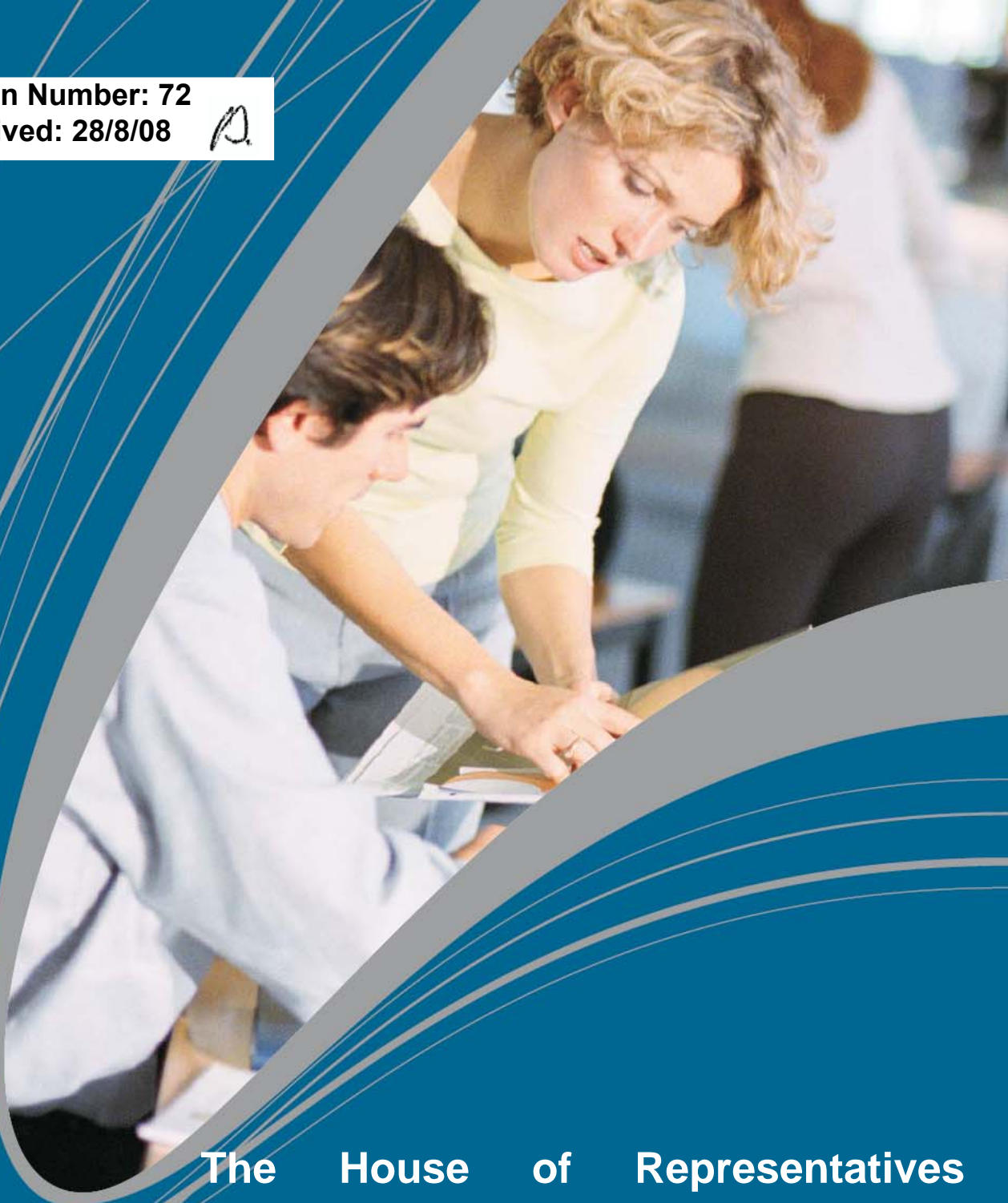


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## The House of Representatives Standing Committee on Employment and Workplace Relations

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

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*Knowledge Influence Support*

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Submission Prepared by the Chamber of Commerce and  
Industry of Western Australia

August 2008

# Table of Contents

<b>CCI – Leading Business in Western Australia .....</b>	<b>2</b>
<b>Executive Summary .....</b>	<b>3</b>
<b>Pay equity – what is it? how is it measured? .....</b>	<b>5</b>
<b>What causes the “gender pay gap”? .....</b>	<b>7</b>
<b>Complexity of pay inequity .....</b>	<b>11</b>
<b>Legislation and education .....</b>	<b>13</b>
<b>Current Arrangements .....</b>	<b>19</b>
<b>Attachment 1 - Terms of Reference .....</b>	<b>23</b>
<b>References .....</b>	<b>24</b>

Pay equity

CCI Submission

---



CHAMBER OF COMMERCE  
AND INDUSTRY  
WESTERN AUSTRALIA

Page 1

# CCI – Leading Business in Western Australia

## About CCI

This submission is made on behalf of the Chamber of Commerce & Industry of WA (Inc) (CCI). CCI is Western Australia's largest business organisation with more than 5,000 members operating businesses across all industries throughout the State.

