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23 September 2008

Committee Secretary
Standing Committee on
Employment and Workplace Relations
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600



DIVERSITY
COUNCIL
AUSTRALIA

Patron
Mr Nobby Clark AO

Dear Committee Secretary,

I am delighted to enclose Diversity Council Australia's submission to the Standing Committee's Inquiry into pay equity and associated issues related to increasing female participation in the workforce. DCA is the independent, non-profit workplace diversity advisor to more than 100 organisations – many of whom are among Australia's biggest employers.

DCA and its members welcome the inquiry. The significant gender pay gap between men and women that persists, despite decades of discussion, is clearly a significant productivity issue. We are committed to assisting our members to address this through developing and implementing strategies for attraction, engagement, retention and workforce/workplace planning.

Our submission has been prepared as a result of extensive consultation with our members, many of whom are leading the way in efforts to attract, retain and promote women.

I will be appearing at the Inquiry hearing in Sydney on 26 September and look forward to discussing our submission in more detail with you.

Yours sincerely,

Nareen Young
Chief Executive Officer



Driving Pay Equity
to Deliver Tangible
Business & Community Outcomes:

DCA Submission
to the Australian Government's
House Standing Committee on
Employment and Workplace Relations
Inquiry into Pay Equity
and Female Participation in the Workforce

September 2008

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1. ABOUT DIVERSITY COUNCIL AUSTRALIA

Diversity Council Australia (DCA) provides diversity advice and strategy to over 100 organisations, many of whom are Australia's biggest employers.

Our mission is to lead in diversity thought and practice in Australia in partnership with our member organisations to:

1. Model and provide leading diversity practice in an Australian context
2. Embed this practice into businesses and organisations
3. Influence and lead the direction of diversity debate in Australia and in our region
4. Achieve excellence in diversity compliance in a changing legislative environment.

Funded solely by member subscription and advisory services, our members are Australia's leading diversity and strategically-oriented businesses – they understand that membership of DCA as the peak diversity organisation in Australia pays dividends, both internally and externally.

2. STATE OF PLAY

Women's workforce participation

Women's workforce participation has increased substantially over the past two decades, from 49% in 1984 to more than 58% in 2006¹.

While this increase is encouraging, women's workforce participation rate is still significantly behind that of men's (58% versus 72%). Added to this, women's underemployment rate is almost twice that of men's (7.4% versus 4.1%) and women's labour force underutilisation rate is considerably higher than men's (13.4% versus 9.8%)².

Moreover, much of women's employment growth has been in part-time work where (regrettably) career advancement opportunities are limited, where wages growth is below average, and where a small but growing proportion of women are in fact underemployed (that is, they want to work more hours and in job classifications where they are more challenged and where wages and salaries are higher)³. Added to this, occupational and industry segregation by gender persists, with women concentrated in a narrow band of occupations in the service sector⁴.

¹ Australian Bureau of Statistics (2006). *ABS 1986-2006 censuses of population and housing*, Available at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Chapter7002008>

² Australian Bureau of Statistics (2005) *Year book Australia, 2005*. Catalogue No. 1301.0.

³ Charlesworth, S. (2007) *Understandings of sex discrimination in the workplace: Limits and possibilities*, Clare Burton Memorial Lecture 2007, p. 4. Available at: <http://mams.rmit.edu.au/tug062qz5vva1.pdf>

⁴ Charlesworth, S. (2007)

Pay equity

The establishment of the principle of equal pay for equal work in 1969 and its broadening in 1972 (to encompass equal pay for work of equal value) saw a sharp improvement in Australia's gender pay equity performance. Australian Bureau of Statistics' analyses indicate that between 1974 and 1978 the gender wage gap (as measured by the ratio of female to male average hourly ordinary time earnings among full-time non-managerial employees) narrowed markedly from 78% to 90%⁵. An additional less pronounced narrowing of the pay gap occurred between 1983 and 1994 – from 88% to 94%.

Since then, the gender pay gap has largely plateaued, as indicated in Table 1 below. As at August 2008, the pay gap between women and men's total earnings (i.e. full-time, part-time, casual workers) was 34.4%, full-time adult total earnings (i.e. including overtime) was 18.9%, and full-time adult ordinary time earnings (i.e. excluding overtime) was 15.6%.⁶

Table1: Pay equity statistics over time

	1994	2008
Full-time adult ordinary time average weekly earnings	15.8%	15.6%
Full-time adult total average weekly earnings	20.5%	18.9%
Total average weekly earnings	33.5%	34.4%

Source: ABS Average Weekly Earnings Cat No 6302.0 November 1994, August 2008

3. CONTRIBUTING FACTORS

The gap between women's and men's earnings can be attributed to a diverse range of complex and interrelated societal factors, as briefly outlined below. DCA contends that these societal factors cannot be explained in simplistic terms as 'employer', 'union', 'government' or 'community' faults. Rather, these factors represent historical realities that simply must be dealt with in our contemporary employment market contexts.

