

Senate Standing Committee on Education and Employment

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2014-2015**

Outcome 1 - Employment

Department of Employment Question No. EM1573_15

Senator Lines asked on 23 October 2014 on proof Hansard page 128

Question

Gender/Wage Gap - comparable countries

Senator LINES: Where do we sit in relation to other countries? I was reading a report that said that in the UK wages had dropped to low levels, but it did not necessarily ascribe that to gender.

Ms Parker: We do not have that with us but we can take it on notice.

.....

Senator LINES: Right. Okay. Given that this gender gap, this wage gap, is almost entrenched—I do not really want to say that word but it has been around for such a long time and is remaining reasonably constant—are there any examples in other comparable countries where that pay gap has been addressed?

Ms Parker: Again, we can take that on notice.

Ms Wood: In the context of looking at the reporting framework, we have looked at other countries that have different initiatives internationally that have looked at similar kinds of approaches—industry-led approaches—and looked at trying to get that kind of focus at the workplace level. So there are different models around where people have tried different things, but actually being able to measure the impact of that can be quite hard.

Senator LINES: Why is that hard?

Ms Wood: Measuring the impact of an individual initiative in the context of a whole economy—

Senator LINES: I see.

Ms Wood: The impact can be hard to identify and to isolate. But we can certainly take it on notice to provide a bit more background on that.

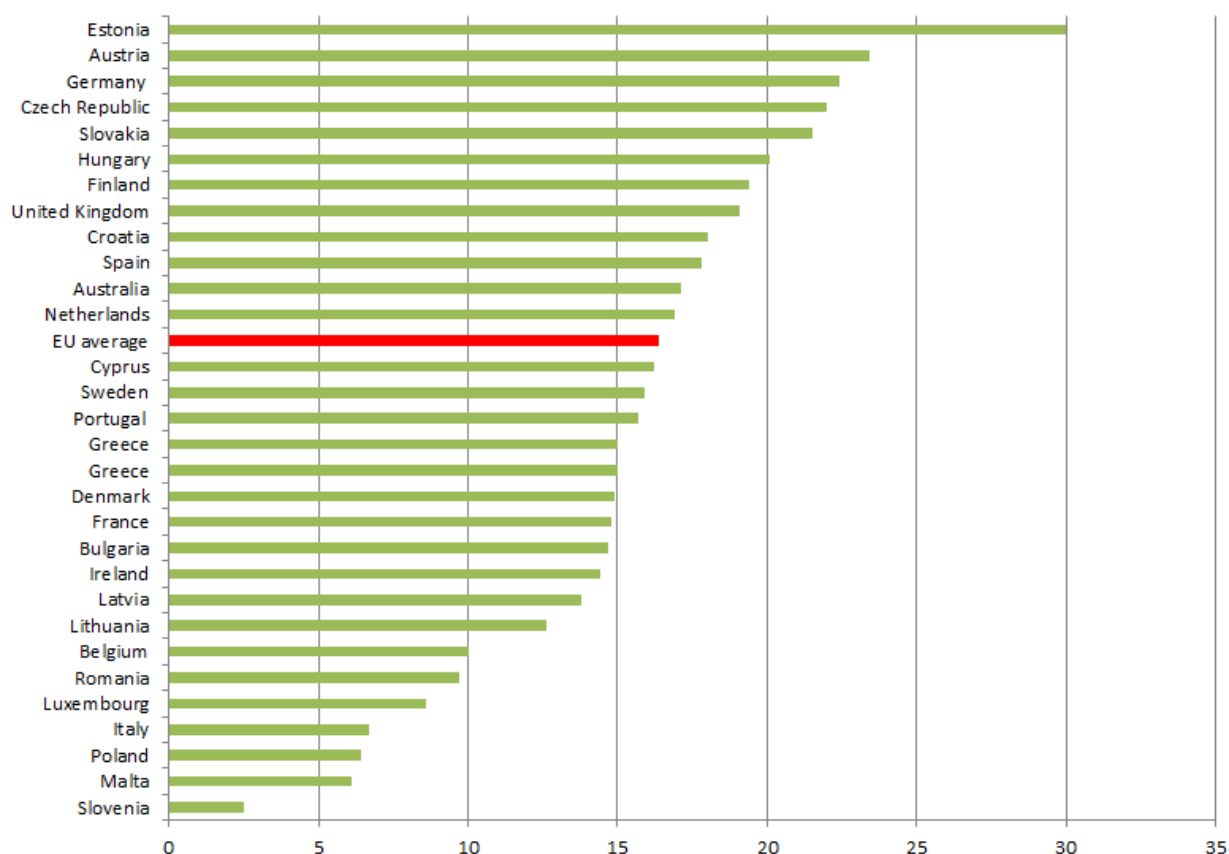
Answer

Countries measure the gender pay gap in different ways, making international comparisons difficult.