Originally established in 1910 as the WA Employers Federation, CCI as it is today was formed in 1992 by an amalgamation of the Western Australian Chamber of Commerce and Industry and the State's then largest employer organisation, the Confederation of Western Australian Industry.

CCI is a non-profit organisation with membership open to businesses of any size.

CCI's members operate in all industries including mining, building, health, hospitality, services, manufacturing, engineering, wholesale and retail.

CCI has extensive involvement on behalf of its members in workplace relations matters across all of these industries.

CCI is the direct employer of over 900 apprentices across the State as part of a Group Training Scheme operated by Apprenticeships Western Australia Pty Ltd, a wholly owned subsidiary of CCI. These apprentices range from traditional trade apprentices in the resource sector, building and construction, metal and engineering fabrication through to trainees operating in the aged care sector.

CCI's workplace relations policy promotes flexibility to achieve workplace productivity that will sustain WA's record high level of economic growth.

Pay equity

CCI Submission

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CHAMBER OF COMMERCE  
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WESTERN AUSTRALIA

Page 2

## Executive Summary

The gender pay gap in WA stood at around 37 per cent in June 2008, based upon the average weekly ordinary time earnings measure of wages. This imbalance reflects several key characteristics of the female workforce in WA.

In general, males continue to be paid at a higher rate than females. The sizeable proportion of females employed on a part time basis has contributed to the disparity between male and female average weekly earnings. Many female workers have a preference for part time employment, to allow them greater flexibility to balance work and family commitments.

The gender segregation of the labour market has also contributed to the gender pay gap in WA. In general, females tend to be employed in more services oriented industries, which in many cases have lower rates of pay than many other industries, particularly the higher paying resources, manufacturing and construction industries.

There are also considerably fewer females employed in higher paid management and leadership positions, according to the 2006 *Australian Census of Women in Leadership*, which measures the status of women on boards and in executive management in Australia's top 200 ASX companies. According to the census, women represent only 12 per cent of executive managers, and less than nine per cent of board directors. Furthermore, only three per cent of CEOs are female, while women account for only two per cent of company chairs. Around 40 per cent of companies did not have a women executive manager, while half did not have any female board directors.

A range of measures can be utilised within individual organisations to address the gender pay gap. In particular, employers can conduct a payroll audit, to determine where significant gender pay differentials exist, make certain that their human resources policies do not restrict the career development of female workers, particularly those employed on a part time basis and provide adequate access to training facilitating career development.

Promoting flexible workplaces, which allow females to balance work and family responsibilities, is likely to encourage a greater number of females into full time positions. Similarly, encouraging more females into the higher paid male dominated industries such as mining, construction, and finance and insurance may also contribute to greater pay equality between genders.

Encouraging women into more senior and management positions is also likely to assist in addressing gender pay inequality. Not only will increasing the



representation of women on boards go some way towards directly addressing gender pay equality, but it is also likely to indirectly deal with this issue by ensuring that the interests of women are represented in the workplace. Introducing a leadership model that includes females is likely to have flow-on effects to the broader organisation, particularly in terms of the implementation of broader policies (such as flexible working arrangements), to address the gender pay equality issue.

At the same time, many other factors not easily measured or fully understood impact upon the gender pay gap. Such factors must be taken into account and properly understood before regulatory solutions are suggested. For example, the characteristics of industries which tend to be more attractive to women than men and women's preferences and priorities for particular types of work and working arrangements.

In summary, consideration needs to be given to the variations in pay rates between industries and occupations, and between employers in the same industry. Such variations are likely to be far greater than measured gender bias averaged across industries as a whole, and reflects the profitability, productivity, employment policies and corporate culture of the employing organisations.