The undervaluation of women's skills

Work value assessments have tended to value features which are characteristic of work performed predominantly by men, while skills more commonly associated with women are often viewed as 'natural attributes' or social skills rather than workplace skills. This has been the case historically and contemporarily, in wage and salary fixing and in setting, assessing and reviewing terms.

⁵ Australian Bureau of Statistics (2005) *Australian social trends*. Catalogue No. 4102.0, pp. 150-151

⁶ Australian Bureau of Statistics (2008) *Average weekly earnings, Australia, August 2008*. Catalogue No. 6302.0.

Women's lower share of discretionary payments

This includes overtime, over-award and bonus payments, allowances and other employment benefits. Women tend to be concentrated in jobs with less access to the range of over award payments and bonuses and in industries where over award payments are not traditionally offered⁷.

A key factor in assessing pay equity exigencies in Australia is whether or not women have tended towards these jobs and industries because they have traditionally and contemporarily offered less access to 'over-award' conditions in hours terms and have thus been viewed, in community terms, as 'women's jobs' and as places women can work comfortably within the employment market constraints of care-giving.

Occupational and industrial segregation

Women are over-represented in lower-paid industries (e.g. health, community services, service sector) and lower-paid occupations (e.g. over half of all employed women are concentrated in two occupations - clerks and sales and personal service workers), and under-represented in higher paid occupations (e.g. of the top 200 companies listed on the Australian Stock Exchange, only one CEO is a woman)⁸.

Access to education and training

Women are more likely to access training opportunities which help them undertake their current role better rather than position them for promotion and therefore higher remuneration. Additionally, women are more likely to rely on flexible work arrangements including part-time work. Such roles have less access to training and development, which in turn reduces women's opportunities to access increased remuneration.

The impact of 'women's working patterns' over the lifecycle

Across the lifecycle, women generally carry a greater share of the responsibility for caring for family members than men – 75% of carers of children, a parent or a person with a disability are women⁹.

Working women with care-giving responsibilities may have their earnings affected because they may not be able to work full-time, take on extra responsibilities, access training and career development opportunities or work in jobs or industries/sectors where genuine and meaningful flexible working arrangements are available. Additionally, women with care-giving responsibilities may have broken and intermittent employment patterns due to employment market/career breaks taken to care for family members. These intermittent employment patterns are likely to have a negative impact on employment market participation/career progression because of persistent historic negative community attitudes to 'women's working patterns'. Finally, women with care-giving responsibilities may be subject to other workplace participants' negative perceptions about the effect of family responsibilities on work

⁷ New South Wales Office of Industrial Relations (2004). *Why is there a gap between men's and women's earnings?* Available at: <http://www.workandfamily.nsw.gov.au/payequity/gap.html>

⁸ EOWA web-site. Available at: http://www.eowa.gov.au/About_Equal_Opportunity/Key_Agenda_Items/Inequities_in_Workforce_Participation.asp

performance, attitude and loyalty to an organisation and the employment market more generally. In turn, this may affect remuneration, access to higher remuneration both within organisations and in the wider employment market, and promotional prospects¹⁰.

Concentration in part time roles

Women are more likely than men to work part-time. They make up 71% of the part-time labour force and 34% of the full-time labour force¹¹. Recent research by the Productivity Commission indicates that part-time jobs tend to be located in lower skilled occupations, are less likely to involve complex tasks, problem solving or planning responsibilities, and less likely to receive training from their employers¹². This is in large part a consequence of broad community attitudes towards part-time and casual work. Research indicates that working part-time is commonly viewed as being incompatible with being seen as a committed career-oriented worker¹³.

Gendered remuneration practices

There are numerous potential areas of gender bias in remuneration practices in organisations including, for instance:

- The use of standardized job evaluation schemes which may be biased to value 'masculine' skills over 'feminine' skills,
- Uninformed managerial decision making about remuneration including starting salaries, pay rises and bonuses (particularly where there is wide discretion) (e.g. valuing paid skills and experience over unpaid, not understanding gender-based differences in the negotiating approaches),
- Uninformed managerial judgments made during performance review appraisals about the person's value to the organisation (e.g. valuing of seniority and length of services over abilities and contribution), and
- Uninformed managerial decisions about development plans (e.g. providing career development opportunities for men and training for current job for women), and
- Valuing and therefore remunerating more highly occupations which traditionally are 'men's occupations' (e.g. finance, information technology).

Wage fixing mechanisms

One of the factors affecting the gender pay gap is women's continuing dependence on awards - women are concentrated in industries or sectors where awards are still

⁹ Australian Institute of Health and Welfare (2003) *The future supply of informal care 2003-2013*. Canberra: AIHW.

