

The Senate

Finance and Public Administration
References Committee

Gender segregation in the workplace and its
impact on women's economic equality

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Abbreviations

ACCI	Australian Chamber of Commerce and Industry
ACTU	Australian Council of Trade Unions
AFEI	Australian Federation of Employers and Industries
AHRC	Australian Human Rights Commission
AICD	Australian Institute of Company Directors
Ai Group	Australian Industry Group
AMWU	Australian Manufacturing Workers' Union
ANMF	Australian Nursing & Midwifery Federation
APS	Australian Public Service
APSC	Australian Public Service Commission
ASU	Australian Services Union
BankWest	BankWest Curtin Economics Centre, Curtin University
CEO	Chief Executive Officer
CPSU	Community and Public Sector Union
DCA	Diversity Council Australia
DET	Department of Education and Training
DoE	Department of Employment
eS4W	economic Security4Women
EU	European Union
GOS	Graduate Outcomes Survey
HILDA	Household, Income and Labour Dynamics in Australia
ILO	International Labour Organisation
IMF	International Monetary Fund

KMP	Key Management Personnel
NCOSS	NSW Council of Social Service
NCVER	National Centre for Vocational Education Research
NFAW	National Foundation for Australian Women
NTEU	National Tertiary Education Union
OECD	Organisation for Economic Co-operation and Development
PA	Professionals Australia
PFA	Police Federation of Australia
PISA	Programme for International Student Assessment
PM&C	Department of the Prime Minister and Cabinet
PPL	Paid Parental Leave
SDA	Shop, Distributive and Allied Employees' Association
STEM	Science, Technology, Engineering and Mathematics
TWC	Tasmanian Women's Council
UK	United Kingdom
VET	Vocational education and training
VWT	Victorian Women's Trust
VTHC	Victorian Trades Hall Council
WGEA	Workplace Gender Equality Agency
W+FPR	Work + Family Policy Roundtable

List of Recommendations

Recommendation 1

6.13 The committee recommends that the Office for Women in the Department of the Prime Minister and Cabinet lead the development and implementation of a national policy framework to achieve gender pay equity in Australia. The framework should set a pay equity target date, provide an advisory structure to guide implementation, provide a roadmap for achieving pay equity in Australia, address segregation in Australian workplaces, and draw on measures in Australia's public and private sectors and in comparable overseas jurisdictions.

6.14 The national policy framework to achieve pay equity should coordinate efforts across agencies of government to address the factors that adversely affect women's workforce participation and gender segregation, including:

- reforms to flexible work provisions that will increase access for men and women, and make provision for employees to appeal decisions;
- an extension to the period of PPL and new provisions for the payment of superannuation guarantee during PPL;
- improved access to affordable high quality early childhood education and care; and
- recognition of career paths and qualifications for feminised industries, particularly the care industry.

Recommendation 2

6.23 The committee recommends that the *Fair Work Act 2009* be amended to improve its capacity to address equal remuneration, including:

- introducing gender pay equity as an overall object of the Act; and
- the provision of guidance for both the Commission and applicant parties on making and applying for orders of equal remuneration. Such guidance could draw on Principles previously adopted in NSW and Queensland jurisdictions, including:
 - requiring that consideration of orders make reference to historical and contemporary gender-based undervaluation;
 - suggesting the steps required by applicants to demonstrate that undervaluation was gendered or had a gender-associated cause; and
 - clarifying that applications may be made without the need for a direct male comparator to establish undervaluation;
- clarifying that applications may be made for equal remuneration orders and work value claims simultaneously; and

-
- clarifying the definition of remuneration to include recompense or reward for services rendered, including non-cash benefits.

Recommendation 3

6.24 The committee further recommends government conduct a comprehensive consultation process with expert stakeholders to achieve these reforms and define any others needed to the Act to achieve pay equity for Australian women.

Recommendation 4

6.28 The Pay Equity Unit (PEU) was established as part of the Fair Work Commission to undertake pay equity related research and provide information to inform matters relating to pay equity. The committee recommends that the government:

- restore and protect the budget of the PEU;
- investigate the provision of enhanced advisory functions for the PEU via an expert Pay Equity Panel, to undertake research into pay equity matters and provide recommendations for consideration by a Full Bench of the Fair Work Commission; and
- conduct a review of alternative means of making equal remuneration orders, such as conciliation via the Pay Equity Panel, with a view to achieving more timely resolution of equal remuneration applications.

Recommendation 5

6.32 The committee recommends that the Department of Education and Training update the National Career Development Strategy and the Australian Blueprint for Career Development to address the need for gender sensitive career guidance and counselling in all Australian schools and training institutions. The strategy should:

- recognise that women and men may respond differently to information about occupations, industries and further education;
- provide mixed gender career role models, mentors and experiences, with particular sensitivity to addressing gender segregation; and
- offer guidelines for qualifications and continuing professional development (CPD) for career guidance professionals.

Recommendation 6

6.33 The committee recommends that the Department of Education and Training undertake a national evaluation of all programs and initiatives associated with increasing numbers of girls in STEM education, to provide benchmark data and best practice guidelines.

Recommendation 7

6.38 The committee recommends that the government conduct a review of the recent initiative in the United Kingdom on Gender Pay Gap Reporting within two years of the program's implementation.

Recommendation 8

6.39 The committee recommends that the government conduct a review of labour force data with particular attention to job classifications used by the Australian Bureau of Statistics and the integration of other available datasets. This review should engage businesses, WGEA, unions and academics.

Recommendation 9

6.40 The committee recommends that the ABS Time Use study recommence on a regular basis.

Executive Summary

Australian men and women lead very different working lives. Men and women often do not work 'side by side'—but instead work in industries or occupations which are dominated by one gender or another. By international standards, we have a highly gender segregated workforce.¹

In 2015–16, six in 10 Australian employees worked in an industry which is dominated by one gender.² To put it another way, 60 per cent of Australian workers don't know what it is like to work in an industry with balanced gender representation. These figures have remained relatively constant over the last twenty years.

This outcome is much more than just a function of individual choices and actions. Patterns occur across industries and occupations because individuals' choices are constrained by a range of structural factors and social norms.

Caring responsibilities and the availability of flexible work restrict the range of roles that are available to women, and not all industries and workplaces are equally flexible. The uneven distribution of flexible and part-time employment opportunities funnels women into particular industries and sectors. Data from the Workplace Gender Equality Agency indicates that only five per cent of employees in male-dominated workplaces are part time,³ whereas only 35 per cent of employees in female-dominated industries are full time.

Additionally, expectations about traditional gender roles continue to shape choices for young men and women in schools, universities and vocational education. The data indicates enrolments continue to strongly reinforce gender expectations.

The resulting segregation is one of the major sources of the gender pay gap. Taken together, occupational and industrial gender segregation are the second most significant contributors to the pay gap between men and women, after sex discrimination.

As the ratio of male to female employees in an industry increases so, too, does the average wage. KPMG found that, for every 10 per cent increase in the ratio of men to women in an industry, the average wage increases by 1.9 per cent. For every 10 per

1 PwC, *Women in Work Index: Closing the Gender Pay Gap* (Australian edition), February 2017, <http://www.pwc.com.au/people-business/assets/pwc-2017-women-in-work-feb17.pdf> (accessed 26 May 2017).

2 WGEA, *Australia's Gender Equality Scorecard, Key findings from the Workplace Gender Equality Agency's 2015–16 reporting data*, November 2016, p. 11, https://www.wgea.gov.au/sites/default/files/80653_2015-16-gender-equality-scorecard.pdf (accessed 27 April 2017).

3 WGEA, *Submission 22*, p. 10.

cent increase in this ratio in an occupation, the average wage increases by 0.8 per cent.⁴

A woman working in a female-dominated industry would on average, earn almost \$40,000 less at total remuneration than the average full-time total remuneration of a man in a male-dominated industry.

The problem is particularly acute in occupations involving caring, such as childcare, in-home disability, aged care and education, where the nature of the work demands 'emotional labour'. Whilst these are essential skills for workers in the care economy, they are undervalued in the labour market.

Australia's gender pay gap has hovered between 15 and 20 percent for twenty years. The 'glass walls' that segregate Australian working men and women are as significant to this gap as the famed 'glass ceiling'.

The committee has made nine recommendations. These commence with a call for a leadership and coordination across government, to urgently deliver tangible, measurable action on pay equity. The committee also recommends reforms to the *Fair Work Act 2009* and Fair Work Commission to improve the mechanisms by which undervaluation of female-dominated work can be redressed. The committee recommends greater focus on the role of career guidance and counselling in Australia to provide both young men and women the broadest possible choices as they enter the workforce. Finally we consider a somewhat technical but nonetheless influential aspect of data collection and research that has significant implications for gender segregation in this country.

Globalisation and technological change are driving wholesale changes to both the structure of Australia's economy, and the jobs that are available to Australians. Without concerted, deliberate action, there is a significant risk that new opportunities will continue to reflect gendered patterns of work, and constrain full deployment of our collective capabilities. This report seeks to provide practical steps to deliver fairer workplaces and a more efficient, innovative economy.

Senator Jenny McAllister

Chair

4 KPMG, *She's Price(d)less, The Economics of the Gender Pay Gap*, Update report prepared for Diversity Council Australia and the Workplace Gender Equality Agency, October 2016, p. 11; Diversity Council Australia, *Submission 18.1*.

Chapter 1

Introduction

Referral

1.1 On 9 November 2016, the Senate referred the following matter to the Senate Finance and Public Administration References Committee (the committee) for inquiry and report by 30 March 2017:

Gender segregation in the workplace and its impact on women's economic equality, with particular reference to:

- (a) the nature and extent of industrial and occupational gender segregation in Australian workplaces relative to comparable jurisdictions, including gender segregation in tertiary education courses;
- (b) factors driving industrial and occupational gender segregation in the Australian context;
- (c) economic consequences of gender segregation for women, including the contribution of industrial and occupational gender segregation to the gender pay gap;
- (d) approaches to addressing gender segregation as it relates to economic inequality and the gender pay gap in comparable jurisdictions; and
- (e) remedies appropriate for Australia, including but not limited to:
 - (i) measures to encourage women's participation in male-dominated occupations and industries;
 - (ii) measures to professionalise and improve conditions in female-dominated occupations and industries; and
 - (iii) measures to promote pay equity.¹

1.2 On 13 February 2017, the Senate granted an extension of time for reporting until 11 May 2017.² The Senate granted a second extension until 7 June 2017.³

Conduct of the inquiry

1.3 Details of the inquiry were placed on the committee's website at: http://www.aph.gov.au/senate_fpa. The committee also contacted a number of relevant individuals and organisations to notify them of the inquiry and invite submissions by 10 February 2017. The committee extended this time until 3 March 2017.

1 *Journals of the Senate*, No. 14, 9 November 2016, pp 436–437.

2 *Journals of the Senate*, No. 27, 13 February 2017, p. 913.

3 *Journals of the Senate*, No. 39, 9 May 2017, p. 1304.

1.4 The committee received 42 submissions. Submissions received by the committee are listed at Appendix 1.

1.5 The committee held two public hearings:

- 10 April 2017 in Melbourne; and
- 26 April 2017 in Sydney.

1.6 A list of witnesses who gave evidence is available at Appendix 2.

1.7 Submissions and the Hansard transcript of evidence may be accessed through the committee website.

Scope of the inquiry

1.8 The inquiry's terms of reference sought to measure and define the dimensions and consequences of gender segregation in Australian workplaces and its relationship to pay equity. As expected, the inquiry found this issue to be complex and multi-layered. Accordingly, some of the issues raised in this inquiry have overlapped with previous inquiries and reports.

1.9 These include the 2009 House of Representatives report Making it Fair, reviews by the Australian Human Rights Commission, Senate legislation and references committee inquiries and the work of the Productivity Commission.

1.10 Where there is significant overlap between the subject matter of an existing, relatively recent report, and evidence to this inquiry, the report will not conduct detailed examination of that issue and instead will refer readers to the relevant existing material.

Acknowledgement

1.11 The committee thanks the many organisations and individuals who participated in the public hearings as well as those that made written submissions.

Chapter 2

Nature and extent of gender segregation in Australia

2.1 The composition of Australia's workforce has changed substantially over the past 40 years. As the Department of Employment noted in its submission:

[W]omen's labour force participation rates have increased from just under 45 per cent to almost 60 per cent. This increase has been particularly prevalent among married females. By contrast, the proportion of the adult male population participating in the labour force has been falling from just under 80 per cent to about 70 per cent.¹

Women's increased workforce participation has not been uniform across industries and occupations. Instead, women have been concentrated into particular jobs and sectors. Where women do work side by side with men, they are more likely to be working for them, as women find themselves restricted to more junior or poorly paid roles.

2.2 The result is workplace gender segregation, with identifiable and delineated zones of male and female workforce activity.

2.3 Workplace gender segregation is one of the most pervasive and persistent aspects of contemporary global labour markets. Gender segregation is common to most countries, even those with very different levels of economic development and distributions of employment.²

2.4 In the mid-1980's, Australia had the most gender-segregated workforce in the Organisation for Economic Co-operation and Development (OECD).³ Whilst Australia's ranking for gender segregation no longer exceeds that of the United States and the United Kingdom, it remains high and is a persistent trend.⁴

1 Department of Employment, *Submission 15*, p. 2.

2 Martha Fetherolf Looutfi, ed., *What is Equality and How Do We Get There? Women, Gender and Work*, International Labour Office, Geneva, International Labour Organization, 2001, p. 129.

3 OECD, *The Integration of Women into the Economy*, 1984, cited in B Pocock, 'All change, still gendered: The Australian labour market in the 1990s', *Journal of Industrial Relations*, vol. 40, no. 4, 1998, p. 590.

4 Kirsti Rawstron, University of Wollongong, 'Diverging Paths: Occupational Sex Segregation, Australia, and the OECD', The Australian Sociological Association Annual Conference 2012: Emerging and Enduring Equalities, TASA, 2012, p. 1, <http://ro.uow.edu.au/cgi/viewcontent.cgi?article=3039&context=artspapers>, (accessed 10 May 2017), cited in United Voice, *Submission 19*, p. 6; WGEA, *Gender Segregation in Australia's Workforce*, August 2016, p. 2, https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_fact_sheet.pdf (accessed 5 June 2017).

2.5 This chapter explores the nature and extent of gender segregation in Australian workplaces.

Definition of gender segregation

2.6 Workplace gender segregation refers to the unequal distribution of women and men in certain occupations or industries, or in organisational hierarchies. It manifests itself in two distinct ways.

2.7 The Workplace Gender Equality Agency (WGEA) defines these dimensions as:

(Horizontal segregation is) under- or over-representation of women and men in certain occupations or industries.

(Vertical segregation is) the imbalance between women and men in leadership categories (occupational hierarchies)... men dominate leadership categories while women are concentrated in non-management roles.⁵

Horizontal segregation in Australia

2.8 Horizontal gender segregation is deeply entrenched in the Australian labour market, despite advances in female educational attainment, workforce participation and legislation prohibiting discriminatory behaviours.⁶

2.9 Horizontal segregation is more resistant to change than vertical segregation because it plays to our basic understandings of gender roles. Nurses and teachers are often pictured as women, whereas doctors and lawyers are often assumed to be men; these are visual examples of how highly engrained horizontal segregation is in our society.⁷

2.10 In 2015–16, six in 10 Australian employees worked in an industry which is dominated by one gender. To put it another way, 60 per cent of Australian workers don't know what it is like to work in an industry with balanced gender representation.

2.11 WGEA data in Figure 2.1 below shows that, between 1995 and 2015, there have been some positive signs in certain industries, but there is no pattern of desegregation in Australia across industries. Gender segregation remains a significant feature. The WGEA data found that:

- women are increasingly concentrated in two industries: Health Care and Social Assistance, and Education and Training;
- the proportion of women in male-dominated industries, including Electricity, Gas, Water and Waste Services, and Transport increased; and




















5 WGEA, *Submission 22*, p. 6.

6 Bankwest, *Submission 39*, p. 22.

7 Addison Hanne, *Feminist Economics*, WFS Publishing, 2015, p. 74.

- among the mixed industries, Public Administration and Safety, Rental, Hiring and Real Estate Services, and Information Media and Telecommunications in particular have become gender balanced.⁸

Figure 2.1—Proportion of female employees by industry, 1995 and 2015

Industry	Female employees, 1995 (%)	Female employees, 2015 (%)	Female employees, difference (.pp)	Gender dominance (2015)
 Health Care and Social Assistance	76.4	79.2	2.8	Female-dominated
 Education and Training	65.4	70.6	5.2	Female-dominated
 Retail Trade	54.1	54.5	0.3	Mixed
 Accommodation and Food Services	54.7	53.9	-0.7	Mixed
 Financial and Insurance Services	58.1	51.1	-7.1	Mixed
 Rental, Hiring and Real Estate Services	45.7	50.1	4.4	Mixed
 Administrative and Support Services	54.1	49.2	-4.8	Mixed
 Public Administration and Safety	39.8	49.1	9.3	Mixed
 Arts and Recreation Services	48.8	46.1	-2.7	Mixed
 Information Media and Telecommunications	39.7	44.5	4.8	Mixed
 Other Services	39.5	41.4	2.0	Mixed
 Professional, Scientific and Technical Services	43.5	40.4	-3.1	Mixed
 Agriculture, Forestry and Fishing	31.9	33.7	1.7	Male-dominated
 Wholesale Trade	32.0	31.1	-0.9	Male-dominated
 Manufacturing	26.3	27.9	1.6	Male-dominated
 Transport, Postal and Warehousing	20.6	23.4	2.8	Male-dominated
 Electricity, Gas, Water and Waste Services	15.5	20.8	5.3	Male-dominated
 Mining	12.0	12.9	0.9	Male-dominated
 Construction	14.8	12.0	-2.8	Male-dominated

Source: WGEA, *Gender Segregation in Australia's Workforce*, August 2016, p. 5.