## Pay equity

CCI Submission

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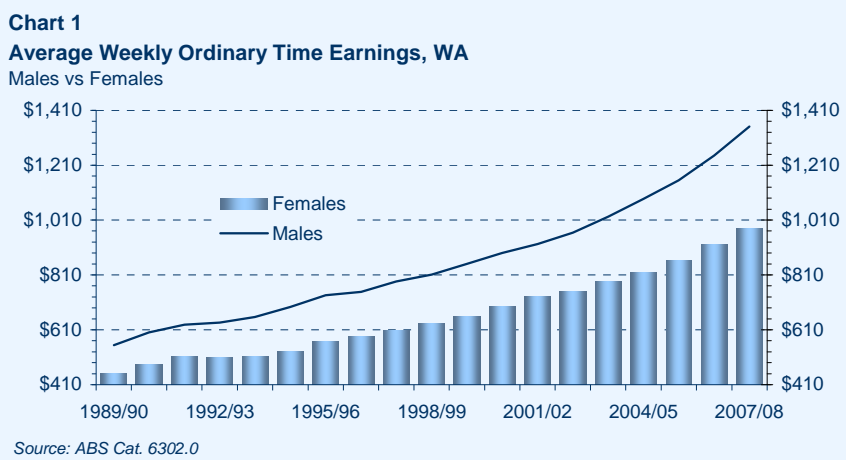
## Pay equity – what is it? how is it measured?

Depending on which measure is used, the Australian Bureau of Statistics (ABS) data generally shows a substantial gap between male and female average earnings, and for Western Australia the gap is wider than nationally.

While the past decade has seen a substantial rise in average weekly earnings for women in WA and across Australia, male average weekly earnings are higher. In 2007, average weekly ordinary time earnings for males stood at \$1,228.20 in WA, and \$1,161.30 nationally.

In addition, the gap between male and female remuneration has also widened over time. In 2007, average weekly ordinary time earnings for WA men are around \$340.30 higher than for women. This compares to 10 years previously, when male average weekly ordinary time earnings were \$170.90 higher than for women.

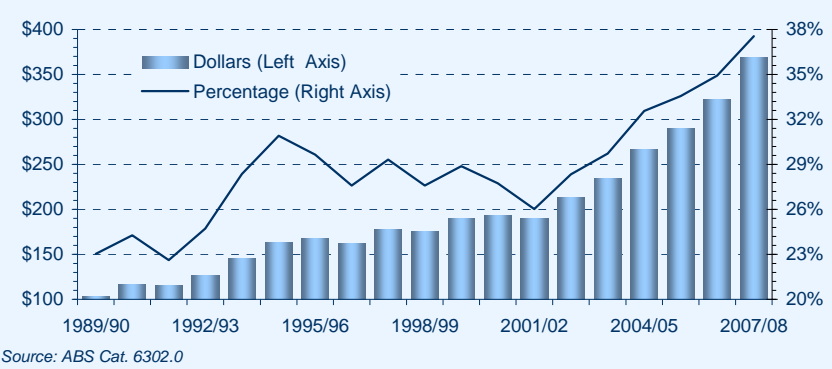
In percentage terms, men in WA are now earning 35.9 per cent higher than women, compared to 28.6 per cent 10 years ago.



**Chart 2**

**Gender Wage Gap, WA**

Difference in Dollars and as a Percentage



Considering this figure alone, the gender pay gap in WA is alarming. However, does this figure accurately measure pay equity?

Pay equity is commonly defined as equal remuneration for men and women for work of equal or comparable value.<sup>1</sup>

It stands to reason that simply comparing male and female average earnings, irrespective of occupation or industry does not accurately portray whether there is a disparity between remuneration for work of equal value. Further, while some statistical information shows the “gender pay gap” by industry, this comparison does not take into account the requirement to compare work of equal or comparable value.<sup>2</sup>

To accurately measure the gender pay gap it is necessary to compare the remuneration between males and females in a comparable classification AND in a comparable industry. For example, comparing an accountant in a mining company with an accountant in a community services organisation would not be an accurate assessment given varying capacity to pay and levels of productivity between the two industries.

<sup>1</sup>-ILO Equal Remuneration Convention, C100, Article 1(b).

-Dr Trish Todd and Dr Joan Eveline, ‘Report on the Review of the Gender Pay Gap in Western Australia’, November 2004.

-Equal Opportunity for Women in the Workplace Agency, ‘EOWA Pay equity tool’, accessed at: <[http://www.eowa.gov.au/Developing\\_a\\_Workplace\\_Program/Six\\_Steps\\_to\\_a\\_Workplace\\_Program/Step\\_2/\\_Pay\\_Equity\\_Tool/index.htm](http://www.eowa.gov.au/Developing_a_Workplace_Program/Six_Steps_to_a_Workplace_Program/Step_2/_Pay_Equity_Tool/index.htm)>.

<sup>2</sup>DOCEP, ‘Gender Pay Gap Data by Industry’, accessed at: <[http://www.docep.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/Gender\\_pay\\_gap\\_data\\_by\\_industr.html](http://www.docep.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/Gender_pay_gap_data_by_industr.html)>

**Pay equity**

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## What causes the “gender pay gap”?

