

Submission Number: 99
Date Received: 5/9/08

A.



CFMEU SUBMISSION

TO

HOUSE STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

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

September 2008

The Construction, Forestry, Mining and Energy Union (CFMEU) welcomes the opportunity to make a submission to this Inquiry.

The CFMEU is one of the largest unions in Australia and the principal or major union in the industries of its title. The union has approximately 120,000 members.

In this submission we will only be addressing the final point of the terms of reference- the need for further legislative reform to address pay equity in Australia. This submission should be read in conjunction with our larger submission to the Productivity Commission into paid parental leave.

1. Workforce participation is an important policy area for Australia's future economic success. Increasingly, the Australian labour market, in parts, is experiencing labour shortages. However, the skill shortages are not generally uniform across the nation nor across occupations. Moreover within the existing workforce there is substantial under utilisation.
2. The CFMEU submits that these labour shortages are often overstated by employer groups and should be viewed in the context of high range under employment. In 2007 there were 472 000 workers employed part time but who wanted to work more hours¹. In that year, it was estimated that approximately 10% of the workforce or one million workers were "under-utilised"² seeking to work more than they currently are. Part-time and casual employees are more likely to be women. Underemployment therefore disproportionately affects women in the labour market.
3. Further, although Australia has a historically low level of unemployment, there are still a substantial number of people looking for work. Recent figures show that there are 481

¹ Australian Bureau of Statistics annual survey September 2007

² *ibid*

100 unemployed Australians.³ There are very high rates of unemployment for particular groups and in particular regions. There are particularly high rates of unemployment in indigenous communities and amongst young people in regional areas⁴

Table 1 – Underemployment (UE), by State (%)

Quarter	AUS	NSW	VIC	QLD	SA	WA	TAS
May 2006	2.88	2.97	3.08	2.73	3.49	2.31	3.49
Aug 2006	2.99	3.12	3.12	2.87	3.41	2.44	3.74
Nov 2006	2.79	2.95	2.82	2.71	3.35	2.13	3.59
Feb 2007	2.86	2.98	3.09	2.71	3.57	2.11	3.48
May 2007	2.84	3.01	2.95	2.80	3.40	2.08	3.81
Aug 2007	2.63	2.69	2.82	2.54	3.39	1.95	3.46
Nov 2007	2.64	2.70	2.91	2.43	3.31	1.81	3.31
Feb 2008	2.70	2.88	2.58	3.03	3.07	1.72	3.19
May 2008	2.34	2.41	2.56	2.32	2.82	1.55	2.22

4. As stated earlier workforce wide under employment is high and it disproportionately affects women: the table below breaks down under employment by gender. The number of under employed women is double that of men.

³ ABS July 2008

⁴ ABS 2008

Table 2 – Underemployment (UE), by gender (%)

Quarter	Males	Females	Difference
May 2006	1.96	4.28	2.33
Aug 2006	2.15	4.25	2.10
Nov 2006	1.85	4.15	2.30
Feb 2007	2.09	4.11	2.01
May 2007	1.97	4.21	2.24
Aug 2007	1.75	4.03	2.28
Nov 2007	1.77	3.89	2.12
Feb 2008	2.12	3.69	1.58
May 2008	1.59	3.49	1.89

5. However, the problem may be even worse than ABS data reflects. Some estimates go much further. An estimate by the Institute of Applied Economic and Social Research at Melbourne University showed that more than one in three people who worked part time were under employed in 2005⁵
6. Australia has higher levels of under employment than other OECD Countries. According to Ian Campbell

“The under employment rate has more than tripled since thirty years ago, reaching a point where it now surpasses the unemployment rate. Moreover, the current level of under employment in Australia seems high in comparison with the other advanced capitalist societies grouped together in the Organisation for Economic Co-operation and Development (OECD) (ILO,

⁵ The Consequences of underemployment for the under employed IAESR 2005

2007). *In short, under employment has become a significant phenomenon, demanding careful analysis*⁶”

7. High levels of underemployment, particularly of women are one reason for the continuing gender pay gap in the Australian labour market. On average, women earn \$196 per week less than men⁷. Partly this is explained by the fact that women are over represented in industries that are highly casualised and pay lower wages, such as retail and under represented in higher wage industries that tend toward full-time work.
8. The CFMEU represents members in traditionally male dominated industries. The table below shows women’s participation in key areas of our coverage:

⁶ Campbell, I The Persistence of Underemployment in Australia Journal of Political Economy August 2008