¹⁰ New South Wales Office of Industrial Relations (2004). *Why is there a gap between men's and women's earnings?* Available at: <http://www.workandfamily.nsw.gov.au/payequity/gap.html>

¹¹ Australian Bureau of Statistics (2004) *Labour Force*. Catalogue. No. 6202.0, January 2004.

¹² Productivity Commission (Abhayaratna, J., Andrews, L., Nuch, H. & Podbury, T.) (2008) *Part-time employment: The Australian experience*. Staff Working Paper June 2008. Melbourne: Productivity Commission.

¹³ Hakim, C. (2000) *Work-lifestyle choices in the 21st century: Preference theory*. Oxford: Oxford University Press.
Probert, B. and Murphy, J. (2001) 'Majority opinion or divided selves: Researching work and family experiences' *People and Place*. Vol 9, No. 4.

the method of determining wages and conditions, rather than other industrial instruments or contracts. It is well understood, acknowledged and recorded that women have received lesser outcomes in traditional methods of wage setting in Australia (see, for example, proceedings of the NSW Pay Equity Inquiry, Reference by the Minister for Industrial Relations pursuant to Section 146 (1) (d) of the Industrial Relations Act 1996, Matter No IRC 6320 of 1997).

The gender pay gap is also inadvertently adversely affected by the move in the past twenty years to wages and conditions of employment being determined by a combination of awards (both 'paid' and 'minimum' rates), enterprise bargaining and individual contracts, rather than centrally and by awards. While women earn less under awards, the gender pay gap is smaller compared with registered or public individual arrangements (including AWAs). In May 2004, the gender pay gap under awards was 22.6%, while under individual contracts the gap increased to 31.7%¹⁴. Similarly, the gender pay gap for those under collective agreements or who were self-employed was 27.3% and 29.01% respectively.

This is in part a consequence of women having less negotiating capacity during collective and individual bargaining, leading to lower levels of wages and other entitlements. It is commonly noted that an important contributing factor is women's differing negotiating styles (usually regarded as less pro-active and aggressive) to what has traditionally delivered positive remuneration and employment benefits outcomes.

4. COMMUNITY AWARENESS: DCA-EOWA RESEARCH

Despite numerous inquiries and reviews since 1996 (e.g. Queensland 2007 inquiry, Western Australian 2004 review, Victorian 2004 review, New South Wales 1997 Inquiry) and the Sex Discrimination Commissioner recently identifying pay equity as an important gender disparity issue in the Australian community, it is DCA's experience that the general community and business community have a low awareness and understanding of what 'pay equity' means, the size of the pay equity gap, what causes pay equity, and how pay equity can be addressed. Arguably, this is the key factor adversely impacting on pay equity in Australia. Accordingly, in partnership with the Equal Opportunity for Women in the Workplace Agency (EOWA), DCA recently commissioned polling research to assess community awareness of pay equity.

Polling research

In September 2008, a quantitative survey of Australians' attitudes to pay equity was conducted. It aimed to examine:

- Australians' understanding of the definition of 'pay equity',
- Perceived differences in earnings of men and women in Australia, and

¹⁴ Business Victoria (2007) *Putting pay equity into practice: Understanding pay equity*. Melbourne: Business Victoria.

-
- Australians' desire for steps to be taken to close the gap between men's and women's earnings.

The survey was administered to the general population (n=1200) and business professionals (including human resource practitioners) (n= 2212).

The findings

The findings validate DCA's view and experience that awareness and understanding of pay equity amongst the general community and the business community is low.

Australians don't know what pay equity is

Most Australians are unaware of the correct definition of pay equity, in both the Australian community overall and the business community more specifically.

In the general community, only 12% of people think pay equity means "equal pay for men and women doing different but equivalent jobs". Nearly two thirds of people (63%) think it means "equal pay for men and women doing the same job" (a significantly more restrictive definition), whilst 26% of people did not know, or gave alternative incorrect answers.

While people from the business community are more likely to define pay equity correctly (39%), over half (55%) still believe it means "equal pay for men and women doing the same job", with 6% giving alternative incorrect answers.

Interestingly, women are somewhat more likely than men to define pay equity correctly. In the general community, 15% of women answer correctly versus 10% of men, while in the business community 40% of women answer correctly versus 29% of men.

Australians know a pay gap exists

Most Australians are aware that Australian women, on average, earn less than Australian men. In the business community, 94% of people indicate women, on average, earn less than men, while 82% of people from the general community respond in this way.

Australians don't know what the gap actually is

Most Australians are not able to correctly identify the approximate gender pay gap between female and male full-time workers.

Only 29% of the general community and 39% of the business community are correctly aware that full-time female workers earn between 11% and 20% less than full-time male workers.

Significantly, 41% of the general community underestimate the gap, or believe women earn the same or more than men.

More men than women underestimate the gap or believe women earn the same or more than men. In the general community, nearly half of all men (48%) underestimate the gap or believe women earn the same or more than men versus a third of women (32%). In the business community 39% of men responded in this way versus 15% of women.