Some countries record unexpectedly low gaps which can often be the result of a small population of working women who are concentrated at the higher end of the wages spectrum. For example, Jordan has a smaller pay gap than any of the OECD countries. This can be attributed to the small number of women in paid employment, who are, on average, more highly educated than their male counterparts.¹

The most recent international comparison of the gender pay gap available is for the European Union (EU) but this excludes Australia, New Zealand and the United States. A comparable percentage figure calculated for Australia shows that the pay gap is slightly higher than the EU average, but this method is not a recognised way of measuring the gender pay gap in Australia (Figure 1). The EU calculations also exclude employees who work in public administration. It is not possible to exclude public administration from the Australian calculation.

FIGURE 1: Hourly gender pay gap in the EU and Australia



Source: European Commission, 2014,
Australian figure calculated by the Department of Employment using ABS Average
Weekly Earnings publication (Cat No 6302.0)

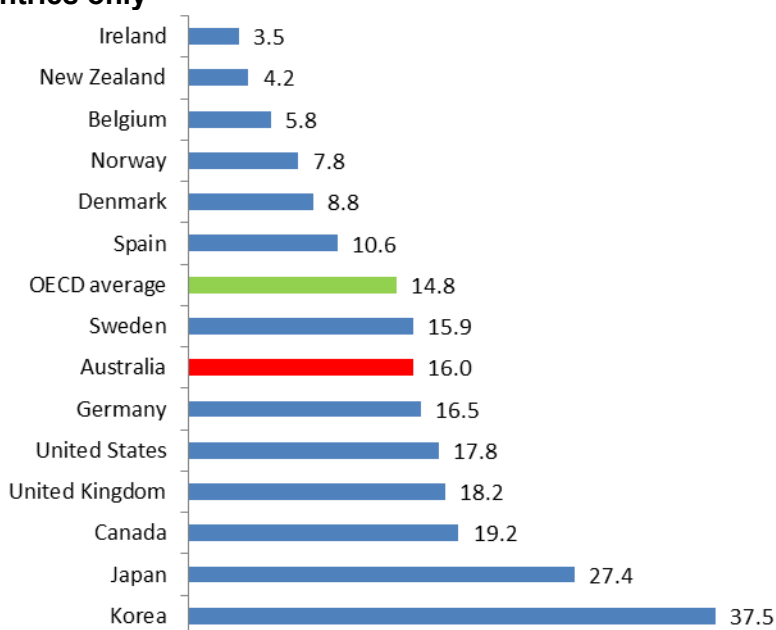
¹ *Closing the Gender Gap: Act Now*, OECD, 2011, p 168.

The most recent OECD figures on the gender pay gap are from 2011 (Figure 2 and Figure 3) and include Australia, the United States and New Zealand.

The Department and the OECD use different definitions to calculate the gender pay gap. The Department, and other government organisations such as the Workplace Gender Equality Agency, express the gender gap as the difference between the average of all female and all male earnings as a percentage of male earnings. The Department also calculates the hourly pay gap to take into account the higher average weekly hours of men (Figure 4). The data used comes from the Australian Bureau of Statistics' Average Weekly Ordinary Time Earnings for full time employees. The OECD measures the gender gap by taking the median male and median female full-time wage and dividing that figure by the male median full-time wage. This accounts for differences between the figures the Department uses and the OECD.

The OECD figures also show the difficulty of international comparisons, with both Ireland and New Zealand, ranked 1 and 2 respectively, officially claiming larger gender wage gaps from their own data. Ireland acknowledges a figure much closer to the EU calculation of around 14 per cent² and the Ministry of Women's Affairs in New Zealand determined the gender pay gap in 2014 to be 9.9 per cent³.