2.12 In occupational segregation WGEA data shows that there has been little change over the last two decades. Between 1995 and 2015, occupational gender segregation remained consistent, as illustrated in Figure 2.2:

Figure 2.2—Proportion of female employees by occupation, 1995 and 2015

Occupation	Female employees, 1995 (%)	Female employees, 2015 (%)	Female employees, difference (.pp)	Gender dominance (2015)
Clerical and Administrative Workers	76.0	74.3	-1.7	Female-dominated
Community and Personal Service Workers	66.2	68.2	2.0	Female-dominated
Sales Workers	59.0	59.1	0.1	Mixed
Professionals	47.1	54.6	7.5	Mixed
Managers	30.1	37.1	7.0	Male-dominated
Labourers	36.9	33.6	-3.3	Male-dominated
Technicians and Trades Workers	12.4	14.7	2.3	Male-dominated
Machinery Operators and Drivers	14.1	9.2	-4.9	Male-dominated
Total employees	43.1	46.0	2.9	Mixed

Source: Australian Bureau of Statistics, *Labour Force, Australia, detailed, quarterly*, May 2016, cat. No. 6291.0.55.003.⁹

2.13 Analysis by Work + Family Policy Roundtable (W+FPR) showed that, between 2006 and 2011, there was no substantial change in the feminisation rate of the largest 20 occupational groups (comprising about 50 per cent of all employees).

2.14 These horizontal segregation trends are consistent with international data. The International Monetary Fund (IMF) notes that women continue to be highly over-represented in clerical, service, and professional occupations, while men tend to be over-represented in craft, operator, and labourer jobs.¹⁰ The IMF notes that this was particularly prevalent across OECD countries:

Across the OECD membership, female employment is concentrated in the services sector, which accounts for 80 percent of employed women, compared to 60 percent for men. Within this sector, women fill a disproportionately high share of occupations in health and community services, followed by education.¹¹

9 Data is based on May as the reference period. Occupations are ranked from the largest proportion of female employees to smallest.

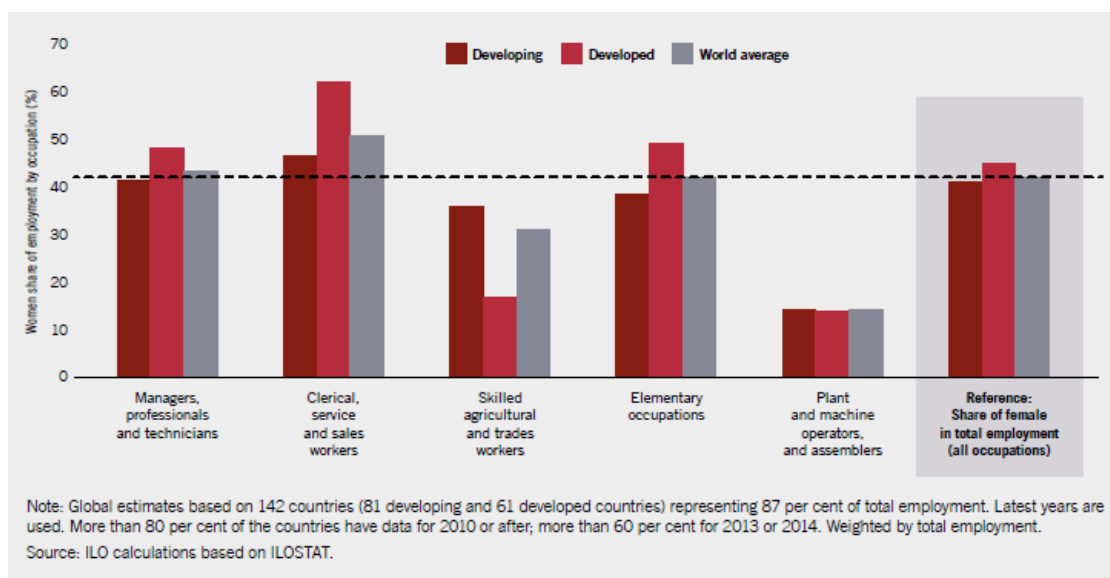
10 Katrin Elborgh-Woytek et al, *Women, Work and the Economy: Macroeconomic Gains from Gender Equity*, IMF Staff Discussion Note, SDN/13/10, September 2013, p. 6, <https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf> (accessed 5 June 2017) ; See also Catalyst, *Women in Male-Dominated Industries and Occupations*, 20 October 2015, <http://www.catalyst.org/knowledge/women-male-dominated-industries-and-occupations>, (accessed 15 December 2016).

11 Elborgh-Woytek et al, *Women, Work and the Economy*, p. 6.

2.15 The International Labour Organisation's (ILO's) report, *Women at Work: Trends 2016*, shows that women tend to be over-represented in the lowest paid occupations across both developed and developing nations (see Figure 2.3 below):

Globally but in particular in developed countries, women are highly represented in "Clerical, service and sales" occupations—where they even outnumber men—and "Elementary occupations". Both are typically associated with part-time employment and low pay jobs.¹²

Figure 2.3—Occupational segregation, 142 countries (latest year available)



Source: International Labour Organisation, *Women at Work: Trends 2016*, Geneva, 2016, Figure III, p. xiv.

2.16 The ILO reported that there has been no 'substantial decrease in occupational segregation'.¹³ Researcher Dr Kirsti Rawstron, supported this finding and noted that, when comparing occupational gender segregation of OECD nations from 1984–2010:

Overall, no single pattern of changing levels of sex segregation is visible for all OECD countries. While some countries have shown a decrease in the levels of sex segregation (whether significant or not), others have shown an increase. What has emerged is a tendency for those countries with already low levels of sex segregation to have displayed decreasing sex segregation since 2000, while those with high levels of sex segregation have generally shown an increasing trend.¹⁴

Vertical segregation in Australia

2.17 Vertical segregation primarily describes the under-representation of women in senior positions. Data collected by WGEA indicates that the representation of women steadily declines with seniority so that most senior levels of management are heavily

12 ILO, *Women at Work: Trends 2016*, ILO, Geneva, 2016, p. 25.

13 ILO, *Women at Work*, p. 26.

14 Rawstron, 'Diverging Paths', p. 1.

male-dominated. This means that men dominate the senior levels of the occupation hierarchies across all industry groupings.¹⁵

2.18 WGEA data for 2015–16 shows the proportion and number of female Key Management Personnel (KMPs) and Chief Executive Officers (CEOs) in non-public sector reporting organisations with 100 or more employees (see Figure 2.4 below):

Figure 2.4—Proportion of female KMPs and CEOs, WGEA data, 2015–16

	Female CEOs (%)	Female KMPs (%)	Female CEOs (No.)	Female KMPs (No.)
Female-dominated	31.8	44.8	609	3,227
Mixed	10.8	27.0	131	1,729
Male-dominated	5.3	16.3	110	1,442
Overall	16.3	28.5	850	6,398

Source: WGEA, Agency reporting data.

2.19 There is a clear relationship between horizontal and vertical segregation. Research by Leanin.org and McKinsey & Company found that most CEOs are promoted from line or operational roles rather than staff roles such as Human Resources or Administration. Women are more likely to hold staff roles, and this study found that their chances of being promoted to senior positions were significantly reduced as a result. In the 2015 research, 90 per cent of CEOs were hired and promoted from line roles, and 100 per cent of those were men.¹⁶

2.20 Findings by Bankwest Curtin Economics Centre (Bankwest) show a linear relationship between growth in the proportion of women in leadership positions, and a decline in the gender pay gap.¹⁷

2.21 Although in practice very few individuals are appointed to executive positions, vertical segregation at very senior levels can have an impact on the welfare of larger groups of women. Companies with few female executives had a higher pay gap than those with an equal share of women and men. Conversely, those that increased the share of female executives reduced their pay gap by up to three percentage points:

The strength of association between pay equity and women in leadership could reflect more the cultures and attitudes towards gender diversity

15 WGEA, *Submission 22*, p. 9. Also see WGEA, *Gender Segregation in Australia's Workforce*, p. 6.

16 Leanin.Org and McKinsey & Company, *Women in the Workplace*, 2016, <https://womenintheworkplace.com/> (accessed 27 April 2017); see also WGEA, *Submission 22*, p. 9.

17 Bankwest in association with WGEA, *Gender Equity Insights 2017*, p. 53.

embedded within companies—these cultures and attitudes vary according to their industry sector, scale and organizational setting. Companies with a positive attitude to gender diversity are likely to drive equity both in pay and in the progression of women into leadership positions, leading to a strong correlation between the two indicators.¹⁸

Measuring gender segregation

2.22 The quality and extent of Australia's gender data is widely acknowledged to be amongst the best in the world. Several witnesses testified to the importance of the various datasets available to policymakers, employers and employees in understanding the nature and extent of gender segregation and the pay gap in Australia's workplaces.¹⁹

Key sources of gender data

2.23 The Australian Government's WGEA dataset was a key source of data for submissions to this inquiry, providing the basis for analysis of the nature and extent of gender segregation and the pay gap in Australia. Bankwest described it as 'unique and world-leading'.²⁰

2.24 The *Workplace Gender Equality Act 2012* requires non-public sector employers with 100 or more employees to annually report to the WGEA under six gender equality indicators, generating a standardised performance assessment that enables comparisons across industries and organisation sizes.

2.25 Reporting organisations also indicate whether they have conducted a gender pay gap analysis, and what actions have been taken to address gaps. WGEA provides reporting organisations with customised, confidential benchmark reports enabling employers to track their progress in reducing any gaps and how they compare with other employers.

2.26 The inquiry found that the process of reporting to WGEA can be an illuminating for employers, as it can reveal previously unrecognised gender pay gaps. Women in Super (WiS), for example, noted that some universities were 'extremely shocked' to discover how pay differences had crept into their remuneration packages, even though they had publicised pay scales, as a result of bonuses and other additional benefits negotiated by individual male employees.²¹

2.27 WiS noted that their own industry (financial services) has one of the highest gender pay gaps, yet there is little understanding of the nature and extent of the pay gap:

18 Bankwest, *Submission 39*, pp. 20–21.

19 See for example, Associate Professor Rebecca Cassells, Principal Research Fellow, Bankwest, *Proof Hansard*, 26 April 2017, p. 2; Mrs Jill Allen, Research Manager, Australian Federation of Employers and Industries, *Proof Hansard*, 10 April 2017, p. 55.

20 Associate Professor Rebecca Cassells, Principal Research Fellow, Bankwest, *Proof Hansard*, 26 April 2017, p. 2.

21 Mrs Sandra Buckley, Executive Officer, WiS, *Proof Hansard*, 10 April 2017, p. 48.

You are talking about an industry here that should know its numbers inside out and upside down, yet it still has an extremely high pay gap. We have to collect this data, we have to analyse it and we have to have the discussions.²²

2.28 Bankwest noted that there are several other valuable gender-related datasets available to Australian policymakers, including the Household, Income and Labour Dynamics in Australia (HILDA) Survey conducted by The University of Melbourne, the Australian Bureau of Statistics (ABS) Gender Indicators, and the Australian Census datasets.

2.29 However, it was noted that there is currently a gap in the data sources that 'limits our capacity to really identify all aspects of gender segregation'.²³ Bankwest recommended that resources be made available to improve portability between datasets of employer information (such as those collected by WGEA) and employee information (such as those collected by HILDA).²⁴

2.30 W+FPR pointed to the need for revisions to current data collection protocols, to allow for increased granularity of occupational categories. It was noted that the standard format in the Australian and New Zealand Standard Classification of Occupations typically groups all professionals together. More finely grained data would enable researchers to 'cut through some of the tiering that occurs within the professional group':

There is a requirement for datasets that take into account a very finely grained occupational detail, so what we would think of as at least three-digit occupational data, and be able to meld that successfully with industry segregation as well...this would address some of the contest in the literature concerning the impact of occupational segregation.²⁵

2.31 W+FPR noted that, whilst some datasets such as HILDA offer more detail, there is still a need for coherent datasets to work at a more finely grained level and be able to address different types of gender segregation.²⁶

2.32 The National Foundation for Australian Women (NFAW) observed that the discontinuation of the Australian Bureau of Statistics Time Use study had created a significant gap in the available datasets relevant to this subject. It was described as:

...a vital record of women's work. It provided accurate data concerning the extent and distribution of unpaid work and its intersection with paid work.²⁷

22 Mrs Sandra Buckley, Executive Officer, WiS, *Proof Hansard*, 10 April 2017, p. 48.

23 Professor Alan Duncan, Director, Bankwest, *Proof Hansard*, 26 April 2017, pp. 4–5.

24 Professor Alan Duncan, Director, Bankwest, *Proof Hansard*, 26 April 2017, pp. 4–5; The University of Melbourne, *HILDA Survey*, <http://melbourneinstitute.unimelb.edu.au/hilda>; ABS, 4125.0 – *Gender Indicators, Australia*, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4125.0>; (accessed 28 April 2017).

25 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p. 4.

26 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p. 4.

2.33 The NFAW recommended that the regular undertaking of the Time Use Survey recommence.²⁸

Transparency of reported pay gap and segregation information

2.34 Currently, data reported to WGEA is only published on an anonymous basis, and aggregated and analysed by occupation, industry, seniority and other dimensions. Some witnesses raised the issue of the transparency and accessibility of gender data.

2.35 The United Kingdom recently decided to extend its existing gender data reporting model, to require all employers with 250 or more employees to publish and report figures about their annual gender pay gap, together with a 'supporting narrative' to explain why the gap is present and what the organisation intends to do to close it.²⁹

2.36 W+FPR argued that the current WGEA gender equality reporting requirements could be expanded along the lines of the UK model:

Further to the policy measures and in addition to the current annual gender equality reporting to WGEA, we submit that there are advantages in the public reporting of individual employer's gender pay gaps. A scheme could be devised that would allow employers to accompany their gender pay gap data with an explanation of why a gap exists and their action plans to overcome it.³⁰

2.37 This view was not shared by all witnesses. Ai Group argued that the current reporting system is working well and that no further increase in the level of mandatory reporting by employers is necessary.³¹

2.38 At the company level, it was noted that new provisions to achieve transparency of individual remuneration could support gender equity, because pay secrecy obscures the relationship between pay and performance.

2.39 Victorian Women Lawyers recommended removing pay confidentiality clauses from new employment contracts and enterprise agreements.³²

2.40 Level Medicine recommended introducing pay auditing or disclosure of salaries in organisations employing doctors to draw attention to pay gaps where they exist.³³

27 NFAW, *Submission 6*, [p. 9].

28 NFAW, *Submission 6*, p. 7.

29 Associate Professor Rebecca Cassells, Principal Research Fellow, Bankwest, *Proof Hansard*, 26 April 2017, p. 4; W+FPR, *Submission 33*, p. 23; also see United Kingdom Government, *Gender pay gap reporting: what employers must publish*, 6 March 2017, <https://www.gov.uk/guidance/gender-pay-gap-reporting-what-employers-must-publish> (accessed 28 April 2017).

30 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p.2.

31 Ai Group, *Submission 11*, p. 7.

32 Victorian Women Lawyers, *Submission 29*, [p. 4].

33 Level Medicine, *Submission 24*, [p. 8].

2.41 The Shop, Distributive and Allied Employees' Association (SDA) recommended that the *Workplace Gender Equality (Minimum Standards) Instrument 2014* be amended to require companies to report the base salary and total remuneration for all levels, including CEOs.³⁴

2.42 PROGRAMMED, which employs 20,000 staff in maintenance and facility management, undertakes annual pay equity reviews and has reduced the pay equity gap from 26 per cent in 2013–14 to 17.8 per cent in 2015–16 (the gap is 23.1 per cent Australia-wide).³⁵

Conclusion

2.43 The committee accepts the evidence that Australian gender segregation is significant, and that high rates of industrial and occupational segregation are associated with high rates of vertical segregation and gender pay gaps.

34 SDA, *Submission 20*, p. 37.

35 PROGRAMMED, *Submission 31*, p. 6.

Chapter 3

Factors driving workplace gender segregation in Australia

Introduction

3.1 As explained in Chapter 2, vertical and horizontal gender segregation manifests itself across much of the Australian workforce. Workplace composition is much more than just a function of individual choices and actions. Patterns occur across industries and occupations because individuals' choices are constrained by a range of structural factors and social norms.

3.2 In Australia, systemic factors such as caring responsibilities and the availability of flexible work have combined with expectations about traditional gender roles to restrict the range of roles that are available (or perceived to be available) to men and women.

3.3 As will be discussed in Chapter 4, the gender segregation that results from this narrowing of choices has ongoing consequences for individuals and our economy. Unfortunately, without deliberate action, neither the consequences of gender segregation nor its causes are likely to ease in the future.

3.4 Globalisation and technological change are driving wholesale changes to both the structure of Australia's economy, and the jobs that are available to Australians. The ongoing influence of structural and social factors, however, means that new opportunities continue to reflect gendered patterns of work.