Interestingly, younger people in the general community are more likely to underestimate the disparity in wages or think that women earn more than men. Nearly half of 18-24 year olds (48%) underestimate the gap or believe women earn the same, or more than men versus a third (34%) of 55-64 year olds.

While the business community had a higher level of awareness about what pay equity is and whether a gap existed, alarmingly human resource practitioners are somewhat more likely to underestimate the gap or believe women earn the same, or more than men. Twenty-four percent of people in human resource-related roles underestimate the gap or believe women earn the same or more than men the gap versus 17% of people in other organisational roles.

Australians want the gap closed

The majority of respondents agree that “steps should be taken to close the gap between men and women’s earnings”.

Support for steps to close the gap was strongest amongst the business community with virtually all (96%) agreeing that steps should be taken to close the gap. Amongst the general community, 8 out of 10 Australians (80%) agree that “steps should be taken to close the gap between men and women’s earnings.”

Women are more likely than men to strongly agree that steps should be taken - 69% of women versus 42% of men in the general community, and 87% of women versus 59% of men in the business community.

Human resource practitioners are slightly less likely to strongly agree that “steps should be taken to close the gap” (79% compared to 85% for people in other roles).

Conclusions

These findings demonstrate the critical need for raising community awareness about pay equity, amongst both the general community and the business community.

Additionally, the findings endorse the Australian Government’s Inquiry and go some way towards providing a mandate for steps to be taken to close the gender pay equity gap.

Specifically, there is a deep and profound need to educate the community about the meaning of pay equity – that it goes beyond equal pay for equal work to encompass equal pay for work of equal value. While this meaning has existed legislatively in Australia for decades, the poll’s findings demonstrate that Australians predominantly understand pay equity in restrictive terms, limiting it to equal pay for equal work.

5. DCA KEY CONCERNS

Below we draw on the discussions above and formal consultations undertaken with DCA members to identify and discuss key concerns in relation to pay equity.

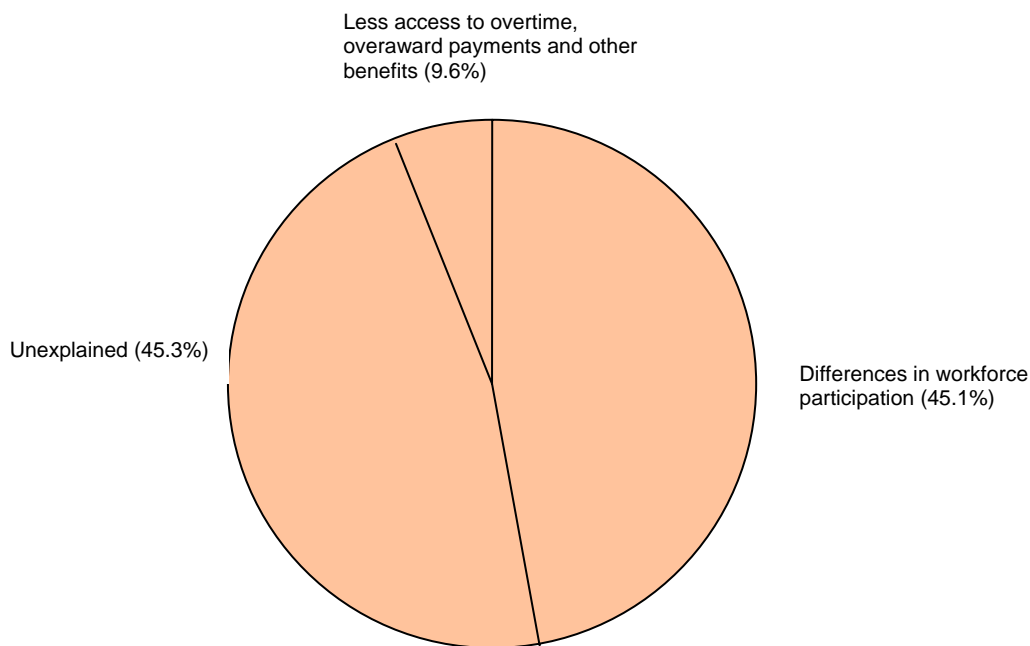
Low general community awareness

Findings from the DCA-EOWA Poll highlight the low community awareness about what pay equity means and the size of the gap. Only 12% of people think pay equity

means “equal pay for men and women doing different but equivalent jobs,” and more than two thirds (71%) of the general community were not aware of the size of the gender pay gap.

DCA’s experience indicates that there is also low awareness amongst the general community about what actually causes pay equity. The majority of Australians attribute the pay gap to women choosing to work part-time or not to access overtime. In actual fact, EOWA research indicates that almost half of the pay gap is unexplained (45.3%), and only 9.6% can be attributed to less access to overtime, overaward payments and other benefits and 45.1% to differences in workforce participation¹⁵ (as indicated in Figure 1 below). There is a need for a more accurate and sophisticated understanding on the part of the general community of the range of contributing factors (as discussed previously).

