



**National Council of Women  
of Australia Inc Ltd**



ACN 061 777 937 ABN 46 061 777 937

**Submission Number: 37**  
**Date Received: 22/8/08**

*A.*

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

Submission to the House of Representative Standing  
Committee on Employment and Workplace Relations

## **BACKGROUND**

The National Council of Women Australia (NCWA) is a national non-government umbrella organisation with broadly humanitarian and educational objectives, which seeks to raise the awareness of women to their rights and responsibilities as citizens and to encourage the participation of women in all aspects of community life.

NCWA links NCW groups across Australia, each with diverse affiliates, in a federal structure and provides a forum for considered debate on policy matters brought forward by the constituent Councils.

NCWA has been a partner since 2001 with other national women's organisations in the Australian Women's Coalition. Individually and in partnership, NCWA works for improved conditions for women and children, especially the most vulnerable. In the ACT, New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia members maintain an active program of seminars, conferences, consultations, submissions and publications.

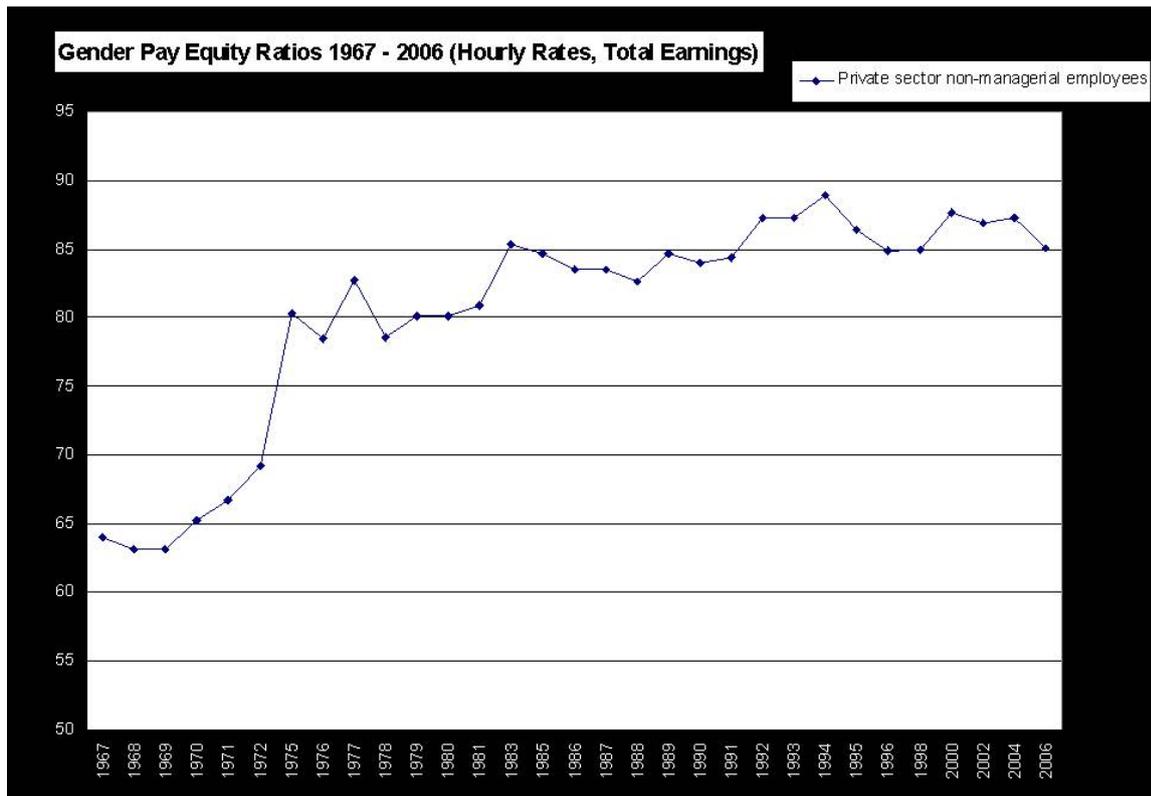
## **INTRODUCTION**

This submission provides an overview of a range of complex factors affecting pay equity and women's participation in the workforce, and identifies opportunities for the federal government in areas of policy reform.

