arrangements

- 12.4 Much of the blame for the current level of the gender pay gap has been attributed to the Australian Workplace Agreements of the past. On

average the gender pay gap for employees covered by AWAs was higher than for other wage setting mechanisms. Evidence to the inquiry has also made the point that most AWAs merely allowed for over award payments or provided for specific hours of work. In these respects there is significant similarity between the AWA and the individual flexible agreements being introduced. It is therefore important that new agreements be monitored to ensure there is not a similar outcome. Further, women have not fared as well as men under enterprise or collective agreements. The community must not become complacent that the removal of AWAs will alleviate gender pay equity issues.

- 12.5 There are four main industry groups in the low paid sector but these are dissimilar in skills requirements and wage setting mechanisms. Women are more likely to be reliant on the minimum wage or awards than men. The community services and property sector has some sections that require higher skills levels which may not be remunerated adequately and job evaluations may be of assistance. Much of the community services sector rely on government funding and a systemic review of the entire process is warranted.

Role of Government

- 12.6 The government needs to lead by example. An annual statement in Parliament by the Minister for the Status of Women should announce the Government's achievements each year in addressing pay equity and demonstrate an appropriate priority. The relocation of the Office for Women to the Department of Prime Minister and Cabinet will provide a central focus for these issues in policy development.
- 12.7 The gender pay gap in the Australian Public Service is higher than the New Zealand average. The public service should be required to demonstrate leadership and be accountable through the implementation of pay equity strategies and the annual reporting on pay equity in each agency. Gender equality schemes should be publicly stated for government policy initiatives. To do business with the government it should also be a basic requirement that companies meet Australia's pay equity principles.

Pay equity framework

- 12.8 The complexity and pervasiveness of the gender pay gap in Australia requires that a number of different strategies be implemented. A number of changes are needed to the *Fair Work Act 2009* to ensure that women have the opportunity to present their case where there is evidence of

undervaluation of the skills necessary for that occupation. Employees in the states and territories should not be disadvantaged relative to their colleagues by being covered by the federal jurisdiction. A number of safeguards are also needed to ensure that pay equity considerations are integral to all future award considerations.

- 12.9 Other aspects of government policy that impact equity include superannuation measures, taxation policies, child care services, parental leave and many other aspects. Pay equity consideration should accompany all Cabinet and government decisions.

Pay Equity Unit

- 12.10 The establishment of a Pay Equity Unit within Fair Work Australia would offer the opportunity to rectify past wrongs and introduce measures to ensure that female participation in the work force is optimised. The Unit will provide a focal point for the implementation of the range of improvements that are necessary to prevent a further deterioration in the gender pay gap and to develop a federal framework to work with and compliment the initiatives already taken in the states and territories.

Private sector

- 12.11 Relevant data is required in order to identify the key areas to be addressed, to develop appropriate mechanisms to reduce the gender pay gap and to demonstrate the relevance to the wider community. Appropriately larger firms are currently required to submit reports to the Equal Opportunity for Women in the Workplace Agency. Much of the information needed to make the analyses is already collected by government agencies and it is therefore unfair to ask small and medium size businesses to provide this information again. Government agencies such as the Australian Taxation Office collecting the relevant information should be required to provide it in an aggregate form for analysis by the Pay Equity Unit.
- 12.12 Businesses in Australia have generally not treated gender pay equity as a high priority. Most companies in Australia believe that there is no gender gap in their organisation but would be happy to address the issues if they were aware of the situation. The industry by industry approach will allow the development of relevant policies for each sector.

Families

- 12.13 Families needing to balance work and caring responsibilities must have available to them real choices not constrained by a system that

disadvantages the women. The National Employment Standards will provide benefits to those who are eligible but as this refers provides a right of request, the scope of application should be broadened to all employees.

- 12.14 Women who receive adequate support have a greater range of options to select from in managing caring responsibilities and participation in employment. A paid parental scheme is to be introduced but much more needs to be done to ensure that families have a real choice in the balance between work and caring responsibilities. Of particular importance is the need for quality part time work to be available. Women in Australia have the highest level of educational achievements globally but many work part time and in positions that do not fully utilise their skills.

Culture in the community

- 12.15 The achievement of a reduction in the gender wage gap to its minimum possible levels will require an enormous shift in the Australian culture. Gender equity is currently not well understood and the benefits are not appreciated. A start can be made towards a better future by introducing appropriate information in to the school curriculum and higher education institutions. Young women must be aware of the potential opportunities and relevant career information to be able to make an informed decision.
- 12.16 Evidence in submissions to the inquiry and in the media indicate that there has already been a shift in union and employer approaches. Ongoing encouragement and the provision of relevant information is essential to build on and maintain this momentum. While more employers are offering family friendly entitlements, workplace culture has not always treated fairly those utilising these options or have discouraged other from making this choice.

Economic benefits

- 12.17 The opportunity to increase labour force productivity through a perception of greater equity cannot be ignored in the current global economic situation. The factors contributing to the gender pay gap are complex and multifaceted. As Australia is currently undergoing significant industrial relations and taxation reforms, and this provides an ideal opportunity to rectify the situation. To address these issues a holistic approach is crucial and government must lead by example.

- 12.18 Pay equity is important for Australia's future prosperity and economic productivity and is a basic human right. To not address pay inequity is inefficient and unfair.

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Chair