Figure 1: Components of the Gender Pay Equity Gap



Low business community awareness

Findings from the DCA-EOWA Poll highlight the low business sector awareness (albeit higher than the general community) about what pay equity means and the size of the gap. Over half (55%) still believe pay equity means “equal pay for men and women doing the same job”, with 6% giving alternative incorrect answers. Additionally only 39% of the business community were aware of the actual size of the gender pay gap.

DCA experience also indicates there is low awareness amongst the business community about what actually causes pay equity. Like the general community, business practitioners tend to attribute the gap to women working part-time and not

¹⁵ EOWA (2008) *Pay equity media kit, August 2008.*

accessing over-time, not recognizing that this leaves almost 50% of the gap unaccounted for and therefore unaddressed.

This has ramifications for the extent to which organisations pro-actively address pay equity. Many organisations believe they already provide pay equity and so fail to take actions to address it. In the United Kingdom, researchers found the main reason organisations gave for not undertaking or intending to undertake gender pay equity was that they believed the objective of gender pay equity had already been met in their organisation¹⁶. Similarly, New Zealand research found that organisations often assume that having a standardized systematic approach to setting and reviewing pay ensures freedom from gender bias¹⁷.

It is also DCA's experience and view that the business community has low awareness of how to determine if pay equity exists and what to do to address the pay equity gap. Accordingly, there is a strong need for employer education, assistance and support on how to conduct pay equity audits and develop pay equity action plans.

Inadequate data analysis/monitoring

Data analysis and monitoring around pay equity has historically been largely reliant on (in historical sequential order) the views and data interpretation of activists in the field, academics working in the area, the various state-based reviews and inquiries, and, more recently, EOWA. While the Australian Bureau of Statistics does provide data in the area, most of the more informative detailed data analysis has largely been undertaken by academics, often in the course of making submissions to various pay equity reviews and inquiries.

The lack of a dedicated body funded to analyse data and monitor pay equity progress over time has compromised Australia's capacity to readily and easily understand how we are tracking, including how changing federal and state government policy and the associated changing employment relations landscape is impacting upon the gender pay gap.

DCA members have indicated that, in particular, leading edge industry-specific benchmarking information on pay equity gap would greatly assist them progress the pay equity agenda within their own workplaces through providing a meaningful point of comparison and an incentive for their organisation to aspire to industry best practice.

Historically patchy federal government policy approach to care-giving

It is DCA's view that the general and business community would benefit from a more strategic whole of government approach to considering care-giving. This would entail adopting a lifecycle approach that includes childcare (beyond 0-5 age range), eldercare, and care of people with disabilities.

In relation to this, DCA supports the federal government's recent Inquiry into Better Support for Carers and looks forward to hearing about proposed options for

¹⁶ Brett, S. and Milsome, S. (2004) *Monitoring progress on equal pay reviews*. London: Equal Opportunity Commission Research.

generating a more accessible labour market for Australians with care-giving responsibilities. Fundamentally, DCA considers that such options should legitimise women's working patterns and enable them to access meaningful well-paid permanent part-time and flexible work arrangements.

6. DCA POSITION

To assist in progressing gender equality in Australian workplaces, DCA has developed this submission on the basis of consultation with our members, Australia's leaders in diversity practice. The submission consists of an overarching position on pay equity and ten recommendations for change, as outlined below.

Overarching DCA position

DCA congratulates the Australian Government for taking this significant step in beginning to address gender wage and salary disparities on this national and whole-of-community basis. Such an inquiry is particularly pertinent given this year marks the 25th anniversary year of Australia's ratification of the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).

Committed to closing the gap

DCA members are committed to closing the pay equity gap between men and women. Findings from the DCA-EOWA poll demonstrate that this commitment is overwhelmingly shared by business and the Australian community more generally.

Gender productivity gap

DCA advocates the Federal Government adopt a "gender productivity gap" positioning as undertaken in the United Kingdom¹⁸. Here, pay equity was considered as a "gender productivity gap", in recognition that women's position in employment has implications not just for their pay, but also for the UK's productivity and economic performance. Using the pay gap as a starting point, researchers commissioned by the UK government investigated what this gap meant for broader economic objectives relating to output and productivity levels. Productivity is important as it is a key factor in raising the rate of economic growth. The researchers found that labour market failures including "out-moded rigidities" due to occupational sex segregation and limited flexibility needed to enable women to combine caring and employment, were preventing the most effective deployment of labour. This was interfering with the best allocation of resources and thus lowering the productivity of the British economy.

DCA concurs with this view and suggests that such a conceptual framework should be applied in the Australian context and adapted to Australian exigencies.