3.5 It is predicted that professional, scientific and technical services, education and training, retail trade, health care, and social assistance will provide for more than half of all new jobs over the next five years.¹ Although women have relatively large shares of employment in four of these five industries, they are under-represented in senior roles. Further, these feminised jobs and industries have lower average remuneration² than those dominated by men.

3.6 This chapter sets out (1) the structural and systemic factors and (2) the social norms and expectations that have led to gender segregation in the past, and that continue to impose themselves on Australia's workforce.

3.7 In doing so, it is necessary to traverse many issues regarding women's work and economic activities, such as the gendered responsibility for care, part-time work

1 Australian Government, Department of Employment, 'Industry outlook', *Australian Jobs 2016* <https://australianjobs.employment.gov.au/jobs-future/industry-outlook> (accessed 31 May 2017).

2 Workplace Gender Equality Agency, *Gender Segregation in Australia's Workforce*, August 2016, p. 2, https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_fact_sheet.pdf (accessed 5 June 2017).

and flexibility, child care, women on boards and in senior management positions, and gender stereotypes about work. These issues that have already been covered in far greater detail by other, more specialised parliamentary inquiries than it is possible to do in this report.

3.8 This report aims to provide only a high level understanding of these issues, and instead concentrates on the contribution they make to gender segregation in the workplace.

Structural and systemic factors

Consequences of the gendered responsibility for care

3.9 Responsibility for unpaid care is not evenly distributed. Women shoulder the majority of the duty of caring for the young, the sick and the elderly in their families, friendship groups and communities.

3.10 The Australian Human Rights Commission (AHRC) estimated in 2013 that 5.5 million Australians between 15 and 64 years had unpaid caring responsibilities, and 72.5 per cent of these were women.³

3.11 It is beyond the scope of this inquiry to definitely address questions about whether this division of caring responsibilities is either fair or efficient, but the committee notes that it places a heavy emotional, time and financial burden on women.

3.12 The failure of our workplaces and workplace relations system to adequately respond to the gendered nature of care, however, creates structural and systemic pressures leading to gender segregation.

3.13 This section examines these structural and systemic factors including the availability of part-time and flexible working arrangements, child care, and opportunities for advancement, as well as proposed responses to these factors.

Part-time and flexible work

The need for work that can fit around care

3.14 The gendered nature of caring responsibilities forces women to seek flexible and part-time employment.

3.15 Ms Amanda McIntyre, First Assistant Secretary, Office for Women, Department of the Prime Minister and Cabinet (PM&C) stated that:

Once women have entered the workforce, staying engaged—particularly after they have children, but also where they have other responsibilities such as elder care—is influenced by these caring responsibilities. The disparity in the share of unpaid care due to the entrenched underlying gender stereotypes impacts women's participation.⁴

3 Women in Super, *Submission 32*, [p. 3].

4 Ms Amanda McIntyre, First Assistant Secretary, Office for Women, PM&C, *Proof Hansard*, 26 April 2017, p. 60.

3.16 Women comprise 46.2 per cent of all employees in Australia but they are heavily concentrated in the part-time workforce, constituting 71.6 per cent of all part-time employees. Women make up 36.7 per cent of all full-time employees and 54.7 per cent of all casual employees.⁵

3.17 Australia has one of the highest rates of part-time work in the world. Amongst Organisation for Economic Co-operation and Development (OECD) countries, for example, Australia has the third-lowest rate of women in full-time employment.⁶

3.18 According to the Australian Bureau of Statistics (ABS), in 2015–16 more than two in five employed women worked part-time (44 per cent), compared with 15 per cent of employed men.⁷

3.19 According to a 2012 report by the Grattan Institute:

While 55 per cent of employed women work full time, 85 per cent of employed men do, with the remainder working part time. These rates are substantially lower than in many other OECD countries... While Australia is just above the OECD average, the average includes countries with very low participation rates, such as Greece.⁸

3.20 Some of these are northern European countries with a distinct social compact which may not be easily replicated in Australia. However, female workforce participation is also substantially higher in Canada, a country that is culturally, economically and institutionally similar to Australia.

3.21 The Community and Public Sector Union (CPSU) reported that flexible work is a priority for women:

Over successive rounds of enterprise bargaining, when we go in to bargain for a workforce that is predominantly women who may well have caring responsibilities, their No. 1 priority is making sure that their rosters cannot change without advance notice, that they get parental leave, that they have caring leave when they need it to care for children et cetera. ... people could say, 'Well, people get what they want,' but it is a bit of a perverse consequence that, because women have historically taken on more caring responsibilities, they have had to [prioritise] their bargains in a certain way.⁹

5 WGEA, *Gender workplace statistics at a glance*, August 2016, referring to ABS, *Characteristics of Employment Australia*, August 2014, cat. no 6333.0, 2015.

6 PwC, *Women in Work Index: Closing the Gender Pay Gap* (Australian edition), February 2017, <http://www.pwc.com.au/people-business/assets/pwc-2017-women-in-work-feb17.pdf> (accessed 26 May 2017).

7 ABS, *Submission 4*, p. 2.

8 John Daley, Grattan Institute, *Game changers: Economic Reform Priorities for Australia*, 15 June 2012, p. 38.

9 Ms Melissa Donnelly, Deputy Secretary, CPSU, *Proof Hansard* 26 April 2017, pp 23–24.

The availability of flexible and part-time work

3.22 Not all industries and workplaces are equally flexible, however. The uneven distribution of flexible and part-time employment opportunities funnels women into particular industries and sectors.

3.23 According to Workplace Gender Equality Unit (WGEA) data for 2015–16 (see Figure 3.1 below):

- female-dominated organisations have the highest proportion of part-time and casual employment as a proportion of all employees;
- female-dominated organisations have the lowest proportion of full-time employees as a proportion of all employees compared to male-dominated and mixed industries; and
- the proportion of part-time employees in male-dominated organisations in 2015–16 is only 5 per cent.¹⁰

Figure 3.1—Proportion and number of full-time, part-time and casual employees, WGEA data 2015–16

Gender dominance	Full-time employees (%)	Part-time employees (%)	Casual employees (%)	Full-time employees (No.)	Part-time employees (No.)	Casual employees (No.)	Total employees (No.)
Female-dominated	34.7	35.1	30.2	436,394	442,247	379,552	1,258,193
Mixed	47.5	24.2	28.3	688,661	350,366	409,802	1,448,829
Male-dominated	82.6	5.0	12.4	1,088,603	66,525	163,154	1,318,282
All	51.5	19.8	28.6	2,213,658	853,138	95,2508	4,025,304

Source: WGEA, Agency reporting data.¹¹

3.24 WGEA reported that less flexibility in male dominated workplaces tends to deter women:

Higher-paying male dominated workplaces have smaller proportions of part-time employees—around the five per cent mark. They tend to offer less flexibility and their full-time employees tend to work longer hours. These are all factors that may deter women with families and caring responsibilities from entering male dominated industries and occupations, so they often have to gravitate to the lower-paying female dominated industries because they offer the highest proportion of flexible work—particularly part-time and casual work.¹²

¹⁰ WGEA, *Submission 22*, p. 10.

¹¹ WGEA, *Submission 22*, p. 10, Table 5.

¹² Ms Libby Lyons, Director, WGEA, *Proof Hansard*, 26 April 2016, p. 34.

3.25 In industries other than health and social services, obtaining flexible workplace arrangements can be difficult. Australia 'lacks an effective enforcement or appeal mechanism providing little protection or support to the most vulnerable in the workforce such as precarious, unskilled, low paid or un-unionised workers' when requesting flexible workplace arrangements.¹³

3.26 The *Fair Work Act 2009* provides employees with at least 12 months' continuous service (and long-term casuals) with the right to request flexible working arrangements in a range of circumstances, including where the employee is the parent, or responsible for the care, of a child who is of school age or under. There is also a specific right for parents returning from parental leave to request part-time work.¹⁴

3.27 Department of Employment (DoE) noted that, while all modern awards and enterprise agreements provide for individual flexibility arrangements (IFAs), there has only been a small take-up of these arrangements (two per cent per cent of employees).

3.28 DoE spoke about the effectiveness of the right to request flexible work provisions:

...the Fair Work Commission...found that there was 80 per cent in 2009–2012, or thereabouts, and 90 per cent where requests were granted without any change. They are really very high percentages that have been indicated through those assessment mechanisms that people are having their requests granted.¹⁵

Flexibility for whom?

3.29 The Australian Industry Group (Ai Group) mentioned barriers to flexible workplace practices for men and women within the workplace relations framework, noted by the Productivity Commission (PC) in the Final Report of its recent review of the Australian workplace relations framework. Ai Group indicated that this view is shared by many employers:

These inflexibilities make it very difficult for employers to implement alternative working arrangements for workers who desire (or require) more flexible working arrangements.¹⁶

3.30 The Victorian Trades Hall Council (VTHC) cautioned that flexibility means different things to employers and employees. According to Professor Heap, Lead Organiser, VTHC:

13 Carers Australia NSW, *Submission 12*, p. 2.

14 DoE, *Submission 14*, p. 23.

15 Ms Virginia Jay, Director, Pay Equity and Participation Section, Workplace Relations Policy Group, DoE, *Proof Hansard*, 26 April 2017, p. 53. Under section 653, the General Manager must provide a report on 'the extent to which flexibility arrangements under modern awards and enterprise agreements are being agreed to, and the content of those arrangements'. The report for 2009–12 was tabled on 13 February 2013 and the report for 2012–15 was tabled on 22 February 2016. See <https://www.fwc.gov.au/about-us/reports-publications/general-managers-reports> (accessed 1 May 2017).

16 Ai Group, *Submission 11*, p. 6.

...when the employers are talking about it, they are generally talking about flexibility for business arrangements, and that is why they promote insecure work arrangements, because it gives them the ultimate choice to be able to move their labour market around.

But, when women are talking about flexibility, they are talking about being able to have roles which will allow them to do drop-offs and pick-ups in relation to care and school and ensure that they can work their hours of work around the obligations of their family.¹⁷

3.31 Carers Australia NSW noted that some workplaces have begun to implement a 'flexibility by design' approach, whereby flexibility is a priority in determining the structure of individual positions and whole teams:

Proponents of this measure suggest that it prevents the need to accommodate individual scenarios and instead recognises that all employees are likely to have some form of caring commitment outside of work at some stage.¹⁸

Addressing the need for flexible and part-time work

Legislative changes

3.32 A number of submissions recommended specific legislative changes to strengthen employee access to flexible work arrangements, as follows:

3.33 The Australian Manufacturing Workers Union (AMWU) recommended the following changes to the Fair Work Act:

- amend Part 2-2 (section 84 of the National Employment Standards) to include a right for a full-time employee to return to work from parental leave on a part-time basis, or the right for a part-time employee to return on reduced hours, with a right to return to pre-parental leave hours until the child is school age; and
- amend the right to request flexible work provisions to allow a role for the Fair Work Commission where there is a disagreement between the employer and the employee regarding requests for flexible work.¹⁹

3.34 Representatives from the AMWU told the committee that:

If you are making an application due to caring arrangements for some alterations of changes of hours, the employer can easily dismiss the application without sitting down, really, and discussing how it can be managed or accommodated.²⁰

17 Professor Lisa Heap, Lead Organiser, VTHC, *Proof Hansard*, 10 April 2017, p. 3.

18 Carers Australia NSW, *Submission 12*, p. 3.

19 AMWU, *Submission 37*, p. 12.

20 Ms Robyn Fortescue, Assistant State Secretary, AMWU, *Proof Hansard*, 26 April 2017, p. 53. See also AMWU, *Submission 37*, p. 12.

3.35 New South Wales Council of Social Service (NCOSS) suggested that flexible working arrangements should cover all forms of caring responsibilities and be available to men and women:

...flexible working arrangements need to cover all forms of caring responsibilities and be actively available to men and women...it is a cultural shift.

The Paid Parental Leave Scheme, we would say, could be improved over time to allow for 26 weeks paid parental leave, ideally, offering four weeks to a partner on a use-it-or-lose-it basis. ...we need strong and responsive authorities to advocate for these positions and strong, independent monitoring and evaluation mechanisms that can hold us to account. The ASU recommended amending the Sex Discrimination Act to recognise indirect discrimination on the grounds of 'family responsibilities', and include a positive duty on employers to reasonably accommodate the needs of workers who are pregnant and/or have family responsibilities.²¹

3.36 Some witnesses were cautious about introducing further regulation, asserting that increasing the regulatory burden could damage the performance and competitiveness of Australian business.²²

3.37 Ai Group recommended promoting dialogue between employers and employees rather than increasing regulation.²³

Normalising flexible work arrangements

3.38 Some submitters emphasised the benefits of normalising flexible work arrangements. Despite the negative stereotype, there are potential benefits for employers; a study by Ernst & Young found women working part-time waste the least amount of time at work.²⁴

3.39 Several submissions recommended measures to better manage the care responsibilities of both men and women. The AHRC's 2013 *Investing in Care* report included measures like:

- normalising flexible work arrangements for both men and women to ensure the equal distribution of unpaid care work; and

21 Ms Tracy Howe, Chief Executive Officer, NCOSS, *Proof Hansard*, 26 April 2017, p. 29.

22 See for example, ACCI, *Submission 30*, p. 5, p. 19 and p. 24; AFEI, *Submission 27*, p. 6; Ai Group, *Submission 11*, p. 3.

23 Ai Group, *Submission 11*, p. 3.

24 ANMF, *Submission 34*, p. 7.

- preserving and improving paid parental leave measures, including the introduction of ‘use it or lose it’ father-specific parental leave modelled on the schemes that exist in Nordic countries.²⁵

3.40 United Voice proposed a model of care work in which the care of young children and the elderly is shared between state-funded providers and both parents, underpinned by significantly higher wages for care work in undervalued industries, and expanded legislative mechanisms for parental leave and flexible working provisions.²⁶

Access to child care

3.41 Access to child care is important in helping women manage caring responsibilities. Affordable and reliable child care provides women with more options, and allows them to take on less flexible or full-time work in fields that otherwise would not be open to them.

3.42 The VTHC cited research establishing a positive correlation between increasing child care uptake and lowering of the gender earnings gap, and the level of child care subsidies and labour force participation.²⁷

3.43 Access to child care accordingly is capable of mitigating some of the structural factors contributing to workplace gender segregation. Submitters indicated, however, that there were issues in finding affordable and reliable child care.

3.44 Department of Employment and Training (DET) pointed out that the Productivity Commission has estimated that:

...there may be up to 165,000 parents (on a full-time equivalent basis) who would like to work, or work more hours, but are not able to do so because they are experiencing difficulties with the cost of, or access to, suitable child care. These are parents (mostly mothers) who are currently either not in the labour force or are working part time.²⁸

3.45 DET indicated that returning to work after having children has a significant impact on job choices, with implications for gender segregation as well as their life-long earning potential':

Where accessible and affordable child care is not available, parents may be unable to return to their job of choice but instead may be forced into jobs that provide flexibility for part time work.²⁹

25 NCOSS, *Submission 26*, [p. 5]; WiS, *Submission 32*, [p. 9]; United Voice, *Submission 19*, p. 5; AMWU, *Submission 37*, p. 19; ACTU, *Submission 38*, pp. 9–10; see AHRC, *Investing in Care: Recognising and Valuing Those Who Care*, Vol. 1: Research Report, 2013, http://www.humanrights.gov.au/sites/default/files/document/publication/UnpaidCaringVolume1_2013.pdf (accessed 5 June 2017).

26 United Voice, *Submission 19*, p. 4.

27 Research cited in VTHC, *Submission 13*, p. 10.

28 DET, *Submission 21*, p. 12.

29 DET, *Submission 21*, p. 12.

These include investment in the care economy and ensuring the payment of decent wages and conditions in the early childhood education and care sector.³⁰

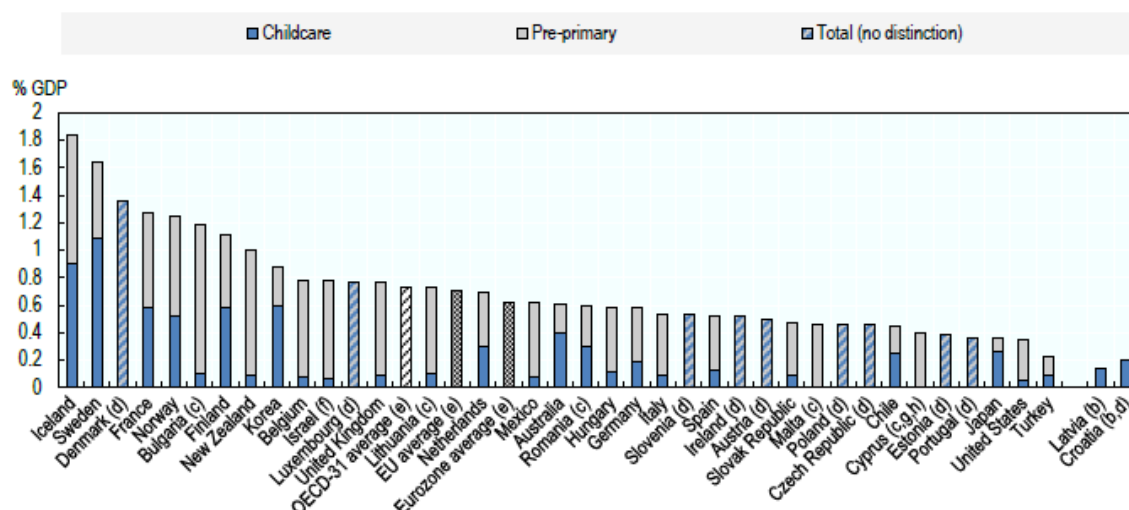
The need to invest in child care

3.46 Several submissions noted the need to invest in the early childhood education and care sector. On the one hand, access to child care is a factor leading to gender segregation. On the other hand, as a low paid, female-dominated industry offering flexible work, the child care sector is also a case study of the consequences of gender segregation.