In addition to our submission, the NCWA supports the submission of Security for Women (S4W) in relation to the implications of parenting responsibilities for women's participation in the workforce where children are aged 6 to 15 years. We endorse the S4W's recommendations for improvements in out-of-school-hours-care (OHSC) services. We do not seek to replicate information on the issues which have been addressed or identified in the S4W submission.

## **WOMEN IN THE WORKFORCE AND FACTORS AFFECTING PAY EQUITY**

Women are a particularly significant, yet vulnerable, segment of the labour market. In the context of global economic competition and labour and skills shortage, the participation of women in the workforce is an essential component to enhancing Australia's productivity and growth. A more efficient and fairer approach to the utilisation of women in the labour market requires the attenuation of existing barriers to their participation. These barriers result from the unequal outcomes for women workers - lower pay, fewer entitlements, less job security - compared with their male counterparts as well as the lack of support for women juggling paid work and motherhood.



Source: Smith, 2008

Pay inequity has been a persistent problem for women in the workforce. The above table shows that the gender pay equity ratios have been fluctuating around the 85 per cent mark over the last twenty years. As of February 2008, full-time female employees earned an average \$1004 a week compared to full-time male average weekly earnings of \$1190, representing a ratio of 84.4 per cent (ABS 2008a).

Some commentators have suggested that this inequity arises from the continuance of the 'male breadwinner myth' in Australia, such that management assumes that men will have longer careers than women, who inevitably leave the workforce to rear children. This assumption results in men being given access to higher salaries and promotional opportunities. Others perceive the solution as one that eventually responds to the market, or to women entering male dominated areas of work or in positions of power, or to education. However such assumptions do not paint a much more complex picture of why pay inequity persists.

One of the main factors underlying this enduring inequity is that the work that women do is underpaid and undervalued. In jobs and sectors that are often considered as 'women's work' such as childcare, health, carers, education, clerical and retail, wages have not risen despite labour shortages. The historical gender segmentation of the Australian labour market is still well entrenched. In contrast, those occupations and industries that are male dominated have historically been and still remain more highly paid than 'women's work'. This is to a large extent attributed to a common and intransigent perception that the skills and work associated with 'women's work' are natural and innate and, hence, have not been highly valued in the labour market. The argument that women choose to work in certain sectors cannot justify the lower pay and conditions in these areas of employment.

Women are not only concentrated in low paid sectors, but also in forms of precarious employment with little job security and access to higher earnings. Australia has very high levels of casual work compared to other OECD countries. 71 per cent of part-time and casual workers are women (Campbell 2004). Research shows that casual work has negative effects on gender equality, since it adversely impacts on the development of skills, provides workers with no long-term security to plan and contributes to a wider degrading of wages and conditions (May, Campbell & Burgess 2005).

Another influence on the gender pay gap is the structural and institutional barriers at the workplace that limit opportunities for women to access higher earnings and career progression. The so-called 'glass ceiling' remains unbreakable within many organisations. Even for women in executive positions, a substantial gender pay gap persists. In a recently released report by the Equal Employment for Women in the Workplace Agency, a survey of the top 200 companies listed on the Australian Stock Exchange showed that female chief financial officers and chief operating officers earned on average 50 per cent less than men in the same positions (EOWA 2008a). A female CEO earned two-thirds the salary of her male counterpart. Women held just 7 per cent of the Top Earner (five most highly paid executives) positions. Cutcher (2008) notes "If pay inequity plagues those who top their MBA class, who are prepared to work incredibly long hours and who forgo having children, it leaves little hope for women in ordinary jobs". Research has shown that various structural forms of discrimination exist for these women at the top, such as workplace practices that involve a mix of subjective performance evaluations, biased remuneration schemes, lack of mentors, and the all pervasive 'boys' network (Roth 2008).