¹⁷ State Services Commission New Zealand (2004) *EEO progress in the public service, with special focus on Pacific peoples*. Available at: <http://www.ssc.govt.nz/display/document.asp?docid=4051&PageType=content&displaytype=pf>

¹⁸ Walby, S. and Olsen, W. (2002) *The impact of women's position in the labour market on pay and implications for UK productivity*. Report to Women and Equality Unit November 2002.

Business leadership position

DCA members have adopted a leadership stance with respect to pay equity, in the absence of a federal government policy framework and the under-utilisation of state legislative/policy framework positions by the traditional industrial relations parties.

Leading DCA members realise the business benefits associated with addressing pay equity. As EOWA notes¹⁹, organisations that ensure they remunerate staff equally signal their commitment to their employees and this commonly translates into increased job satisfaction, greater employee productivity and improved employee loyalty. Additionally, such organisations will be less likely to be exposed to costly, time-consuming and damaging discrimination complaints as a result of unequal remuneration.

Leading DCA members such as AMP Limited, the Cancer Council Queensland, Lend Lease, and the National Australia Bank (NAB) and have taken action to progress pay equity in their own organisations.

In the late 90's, AMP Limited developed an innovative campaign to lift the profile and recognition of personal assistants within AMP. Consultation around AMP indicated PAs were not getting the same opportunities as other employees, as their roles could be undervalued, invisible and often having less robust career support. AMP undertook a job evaluation process that involved describing and articulating the role of PAs with a focus on the business strategy. They discovered there were about 55 poorly defined job titles for similar roles within the organisation. With this in mind, it was not surprisingly that PA roles were not well understood and career paths well-defined. To address this, the number of PA job titles was refined to five, with two to three different job levels created within each title. One important part of the process was making sure the roles were well described and then determining that they were appropriately paid. This entailed external bench-marking to ensure the jobs were properly valued and remunerated. Comparisons were also made with other jobs with similar work value and skill requirements, such as IT or customer service roles. In addition to redefining PA roles, AMP also developed a program of work-based learning for PAs which gave them the opportunity to develop key skills, build business acumen and value their own contribution to the business. PAs could choose to work towards formal external qualifications with recognition of on-the-job learning and prior learning. Anecdotal evidence suggests this program has improved participants' performance, increased their confidence, given them a clearer connection with the business, and improved the promotion prospects for many PAs²⁰.

Cancer Council Queensland has reduced its gender pay gap to 4.3% as a result of a number of strategic initiatives. This gender pay gap compares very favourably to the average community sector gap of 30%. Cancer Council Queensland provided greater transparency in remuneration practices through publishing pay scales and informing each staff member where they sat in relation to this and through developing and

¹⁹ EOWA web-site. Available at:
http://www.eowa.gov.au/Australian_Women_In_Leadership_Census/About_Equal_Opportunity/Why_EO_Makes_Business_Sense.asp

publishing clear descriptions and expectations for various job levels. Cancer Council Queensland also advised and counseled managers on how to make gender-neutral remuneration-related decisions in an effort to raise managerial skills in this area.

At Lend Lease, when an in-house networking group was formed, female employees discovered this provided a forum in which issues such as pay equity could be raised. The networking group, called the Women In Property Advisory Committee (WIPAC), met monthly to network and provide mutual support for women. Activities of the group included documenting experiences and hosting events such as debates. One outcome of the meetings was a request for a salary parity review, which management willingly undertook. Initial analysis showed that it was difficult to compare like with like, as certain job categories were dominated by women and others by men. Engineers were selected as a relevant peer group with sufficient women represented to give statistically valid conclusions. A detailed analysis was undertaken, reviewing compensation, performance bonus rewards and career progression amongst engineers. It was felt that in a male-dominated organisation, this professional group was most likely to demonstrate whether there were any differences for women in terms of pay. The review found that women remained longer in each role than their male counterparts, and were remunerated at a lower level, for the same number of years in the industry. Women did get better pay increases than men in this professional group but men were consistently better rewarded through performance bonuses. As well as the above discrepancies, men were presented with challenges earlier in their career by getting higher-profile job placements on bigger, more complicated projects, which they were rapidly cycled through, exposing them to complex managerial and leadership tasks as well as to the more senior project staff in the company. It was concluded that the opportunity to succeed or excel was more available to men within the company than it was to women. As a result of this review, succession planning, talent management and project resource selection were identified as priorities. Significantly, identified pay discrepancies were addressed in some cases by a one-off salary adjustment. Going forward, processes for the comparison of salaries and bonuses have been improved across the whole company. Other initiatives have also been introduced, such as a gender inclusive language policy; development programs for women in the workplace, now in their third year; gender awareness programs for male managers, now in their second year; debates; and other initiatives. Line managers are not only encouraged but are required to ensure that they are well acquainted with the professional circumstances of their direct reports, including their experience, skills and aspirations, to ensure that they are fully informed when allocating people to projects. Accordingly, the activities of WIPAC have now been largely replaced by management practice, supported by human resource processes²¹.