It is a given that CCI supports the principle of equal remuneration for men and women for work of equal or comparable value.

However, the currently accepted method for measuring the gender pay gap referred to earlier in this submission is flawed in that it does not accurately measure equal remuneration.

There are a range of reasons as to why the current gender pay gap of 37% exists.

There has been a lot of research carried out in Australia and internationally looking at pay equity. State governments in Western Australia, Queensland, New South Wales and Victoria have all undertaken extensive pay equity reviews and the resulting recommendations have been very similar. However, the gender pay gap continues to increase.

The most commonly quoted reasons for the gender pay gap are summarised below.

### **The effect of part time employment**

Part time employment amongst women in WA grew by 3.7 per cent per annum on average over the past two decades, with an additional 119,500 women employed in these types of positions. Overall, the increased take up of part time positions has accounted for more than half of the increase in female employment in WA over this period.

Females have historically represented the largest proportion of the state’s part time labour force, and this remains so today. More than 73 per cent of the part time workforce in WA in 2007 was women, although this share has fallen from almost 80 per cent 20 years previously. Similarly, women accounted for almost 71 per cent of the part time workforce across Australia, compared to 79 per cent in 1987.

The sizeable proportion of females employed on a part time basis is understood to have contributed to the disparity between male and female average weekly earnings.

Many female workers have a preference for part time employment, to allow them greater flexibility to balance work and family commitments. Since women continue to be the primary caregivers within families, engaging in part-time or casual work is preferable to full time work for many of these women.





Earnings in WA are up by 8.5 per cent over the year to May 2008 compared to only 3.7 per cent nationally.<sup>3</sup> Such consistently high growth in WA has resulted in the ability for families to financially manage with one parent working part-time or not working at all while raising children.

Evaluating underemployment also provides an insight into the choice that women make when working part time. Underemployed workers are “*part-time workers who want, and are available for, more hours of work than they currently have.*”<sup>4</sup>

Underemployment among females has declined in recent years. Of the total number of female part time workers in September 2007, only 17 per cent (or 368,900) wanted to work more hours. Of that 17% only half would prefer to be working full time, compared to 72 per cent of men.

### **The type of work**

It has also been proposed that the gender segregation of the labour market has contributed to the gender pay gap.

In general, females tend to be employed in more services oriented industries, which in many cases have lower rates of pay than many other industries, particularly the higher paying resources, manufacturing and construction industries. A higher proportion of males tend to be employed in management and more senior positions, which are generally more highly remunerated. Similarly, males also tend to dominate some of the higher paying industries, such as mining, finance and insurance, and construction.

In terms of employment, the services industry is by far the state’s largest sector and largest employer of women - accounting for over 88 per cent of the female workforce in WA in 2007. The services sector includes retail trade, wholesale trade, accommodation, cafes and restaurants, transport and storage, communications, finance and insurance, property and business services, education, health and community services, cultural and recreational services, and personal and other services.

The largest industry within the services classification is retail trade, which accounted for 17.2 per cent of female employment in WA in 2007, compared to 11.4 per cent of men. In total, there were around 85,475 women employed in retail



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<sup>3</sup> CCI Economics, ‘Economic Trends’, 21 August 2008

<sup>4</sup> ABS, ‘Underemployed Workers’, Cat: 6265.0, September 2007.

trade in 2007, which is up from 63,650 in 1997 – representing an increase of 21,825 female workers employed in the sector.

Average weekly ordinary time earnings were lowest for women employed in the retail trade sector, standing at \$783.40. Over the past decade, this has grown by around 57.2 per cent (or \$285.20).

The health and community service sector also represents a significant proportion of female employment in WA, with 16.2 per cent of the female workforce employed in this sector in 2007. By contrast, only 3.8 per cent of the male workforce in WA is employed in this sector. Overall, females represent more than 77 per cent of all workers employed in this sector in WA in 2007.

Average weekly ordinary time earnings in the health and community services sector stood at \$935.10 compared with \$1397.20 for men, representing a difference of 48%. However, this perceived disparity is due in part to the fact that the earnings include medical practitioners earnings, the vast bulk of whom are males.

Females in the mining industry are the most highly paid of female employees. In 2007, the average weekly ordinary time earnings of women in the mining industry across Australia was \$1,420.30, although this was still lower than the \$1,826.10 for men. The mining industry has experienced the strongest growth in wages over the past 10 years, with average weekly ordinary time earnings for women in this industry standing 78.8 per cent (or \$626) higher by 2007.