3.47 Professor Meg Smith, a member of Work + Family Policy Roundtable (W+FPR), recommended policy measures that directly address the undervaluation of work commonly undertaken by women in sectors such as child care.

3.48 The ACTU recommended a range of specific policy measures aimed at supporting workers with caring responsibilities.

Figure 3.2—Public spending on early childhood education and care as a % of GDP, 2013 and latest data available



Note: OECD Social Expenditure Database (OECD countries); Eurostat (for Bulgaria, Cyprus, Croatia, Lithuania, Malta and Romania).

Source: PF3.1: Public spending on child care and early education, OECD Family database, https://www.oecd.org/els/soc/PF3_1_Public_spending_on_child_care_and_early_education.pdf (accessed 10 May 2017).

3.49 The committee noted the findings of recent research into the benefits for investing in the care economy in comparable jurisdictions (see Figure 3.2 above). A 2016 analysis of seven OECD countries by the UK Women's Budget Group concluded that investing the equivalent of two per cent of GDP in the female-dominated care

30 Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, p. 1.

industry would produce larger employment effects than the equivalent investment in the male-dominated construction industry.³¹

3.50 Chapter 5 provides further detail about policies and legislation that address gender segregation in comparable overseas jurisdictions.

The career cost of flexible and part-time work

3.51 Women's need for flexibility in work arrangements has contributed to vertical and horizontal gender segregation in Australian workplaces, with an over-representation of women professionals in lower-paid roles and the under-representation of women in senior, management and leadership roles.³²

3.52 Women regularly choose part-time or casual employment 'below their skill level' so that they can manage both paid work and unpaid family responsibilities, suggesting that the availability of part-time work is a significant factor contributing to vertical and horizontal gender segregation in Australian workplaces.³³

Box 3.1

And so, when I announced I was pregnant with my second child I was told I lied to my manager. And now I'm halfway through my training and I don't get to finish it. I asked if I could be involved in the team meetings and I was told 'no, you're part-time'. But I was responsible and experienced enough to hold the fort while the whole department went to the team meeting. It was the same with leave, if I had appointments during the week I was told I had my non-working days to do those. And I can't help it if my child has specialist appointments. All this because I am a female, I was definitely not afforded the same opportunities as others due to me having children.

Source: Local Government Worker, Melbourne, VTHC, *Submission 13*, p. 11.

3.53 The VTHC noted, for example, that women frequently reported having to take lower status roles in order to get part-time hours or being forced to move to less secure working arrangements in order to achieve the flexibility they needed to accommodate their caring responsibilities.³⁴

3.54 These decisions are sometimes made for women. Traditional career evaluations place a higher reward on a full-time uninterrupted career trajectory. A broken career pattern can lead to stereotyping of women as less committed to their careers. This is also associated with professional isolation, difficulties with re-entering the workforce, and pressure to return from maternity leave early.³⁵

31 Jerome De Henau, Susan Himmelwelt, Zofia Lapniewska and Diane Perrons, *Investing in the Care Economy: A gender analysis of employment stimulus in seven OECD countries*, A report by the UK Women's Budget Group for the International Trade Union Confederation, March 2016, p. 31.

32 PA, *Submission 1*, p. 17.

33 A Hegewisch and J Gomick, 'The Impact of Work-Family Policies on Women's Employment: A Review of Research From OECD Countries', *Community, Work and Family*, vol. 14, no. 2, 2011, p. 126. Also see WGEA, *Submission 22*, p. 10.

34 VTHC, *Submission 13*, p. 11.

35 PA, *Submission 1*, pp. 19-20; WiS, *Submission 32*, [p. 3].

3.55 Many women with caring responsibilities feel they are penalised in their jobs, and are more likely to be employed in lower paying jobs and in less secure employment.³⁶

3.56 The Police Federation of Australia (PFA) provided some results from their survey of flexible working arrangements (FWAs) in the police force. Results indicate that 80 per cent of police on flexible working arrangements are women. Additionally, 85 per cent of police on FWAs are constables, with sergeants and commissioned officers under-represented. The draft report noted feedback from respondents:

...because they are not full-timers they [believe they] are consistently overlooked, not being considered for or offered training.³⁷

Social norms and stereotypes

3.57 Social norms and gender stereotypes reinforce gender segregation by limiting the roles deemed appropriate for men and women. This section will examine how gender expectations express themselves in education, training and throughout a person's working life. It will then examine female participation in STEM fields before considering men and women working in non-stereotypical industries and jobs.

Gender stereotypes about work

3.58 Gendered stereotypes of industries and occupations play a crucial role in creating gender segregation in the Australian workforce.

3.59 According to Women in Super (WiS):

There are deeply entrenched views in Australia regarding the types of careers that girls/women have traditionally been expected to do and what boys/men should do. Although this has changed somewhat over recent years, the gender segregation data produced by WGEA shows that it may well be the expectations of the workforce especially graduate and Gen Y's that has changed but not the workforce itself.³⁸

3.60 Although gender stereotypes can sometimes lead to men and women opting out of particular fields, in many cases these decisions are made for them by companies' recruiting and HR practices. Both of these situations are considered below.

The role of gender stereotypes in individual decisions

3.61 Australian Chamber of Commerce and Industry (ACCI) emphasised that, along with other measures, there is a need to challenge broader societal stereotypes in order to bring about cultural change within workplaces:

Employer efforts to achieve gender equity in the workplace are important and are to be encouraged, but should run in parallel with a broader social discussion that challenges stereotypes and effects cultural change, so that

36 VTHC, *Submission 13*, p. 10.

37 PFA, *Submission 17*, p. 8.

38 WiS, *Submission 32*, [p. 2].

women and their partners can make considered choices about the way they balance work and personal priorities.³⁹

3.62 WGEA described gendered stereotypes:

...few men are attracted to lower paying female dominated industries because of the stereotypes around men's work, which has most likely contributed to the lack of males in health and education.⁴⁰

3.63 Ai Group described the difficulties in recruiting females to jobs traditionally done by males, even when actively targeting females.⁴¹

3.64 The AMWU described about the reasons for the low numbers of women in technical and trade positions:

Young women are still diverted, if you like, at the high school level, from considering going into non-traditional fields. There is report that was released last year that shows that, if they do so choose, there is quite an extreme amount of harassment and bullying that the young women face—they have to go through trials and tribulations to complete their apprenticeship—so there need to be structural changes.⁴²

The role of gender stereotypes in employer practices

3.65 The Bankwest Curtin Economics Centre (Bankwest) reported that unconscious bias contributes to the pay gap:⁴³

The issue of unconscious bias was flagged as one explanation for really quite a strong finding in the last WGEA gender equity report, which sought to compare the pay of male and female employees on graduate training programs in private organisations.

...until we deal with the issue with unconscious bias, it will be very hard to drive gender pay gaps to zero. A recent survey of Australia's business, government and not-for-profit sectors found that gender bias in feedback and promotion decisions also inhibits the equal progress of women into leadership positions, with 60 per cent per cent of men and 41 per cent per cent of women promoted twice or more in the past five years.⁴⁴

39 Ms Alana Matheson, Deputy Director, Workplace Relations, ACCI, *Proof Hansard*, 10 April 2017, p. 17.

40 Ms Libby Lyons, Director, WGEA, *Proof Hansard*, 26 April 2017, p. 35.

41 Ms Genevieve Vaccaro, Principal Adviser, Workplace Relations Policy, Ai Group, *Proof Hansard*, 26 April 2016, p. 44.

42 Ms Robyn Fortescue, Assistant State Secretary, AMWU, *Proof Hansard*, 26 April 2017, p. 52.

43 Associate Professor Rebecca Cassells, Principal Research Fellow, Bankwest, *Proof Hansard*, 26 April 2017, p. 8.

44 Bain and CEW, *Advancing women in Australia: Elimination bias in feedback and promotions*, http://cew.org.au/wp-content/uploads/2017/02/FINAL-Report-Summary-for-CEW-Members_Advancing-Women-in-Australia.pdf (accessed 1 March 2017).

3.66 A number of submitters provided evidence about programs they were undertaking to reduce the role of gender stereotypes and unconscious bias in their organisations.

3.67 Ai Group reported that its members are seeking to remove unconscious bias in recruitment and promotion.⁴⁵

3.68 The Reserve Bank's share of female graduates, from fields as diverse as economics, finance, law, mathematics and statistics, has increased as a result of changing its recruitment practices:

We engaged more intensively with universities so that students knew about the Reserve Bank as a place where one can have a rewarding career in an inclusive environment.

We used separate teams for shortlisting and interviewing, to reduce unconscious biases at later stages of the selection process. We moved our recruitment campaign earlier and started fast-tracking the obviously good candidates to interview and decision before deciding on the full slate of interviewees.⁴⁶

3.69 The ACCI argued that business leaders can play an important role in driving structural and cultural change within their own organisations and promoting the benefits of a diverse workforce more broadly.

3.70 The Australian Public Service Commission (APSC) reviews practices to identify and address unconscious bias as part of the Australian Public Service (APS) gender equality strategy. The strategy:

...requires all agencies to have tailored but ambitious gender equality targets across all leadership levels and business areas and to implement action plans to reach them. Every portfolio department has now done this and many of those plans are already public. Agencies are also required to review their recruitment, retention and performance management practices to address areas of gender inequality, including by identifying and mitigating unconscious bias.⁴⁷

Workplace culture

3.71 Bias is not always unconscious and not always covert. This committee received troubling evidence about workplace cultures that were threatening and hostile to women.

3.72 The Victorian Trades Hall Commission undertook a survey of women's experiences at work:

45 Ms Genevieve Vaccaro, Principal Adviser, Workplace Relations Policy, Ai Group, *Proof Hansard*, 26 April 2017, p. 44.

46 ACCI, *Submission 30*, pp. 23–24.

47 Ms Stephanie Foster, Deputy Public Service Commissioner, APSC, *Proof Hansard*, 26 April 2017, pp 19–20.

- 64 per cent of respondents have experienced bullying, harassment or violence in their workplace;
- 60 per cent of respondents reported feeling 'unsafe, uncomfortable or at risk' in their workplace;
- 44 per cent of respondents reported experiencing discrimination at work;
- 23 per cent of respondents don't feel that they are treated with respect at work; and
- 19 per cent of respondents cited 'unsafe work environment' as a factor in their decision to leave paid work.⁴⁸

Box 3.2

I have had my manager wolf whistle at another woman worker, and when I said that is not okay to do at work the manager asked me if I was jealous. I raised this harassment with my manager's boss and he said the issue was a personality clash.

Source: Copy Writer and Editor, Carlton North.

I was working in an office and it was commonplace for the male employees to openly tell me what they wanted to do with me sexually. This was done frequently both verbally and in writing. It was before I went into health—I was working in financial trading and was even traded by the male staff.

Source: Environmental Health Worker, Melbourne Western Suburbs, VTHC, *Submission 13*, p.7.

Education and training

3.73 Gendered stereotypes about work arise earlier in individuals' careers through gendered expectations about education and training.

3.74 PM&C acknowledged that:

Participation in the workforce in particular industries ...is influenced early by gender stereotypes, which, in turn, influence the educational choices that women make and determine the knowledge and skills that women and men bring to the workplace.⁴⁹

3.75 WGEA noted that gender segregation is reinforced by course choices and graduate career choices:

...graduates are overwhelmingly entering fields dominated by their own gender—almost 90 per cent of the graduates in health care and social assistance industry are women, while men continue to dominate construction (almost 80 per cent) and mining (almost two-thirds).⁵⁰

3.76 NCOSS described how unconscious bias affecting career counselling:

48 VTHC, *Submission 13*, pp. 7-8.

49 ACCI, *Submission 30*, pp. 23-24.

50 Diversity Council Australia, 'Gender segregation in the workplace inquiry', 17 February 2017, <https://www.dca.org.au/News/News/Gender-segregation-in-the-workplace-inquiry/560> (accessed 2 March 2017).

...what we hear through our young women's network is that at school there is unconscious bias through the careers counselling process. Indeed, by not naming it upfront I think allows for the unconscious bias to continue.⁵¹

3.77 NCOSS spoke further about how unconscious bias also affects the way girls experience their first jobs:

...for a lot of young women [they] have their first job concurrent with being at school. So they may be working at the local supermarket or in a coffee shop. What you are seeing is you are at school and you are not perhaps being developed and shown opportunities in the same way around STEM. But then you also go into the workplace for your part-time job and you are prevented...from doing any of the auditing of the financials and the stocking out the back and you are put out the front to run the checkout. The 'checkout chick' phenomenon is a thing.

Girls do not get the job as the barista. That has a level of skill attached to it. So the boys are the baristas and the girls are the waitresses. All of these things we hear—and we are surprised to hear, ...I hear these young women who are aged between 15 to their mid-20s in our group telling us these things...That is today in Australia. But that is a reality.⁵²

3.78 Given the importance of gender stereotypes in shaping career decisions, it is unfortunate that there is limited consideration of gender, or the specific needs of women and girls, in career guidance materials.

3.79 In its submission, economic Security4Women (eS4W) referred to research they conducted in 2014 that focused on career guidance and advice provided in secondary schools. It indicated that there is evidence of gender bias in existing career counselling resources and approaches.⁵³

3.80 NCOSS also gave evidence that:

...through our young women's network (we hear) that at school there is unconscious bias through the careers counselling process.⁵⁴

Continuing influence of gender stereotypes—the example of the STEM sector

3.81 Gender stereotypes are more than a historical hangover. They continue to be created and propagated and, unless addressed, will lead to a gender segregated future.

3.82 The under-representation of women in the STEM sector provides a good case study of the role of social norms and expectations in driving gender segregation. As a

51 Ms Tracy Howe, Chief Executive Officer, NCOSS, *Proof Hansard*, 26 April 2017, p. 30.

52 Ms Tracy Howe, Chief Executive Officer, NCOSS, *Proof Hansard*, 26 April 2017, p. 30.

53 economic Security4Women, *Women and Girls into Non-Traditional Occupations and Industries: Broadening Career Options for Secondary School Students*, Based on research by Elaine Butler, Kira Clarke and Linda Simon, *Women in Adult and Vocational Education (WAVE)*, p. 14, <https://www.security4women.org.au/wp-content/uploads/eS4W-Career-Exploration-Project-Report-20140615.pdf> (accessed 29 May 2017).

54 Ms Tracy Howe, Chief Executive Officer, NCOSS, *Proof Hansard*, 26 April 2017, p. 30.

well paid and growing field, it also provides a salient example of the consequences of gender segregation for the gender pay gap.

3.83 Three quarters of the fastest growing occupational categories requiring knowledge and skills relate to the STEM sector. However, STEM fields also have low levels of female employment in Australia, as elsewhere, with around 30 per cent of graduates being women, less than 30 per cent of jobs being held by women, and a gender pay gap of around 30 per cent.⁵⁵

3.84 According to the 2016 Global Gender Gap Report:

It represents a key emerging issue for gender parity, since STEM careers are projected to be some of the most sought-after in the context of the Fourth Industrial Revolution.⁵⁶

3.85 Since 1987, women have outnumbered men graduating from higher education, comprising 60 per cent of graduates in recent years, yet less than one in 20 girls considers a career in the high-demand, highly-paid STEM fields compared to one in five boys, despite girls and boys receiving similar results in the OECD Programme for International Student Assessment (PISA) science test.⁵⁷

3.86 This is not just an issue for women; it constitutes a form of labour market rigidity that constricts Australia's economy. It is widely recognised that engaging more women in STEM professions will enhance our capacity to participate in a rapidly evolving and increasingly competitive global economy. As Professionals Australia (PA) noted:

A workforce characterised by diversity brings together a range of people who think differently and approach problems in different ways—and this creates a “diversity advantage” that generates a range of benefits including a thriving innovation culture, a positive impact on the bottom line and incentives to remain in the STEM workforce.⁵⁸

Combating stereotypes

3.87 A number of submitters suggested ways in which men and women could be encouraged to combat stereotypes and undertake non-traditional careers.

3.88 The Tasmanian Women's Council (TWC) noted that women's current underrepresentation in certain occupations can lead to the 'false assumption that increasing their representation would lower overall productivity':

55 G Gilmore, 'Fourth industrial revolution: could automation make life worse for women?', *The Guardian*, 7 December 2016, cited in United Voice, *Submission 19*, p. 7.

56 World Economic Forum, *The Global Gender Gap Report, 2016*, <https://www.weforum.org/reports/the-global-gender-gap-report-2016>, (accessed 10 January 2017), p. 29.

57 CCIWA and CGE, *Submission 28*, p. 3; Australian Council of Trade Unions (ACTU), *The Gender Pay Gap over the Life Cycle*, March 2016, <http://www.actu.org.au/media/886499/the-gender-pay-gap-over-the-life-cycle-h2.pdf>, p. 4 (accessed 16 December 2016).