In 2006, NAB in collaboration with the Finance Sector Union (FSU), conducted a pay equity audit using EOWA's Pay Equity Tool as part of the development process of an

²⁰ EOWA web-site. Available at:
http://www.eowa.gov.au/About_Equal_Opportunity/Key_Agenda_Items/Pay_Equity/Revaluing_Womens_Work.asp

²¹ EOWA web-site. Available at:
http://www.eowa.gov.au/Developing_a_Workplace_Program/Six_Steps_to_a_Workplace_Program/Step_2/_Pay_Equity_Tool/case_study_2/introduction.htm

enterprise agreement that included a formal commitment to reducing the gender pay gap. In addition to this audit, NAB has also recently made some significant changes to its remuneration framework with transparent market pay information available to employees for jobs across the organisation.

Robust non-mandatory approach

DCA supports the federal government adopting a robust non-mandatory approach to progressing pay equity, emphasising greater education and information and better data analysis and monitoring. The recommendations below are premised on such an approach. They are based on DCA's extensive experience working closely with members and on the results of polling as indicated above.

Recommendation 1: Establish Women and Work Office, including EOWA and a pay equity function

DCA recommends that a Women and Work Office be established, including the existing infrastructure and branding that EOWA has established (in recent years in particular) and including a pay equity function.

Such an approach reflects that adopted in the UK – in 2004, the UK Government announced the establishment of the Women and Work Commission which was given the remit of considering how to close the gender pay and opportunities gap.

Such an office would include EOWA's current function to administer the *Equal Opportunity for Women in the Workplace Act 1999* (Commonwealth) and educate, assist and support organisations to achieve equal opportunity for women. It would have additional non-legislative based pay equity function. This would entail educating the general community about pay equity, as well as educating, assisting and supporting the business community to progress pay equity.

Consideration should be given to such a pay equity function also being integrated into other appropriate government department and agencies to enable pay equity for other diversity groups in the community to be investigated (e.g. Aboriginal Australians, Torres Strait Island Australians, people with disabilities etc).

Acting on this recommendation would enable the Australian Government to raise community awareness and understanding of pay equity (previously identified from DCA experience and the DCA-EOWA poll as a serious concern). Such an office would ensure pay equity remained on the community and business agenda. Basing this office on EOWA would enable the government to leverage off the good work already being undertaken by EOWA (e.g. pay equity data analysis, information and tools).

Recommendation 2: Ensure Women and Work Office (including EOWA) sits under DEEWR, with joint reporting to DEEWR and the Minister for Women

DCA recommends that the Women and Work Office (including EOWA) reside in the Department of Education, Employment and Workplace Relations (DEEWR) portfolio to 'mainstream' gender diversity and equity and encourage it to be viewed as a business productivity issue in the business and Australian community.

DCA suggests that this office should jointly report to DEEWR and the Minister for the Status of Women to ensure the focus on gender diversity and equity stays strong and

that gender diversity and equity are considered from both business community and general community perspectives.

Recommendation 3: Resource Women and Work Office (including EOWA) to raise community awareness

DCA recommends the proposed Women and Work Office be resourced to educate and support the general community in relation to pay equity. This would include raising awareness and understanding about pay equity including (but not limited to) what it means, what causes it, and how it can be addressed. The DCA-EOWA poll results indicate that raising general community awareness is key to addressing pay equity.

More specifically, DCA suggests that the proposed office conducts education campaigns that:

- Encourage the community to value ‘women’s work’ and ‘women’s working patterns’, and
- Raise awareness about the existence of pay equity, what constitutes pay equity (i.e. beyond equal pay for equal work to equal pay for work of equal value) and what actions people, organisations, and the government can take to close the gap (EOWA’s recent Gender Pay Equity day is an example of such a campaign).

Other education campaigns could aim to encourage women into non-traditional sectors and occupations, and target female students and career advisors to raise awareness about the significance of negotiating good starting out salaries and making career choices which pay well.

DCA also suggests information and guidance be provided for working women on negotiating, bargaining, and recognition of skills, and for unions on supporting pay equity in collective and multi-employer bargaining.

Recommendation 4: Resource Women and Work Office (including EOWA) to educate and support business

DCA recommends the proposed Women and Work Office be resourced to educate and support the business community in relation to pay equity. This would include raising awareness and understanding about pay equity including, what it means, what causes it, and how it can be addressed. The DCA-EOWA poll results indicate that raising business sector awareness is key to addressing pay equity.

More specifically, DCA suggests that the proposed office *establish a suite of tools* that could support gender pay equity at the workplace level including for instance pay equity auditing tools, job valuation processes, and action plans and remedies. Such tools could build on EOWA’s existing pay equity information and tool, HREOC’s Equal Pay Handbook, and Western Australia’s Pay Equity Office educational materials. Consideration should also be given to work undertaken in international arenas including Canada (specifically Ontario and Quebec), the UK and New Zealand.