Perhaps the largest dollar discrepancy between males and female earnings was in the finance and insurance sector. In 2007, men employed in this sector received \$1,659.40 on average per week – the second highest of any industry. In contrast, females employed in this sector received average weekly earnings of \$1,085.10. Overall, this represents a difference of \$574.30 or 34 per cent.

### **The lack of women in management roles**

Over the past decade there has been an increase in the number of women in management positions, both in WA and across Australia.

In 2007, around 22,475 women in WA are employed in management and administration, an increase of 7,000 over the past 10 years. Meanwhile, around 244,575 women across Australia were employed in management and administration, an increase of 92,350 from 1997.

## **Pay equity**

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In percentage terms, women in management and administration have grown strongly compared to other occupation categories both in WA and across Australia. The number of women employed in management and administration roles has increased by 45 per cent in WA, and 60.7 per cent across Australia over this period.

While the number of women in management has been on the rise over the past decade, this occupation category is still generally male-dominated. Management and administration still represents a small proportion of the female workforce in 2007, with only 4.6 per cent of women in WA, and 5.2 per cent of women nationally represented by this occupation category.

According to the 2006 *Australian Census of Women in Leadership*, which measures the status of women on boards and in executive management in Australia's top 200 ASX companies, there are considerably fewer females employed in higher paid management and leadership positions.

Census figures show that women represent only 12 per cent of executive managers, and less than nine per cent of board directors. Furthermore, only three per cent of CEOs are female, while women account for only two per cent of company chairs. Around 40 per cent of companies did not have a women executive manager, while half did not have any female board directors.



## Complexity of pay inequity

CCI proposes that another approach is necessary to truly understand the dynamics influencing women in the workforce impacting pay equity.

Situations should not arise where a woman is paid less than a man for doing the same job with the same skill set. Anecdotal evidence suggests that this does occur but there is limited evidence or research to provide any validation.

A submission from the Law Society of WA to the Review of the Gender Pay Gap in Western Australia (“The WA Review”) by Dr Trish Todd and Joan Eveline relied on evidence by the Young Lawyers Committee and Data Analysis Australia which showed that, based on the average gross salary for each career step, male lawyers earn more than females on each step and that the gap between male and female averages increases with each step. It is in these circumstances where there is inequity that needs to be addressed.<sup>5</sup>

Pay inequity is contrary to well established industrial relations and anti-discrimination legislation.

However, identifying measures to address such apparent discrepancies is difficult because the discrepancies are likely to be influenced by a range of factors such as demand within the industry, levels of productivity and competition with and between industries.

CCI believes that other fundamental questions need to be asked to determine whether women are treated inequitably. For example, are women prevented from entering professions which are currently male dominated and are women prevented from applying for jobs in areas where males traditionally earn more.

If the answer is positive and given that current legislation should ensure that there are no systemic or structural impediments to pursuing a career of choice, working arrangements or a promotion, work needs to be done to understand what the barriers are to women’s pursuit of particular positions and promotion into higher positions.

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<sup>5</sup> Above n1, page 54.



For example, is there a reason for why women tend to enter the caring professions and service industries? Is it poor policy and is it necessary to seek to alter the status quo if women are career/job selecting on the basis of a long held personal preference?

Recognition needs to be given to the choice made by females and their families to depart the workforce for periods to raise families and not to return or to return to the workforce on a part time basis. Recognition must also be given to the fact that some women are reluctant to take on promotional opportunities because of the concomitant increase in responsibility.

## **Pay equity**

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## Legislation and education

The principle of pay equity is well established in both the State and Federal industrial statutes.

In the WA state system the objects of the *Industrial Relations Act 1979* (“WA IR Act”) state that among the principal objects of the WA IR Act are “to promote equal remuneration for men and women for work of equal value.”<sup>6</sup>

Further, section 50A of the WA IR Act states that when the Commission is determining rates of pay for the purposes of the *Minimum Conditions of Employment Act 1993* and state awards that consideration must be given to the need to “provide equal remuneration for men and women for work of equal or comparable value.”<sup>7</sup>

Similarly in the Federal system, the *Workplace Relations Act 1996 (Cth)* (“The WR Act”) provides for the principle of equal remuneration for work of equal value. These provisions have been contained in the Federal Act since 1993.

The WR Act gives effect, or further effect, to:

- the Anti-Discrimination Conventions; and
- the Equal Remuneration Recommendation, 1951, which the General Conference of the International Labour Organisation adopted on 29 June 1951 and is also known as Recommendation No. 90; and
- the Discrimination (Employment and Occupation) Recommendation, 1958, which the General Conference of the International Labour Organisation adopted on 25 June 1958 and is also known as Recommendation No. 111.