A significant impediment to equality at the workplace is the lack of institutional support for women and men to alleviate the burdens of the work-family collision, where a growing number of women have to manage the dual role and responsibilities of work and motherhood. In this context, the high cost and limited availability of childcare and the loss of benefits for women seeking to re-enter the workforce after childbirth have a major impact on pay equity. Even in the public service which has some of the most family-friendly work provisions in Australia, a recent study revealed that two out of every three female public servants who take maternity leave did not receive promotions after they return to work (Australian Public Service Commission 2008). The Commission did not investigate the cause of the findings in the study but said that it could be due to the greater difficulty in finding part-time work at senior levels, or because mothers were finding it too difficult to balance home and work to seek more senior positions. In the private sector access to paid parental leave is even less widely available. It is estimated that nearly 40 per cent (1.5 million) of the female workforce are not entitled to paid maternity leave, with part-time employees accounting for 70 per cent of this figure (ABS 2008b). It is often the lower paid workers and those in female concentrated industries who are least likely to have access to paid maternity leave (ABS 2008b; EOWA 2008b).

The availability and affordability of quality childcare and other social services impact heavily on the participation of women in the labour market. The growing costs of and waiting lists in childcare services place significant constraints on women in returning to the work and/or engaging in full-time work. Access to childcare services is particularly difficult for women who work irregular hours (outside nine-to-five) and on the weekends such as those in the health sector, and for women living in rural areas. It should be noted that the child care industry, dominated by women, is itself characterised by low pay and poor working

conditions. Addressing these workforce issues and staff shortages is an essential part of improving the availability and quality of childcare.

Contributing to the gender pay inequity is the lack of recognition for the unpaid work of women with caring responsibilities. Unpaid care work makes an enormous social and economic contribution to Australia, in addition to its value to the individuals receiving care. Access Economics estimates that unpaid care would cost \$30.5 billion a year to replace if it were no longer provided informally (von Doussa 2007). Not only is the work of carers (many of them women) financially unrecognised, carers are often forced out of the workforce and lose their valuable skills when balancing work and care becomes impossible. A study in 2004 found that irregular workforce participation due to unpaid caring responsibilities for many retiring women baby boomers is seeing half of these women with less than \$8,000 in superannuation savings (NATSEM 2008).

## **THE WAY FORWARD – SOME RECOMMENDATIONS**

What in general terms should be the direction of policy and action on the part of government, employers and the community to improve the income, job security and quality of life of Australian women?

The current proposed reforms by the Labor Government to the workplace relations regime provide an opportunity to improve women's working lives. There have been some concerns that the former Work Choices regime, through its focus on individual bargaining, and removal of key award conditions and unfair dismissal protection, would produce less favourable outcomes in wages, working conditions and job insecurity for women and exacerbate the existing gender wage gap. The new Fair Work Australia may be more promising in improving the position of working women if it proceeds without delay to repeal some of the abovementioned provisions under Work Choices.

A way forward to redress the gender pay gap is to have the work that women do properly valued and remunerated. The problem of undervaluation of women's work can be redressed through tackling historical gendered notions of skill and value of work that exist in the pay and classifications structures in awards and agreements. The award modernisation process by the Australian Industrial Relations Commission provides such an opportunity. A number of state tribunals have been at the forefront of this development, adopting new equal remuneration principles that have recognised the historical undervaluation of women's skills and occupations traditionally performed by women. Examples include the NSW librarian's test case in 2002 and the Victoria/ACT childcare test case in 2003 which saw notable increases in award based wages for workers in these sectors.

There is also an opportunity to review the current equal remuneration provisions in the *Workplace Relations Act*, which have proved to be inadequate in redressing the undervaluation of work. They provide a nominal right to equal pay for work of equal value because they are based on a test of sex discrimination and the need to establish comparable work value. In reviewing and reforming existing principles under the federal legislative framework, the principles developed by the State Tribunals are worth examining, as they have proved to be a much more successful forum for addressing gender pay equity.