58 PA, *Submission 1*, p. 5.

A further effect ...is, 'you can't be what you can't see'. The lack of visibility of women in traditionally male-dominated fields (including as teachers in male-dominated tertiary subjects, particularly STEM) is a significant contributing factor to ongoing gender segregation in the workforce.⁵⁹

3.89 Dr Karen Struthers' research suggests that female students often know little about male-dominated trade careers, and may not be confident to pursue them:

Encouragingly, it seems that more girls would pursue male-dominated trade careers if they had more experience of them, and more positive role models and media images of girls in male-dominated roles.⁶⁰

3.90 Although there is a range of information available to promote non-traditional career choices for girls, several witnesses pointed out that career guidance materials are fragmented⁶¹ and varied in accessibility. Existing resources include:

- the AHRC's *Women in Male-Dominated Industries Toolkit* providing strategies to assist employers in attracting women to male-dominated industries and occupations;⁶²
- WGEA's *Gender Strategy Toolkit* for assisting employers in achieving gender equality within their organisations;⁶³
- *Girls Can Do Anything*, a website developed by eS4W, contains information on role models, career pathways to non-traditional occupations, pay rates in male-dominated industries, and an explanation of gender-segregated workforces and the impact that this has on the gender pay gap;⁶⁴ and
- initiatives being implemented by individual businesses and organisations such as IBM, Reserve Bank of Australia and Dulux Group to improve women's participation.⁶⁵

3.91 Some industry-led initiatives are supported by the Australian Government, including the Australian Women in Resources Alliance e-mentoring program, which provides mentoring for women in the resources sector to overcome the barriers of

59 TWC, *Submission 5*, p. 4.

60 Dr Karen Struthers, *Submission 2*, p. 3.

61 See for example, Ms Frances Davies, Member, Social Policy Committee, National Foundation for Australian Women, *Proof Hansard*, 10 April 2017, p. 12. Also see eS4W, *Women and Girls into Non-Traditional Occupations and Industries*.

62 AHRC, *Women in male-dominated industries: A toolkit of strategies*, 2013, <http://www.humanrights.gov.au/our-work/sex-discrimination/projects/women-male-dominated-industries-toolkit-strategies> (accessed 2 March 2017).

63 WGEA, *Gender Strategy Toolkit: A direction for achieving gender equality in your organisation*, https://www.wgea.gov.au/sites/default/files/Gender_Strategy_Toolkit.pdf (accessed 2 March 2017).

64 See *Girls Can Do Anything* website, <http://www.togatus.com.au/girls-can-do-anything/> (accessed 7 March 2017); eS4W, *Submission 7*, p. 4.

65 DCA, *Submission 18*, pp. 11–13.

living and working in remote regions. It received Government funding for a further 100 mentoring places in 2016.⁶⁶

3.92 Allocating responsibility for addressing the under-representation of women in male-dominated trades is needed.⁶⁷ However, the future shape of the labour market should be taken into consideration when encouraging more women into traditionally male-dominated industries:

Encouraging women to further expand supply into male dominated occupations which are already in relative decline is unlikely to improve the position of women. Also, if more women enter 'male' trades they will not be entering other occupations which are experiencing relative growth such as in services and increasingly demanding better-educated women.⁶⁸

Men entering female-dominated industries

3.93 Few submissions addressed the issue of men's participation in female-dominated industries, although the DoE pointed to the need to encourage men to consider growth industries such as health care and social assistance, which is projected to grow by 250,200 jobs between 2016 and 2020, and education and training which is projected to grow by 121,700 jobs over the same period and account for 37.6 per cent of the projected growth.⁶⁹

3.94 A 2014 report prepared by Health Workforce Australia predicted that Australia's demand for nurses will significantly exceed supply, with a projected shortfall of approximately 85,000 nurses by 2025, or 123,000 nurses by 2030 as a result of population health trends, an ageing nursing and midwifery workforce, high levels of part-time employment and poor retention rates.⁷⁰

3.95 The Australian Nursing and Midwifery Federation (ANMF) provided the nursing profession as an example of some of the challenges facing the 'caring professions'. Despite the projected growth in female-dominated caring professions, it is expected that there will be skills shortages in some of these professions:

In order to...have a sufficient health workforce that is going to meet the needs of the community...in the coming decades, we are going to need a

66 DoE, *Submission 14*, p. 21; ACCI, *Submission 30*, p. 20.

67 Dr Karen Struthers, *Submission 2*, p. 3.

68 AFEI, *Submission 27*, pp. 4–5.

69 The automotive manufacturing industry in South Australia and Victoria, for example, is set to close by the end of 2017. DoE, *Submission 14*, p. 22. See DoE, 'Employment projections 2016', *Labour Market Information Portal*, <http://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjection> (accessed 1 March 2017).

70 HealthWorkforce Australia, *Australia's Future Health Workforce: Nurses*, Detailed Report, August 2014, [http://www.health.gov.au/internet/main/publishing.nsf/content/34AA7E6FDB8C16AACA257D9500112F25/\\$File/AFHW20-%20Nurses%20detailed%20report.pdf](http://www.health.gov.au/internet/main/publishing.nsf/content/34AA7E6FDB8C16AACA257D9500112F25/$File/AFHW20-%20Nurses%20detailed%20report.pdf) (accessed 7 March 2017), p. 3.

much bigger workforce. A more efficient health workforce is going to be one that is more nurse-led and less reliant on medical practitioners as the leaders of the health workforce, but that requires shifts in professional recognition and acknowledgement...that is going to require a greater workforce overall. Having more men represented in nursing would assist in achieving both those things, we believe.⁷¹

71 Ms Annie Butler, Assistant Federal Secretary, ANMF, *Proof Hansard*, Sydney, 26 April 2017, p. 54.

Chapter 4

Economic consequences of gender segregation for women

Introduction

4.1 Gender segregation is not a harmless feature of the Australian workplace. It assigns women to lower take home pay, worse job conditions and less economic security.

4.2 Industries and occupations with higher levels of male employees have higher levels of pay. The data shows that, as the ratio of male to female employees in an industry increases, so too does the average wage. KPMG found that, for every 10 per cent increase in the ratio of men to women in an industry, the average wage increases by 1.9 per cent. For every 10 per cent increase in this ratio in an occupation, the average wage increases by 0.8 per cent.¹

4.3 Taken together, industrial and occupational segregation are the second most significant contributing factors to the gender pay gap in Australia, after sex discrimination.²

4.4 This chapter examines how and why pay differs across male and female occupations and industries.

Male industries are better paid than female industries

4.5 As explored in Chapters 2 and 3, social norms and caring responsibilities force women towards flexible and part time roles that are found in a limited number of occupations and industries. The problem is that these occupations and industries are, on the whole, far less well remunerated than industries that have predominately male workers.

4.6 A woman working in a female-dominated industry would, on average, earn almost \$40,000 (at total remuneration) less than the average full-time total remuneration of a man in a male-dominated industry.

4.7 Historically, female-dominated industries and jobs have attracted lower wages than male-dominated industries and jobs. According to Workplace Gender Equality Agency (WGEA) data, employees in female-dominated organisations still have lower salaries on average, both for base salary and total remuneration, when compared to male-dominated and mixed organisations. In addition, female-dominated industries

1 KPMG, *She's Price(d)less, The Economics of the Gender Pay Gap*, Update report prepared for Diversity Council Australia (DCA) and WGEA, October 2016, p. 11; DCA, *Submission 18.1*.

2 KPMG, *She's Price(d)less*, p. 8, cited in WGEA, *Submission 22*, p. 3.

pay the lowest proportion of superannuation, bonuses and other discretionary pay when compared to other industries.³

4.8 The economic consequence of undervaluation of feminised work is that women continue to dominate the lower end of the earnings spectrum in most occupations, so that they are not only segregated into a limited range of occupations, but they remain vertically segregated within a limited range of low grades with less training possibilities and little career path progression.⁴

4.9 Pay inequality translates into economic inequality for women in a range of ways, including:

- contributing to lifelong lower earnings and consequently limiting the accumulation of super funds and other forms of wealth;
- increasing the likelihood of women living in poverty, including living in poverty in retirement.⁵

4.10 This section explores some of the factors contributing to the pay disparity between male and female economic activity, including the historic underpayment of caring professions and traditionally female industries, and the undervaluing of feminised work.

Historic underpayment of caring

4.11 The undervaluation of work undertaken by women is a major contribution to the gender pay gap and structural inequalities in the labour market.⁶

4.12 The Australian Council of Trade Unions (ACTU), noted:

Highly feminised industries and occupations attract significantly lower wages, because of the low value that has historically been attributed to women's work. This is a great and continuing injustice. Policy and law reform initiatives over the last 20 years have clearly failed to make a substantial difference.⁷

4.13 The problem is particularly acute in occupations involving caring, such as child care, in-home disability, aged care and education, where the nature of the work

3 The 'gender super gap' is currently around 47 per cent (compared to the gender pay gap at 19.3 per cent). By 2030 the retirement income gap is expected to be 39 per cent. WGEA, *Submission 22*, p. 3; WGEA, *Different Genders, Different Lives: Perspective Paper*, 2014, p. 6, https://www.wgea.gov.au/sites/default/files/PP_different_genders_different_lives.pdf (accessed 23 February 2017).

4 John Burgess, Glenda Strachan, G and Martin J Watts, 'Labour Market Deregulation and Gender Equality in the Australian Workforce: Complementary or Incompatible?', *The Economic and Labour Relations Review*, vol. 11, 2000, p. 204.

5 WGEA, *Submission 22*, p. 3.

6 Unions WA, *Submission 23*, p. 3.

7 Ms Erin McCoy, Industrial Officer, Women, Work and Family, ACTU, *Proof Hansard*, 10 April 2017, p. 1.

demands 'emotional labour'.⁸ Whilst these are essential skills for workers in the 'care economy', they are under-valued in the labour market.

4.14 Research shows that industrial and occupational gender segregation is reinforced by societal norms about appropriate roles for men and women.⁹ As Bankwest Curtin Economics Centre (Bankwest) explained:

Unequal pay outcomes between women and men are a stark indicator of the different ways women and men engage with the workforce—and how they are valued for it. Gender segregation and lower pay in female-dominated organisations continue to drive poorer remuneration outcomes for women.¹⁰

4.15 Much of the growth in female workforce participation between 1998 and 2006 has been in four 'low pay' industries: retail, accommodation, property and health services.¹¹ United Voice noted that:

While the formal apparatus for pay discrimination has been dismantled, the assumptions that underpin it persist today—in particular, the idea that caring work is low skill and the idea that it is acceptable to be paid at a low level when the work is performed outside the home because it is work that is emotionally rewarding. This is the idea that women in these roles work for the love of it—and we know that love does not pay the bills or the mortgage.¹²

4.16 UnionsWA argued that government funding models contributed to undervaluation of work in the female-dominated social, community and disability services industry, and that changes in the value of work in female-dominated industries have not been recognised in award rates.¹³

8 The concept of 'emotional labour', established by American sociologist Arlie Hochschild, refers to the process by which workers are expected to manage their feelings as part of the paid work role. See for example, 'The sociology of emotional labour', *Annual Review of Sociology*, vol. 35, 2009, pp. 147–65, <http://www.annualreviews.org/doi/abs/10.1146/annurev-soc-070308-115944> (accessed 12 May 2017).

9 NFAW, *Submission 6*, p. 2; Alfred Michael Dockery and Sandra Buchler, Bankwest, *Occupational segregation and women's job satisfaction*, Working paper series 15/10, December 2015, p. 1, <http://business.curtin.edu.au/wp-content/uploads/sites/5/2016/08/bcec-working-paper-1510.pdf> (accessed 24 February 2017).

10 Bankwest, *Submission 39*, p. 3.

11 Robyn Layton, Meg Smith and Andrew Stewart, *Equal Remuneration under the Fair Work Act 2009: A Report for the Pay Equity Unit of the Fair Work Commission*, 2013, <https://www.fwc.gov.au/documents/documents/payequity/er-report-6-dec-2013.pdf> (accessed 23 February 2017), p. 92.

12 Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 11.

13 Unions WA, *Submission 23*, p. 3.

Industries and jobs become undervalued when they become female

4.17 It is not just the case that women are entering professions that historically have been feminised and undervalued. There is some evidence that professions become less valued and less well paid when the ratio of women rises.

4.18 The higher the percentage of women in an industry, the lower its perceived prestige. As KPMG noted, '[e]ven where men's low-wage jobs demand far less in terms of skill, education and certifications than women's low-wage jobs, the male-dominated ones usually command higher hourly pay.'¹⁴

4.19 Research indicates that the higher the percentage of women in an industry the lower its perceived 'prestige', resulting in lower pay:

A study [by the sociologists Asaf Levanon, Paula England, and Paul Allison], which examined census data from 1950 to 2000, found that, when women enter an occupation in large numbers, that job begins to pay less, even after controlling for a range of factors like skill, race and geography. Their analysis found evidence of 'devaluation'—that a higher proportion of women in an occupation leads to lower pay because of the discounting of work performed by women.¹⁵

Box 4.1

Evidently, being a woman means I am paid less than a male. My work garners less respect than men's work, and I am penalised for working in unpaid roles. What I have experienced throughout my life is the pretence that women are respected, and it is extremely disingenuous. The low wages in the early childhood sector mean none of us can retire until we limp into pension age. The work done by educators is physically and intellectually demanding. Expecting women to work in such roles until they reach the pension age of 67 is not only unrealistic; it is harsh. The reward we receive for taking on caring roles, and any other work seen as 'female', is a lifetime of poverty.

Source: Ms Margaret Carey, Member, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

4.20 Work + Family Policy Roundtable (W+FPR) explained how occupational segregation and undervaluation of work in feminised occupations are inter-related:

Segregation reduces the likelihood that gendered assumptions and practices will be challenged [including] treating women's skills as 'natural' and relying on notions of a woman's essential nature as a carer.

Segregation increases the chances that women will work in part-time jobs that are undervalued because they fail to comply with a male norm of full-time work.

Segregation makes male comparators less available for the evaluation of women's work, increasing the likelihood of misrecognition (and subsequently undervaluation) of women's skills.¹⁶

14 KPMG, *She's Price(d)less*, p. 6; DCA, *Submission 18.1*.

15 DCA, *Submission 18*, p. 6.

16 W+FPR, *Submission 33*, p. 13.

4.21 Bankwest found that companies classified as female-dominated recorded the highest gender pay gap among full-time managers (23 per cent). For part-time managers the pay gap increased to 35 per cent.

This suggests that men working in management roles in heavily female-dominated organisations are more highly valued and more likely to be fast tracked to senior positions and receive greater pay.¹⁷

Recognising the Specific Challenge of Feminised Work

4.22 United Voice drew attention to a recent landmark decision in New Zealand to set national minimum wage rates for carers in aged care, residential disability care and some home based care workers.¹⁸

4.23 The Australian Services Union (ASU) recommended the establishment of an industry certification and accreditation body, comprising representatives of employers, employees, educators and clients, to set minimum professional standards to properly recognise the skills and experiences of workers in social, community and disability services and ensure quality service provision.¹⁹

4.24 The ACTU argued that the intractable gender pay gap affecting women in feminised industries demands a new approach by policymakers:

At the heart of the pay gap is the failure to truly value traditional women's work—paid or unpaid. The lack of recognition for 'feminine' work and the impact of pervasive sexist norms in the workplace is not effectively addressed by relying on employers to voluntarily and consistently promote diversity, despite the very strong business case for doing so.²⁰

4.25 Several submissions made specific recommendations in relation to the gender pay gap in female-dominated industries, including:

- recognising accredited training and skills development in feminised industries;

Box 4.2

I have been in the industry for nearly 15 years and I have a bachelor of early childhood education, which is a four-year degree. Over the past few years, I have grappled with the idea: do I stay in child care or do I become skilled in another area and move in a different direction in my career? The main reason I have grappled with this idea is that the wages I receive are simply too low to continue to support my family in a way that provides us with a good quality of life. I am the only income earner in my family, and I support four children and my husband.

Source: Ms Jade Child, Member, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

17 Bankwest, *Submission 39*, p. 22.

18 Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 12. See Joint Working Group on Pay Equity Principles—Recommendations, 7 June 2016, <http://www.ssc.govt.nz/pay-equity-working-group> (accessed 31 March 2017).

19 ASU, *Submission 25*, pp. 9–10.

20 ACTU, *Submission 38*, p. 7.

- no longer implementing 'wages policies' which restrict the scope of their predominantly female workforces to freely collectively bargain in accordance with International Labour Organisation principles;
- setting targets for pay equity outcomes that are reportable to parliament; and
- requiring government agencies, companies and NGOs with which state governments have procurement and tender arrangements and service delivery contracts to formulate pay equity plans (PEPs) to address areas where they fail to comply with equity principles.²¹

Gender segregation and the pay gap in Australia

4.26 The pay disparity between male and female industries and occupations is a major contributor to the gender pay gap in Australia.