Anti-discrimination laws also provide statutory protection. Section 14 (1)(c) of the *Sex Discrimination Act 1984 (Cth)* and section 11(1)(c) of the *Equal Opportunity Act 1984 (WA)* provide that “it is unlawful for an employer to discriminate against a person on the ground of the person’s sex, marital status, pregnancy or potential pregnancy – in the terms or conditions on which employment is offered.”

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<sup>6</sup> *Industrial Relations Act 1979*, section 6(ac).

<sup>7</sup> *Ibid*, section 50A(3)(a)(vii).



The WR Act has also recently been amended to preclude the offering of individual agreements (Australian Workplace Agreements) after 31 December 2009 for constitutional corporations operating in the Federal system, often quoted as a source for poorer pay among women.

CCI notes the impending changes to the WR Act that will result in employees having extended rights to flexible working arrangements and increased parental leave.

In CCI's view further legislative reform will not bring about the cultural changes that are required to reduce the gender pay gap.

Such change can be better facilitated with appropriate voluntary education and training, by developing a clear understanding of the barriers to reducing the gap and identifying strategies to encourage employers to review practices.

Voluntary strategies allowing industry specific arrangements to be negotiated will satisfy both business and employee preferences.

Dr Trish Todd and Dr Joan Eveline stated in the WA Review that *"having recognized the need for a combination, we would not want to understate the importance of voluntary strategies. In the field of IR, statutory processes have their limitation, and it is in the workplace where the gender pay gap will eventually be resolved. The resolution of issues impacting on the gender pay gap is dependent upon the commitment of the main industrial parties in the workplace."*<sup>8</sup>

### **Recommended strategies to alleviate the pay gap**

As part of CCI's ongoing work on maximising human capital, employee's views on workforce issues were gauged through a survey of employee perceptions. The survey was conducted in April 2008, and canvassed the views of more than 1,070 female workers, employed across a range of industries.

As part of the survey, female workers were asked to identify measures that they considered important to attract and retain female workers.

Comparable pay was not identified as the key issue affecting female attraction and retention. The majority of respondents (82 per cent) identified flexible workings hours as the single most important measure to attract and retain female staff. This

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<sup>8</sup> Above n1, page 53.





was identified as the most important measure to attract and retain female workers by respondents from all industry sectors.

Comparable pay was the next most popular option, favoured by almost two thirds of respondents.

Employees also rated career development (60 per cent), training and education (59 per cent) and paid maternity leave (57 per cent) as key measures to attract and retain female employees. Other key strategies that respondents believed were important to attract and retain female workers included affordable childcare facilities (50 per cent), accessible childcare facilities (42 per cent) and salary sacrifice of childcare expenses (41 per cent).

By contrast, only half of all respondents felt that their employer currently offers flexible working hours. This result differed considerably between industries, with only 19 per cent of respondents from the retail sector believing that their employer offered flexible working hours, compared to almost 70 per cent from the infrastructure sector.

Meanwhile only 23 per cent believed they were offered comparable pay. The results again differed substantially between sectors, with only 14 per cent of respondents from the retail sector believing that their employer currently provides comparable pay, compared to 32 per cent from the manufacturing sector.

The following recommended strategies to alleviate the pay gap are drawn from responses to CCI's survey.

### **Flexibility**

The difficulties in balancing work and family obligations is a recurring theme, with females consistently identifying their family commitments, and role as the primary carer as significant obstacles to their ability to fully participate in the workplace.

Flexible working arrangements provide a practical solution to address this issue without adversely affecting business. Flexible arrangements provide employees with more options as to when and how they complete their work, and greater opportunities for balancing work and family responsibilities, while at the same time ensuring that they continue to work their full hours.

It is also important that flexible working hours be available to both genders, to allow parents to balance work and family commitments. This is an increasingly important consideration, as men take a more active role in their children's activities.

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Employers can offer a range of alternatives to make workplaces operate more flexibly, such as:

- Flexible working hours (such as early/late start or finish times);
- The ability to work from home;
- Alternative leave arrangements; and
- Part time employment

The most important part of flexible strategies is that they are only determined at the workplace level. The only way such strategies will be beneficial for both the employer and the employee is if they suit the workplace. For example, the ability to work from home would only be a viable option in limited businesses and for a limited range of positions.

### **Comparable pay**

A range of human resources measures can be introduced within an organisation to address the issue of comparable pay.