Pay equity needs to be viewed as much broader than wage rates. There is a need to address a range of issues which combine to disadvantage women over their working and non-working lives. The work/family or work/life collision presents one of the main challenges for mothers, fathers, families and those who want to be both workers and carers (Pocock 2003). One of the most obvious government policy areas that could validate women's dual roles of work and motherhood is a paid maternity leave scheme for working women in Australia. The NCWA supports HREOC's recommended model of government funded, three-stage implementation process of 14 weeks paid maternity leave, followed by 2 weeks of paid paternity leave to be taken at the time of birth, followed by the phasing in of 38 weeks paid parental leave which can be shared between parents. This model recognises that both women and men want to play an active role in their children's lives and gives them more choice about how they care for and raise their families.

Another opportunity would be to adopt a more rigorous regulatory framework that requires employers to do more to remove internal structural barriers to pay equity such as the 'glass ceiling' within organisations. A code of practice on pay equity could be developed for the information of and implementation by both the government and private sectors. Furthermore, there is a need to improve the quality of part time work which could be achieved by developing industry assistance and resources.

Such initiatives call for an independent pay equity body with powers to require employers to establish and implement pay equity plans, and to investigate and monitor pay equity across industries and occupations. Such a body would be allocated real resources and be able to also address the urgent need for greater monitoring and research on wages and conditions in an increasingly deregulated labour market. This body could be a new pay equity tribunal, working alongside the Fair Work Australia industrial tribunal. However, consideration should also be given to the capacity of the Equal Opportunity for Women in the Workplace Agency being provided with additional powers and resources to play a greater proactive role with respect to pay equity issues.

Pay equity is a complex, multi-faceted issue with serious implications for working women, their workforce participation, the challenges of the labour market such as skills shortages and productivity, and Australia's future economic prosperity. The Fair Work Australia regime provides a valuable opportunity for the government to address gender wage inequality and build a truly modern workplace relations system free of past gendered notions of skill and work value. The implications of higher wages and job security will encourage the constructive participation of women in the labour market, and improve the position of women in the workplace.

## **REFERENCES CITED**

Australian Bureau of Statistics (2008a) *Average Weekly Earnings*, Cat No. 6302.0, February 2008, trend data.

Australian Bureau of Statistics (2008b) 'Maternity Leave', *Australian Labour Market Statistics*, Cat. No. 6105.0. July 2008, feature article.

Australian Public Service Commission (2008) *Submission to the Productivity Commission on paid parental leave*.

Baird, M.; Brennan, D. & Cutcher, L. (2002) "A Pregnant Pause: Paid Maternity Leave in Australia", *Journal of Labour and Industry*, 13 (1), 1-19.

Campbell, I. (2004) "Casual Work and Casualisation: How does Australia Compare?", *Labour and Industry* 15 (2), 85-111.

Cutcher, L. (2008) "Playing golf? Finding better paths to pay equity", *Australian Review of Public Affairs*, February 2008, [www.australianreview.net/digest/2008/02/cutcher.html](http://www.australianreview.net/digest/2008/02/cutcher.html) (Accessed 01/08/2008).

EOWA (2008a) *Gender Income Distribution of Top Earners in ASX200 Companies report - 2006 EOWA census of women in leadership*, Equal Opportunity for Women in the Workplace Agency, 24 January 2008.

EOWA (2008b) "Paid maternity leave on the rise but too many miss out", Equal Opportunity for Women in the Workplace Agency, Media Release, 28 May 2008.

May, R., Campbell, I. & Burgess, J. (2005) "The rise and rise of casual work in Australia: Who benefits, who lose?" presented at the *IR Changes Report Card* seminar, University of Sydney, 20/06/2005.

National Centre for Social and Economic Modeling (NATSAM). (2008) *Superannuation - the right balance?* Report prepared for CPA Australia, February 2008.

Pocock, B. (2003) *The Work/Life Collision*, The Federation Press, Sydney.

Roth, L. M. (2006) *Selling Women Short—Gender and Money on Wall Street*, Princeton University Press.

Smith, M. (2008) 'Pay equity principles and the future agenda', paper delivered at *Women's Business - Current issues and future agendas* forum, hosted by the Women and Work Research Group, University of Sydney, 7 March 2008.

Von Doussa, J. (2007) "It's About Time: Women, men, work and family", Speech at the *It's About Time: Women, men work and family Forum*, hosted by the Women and Work Research Group, University