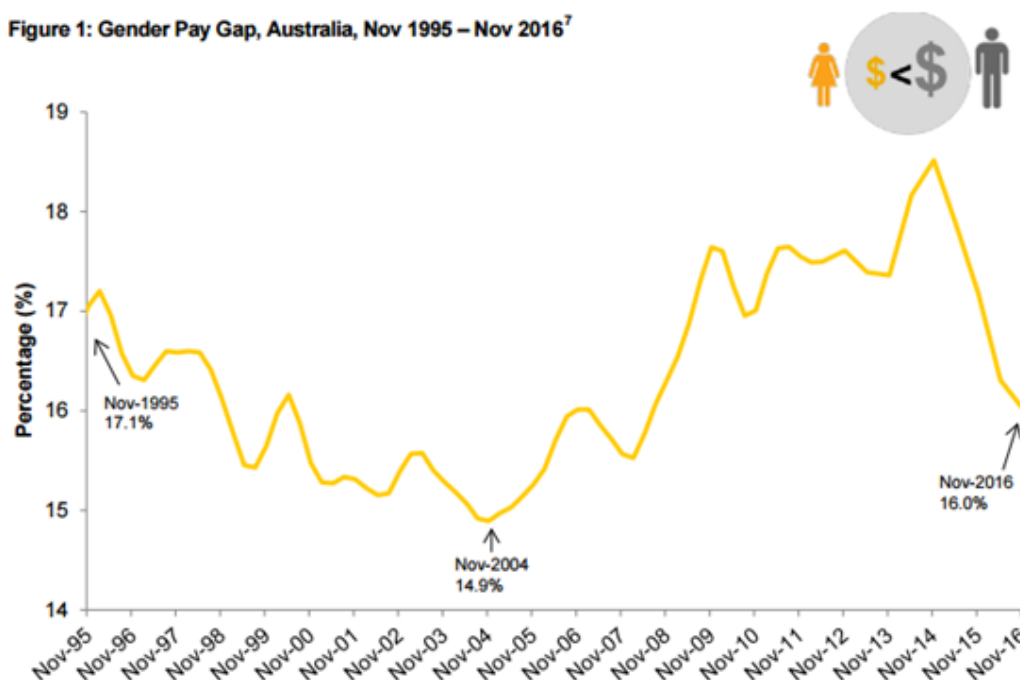
4.27 As Figure 4.1 shows, the gender pay gap has fluctuated between 14 per cent and 19 per cent over the past 20 years. As at November 2016, the gender pay gap was 16.2 per cent, down from 18.6 per cent in 2014.²²

21 See for example, W+FPR, *Submission 33*, pp. 16–23; United Voice, *Submission 19*, p. 5; SDA, *Submission 20*, p. 6, pp. 26–27; UnionsWA, *Submission 23*, p. 4.

22 KPMG, *She's Price(d)less, The Economics of the Gender Pay Gap*, October 2016, p. 1, in DCA, *Submission 18.1*. Analysis based on gender pay gap data published by the ABS. The gap between female and male earnings in 2016 was \$311 in the private sector and \$209.80 in the public sector.

Figure 4.1—Gender pay gap for full time total remuneration, 1995 to 2016

Figure 1: Gender Pay Gap, Australia, Nov 1995 – Nov 2016⁷



Source: ABS, Average Weekly Earnings. Australia. May 2016 (Cat. No. 6302.0), cited in KPMG, *She's Price(d)less: The Economics of the Gender Pay Gap*, October 2016, in DCA, *Submission 18.1*, p. 32.

4.28 Industrial and occupational segregation continue to be among the most significant contributing factors to the gender pay gap, together accounting for 30 per cent of the gender pay gap, or \$0.69 per hour. (see Table 4.1 below).²³

4.29 The gender pay gap varies across Australia, and UnionsWA pointed out that Western Australia has consistently recorded the largest gender pay gap of all states and territories, with full-time male workers earning 23.9 per cent more than female workers, compared to 16 per cent nationally.²⁴

4.30 The gender pay gap begins as soon as men and women begin their careers. As noted in Chapter 3, women are outnumbering men graduating from higher education. However, according to the 2016 Graduate Outcomes Survey (GOS), the median starting salary of females and males were \$56,400 and \$60,000 respectively.²⁵

23 KPMG, *She's Price(d)less*, p. 3 in DCA, *Submission 18.1*. KPMG's analysis drew on data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, ABS Labour Force Survey and WGEA 2016 Gender Pay Gap Statistics.

24 UnionsWA, *Submission 23*, p. 1.

25 Department of Education and Training, *Submission 21*, p. 3.

Although there are inequities for both genders, it is fair to say that women face greater long-term disadvantage than men as a result of the structures and processes that frame work and family life in our society.²⁶

Table 4.1—Breakdown of the pay gap by contributing factor, 2007 and 2014

Factor	2009 Report (2007 data)		2016 Report (2014 data)	
	% of effect	Absolute equivalent	% of effect	Absolute equivalent
Sex discrimination	35%	\$0.45	38%	\$0.88
Years not working	9%	\$0.12	21%	\$0.48
Industry segregation index	10%	\$0.13	19%	\$0.45
Occupational segregation	18%	\$0.23	11%	\$0.24
Age (experience, proxied by age, years)	8%	\$0.10	6%	\$0.14
Share in part time employment	14%	\$0.18	4%	\$0.08
Tenure with current employer (years)	3%	\$0.04	1%	\$0.03
Share working in government or	3%	\$0.04	0.4%	\$0.01
Total	\$1.29 (\$1.70 in 2016 dollars)		\$2.32 (\$2.41 in 2016 dollars)	

Source: *The Household, Income and Labour Dynamics in Australia (HILDA) Survey*, Wave 14 (analysis by KPMG).²⁷

4.31 The gender pay gap is more acute in non-salary remuneration. Performance pay and other additional remuneration in male-dominated industries contribute to higher gender pay gaps in total remuneration.²⁸

4.32 There have been a number of inquiries and research reports dealing with the economic effects of gender inequality in Australia. The 2009 House of Representatives *Making it Fair* inquiry, for example, examined women's participation

26 WGEA, *Different Genders, Different Lives: Perspective Paper*, https://www.wgea.gov.au/sites/default/files/PP_different_genders_different_lives.pdf (accessed 9 March 2017).

27 KPMG, *She's Price(d)less*, p. 12, Table 4-2; DCA, *Submission 18.1*.

28 Australian Human Rights Commission, *Submission 35*, p. 6; WGEA, *Gender Segregation in Australia's Workforce*, August 2016, p. 2, https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_fact_sheet.pdf, (accessed 15 December 2016).

in paid work, and made 63 recommendations on a wide range of issues, including some of interest to this committee.²⁹

4.33 The 2016 Senate inquiry into economic security for women in retirement found that men's superannuation balances at retirement are on average twice as large as women's, and that Australia's retirement income system does not adequately accommodate the difference between how women and men experience work over their lifetimes:

This is a problem born of many interrelated factors. At its heart, however, is the fact that women and men experience work very differently. Women are more likely to work in lower paid roles and lower paid fields, are more likely to work part-time or casually, and are more likely to take breaks from paid employment to provide unpaid care for others. Over their lifetimes, as a consequence, they will earn significantly less than men.³⁰

4.34 The committee's 2016 recommendations included a review of the *Fair Work Act 2009* to determine the effectiveness of the equal remuneration orders in addressing gender pay equity, as well as ensuring improvements to the Commonwealth Paid Parental Leave Scheme (PPL).³¹

4.35 These inquiries have examined particular aspects of women's workforce participation and the gender pay gap, which are interrelated with industrial and occupational gender segregation. They have also canvassed a range of measures to address the economic consequences for Australian women.

4.36 However, despite such inquiries and recommendations, gender segregation and the gender pay gap continue to be defining features of the Australian labour market. This persistence highlights the resilience of gender-biased assumptions that underpin patterns of occupational segregation, assessments of work value, and career progression opportunities.³²

4.37 Australia's gender pay gap shows some similarities with the United States. The International Labour Organisation (ILO) noted that in the United States:

29 House of Representatives Standing Committee on Employment and Workplace Relations, *Making it Fair: Pay Equity and Associated Issues related to Increasing Female Participation in the Workforce*, Canberra, November 2009, http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=ewr/payequity/report.htm (accessed 22 March 2017).

30 Senate Economics References Committee, *'A husband is not a retirement plan': Achieving Economic Security for Women in Retirement*, April 2016, p. xi, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Economic_security_for_women_in_retirement/Report (accessed 1 March 2017). The Australian Government has not yet provided a response to this report.

31 Senate Economics References Committee, *'A husband is not a retirement plan'*, Recommendation 1.

32 Gillian Whitehouse, 'A cross-national comparison of gender gaps', in David Peetz and Georgina Murray, eds, *Women, Labor Segmentation and Regulation: Varieties of Gender Gaps*, Palgrave Macmillan, New York, 2017, p. 106.

...there is a wage penalty for both women and men, who work in female-dominated occupations. For instance, a highly skilled female worker would earn \$24.04 per hour in a female-dominated job, compared to \$36.06 per hour in a male-dominated job. In other words, if she worked 40 hours per week, she would earn \$25,000 more per year in a male-dominated job.

Similarly, a woman in a low-skilled job would earn \$5,990 more per year in a male-dominated job than in a female-dominated job³³

4.38 The Office for Women, Department of the Prime Minister and Cabinet (PM&C) gave evidence that there is currently no specific national target for reducing the gender pay gap in Australia.

Case study: The impact of gender segregation on pay and penalty rates

4.39 The Fair Work Commission's decision in February 2017 to reduce Sunday and public holiday penalty rates in awards covering the retail and fast food industries was considered by the committee.³⁴

4.40 According to the Shop, Distributive and Allied Employees' Association (SDA), for the majority of women in these industries, working on Sundays is not a preference but a necessity, given that they are not able to work Monday to Friday because of family responsibilities and child care availability, and that Sunday penalty rates are the only means they have to a receiving a decent wage.³⁵

4.41 The SDA noted the disproportionate and negative impact that this decision will have on women in these female-dominated industries, and pointed to the inadequacy of the Fair Work Act in providing a positive duty on the Commission to improve the economic outcome for women in the consideration of the annual minimum wage review, modern awards and enterprise agreements.³⁶

Gender pay gap in the STEM sector

4.42 As an industry that promises to provide much of the growth of work in Australia's future economy, the STEM sector deserves a closer look. The view is not pretty. The ABS noted in 2014 that men account for 81 per cent of Australians with higher level STEM qualifications. The gender pay gap in STEM professions widens as responsibility level increases.³⁷

4.43 Professionals Australia (PA), in their report, *Gender pay gap in Engineering and Science*, noted that the low participation rates of women in STEM fields is reflected in management and income:

33 ILO, *Women at Work: Trends 2016*, ILO, Geneva, 2016, p. 49.

34 Fair Work Commission, *Summary of Decision, [2017] FWCFB 1001*, 23 February 2017, <https://www.fwc.gov.au/documents/sites/awardsmodernfouryr/2017fwcfb1001-summary.pdf> (accessed 1 May 2017).

35 SDA, *Submission 20.1*, [p. 1].

36 SDA, *Submission 20.1*, [p. 1]; Ms Katie Biddlestone, National Women's Officer, SDA, *Proof Hansard*, 10 April 2017, p. 34.

37 ABS, *Submission 4*, p. 5.

Only 12% of women in STEM fall into the top income bracket (above \$104,000), while 32% of males are employed in this bracket.³⁸

4.44 The gender pay gap in the Professional, Scientific and Technical Services industry in 2015 was 22.2 per cent compared with 17.3 per cent for all occupations.³⁹ Women engineers, for example, receive 24 per cent lower than their male counterparts in the median total salary package. The gap is minimal at entry level but increases beyond four years' experience, suggesting that women are experiencing barriers to career progression.⁴⁰

Equal remuneration and the Fair Work Commission

4.45 The effects of gender segregation on pay and conditions express themselves in systemic ways across industries. In other words, they could be seen as industrial problems capable of being addressed through the industrial relations system.

4.46 Numerous submitters provided analysis and suggestions regarding the role of the Fair Work Commission in providing for equal remuneration across male and female jobs and industries.⁴¹

The equal pay case

4.47 In 2012 the Fair Work Commission handed down its decision on equal pay under the Fair Work Act. It found that undervaluation existed in the female-dominated social, community and disability services industry throughout Australia, that government funding models contributed to the undervaluation of this work, and that changes in the valuing of work had not been recognised in award rates.⁴²

4.48 The decision saw many in the highly feminised and low-paid social and community services workforce awarded significant pay increases, and the outcome was widely welcomed as a win for the cause of equal pay for women and a sign that Australia finally had an effective regulatory framework in place to secure pay equity.⁴³

4.49 The ASU acknowledged that the case was significant in narrowing the pay gap in the social and community services sector, although it noted that the sector is

38 PA, *Submission 1*, pp. 9–12.

39 ABS, *Average Weekly Earnings, Australia*, May 2015, cat. No. 6302.0.

40 ABS, *Submission 4*, p. 5; PA, *Submission 1*, pp. 9–12.

41 See for example, Ms Katie Biddlestone, National Women's Officer, SDA, *Proof Hansard*, 10 April 2017, p. 34; Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

42 Fair Work Australia, *Equal Remuneration Case*, [2011] FWAFB 2700, Melbourne, 16 May 2011, <https://www.fwc.gov.au/documents/sites/remuneration/decisions/2011fwafb2700.htm> (accessed 31 March 2017).

43 Fiona MacDonald and Sara Charlesworth, 'Equal Pay under the *Fair Work Act 2009* (Cth): Mainstreamed or Marginalised?', *UNSW Law Journal*, vol. 21, 2013, <http://www.austlii.edu.au/au/journals/UNSWLawJl/2013/21.html> (accessed 28 April 2017).

still subject to job insecurity and low wages and that, if not addressed, these issues may contribute to a widening of the gender pay gap.⁴⁴

Evaluating existing arrangements

4.50 Equal remuneration is one factor of many which can be taken into account by the Fair Work Commission when determining an award under the Fair Work Act. However, several submissions and witnesses raised the question of whether the Fair Work Act provides sufficient obligation on the Fair Work Commission to properly consider gender pay equity.⁴⁵

4.51 W+FPR noted an inconsistency in comparative assessments of masculinised and feminised work, and questioned whether the policy and institutional apparatus supports the equal remuneration objective, including the capacity for the Fair Work Commission to hear applications that address gender-based undervaluation.⁴⁶

4.52 The Fair Work Commission's Pay Equity Unit was established in March 2013, following the 2009 House of Representatives *Making it Fair* inquiry, to provide the Commission with specialist pay equity research under the Fair Work Act.⁴⁷ The Unit undertook research and published reports in relation to equal remuneration data and equal remuneration orders. United Voice gave evidence that the Fair Work Commission received specific funding for the unit which has now ceased.⁴⁸

4.53 Several witnesses and submissions asserted that the adversarial nature of the process for applicants seeking an equal remuneration order under the Fair Work Act is time consuming, costly and slow, and that only one case has been successfully completed before the Commission since 2013.⁴⁹

4.54 United Voice has seen little or no progress in the four years that its equal remuneration application for the female-dominated early childhood education sector has been before the FWC. The Commission found in late 2015 that such applications require a male comparator, and the complexity of this finding has added to the delay and cost of pursuing such cases. United Voice observed:

44 Ms Linda White, Assistant National Secretary, ASU, *Proof Hansard*, 10 April 2017, p. 36.

45 See for example, Ms Katie Biddlestone, National Women's Officer, SDA, *Proof Hansard*, 10 April 2017, p. 34; Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

46 Associate Professor Meg Smith, Member, W+FPR, *Proof Hansard*, 26 April 2017, pp. 1–2.

47 Fair Work Commission, Pay equity research, <https://www.fwc.gov.au/resources/research/pay-equity-research> (accessed 2 May 2017).

48 United Voice, Response to Questions Taken on Notice, 2 May 2017; Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 16.

49 See for example, Ms Erin McCoy, Industrial Officer, Women, Work and Family, ACTU, *Proof Hansard*, 10 April 2017, p. 1; ASU, *Submission 25*, pp. 15–16; Ms Linda White, Assistant National Secretary, ASU, *Proof Hansard*, 10 April 2017, p. 39. The case, relating to Social and Community Sector workers, was the first major test of the equal remuneration order provisions of the Fair Work Act.