- Introduce payroll audits that involve analysing payroll data by employee gender as well as human resource policies and practices to identify where gender pay differences and gender pay issues exist.<sup>9</sup>
- Ensure employees undertaking audits are properly trained and equipped to undertake audits;
- Introduce systems to facilitate and maximise flexible working arrangements with support systems for female employees wherever possible;
- Review training and development procedures to maximise female participation in training (including identifying and removing barriers) optimising access to promotion opportunities;
- Review recruitment practices to the effect that new female employees are fully aware of potential training and development and promotion avenues as well as understand the availability of flexible working arrangements;
- Introduce programs and incentives to encourage employees to apply for higher positions;

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<sup>9</sup> DOCEP, 'Conducting a pay equity audit', accessed at: <[http://www.docep.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/Conductin\\_g\\_a\\_pay\\_equity\\_audit.html](http://www.docep.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/Conductin_g_a_pay_equity_audit.html)>



- Fund scholarships and traineeships for women in traditional male dominated positions backed up by proper support for the scholarship and traineeship winners to optimise experiences.

## Pay equity

CCI Submission

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### **Accessible and Affordable Childcare**

The cost of child care directly affects female labour force participation, particularly for sole parents, mothers of preschool age children, and low income parents. Anecdotes have suggested that the cost of childcare is such that it largely negates any income benefits for many females engaging in paid employment.

With such a large share of parents utilising childcare for work-related reasons, there is a clear need for childcare facilities to be accessible to all types of workers, including those employed on weekends and shift workers. There is a clear concern with the accessibility of childcare outside of “regular” working hours, in particular at weekends and during the evenings.

While providing childcare on business premises may be a solution to this problem, it may not be practical for many businesses, particularly small and medium sized enterprises.

### **Paid Parental leave**

There is significant evidence to suggest that a paid parental leave scheme will benefit business, particularly in terms of retention rates and workforce loyalty. Despite these benefits, CCI believes that the cost of a paid parental leave scheme should not directly fall on employers.

Small and medium sized businesses in particular may find a paid parental scheme challenging, given that their margins or reserves are lower and would thus limit their ability to pay significant additional remuneration for an extended period without reciprocal productivity gains. Smaller sized businesses may also find it difficult to recruit replacement staff during the period of leave, as they are less able to offer higher pay and other incentives above the market rate to attract required workers.

This view was supported by a focus group of small and medium sized enterprises held by CCI, which believed that a paid parental leave scheme (if not funded by Government) would place a significant burden upon their business and may act as a disincentive to female employment



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## **Education and Training**

While younger Australian women are achieving high levels of educational attainment on average, there is considerable scope to improve the skills of older aged females. Constant technological improvements mean that the skills and abilities of older female workers will tend to be less relevant than when they were first learnt, particularly for those women that have exited the workforce for some period of time.

## **Pay equity**

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## Current Arrangements

### Negotiations of Wages

There is no evidence that current structural arrangements in the negotiation of wages impacts disproportionately on women. Even if the inference made by those suggesting that individual bargaining has impacted disproportionately on women, as mentioned above, that avenue has been removed from the legislation effective 1 January 2010. In addition, some of the industries that have the strongest union representation with the longest history of collective agreement making are in the female dominated health industry.

Nursing, for example, is one of the largest female dominated sectors and yet it is also strongly unionised and subject to collective bargaining agreements negotiated between unions and employers. It can't be said that in that industry employees have been forced into individual agreements without any bargaining power.<sup>10</sup>

Similarly, some of the highest paid male dominated industries like mining and construction have the highest number of individual agreements and females in this industry, likely to be employed on individual agreements, are the highest paid female employees of all industries.

### Participation in the Workforce

While principally considering pay equity, the inquiry is also required to consider *“associated issues related to increasing female participation in the workforce.”*

While addressing pay equity may have an impact on female participation, CCI's view is that pay equity is not the key determinant.

Western Australia is currently in the midst of the greatest economic expansion in its history, on the back of China's unprecedented demand for our natural resources.

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<sup>10</sup> We refer to CCI's submission to the Australian Industrial Relations Commission's award modernisation proceedings, accessed at <http://www.airc.gov.au/awardmod/fullbench/submissions.htm> at paragraphs 53 – 63 and attachment to the supplementary submission>.



Such growth has brought about significant labour requirements. In its *Building Human Capital* discussion paper, CCI estimated that an additional 400,000 workers will be required in the WA economy over the next 10 years, if economic growth can be maintained at the average rate of growth experienced over the past six years. However, these additional labour requirements cannot be met on the basis of the current labour market, and population trends. In the absence of measures to grow the workforce sufficiently, it is estimated that there will be a shortfall of 150,000 workers in WA by 2017.

While female labour force participation rates in WA and across Australia have risen considerably over time, (particularly among women between 45 and 64 years of age), they still remain lower than for males. Female participation rates in WA and across Australia also remain below that of 10 other OECD countries.