DCA also recommends the proposed office develop and make available *best practice case studies*. It is DCA’s experience that good work is being undertaken by leading

diversity employers but that resources need to be allocated to identify, capture and disseminate these examples of good practice.

DCA notes that it is important that tools developed by the proposed office ensure they educate employers about the importance of *providing access to development and promotion opportunities for women on flexible arrangements and maternity/parental leave*. This could be done for instance through integrating educational material into existing EOWA employment matters guidelines and tools and through guidelines which may be developed as part of the proposed 'Right to Request' in the National Employment Standards.

Recommendation 5: Resource Women and Work Office (including EOWA) to improve data analysis and monitoring

DCA recommends the proposed Women and Work Office be resourced to enable better pay equity-related data analysis and monitoring to be undertaken. In particular DCA members would welcome leading edge industry-specific benchmarking information on pay equity gaps and women in senior roles as this would provide a meaningful point of comparison and act as an incentive to their organisations to aspire to industry best practice.

Recommendation 6: Fund pay equity research

DCA recommends the government fund pay equity research to assist with data analysis and monitoring and educate business and community. Examples of research that could be undertaken include:

- Economic modeling to demonstrate productivity cost,
- Business and workplace solutions that work - building on the experiences of leading diversity employers,
- Gender-neutral remuneration and job evaluation/classification systems, and
- Leading edge industry-specific pay equity gap benchmarks.

Implementing this recommendation would provide the business community with much needed evidence-based business case material, best practice benchmarks, and guidance on addressing pay equity.

Recommendation 7: Consider employer tax incentives to improve women's workforce participation including in non-traditional areas

DCA recommends that, following the UK's 2001 Kingsmill Report into Women's Employment and Pay, consideration be given to providing employer training incentives to improve women's workforce participation. For instance, employer tax credits could be given for employers recruiting and training women in occupations in which women are significantly under-represented. Employer tax credits could also be provided to employers training groups of women who have been identified as being likely to receive training. Such groups were identified in the 2004 Review of the Gender Pay Gap in Western Australia as including female casual and part-time

workers, carers of very young children, women in lower level jobs, and women in feminised industries²².

Implementing this recommendation would address the gender productivity gap by providing women with greater opportunities to access the employment market, including occupations and industries in which they are under-represented.

Recommendation 8: Consider superannuation changes to reduce the gender gap

DCA recommends the government give consideration to implementing superannuation-related initiatives to reduce the gender pay gap. Currently, women's average superannuation payout is half that of men's²³, in part as a consequence of having interrupted work patterns due to care-giving responsibilities. Initiatives could include continuing the government's co-contribution scheme for low-income earners, adding a super component to government-funded paid maternity leave, and removing the 15% contribution tax on super for women while they are out of workforce.

Recommendation 9: Introduce 14 weeks government funded paid parental leave

DCA recommends the government introduce 14 weeks government-funded paid maternity leave (see DCA Paid Maternity Leave Submission). Consideration should also be given to adding a superannuation component to this essential employment market-linked payment.

This would positively impact on the gender productivity gap through increasing women's participation in the labour market. Analysis of paid maternity leave provisions against workforce participation rates in OECD countries indicates paid parental leave has a positive impact on labour force participation²⁴. These findings are borne out by high female workforce participation rates in countries which have led the way internationally with respect to paid maternity and parental leave provisions - in Sweden and Denmark female workforce participation rates have been over 80% since 1981²⁵.

Recommendation 10: Implement recommendations from the Inquiry into Better Support for Carers to generate a more accessible labour market for care-givers

It is DCA's view that the general and business community would benefit from a more strategic whole of government approach to considering care-giving. This would entail adopting a lifecycle approach that includes childcare (beyond 0-5 age range), eldercare, and care of people with disabilities. In relation to this, DCA supports the federal government's recent Inquiry and looks forward to hearing about proposed options for generating a more accessible labour market for Australians with care-

²² Todd, T. and Eveline, J. (2004) *Report on the review of the gender pay gap in Western Australia*.

²³ Australian Institute of Superannuation Trustees (2008). *Media release on paid maternity leave*. June 6 2008. Available at: http://www.aist.asn.au/Pages/Footer/SubPage_Media/AISTMedia/documents/06-06-08-MaternityPayments.pdf

²⁴ Jaumotte, F. (2003) 'Labour force participation of women: Empirical evidence on the role of policy and other determinants in OECD countries,' *OECD Economic Studies*, No. 37 (2). Available at: <http://www.oecd.org/dataoecd/12/39/34562935.pdf>

²⁵ Jaumotte, F. (2003)

giving responsibilities. Fundamentally, DCA considers that such options should legitimise women's working patterns and enable them to access meaningful well-paid permanent part-time and flexible work arrangements.