We need something that is less technical and can capture the reasons why there are differences in pay for women's work rather than requiring a male comparator. We have put, and continue to put, significant financial resources into addressing the pay inequity for educators, and we propose that a fund is established to pursue cases such as ours and to assist the parties in seeking a remedy.⁵⁰

4.55 The National Foundation for Australian Women (NFAW) also noted that the existing legislation needs to be properly enforced:

It is not a coincidence that the deterioration in our position on the global gender gap index coincides with the deregulation of wage fixation and the growing holes in the safety net for part-time and casual employees. Instead of the gender gap being reduced by further deregulation, as for example the Australian Industry Group argues as a minimum, we believe we need a proper enforcement of the regulations that remain.⁵¹

Potential reforms of the system

4.56 Various submissions argued that remuneration equity is a national problem and that the current provisions in the Act are unlikely to be effective in addressing the gender pay gap.⁵²

4.57 Some witnesses expressed support for a broad rather than narrow test for assessing equal remuneration, and drew attention to reforms in Queensland and NSW that might be usefully applied to the federal framework.⁵³

4.58 New South Wales and Queensland, in recasting their approach to equal remuneration, have given explicit focus to gender-based undervaluation, rather than discrimination, as a means of assessing whether the equal remuneration objective had been met. They have also adopted equal remuneration principles (ERPs) to support pay equity outcomes.⁵⁴

4.59 Applying similar ERPs to the work of the Commission would entail consideration of gender-based undervaluation, which would circumvent the requirement, established in the 2015 decision by the Commission, for a binary male comparator in equal remuneration matters.⁵⁵

4.60 Research published by the FWC in 2013 noted:

50 Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

51 Ms Frances Davies, NFAW, *Proof Hansard*, 10 April 2017, p. 10.

52 See for example, ASU, *Submission 20*, pp. 41–43; NFAW, *Submission 6*, [p.5]; AMWU, *Submission 37*, p. 23; Ms Katie Biddlestone, SDA, *Proof Hansard*, 10 April 2017, p. 34; Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

53 Professor Lisa Heap, Lead Organiser, VTHC, *Proof Hansard*, 10 April 2017, p. 5.

54 W+FPR, *Submission 33*, p. 17; Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 50.

55 W+FPR, *Submission 33*, p. 20.

One of the strengths of the concept of gender-based undervaluation is that it goes to the heart of addressing the institutional and cultural determinants of why women have generally been under-remunerated for their work.⁵⁶

4.61 Amongst other things, the Queensland ERP provides a methodology for the Commission's approach to gender-based undervaluation, identifying factors relevant to the assessment that include:

- whether the work has been characterised as 'female';
- whether the skills of female workers have been undervalued;
- whether there has been undervaluation due to women being over-represented in lower-paid areas of an industry or occupation (occupational segregation or segmentation);
- whether features of the industry or occupation (for example, occupational segregation, overrepresentation of women in part-time or casual work, low rates of unionisation and a lack of ability for workers to bargain with their employer) have influenced the value of the work; and
- whether sufficient weight has been placed on the typical work, skills and responsibilities exercised by women, working conditions and other relevant work features.⁵⁷

4.62 Research published by Fair Work Australia in 2011 noted that the Queensland ERP:

...specifically states that it is not necessary to establish that female workers have been discriminated against to establish undervaluation of work... Nor does the principle require comparisons of any particular industry or occupation with any other ... although it allows comparisons to be used for guidance in ascertaining appropriate remuneration...⁵⁸

4.63 A number of witnesses also submitted that pay equity claims should not have to choose between being treated as either an equal remuneration matter or a work value matter. It was argued that the Commission should allow for a dual track approach. The Victorian Trades Hall Council (VTHC) stated:

Under (Queensland's) legislation you can run an equal remuneration matter and a work value matter at the same time, because the idea that there is a scientific approach where we can factor in one amount of pay differentials associated with gender related issues and another amount associated with something else is ludicrous...

...whereas under the Fair Work Act, in contrast, you are completely separated: you have to choose whether you take an equal remuneration matter or a work value type matter....our system has been very bad at

56 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 110.

57 Fair Work Australia, *Review of equal remuneration principles*, Research Report 5/2011, pp. 34–5.

58 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 164.

handling equal remuneration matters, because it has been in a work value headspace where it has valued men's work and articulated that particularly in comparing everything to the metal trade standard and the skills associated with that.⁵⁹

4.64 The VTHC also noted that, in adopting the Queensland model, there would need to be a designated area established within the Commission with the appropriate expertise in evaluating women's skills in order to establish the equal remuneration principles.⁶⁰

4.65 Several submissions and witnesses proposed other specific reforms to the Fair Work Act in order to address the undervaluation of women's work, including:

- amending Section 3 to make 'equal remuneration' for men and women employees for work of equal or comparable value' an explicit object of the Act and a positive duty when making or varying an award;
- requiring the Fair Work Commission to conduct a review of modern awards explicitly for the purpose of remedying any demonstrated gender-based undervaluation; and
- amending section 302 to recognise gender-based undervaluation of work in line with the 2015 Equal Remuneration Case, making it easier for parties to apply for orders to amend modern awards and enterprise agreements.⁶¹

59 Professor Lisa Heap, Lead Organiser, VTHC, *Proof Hansard*, 10 April 2017, p. 5.

60 *Proof Hansard*, 10 April 2017, p. 5.

61 ASU, *Submission 20*, pp. 41–43; NFAW, *Submission 6*, [p.5]; AMWU, *Submission 37*, p. 23; Ms Katie Biddlestone, National Women's Officer, SDA, *Proof Hansard*, 10 April 2017, p. 34; Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 12.

Chapter 5

Approaches to addressing gender segregation and equal remuneration in comparable jurisdictions

Introduction

5.1 This chapter provides an overview of approaches to addressing gender segregation and equal remuneration in comparable international jurisdictions.

5.2 Submissions did not contain a great deal of evidence on this aspect of the terms of reference, and so this information draws on other research, including a major Australian report commissioned by the Fair Work Commission.

Gender stereotypes and career choices

Europe

5.3 The Nordic countries have well-established programs for desegregation, though the Australian Federation of Employers and Industries (AFEI) noted that, while Nordic countries occupy the top four positions overall in terms of opportunities for women, 43 per cent of all employed women still work in education and health and social activities.¹

Finland

5.4 Labour shortages in Finland's feminised occupations, for example, have motivated schools to shift away from 'technical' subjects.² It was reported that:

...the twin objectives (are) motivating children and young people to make choices atypical of their sex, and of training teachers and educational counsellors to advance gender equality via education.³

Austria

5.5 In Austria, the Ministry of Social Affairs sponsors 'Boys' Days' in which boys between the ages of 14 and 18 spend a day participating in work in schools and hospitals. The event aims to encourage boys to enter into social and educational professions, as only three in ten workers in this sector are men.⁴

1 Australian Federation of Employers and Industries, *Submission 27*, p. 2.

2 Francesca Bettio and Alina Veraschchagina, *Gender Segregation in the Labour Market: Root Causes, Implications and Policy Responses in the EU*, European Commission, 2009, <http://ec.europa.eu/social/BlobServlet?docId=4028> (accessed 2 March 2017), p. 57.

3 Bettio and Veraschchagina, *Gender Segregation in the Labour Market*, p. 56.

4 Council of Europe, 2015, cited in National Foundation for Australian Women (NFAW), *Submission 6*, [p. 15].

United Kingdom

5.6 A UK initiative, Inspiring the Future, has introduced a campaign called *Redraw the Balance* to change attitudes of young children through an interactive process, based on the knowledge that gender stereotypes are defined between 5 and 7 years of age.⁵

5.7 Since 2001, the Men in Childcare Scotland Group has successfully trained 1,200 men and increased men's employment in early childhood care and education by offering a one-year funded training course exclusively to men.⁶

New Zealand

5.8 Recent initiatives include investigating and addressing barriers for women within male-dominated industries, such as *Women in Trades* networks in Auckland, Wellington and Christchurch which are run by tradeswomen for tradeswomen to build support for women working in trades.⁷

United States

5.9 Australia's Reserve Bank Assistant Governor, Luci Ellis, noted that in the United States the evidence of raw bias in academic science is no longer present in most STEM fields, with male and female academics publishing the same number of papers on average.⁸

Women's employment

5.10 Various European and OECD countries are making legislative and regulatory responses to the issue of women's work. These are varied in execution while sharing an overarching objective of gender equity.

5.11 Women in Sweden are more likely than their Australian counterparts to work full-time and have uninterrupted careers. OECD figures from 2013 revealed that about 80 per cent of Swedish mothers work.

5.12 Sweden introduced paid parental leave (PPL) in 1974 and now offers ten weeks of paid paternity and paid father-specific parental leave at 80 per cent of their normal pay, which cannot be transferred to the mother should the father decide not to use them.⁹

5 *Redraw the balance* (video), Inspiring the future, <http://www.inspiringthefuture.org/redraw-the-balance/>, 11 August 2016 (accessed 9 March 2017).

6 NFAW, *Submission 6*, [p. 15].

7 Ministry for Women, 'Occupational segregation', <http://women.govt.nz/work-skills/paid-and-unpaid-work/occupational-segregation> (accessed 14 March 2017).

8 SJ Ceci, DK Ginther, S Kahn and WM Williams, 'Women in Academic Science: A Changing Landscape', *Psychological Science in the Public Interest*, 2014, vol. 15, no. 3, pp 75–131.

9 EA Johansson, *The effect of own and spousal parental leave on earnings*, IFAU working paper, 2010(4), Institute for Labour Market Policy Evaluation, Swedish Ministry of Employment, Sweden, cited in United Voice, *Submission 19*, p. 17.

5.13 In 2014, Swedish fathers took 25 per cent of the total parental leave and research suggests this has had a positive impact on their partners' earnings. Additionally, according to Swedish sources, these three months 'give men a stronger bond with their child, make them more likely to do their share of housework, and mean they have a better understanding of what childcare involves'.¹⁰

5.14 The OECD reported in 2016 that Norway offers 10 weeks' father-specific paternity leave at 100 per cent of gross earnings, similar to Sweden.¹¹

5.15 Finland offers three weeks of fathers-only leave, to be taken at the same time as the mother. The remaining six weeks are unable to be taken while the mother is on parental leave.¹²

5.16 In 2012, Canada had six per cent more women in the full-time workforce than in Australia. The Grattan Institute analysed Canadian reforms introduced from about 1997 to lower effective tax rates and improve accessibility and quality of child care, showing that they led to a rapid increase in the number of women in paid work:

It is most plausible that household choices are influenced by the cumulative effects on net take-home income of income tax, foregone welfare benefits, child care costs, and child care benefits. Take-home income, net of these effects, amounts to the financial incentive to work relative to staying at home.¹³

5.17 Since 2007, Germany has moved away from a leave policy that supports mothers wishing to remain home for three years after the birth of a child. Parental leave has now been reduced to 12 months, increasing to 14 months if both parents take at least two months of PPL. The proportion of fathers taking leave increased from three per cent in 2006 to 28 per cent in 2012, with 83 per cent of these using their individual two-month entitlement.¹⁴

Equal remuneration in international jurisdictions

5.18 The 2013 report *Equal Remuneration under the Fair Work Act 2009*, prepared for the Pay Equity Unit of the Fair Work Commission, undertook research focusing on

10 See Richard Orange, 'Paid parental leave: How Swedish mums and dads do it', *Sydney Morning Herald*, 20 March 2014, <http://www.smh.com.au/national/paid-parental-leave-how-swedish-mums-and-dads-do-it-20140319-352gj.html> (accessed 9 March 2017).

11 OECD, Family Database, Social Policy Division, Directorate of Employment, Labour and Social Affairs, p. 6, cited in United Voice, *Submission 19*, p. 17.

12 Bettio and Veraschchagina, *Gender Segregation in the Labour Market*, p. 57.

13 The Grattan Institute, *Game-Changers – Economic reform priorities for Australia 2013*, p. 45.

14 NFAW, *Submission 6*, [p. 17].

countries which have legislative approaches and practices which have 'elements comparable to the situation in Australia'.¹⁵

5.19 The report defined the optimal role of government in achieving pay equity:

The government's responsibility is to ensure that legislation properly reflects and supports the requirements for pay equity and to also have a national policy of proactive promotion of pay equity including goals and targets.

It should also ensure that there are government institutional supports such as equal pay commissions, labour commissions or human rights commissions which have staff dedicated to assist the process of proactive measures to attain pay equity, as well as to assist in the process of resolving pay inequity claims.

The government also has a special responsibility by reason of itself being an employer and it should ensure that there are proper mechanisms for addressing pay inequity within the public sector.¹⁶

5.20 It also detailed the responsibilities for employers and workers' organisations:

There are also responsibilities for employers' and workers' organisations which are crucial to achieving pay equity at the national level.

This is usually achieved through social dialogue, not only between the social partners (for example for the purposes of collective bargaining), but also with the government through tripartite dialogue.

Further, employers are under an obligation at law to ensure equal remuneration for work of equal value and are also prohibited from discriminating against women in relation to conditions of work which would include remuneration.¹⁷

5.21 The reports' analysis of the EU noted that:

Equal pay for equal work has been one of the most basic principles of the European Union (EU) since its foundation.

Each Member State shall during the first stage ensure and subsequently maintain the application of the principle that men and women should receive equal pay for equal work.¹⁸

15 Robyn Layton, Meg Smith and Andrew Stewart, *Equal remuneration under the Fair Work Act 2009, A Report for the Pay Equity Unit of the Fair Work Commission*, 2013, pp 20–21 and 28, <https://www.fwc.gov.au/documents/documents/payequity/er-report-6-dec-2013.pdf> (accessed 11 May 2017). See especially Appendix C of the report, 'Equal remuneration in other jurisdictions'. The countries chosen were: Belgium; Canada; Ireland; Finland; the Netherlands; New Zealand; Norway; Sweden; the UK; and the US.

16 Paragraph breaks inserted by report editors for clarity. Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 29.

17 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 29.

18 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 176.

5.22 The 2013 report 'Tackling the Gender Pay Gap in the European Union' noted that:

Finding a solution to the gender pay gap is mainly in the hands of national governments and the social partners...Public opinion in the EU Member States also has an important role to play. National governments and the social partners have adopted a wide range of measures to close the gender pay gap.¹⁹

5.23 The report goes on to describe the initiatives that have worked in EU member nations. These include strategies on gender equality and equal pay, reports and audits at company level, specific legislation, the role of collective agreements, making pay systems transparent and job classification methods that are free of gender bias.

Belgium

5.24 The relevant legislation is 'aimed at combating discrimination between women and men'. It deals with 'equal pay' but it does not explicitly mention 'work of the same value'.²⁰ However, relevant Belgian case law:

...reveals that the principle of application to work of the same value is not disputed. It applies to all work situations in the private sector, and in those sections of the public sector which fall within the federal jurisdiction.²¹

Republic of Ireland

5.25 The Equality Authority is responsible for research and the promotion of equality:

Complaints can be made directly to the Equality Tribunal. However, a claim on the basis of gender, which includes a claim for equal pay, can be dealt with by either the Circuit Court or the Labour Court without first claiming to the Equality Tribunal. The Tribunal can order arrears of pay up to a maximum of three years.²²

Finland

5.26 Equal pay for men and women is enshrined in the Constitution of Finland:

...equality of the sexes is promoted in societal activity and working life, especially in the determination of pay and the other terms of employment.²³

5.27 However, the labour market in Finland is highly segregated and the gender pay gap is above the OECD average. Finnish studies have shown that:

19 Layton et al, *Equal remuneration under the Fair Work Act 2009*, pp 182–183.

20 As required by Article 157(1) of the *Treaty on the Functioning of the European Union*.

21 Layton et al, *Equal remuneration under the Fair Work Act 2009*, pp 183–184.

22 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 189.

23 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 190.

...gender segregation of the labour market is a major cause of pay differentials, but there is disagreement about whether pay differentials are discriminatory.²⁴

Norway

5.28 The relevant legislation 'promotes gender equality and prohibits gender discrimination'²⁵ and states that:

...an employer has a positive obligation to promote gender equality. As such, employers in the public and private sectors must make active, targeted and systematic efforts to promote gender equality in their enterprises...²⁶

Sweden

5.29 In Sweden:

An individual employee (or various employees) must be identified as potentially discriminated against, which requires a relevant comparator of the opposite sex. Such a comparator must be found at the same employer, otherwise there is no comparable situation.²⁷

5.30 Sweden also has a 'quick and easy' method for determining the demands and degree of difficulty associated with particular jobs, which helps to:

...ascertain whether differentials in men's and women's wages are due to sex discrimination'.²⁸

United Kingdom

5.31 As discussed in Chapter 2, public reporting of individual employer gender pay gaps (GPGs) has been introduced in the UK, requiring employers to include an explanation of why a pay gap exists and their plans to overcome this.²⁹

5.32 Additionally, the relevant equal remuneration legislation:

...gives women and men the right to equal pay for equal work...[including] that work is 'equal' if it is 'like work', 'work rated as equivalent' or 'work of equal value'.³⁰

5.33 The Equality and Human Rights Commission also has powers to:

...carry out enquiries, for example into the extent and causes of pay gaps in particular sectors, and also to conduct investigations of an employer it suspects of having unlawfully discriminatory pay practices.

24 Layton et al, *Equal remuneration under the Fair Work Act 2009*, pp 191–192.

25 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 201.

26 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 202.

27 Layton et al, *Equal remuneration under the Fair Work Act 2009*, pp. 205–206.

28 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 207.

29 W+FPR, *Submission 33*, p. 23.

30 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 206.

Canada

5.34 Like Australia, Canada has 'a combination of human rights legislation which prohibits discrimination on the grounds of gender, as well as labour laws which deal with the issue of gender pay equity'.

5.35 An independent agency has statutory responsibility for the relevant legislation that provides for:

...the gender composition of an occupational group is a relevant consideration in determining the complaint of a member of that group.³¹

5.36 However, some criticisms have been made of the limited effectiveness (of the process) in achieving the stated objective.³²

New Zealand

5.37 The relevant legislation provides for:

...criteria to be applied in determining whether there exists an element of differentiation, based on the sex of the employees, in the rates of remuneration of male and female employees for any work or class of work payable under any instrument. The provision distinguishes between work which is not 'exclusively or predominantly performed by female employees' and that which is.³³

5.38 In addition:

...there is increasing proactive encouragement through the Department of Labour and the Ministry of Women to promote self-assessment models in the private sector, which are not mandatory.³⁴

5.39 As noted in Chapter 4, in 2016 following concerted community pressure arising from an equal remuneration case for women residential aged care workers, the New Zealand government entered into tri-partite discussions with New Zealand unions and business that has resulted in an agreed set of pay equity principles and mechanism for progressing equal remuneration matters in female-dominated occupations or industries across the New Zealand economy.³⁵

5.40 Ms Helen Gibbons, Assistant National Secretary, United Voice, commented on the New Zealand care workers case:

...the New Zealand government has done something about [it] and has negotiated an outcome that will actually see some movement in the equal pay gap for care workers in New Zealand. This [issue] is certainly

31 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 211.

32 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 212.

33 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 220.