⁷ ABS August 2008

	03 M	03 F	03 M	03 F	04 M	04 F	04 M	04 F	05 M	05 F	05 M	05 F	06 M	06 F	06 M	06 F	07 M	07 F	07 M	07 F	08 M	08 F	08 M	08 F
	'000	'000	%	%	'000	'000	%	%	'000	'000	%	%	'000	'000	%	%	'000	'000	%	%	'000	'000	%	%
Coal Mining	23.2	0.2	99.1	0.9	21.6	0.8	96.0	4.0	22.0	2.2	90.9	9.1	26.5	1.4	95.0	5.0	25.0	1.2	95.4	4.6	22.8	1.5	93.8	6.2
Metal Ore Mining	34.7	5.0	87.2	12.8	34.4	5.2	87.1	12.9	32.3	4.1	88.7	11.3	31.2	8.1	79.4	20.6	40.3	6.8	85.6	14.4	38.1	4.8	88.8	11.2
General Construction	202.3	39.4	83.7	16.3	217.6	35.0	86.1	13.9	205.4	41.0	83.4	16.6	242.1	41.5	85.4	14.6	249.6	38.3	86.7	13.3	272.5	41.6	86.8	13.2
Construction Trade Services	462.7	66.3	87.5	12.5	456.7	51.9	89.8	10.2	526.7	58.2	90.0	10.0	534.4	59.4	90.0	10.0	582.2	65.4	90.0	10.0	593.3	68.1	89.7	10.3
Construction Tradespersons	305.5	3.0	99.0	1.0	302.1	4.3	98.6	1.4	325.5	4.6	98.6	1.4	341.9	3.7	99.0	1.0	337.4	4.7	98.6	1.37	368.6	5.3	98.6	1.4
Tradespersons and related workers	1089.3	129.2	89.4	10.6	1118.9	117.9	90.5	9.5	1122.3	129.4	89.7	10.3	1146.8	119.8	90.5	9.5	1171.9	136.9	89.5	10.5	1226.4	147.1	89.3	10.7

Source: ABS - Australian Labour Market Statistics 6105

9. It is clear from the table above that women's participation in our industries is very low. There are many reasons for this including traditionally sexist recruitment practices by employers that reflect outmoded views of the capabilities of women, a historical emphasis on heavy lifting and arduous manual labour, together with other cultural factors. However, the CFMEU submits that a critical part of increasing women's participation in the work force generally and our industry in particular is to institute a national statutory scheme of paid parental leave. Two thirds of Australian women receive no paid leave at the birth of their child⁸ and Australia ranks 23rd in the OECD for workforce participation of woman in the key demographic of 22-44 years of age. Addressing paid parental leave is, in our submission, a critical issue to encouraging increased participation by women. The CFMEU has proposed the following model to the Productivity Commission:

The CFMEU Model

0.1. On 1 January 2010, the Commonwealth Government introduce a universal entitlement of 14 weeks paid at the minimum wage (currently \$522.12) for all Australian women who give birth or adopt a child under the age of 5. The Commonwealth should also provide superannuation at the mandatory level (currently 9%) on top of this payment. This brings Australia into line with ILO Convention 183.

0.2. The leave entitlement should then rise incrementally to 26 weeks by 1 January 2015.

0.3. These payments should be granted to all Australian women whether or not they are in employment and regardless of length of service to any particular employer.

0.4. The National Employment Standards be amended to require employers to top up the Commonwealth payment to the woman's ordinary wage (taking the average for the last 12 months

⁸ ABS Forms of Employment November 2007

or 4 weeks, whichever is the greater) for the period of leave stipulated by the Commonwealth scheme.

0.5. The Productivity Commission should consider whether such a scheme could be delivered through the use of a centralised fund where employers could make contributions on behalf of employees. Such a model exists in the construction industry where there are central funds for redundancy pay and portable long service leave schemes.

0.6. Budget outlays currently earmarked for the “baby bonus” should be diverted into the new parental leave scheme. The baby bonus should be abolished.

0.7. Normal taxation arrangements would continue to apply to both the Commonwealth payment and the employer top up.

0.8. Where current entitlements to paid parental leave are higher than this model, those entitlements should continue to operate above and beyond this minimum statutory scheme. That will require some amendment to the current industrial law.

0.9. Above and beyond the Minimum Statutory Scheme (MSS) unions and employers should continue to be able to bargain outcomes higher than those required by law.

0.10. An option should be given to women allowing the scheme to operate at half pay for double the length of time taken as maternity leave. This is common practice in countries where maternity leave entitlements operate currently.

0.11. An entitlement of 4 weeks paid paternity leave should also be legislated on the same model as the above. (While this entitlement will most often be accessed by male partners, the Productivity Commission should consider whether it is equitable to also grant such an entitlement to same sex partners.)

0.12. With a view to increasing women's participation in the labour force, the Productivity Commission should recognize the importance of other policies and their relationship to paid parental leave. Whilst outside the scope of this review, policy areas such as childcare and early childhood services, flexible hours and employment protection, as well as skills training and education are all vital to raising women's participation in the workforce.

10. The CFMEU submits that the Committee should recommend a system of paid parental leave as set out above. Whilst many factors impact upon the rate of women's participation in the workforce paid parental leave is in our submission a high order issue to be addressed. The Federal Government has made it a priority and referred paid parental leave to the Productivity Commission. The CFMEU's detailed submission to that review highlighted the important link between women's workforce participation and paid parental leave.

11. The CFMEU thanks the House Standing Committee on Employment and Workplace Relations for the opportunity to make this submission and would be available to give evidence to any hearings the Committee may convene.