Figure 2: Gender pay gap in median full-time earnings (%), 2011, selected countries only



Source: OECD.stat

² Gender Equality Division, Department of Justice and Equality, <http://www.genderequality.ie/en/GE/Pages/GenderPayGap>

³ New Zealand Ministry of Women's Affairs, <http://mwa.govt.nz/our-work/economic-independence/income/gender-pay-gap>

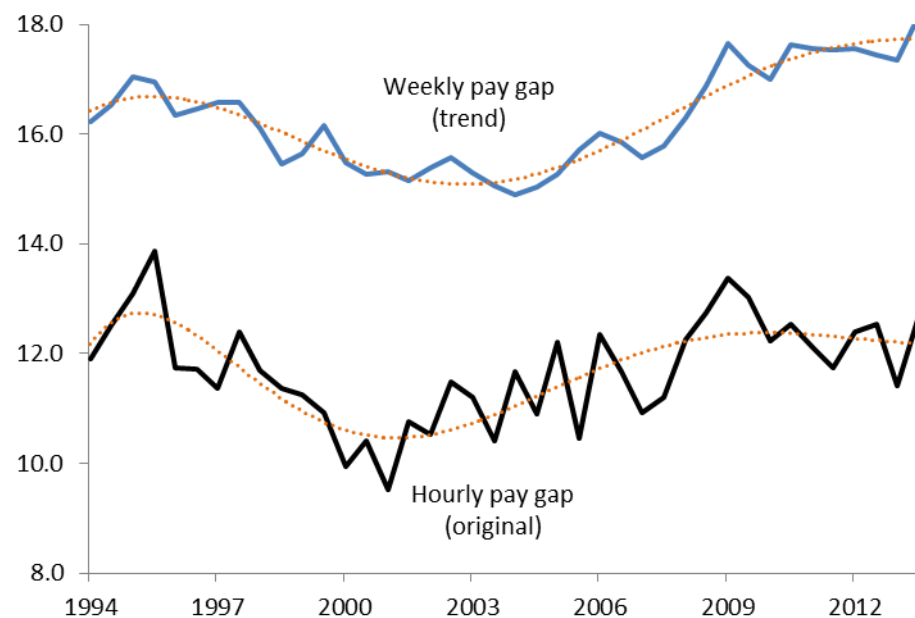
Using the OECD calculations, since 2000, the Australian gender pay gap has been consistently below, or just above, the OECD average (Figure 2).

Figure 3: OECD Gender pay gap in median full-time earnings (%), 2000-2011



Source: OECD.stat

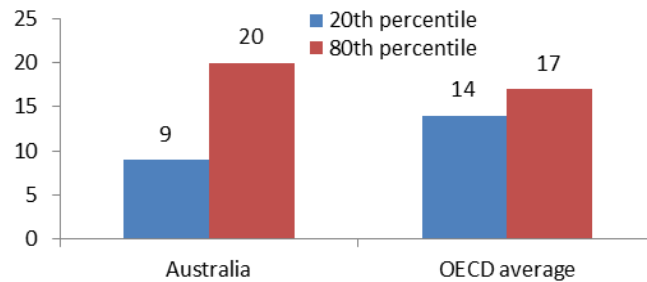
Figure 4: ABS Weekly and Hourly Pay Gap (%): 1994–2014



Source: Calculated by the Department of Employment using ABS Average Weekly Earnings publication (Cat No 6302.0).

Compared with other OECD countries, the gender pay gap in Australia is more concentrated among higher income groups (Figure 5). Australia has a relatively small pay gap (9 per cent) at the 20th percentile (i.e. the lower end of the distribution) and a larger pay gap (20 per cent) at the 80th percentile (i.e. the higher end of the distribution).

Figure 5: Gender pay gap at the top and bottom of the full-time earnings distribution (%), 2010



Source: OECD Family database

As shown by the international comparisons above, the gender pay gap is an issue for all countries, even for countries that score very highly on other gender equality measures.

No one measure or initiative has been shown to work definitively to close the gender pay gap. Countries with a comparatively low gap, for example Belgium, use a range of measures, from legislation requiring companies to undertake gender pay gap audits to parental leave for both parents and ensuring availability of affordable child care.