If labour force participation among females in WA were to increase to the average of the 10 OECD countries whose female participation rates are higher, this would lead to over 119,000 additional females being employed or looking for work in the state. Such an increase could potentially account for up to 80 per cent of the expected labour shortfall going forward. A similar increase in the participation rate nationally would lead to more than 1.3 million additional females participating in the labour force.

The labour force generally tends to follow trends in the broader economy. As the national economy enters its 17<sup>th</sup> consecutive year of uninterrupted economic growth, trends in the female labour market across Australia have been similarly positive.<sup>11</sup>

A key characteristic of the labour market in Australia has been the increased female labour force, underpinned by both strong population growth and increased participation. The past two decades have seen Australia's female labour force (those employed or looking for work) grow by almost 60 per cent (or 1.8 million persons), to 4.9 million in 2007. This has meant that the female labour force has recorded annual average growth of 2.4 per cent per annum over this period.

By contrast, the male labour force has increased by 29.3 per cent (or 1.4 million persons) over the same period, and now stands at six million. Overall, increased

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<sup>11</sup> Labour Force is defined by the ABS as “for any group, persons who were employed or unemployed, as defined” Cat: 6202.0, July 2008.



female workforce participation has been a major source of labour for the economy, accounting for around 57 per cent of the increase in the Australian labour force over the past two decades.

Growth in the female labour force has been even stronger in WA. Over the past two decades, the state's female labour force has increased by almost 74 per cent (or 214,900 persons) - an annual average increase of 2.8 per cent.

This is the second highest rate of growth of all states, behind Queensland (with annual average growth of 3.6 per cent). This compares to the state's male labour force, which grew by 44 per cent (or 194,900) over this period. The relatively stronger growth in the female labour force has meant that women accounted for over half of the increase in the WA labour force over the past 20 years. By 2007, WA's female labour force stood at 506,600, representing around 10 per cent of the female labour force nationally.

With such strong labour market conditions, female participation in the labour force has been on the rise. In 2007, WA's average female participation rate stood at 60.2 per cent, up from 51 per cent 20 years previously (Chart 4). This is the second highest rate of all states and territories, behind Queensland (where female labour force participation stands at 60.6 per cent).

A similar upward trend has also been evidenced in female labour force participation across Australia, although it stands somewhat lower than in WA. By 2007, Australia's participation rate for women reached 57.9 per cent, compared to 48.9 per cent in 1987.

While female participation in the labour force has been on the rise over the past two decades, it still stands well below that of men. In 2007, the male participation rate stood at 75.9 per cent in WA and 72.3 per cent nationally.

Despite the increased levels of labour force participation amongst women, WA and Australia's female participation rates still lag behind many other developed countries (see International Comparisons of Female Labour Force Participation section).

Participation rates tend to vary considerably by age, reflecting the different stages in a person's life. Overall, the labour force participation amongst women follows an upward trend during the early working years, before stabilising somewhat during the prime working years (between 20 and 54 years), and then falling away towards the end of a person's working life.





A key trend in the participation rate for women is the downturn which occurs between 25 and 34 years of age. This downturn reflects a significant proportion of women exiting the labour force as they reach the primary childbearing years. However, labour force participation among women in this age group has actually increased substantially over the past 20 years.

While the female participation rate rebounds between the ages of 35 and 44, it still remains below the level for 20 to 24 year old women. This trend indicates that many women choose not to return to work after their primary child bearing years. The female participation rate picks up further between the ages of 45 and 54, although it still remains below the level experienced for the 20 to 24 years age cohort. In line with broader trends across the population, female participation declines sharply after the age of 55 years of age, as the end of the working life is reached.

Overall, female participation rates by age have altered considerably over the past two decades, with participation rising among all age cohorts, but particularly for women over 45 years of age. Interestingly, participation rates for women aged 15 to 19 years are now lower when compared to 20 years ago, presumably due to higher levels of educational attainment now achieved by women.

For males, the participation rates follow a similar general trend, rising during the early working years, stabilising through the prime working years, and declining as retirement age is approached.

Overall, the rate of participation in the labour force amongst men is considerably higher than for females. The most distinct difference between participation for men and women is that male participation peaks between 25 and 34 years of age. In contrast to females, male participation has experienced a general declining trend over the past 20 years.



## Attachment 1 - Terms of Reference

- The adequacy of current data to reliably monitor employment changes that may impact on pay equity issues;
- The need for education and information among employers, employees and trade unions in relation to pay equity issues;
- Current structural arrangements in the negotiation of wages that may impact disproportionately on women;
- The adequacy of recent and current equal remuneration provisions in state and federal workplace relations legislation;
- 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; and
- The need for further legislative reform to address pay equity in Australia.

### Pay equity

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## Pay equity

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