34 Layton et al, *Equal remuneration under the Fair Work Act 2009*, p. 222.

35 Joint Working Group on Pay Equity Principles—Recommendations, 7 June 2016, <http://www.ssc.govt.nz/pay-equity-working-group> (accessed 31 March 2017). See also VTHC, *Submission 13*, p. 17.

something that exists elsewhere in the world; we are not an orphan in this problem. However, the gender pay gap here is really significant and certainly our gender segregation is enormous and not improving.³⁶

36 Ms Helen Gibbons, Assistant National Secretary, United Voice, *Proof Hansard*, 26 April 2017, p. 15.

Chapter 6

Conclusions and recommendations

6.1 Industrial and occupational gender segregation is one of the most pervasive and intractable aspects of economic labour market inequality, both in Australia and in comparable jurisdictions around the world. It is a key driver of the gender pay gap.

6.2 In addition to the impacts on Australian women, workplace gender segregation has significant implications, for Australia's capacity to drive innovation and respond to structural and technological changes in an increasingly competitive global economy.

6.3 The impact of technological and social change is shaping the future of work in Australia. Without a strategy that clearly recognises and addresses the causes and impact of gender segregation, there is a risk that gender inequality will not only persist but become further entrenched in Australian workplaces.

6.4 A wide range of representative groups including peak employer organisations, trade unions, professional employee groups, women's advocacy organisations, government departments and agencies, and academic researchers gave evidence to the committee.

6.5 The inquiry heard that Australia and Australian businesses would reap considerable economic advantages by addressing industrial and occupational gender segregation, including:

- closing the gap between male and female employment and productivity has the potential to boost Australia's GDP by between 11 per cent and more than 20 per cent;
- as much as \$12 trillion could be added to global GDP by 2025 by advancing women's equality; and
- ASX50012 companies with women directors on their boards delivered significantly higher Return on Equity (ROE) than those companies without women directors.

6.6 Evidence submitted to the inquiry included suggestions for both short-term and longer-term measures, ranging from encouraging more women into male-dominated and non-traditional industries through training, education and employer-led processes, to legislative reforms to address the undervaluation of work traditionally undertaken by women.

6.7 As noted in Chapter 1, the Committee does not seek to revisit the detailed work undertaken through previous inquiries. Rather, the recommendations set out below seek to establish a broad policy framework to that if implemented in a co-ordinated way, would begin to address this seemingly intractable source of inequity.

National policy framework for Pay Equity

6.8 Australia requires a focused and co-ordinated strategy to address the many and complex factors that contribute to the gender pay gap in Australian workplaces.

6.9 While there are a range of current measures which seek to support Australian women at work, there is little clarity about whether these measures are intended to support pay equity, and on what timeframe.

6.10 Government should bring focus to these efforts by establishing a national policy framework for pay equity.

6.11 The national policy framework should include specific measures designed to achieve pay equity, promote flexible work practices for both men and women. This may include extensions to the period of Paid Parental Leave (PPL), new provisions for the payment of the superannuation guarantee during PPL, improved access to affordable high quality early childhood education and care, and reforms to legislative or policy instruments to support pay equity.

6.12 The inquiry heard evidence of successful initiatives that have been introduced in both the public and private sectors, aimed at reducing industrial and occupational gender segregation in the wider labour market. Measures adopted by the Australian Public Service, private sector initiatives cited in this inquiry, and case studies collated by Diversity Council Australia and Workplace Gender Equality Agency, have potential for wider application in Australian workplaces and offer valuable models that should inform the development of the national policy framework. Some measures provided in evidence to this inquiry are summarised at Appendix 3.

Recommendation 1

6.13 The committee recommends that the Office for Women in the Department of the Prime Minister and Cabinet lead the development and implementation of a national policy framework to achieve gender pay equity in Australia. The framework should set a pay equity target date, provide an advisory structure to guide implementation, provide a roadmap for achieving pay equity in Australia, address segregation in Australian workplaces, and draw on measures in Australia's public and private sectors and in comparable overseas jurisdictions.

6.14 The national policy framework to achieve pay equity should coordinate efforts across agencies of government to address the factors that adversely affect women's workforce participation and gender segregation, including:

- **reforms to flexible work provisions that will increase access for men and women, and make provision for employees to appeal decisions;**
- **an extension to the period of PPL and new provisions for the payment of superannuation guarantee during PPL;**
- **improved access to affordable high quality early childhood education and care; and**

- **recognition of career paths and qualifications for feminised industries, particularly the care industry.**

Reforms to *Fair Work Act 2009*

6.15 Submitters presented a range of evidence demonstrating that the undervaluation of work undertaken by women is a major contribution to the gender pay gap and structural inequalities in the labour market.

6.16 Women in female-dominated industries earn, on average, almost \$40,000 less than the average full-time total remuneration of a man in a male-dominated industry.

6.17 The problem is particularly acute in occupations involving caring; work dependent on skills which are historically under-valued in the labour market. This arises from ingrained perceptions that caring work is low skill, and that it is acceptable for women with caring responsibilities to be paid at a low level when the work is performed outside the home, because it is work that is considered to be emotionally rewarding.

6.18 The Fair Work Act contains provisions that are designed to provide for equal remuneration. In practice these provisions have only once been applied for the purpose of making an order of equal remuneration.

6.19 Equal remuneration is not an explicit object of the Fair Work Act, nor does the Act provide a positive duty on the Fair Work Commission to remedy gender pay inequity.

6.20 Under the Fair Work Act, it is unclear whether applicants may simultaneously pursue an equal remuneration case and a work value case before the Fair Work Commission. This uncertainty may hinder applications for applications for equal remuneration.

6.21 The introduction of an Equal Remuneration Principle in New South Wales and Queensland state legislation offers a model that could be implemented, with similar benefits, at the national level.

6.22 Legislation to introduce a similar approach to the Fair Work Act would provide a fairer basis for determining gender-based undervaluation.

Recommendation 2

6.23 The committee recommends that the *Fair Work Act 2009* be amended to improve its capacity to address equal remuneration, including:

- **introducing gender pay equity as an overall object of the Act; and**
- **the provision of guidance for both the Commission and applicant parties on making and applying for orders of equal remuneration. Such guidance could draw on Principles previously adopted in NSW and Queensland jurisdictions, including:**
 - **requiring that consideration of orders make reference to historical and contemporary gender-based undervaluation;**

- **suggesting the steps required by applicants to demonstrate that undervaluation was gendered or had a gender-associated cause; and**
- **clarifying that applications may be made without the need for a direct male comparator to establish undervaluation;**
- **clarifying that applications may be made for equal remuneration orders and work value claims simultaneously; and**
- **clarifying the definition of remuneration to include recompense or reward for services rendered, including non-cash benefits.**

Recommendation 3

6.24 The committee further recommends government conduct a comprehensive consultation process with expert stakeholders to achieve these reforms and define any others needed to the Act to achieve pay equity for Australian women.

Reforms to Fair Work Commission

6.25 The current process for applicants seeking an equal remuneration order under the Fair Work Act is adversarial, time consuming, and costly. One case has been successfully completed before the Commission since 2013. There is a view that the Fair Work Commission needs to find a more effective means of resolving equal remuneration applications in a timely way.

6.26 The committee notes that the Fair Work Commission's Pay Equity Unit (PEU) was established in March 2013 following the 2009 House of Representatives *Making it Fair* inquiry, to provide the Commission with specialist pay equity research under the Fair Work Act, and that the PEU received specific funding which has now ceased.

6.27 The committee considers that the government should restore funding to the Pay Equity Unit to enable it to continue to provide expert research and advice to the Fair Work Commission, with an enhanced capacity to provide expert advice on equal remuneration matters.

Recommendation 4

6.28 The Pay Equity Unit (PEU) was established as part of the Fair Work Commission to undertake pay equity related research and provide information to inform matters relating to pay equity. The committee recommends that the government:

- **restore and protect the budget of the PEU;**
- **investigate the provision of enhanced advisory functions for the PEU via an expert Pay Equity Panel, to undertake research into pay equity matters and provide recommendations for consideration by a Full Bench of the Fair Work Commission; and**
- **conduct a review of alternative means of making equal remuneration orders, such as conciliation via the Pay Equity Panel, with a view to achieving more timely resolution of equal remuneration applications.**

Career exploration and guidance

6.29 Gender stereotypes and unconscious bias pose a complex challenge for policy-makers and are not wholly within the scope of this inquiry. Existing government programs and initiatives for encouraging girls and young women to explore non-traditional careers is an established avenue for tackling workplace segregation but results to date are mixed.

6.30 The 2008 Australian Blueprint for Career Development and the 2011 National Career Guidance Strategy are tools that can be employed to support the delivery of gender sensitive career guidance.

6.31 The evidence indicated there are a multiple initiatives in various jurisdictions that are currently seeking to address the under-representation of women in the STEM sector.

Recommendation 5

6.32 The committee recommends that the Department of Education and Training update the National Career Development Strategy and the Australian Blueprint for Career Development to address the need for gender sensitive career guidance and counselling in all Australian schools and training institutions. The strategy should:

- **recognise that women and men may respond differently to information about occupations, industries and further education;**
- **provide mixed gender career role models, mentors and experiences, with particular sensitivity to addressing gender segregation; and**
- **offer guidelines for qualifications and continuing professional development (CPD) for career guidance professionals.**

Recommendation 6

6.33 The committee recommends that the Department of Education and Training undertake a national evaluation of all programs and initiatives associated with increasing numbers of girls in STEM education, to provide benchmark data and best practice guidelines.

Gender data reporting

6.34 Australia is a world leader in terms of gender data reporting, and this data has yielded valuable evidence to this inquiry about gender segregation, the gender pay gap and potential legislative and policy responses. However, the committee also heard that there is room for improvement to Australia's gender data reporting system, with several witnesses suggesting the need for:

- more fine-grained data that enable policymakers, employers and employees to better understand the nature of gender segregation within particular industries and occupations; and

- a way of co-ordinating data across the different gender datasets so that specific data can be interrogated and matched more easily (for example, matching employer and employee gender data).

6.35 The committee recognises the importance of the maintaining high-quality longitudinal datasets to provide policymakers with insight into the nature and scope of gender segregation and the gender pay gap in Australia.

6.36 The recent United Kingdom initiative on Gender Pay Gap Reporting takes the current Australian reporting requirements to WGEA a step further, by requiring large companies to publicly report on any gender pay gap that exists in their organisation, and provide an explanation of that gap.

6.37 The government should review the outcomes of this initiative in order to enable Australian policymakers to consider the merit of implementing a similar model as part of its world's best practice gender data reporting system.

Recommendation 7

6.38 The committee recommends that the government conduct a review of the recent initiative in the United Kingdom on Gender Pay Gap Reporting within two years of the program's implementation.

Recommendation 8

6.39 The committee recommends that the government conduct a review of labour force data with particular attention to job classifications used by the Australian Bureau of Statistics and the integration of other available datasets. This review should engage businesses, WGEA, unions and academics.

Recommendation 9

6.40 The committee recommends that the ABS Time Use study recommence on a regular basis.

Senator Jenny McAllister

Chair

Government senators' dissenting and additional comments

1.1 Government senators recognise that workplace gender segregation has significant economic implications for Australia's employment growth and prosperity in an increasingly competitive global economy, and that harnessing women's participation in the workforce is crucial to addressing this issue.

1.2 The committee heard evidence that Australia and Australian businesses would reap considerable economic advantages by closing the gap between male and female employment and productivity, with the potential to boost Australia's GDP by between 11 per cent and more than 20 per cent.

1.3 The government has a proven record of supporting women and gender equality, and continues to demonstrate its strong commitment to supporting Australian women to ensure that they are respected, represented, have a strong voice and are financially and economically secure and safe from violence.¹

1.4 The committee has heard from expert witnesses that workplace gender segregation is a complex, multi-levelled and multi-faceted issue. Government senators believe that the solution demands a nuanced and multi-faceted response that identifies policy measures designed to achieve the most effective outcomes in each portfolio area.

1.5 Government senators are disappointed that the majority report does not fully acknowledge the range of measures already in place, nor the progress that is being made to achieve lasting changes in Australian workplaces. Some of these initiatives are government-led or being undertaken in collaboration with industry. Others are industry-led and achieving significant results in addressing gender segregation in individual industries and workplaces.

1.6 The Australian Industry Group, for example, presented evidence to the committee about how it has been working with employers and educators to address the low intake of females into Science, Technology, Engineering and Mathematics (STEM) fields, including a recent collaboration with the Office of the Chief Scientist to produce the *STEM Programme Index 2016* as a tool for educators.² Appendix 3 contains a description of specific industry-led initiatives that were brought to the committee's attention during the inquiry.

1 'Turnbull Coalition's commitment to supporting Australian women', Liberal Party of Australia, Media release, 11 June 2016, <https://www.liberal.org.au/latest-news/2016/06/11/turnbull-coalitions-commitment-supporting-australian-women> (accessed 1 June 2017).

2 Ms Genevieve Vaccaro, Australian Industry Group, *Proof Hansard*, 26 April 2017, p. 44; see Office of the Chief Scientist and AiGroup, *Stem Programme Index 2016*, http://www.chiefscientist.gov.au/wp-content/uploads/SPI2016_release.pdf (accessed 1 June 2017).

1.7 Government senators also point to the Australian Public Service Commission's strategy, *Balancing the Future: The Australian Public Service Gender Equality Strategy 2016-19*, as an outstanding example of an initiative that seeks to bring about longer-term cultural change in the APS through leadership, flexibility and innovation rather than prescriptive regulatory changes.

1.8 The committee has heard a considerable amount of evidence about the nature of gender segregation in Australian industries and occupations, as well as the range of strategies and measures that have been adopted in both the public and private sectors.

1.9 This evidence clearly demonstrates that, not only is there a heightened awareness across government and industry of the causes of workplace gender segregation in Australia, but also a concerted effort underway to address these factors and ensure that women and men are able to participate equally in the workforce. Specific policy measures that have already been identified by government and are being implemented are discussed in more detail below.

1.10 Government senators are concerned that the legislative and policy measures proposed in the majority report potentially duplicate or weaken existing initiatives underway in the public and private sectors. Many of the larger employers in the private sector, for example, have already implemented a range of effective recruitment practices and workplace strategies to directly tackle key drivers of gender segregation such as unconscious bias, while smaller businesses are devising and implementing practices that are increasing gender diversity in their workplaces.

Increasing women's workforce participation

1.11 Government senators are disappointed that the majority report does not recognise the government's efforts in meeting the G20 goal of increasing women's labour force participation by 25 per cent by 2025. Australia was instrumental in having this goal accepted by G20 nations in 2014, and the government is now well-advanced in developing a cross-portfolio strategy to ensure that Australia will meet its goal.³

1.12 Government senators also note that the government has recently invested around \$37 billion on child care support over the next four years, including \$2.5 billion to support the implementation of the *Jobs for Families* Child Care Package. These reforms are designed to make the Australian child care system more affordable, flexible and accessible for Australian families in order to assist working parents get back to work sooner.⁴

1.13 The *Jobs for Families* Child Care Package, for example, will give around one million Australian families relief from out-of-pocket child care cost pressures and provide more children with the opportunity to benefit from early education. The

3 Senate Finance and Public Administration Legislation Committee, Estimates, *Proof Hansard*, 22 May 2017, pp. 69–71.

4 Department of Education and Training, Early Childhood and Child Care, <https://www.education.gov.au/early-childhood-and-child-care> (accessed 1 June 2017).

package of measures aims to provide support for Australian parents who want to work or work more. In particular, the reforms will assist those who work the most and earn the least by making the system more affordable, accessible and flexible.⁵

Meeting the science and technology challenge

1.14 Government senators agree that engaging more women in STEM professions is essential if Australia is to maximise its economic opportunities and drive innovation to meet the demands of a rapidly evolving and increasingly competitive global economy.

1.15 Government senators support the government's substantial commitment to overcoming the barriers that girls and women face in entering STEM fields as part of its National Innovation and Science Agenda (NISA).⁶

1.16 In 2015, the government committed \$13 million to encourage women to choose and stay in STEM fields, start-ups and entrepreneurial businesses. Initiatives include the Science in Australia Gender Equality pilot led by the Australian Academy of Science and the Academy of Technological Sciences and Engineering; the Male Champions of Change project to encourage greater gender equity in STEM-based and entrepreneurial industries; and partnering with the private sector on initiatives that celebrate female STEM role models and foster an ongoing interest in STEM careers among girls and women.⁷

1.17 The Australian Government's *Inspiring all Australians in Digital Literacy and STEM* represents a further commitment of \$64.6 million for initiatives to improve the teaching and learning of STEM in schools and childcare centres. It is focusing on increasing the engagement of underrepresented groups including girls by upskilling teachers and students, facilitating industry partnerships, and providing Digital Literacy School Grants.⁸

1.18 In addition, the Australian Department of Education and Training provided evidence to the committee about a range of school-based initiatives, such as the National STEM Partnerships program (Scientists and Mathematicians in Schools) involving mentoring and partnerships with teachers and classes to bring real-world learning into the classroom; ICT Summer Schools initiative for Years 9 and 10

5 Department of Education and Training, *Jobs for Families* Child Care Package, <https://www.education.gov.au/jobsforfamilies> (accessed 1 June 2017).

6 Australian Government, National Innovation and Science Agenda, <http://www.innovation.gov.au/page/agenda> (accessed 1 June 2017).

7 Department of Education and Training, Submission 21, pp. 13-14; also see Australian Department of Innovation, *The National Innovation and Science Agenda: engaging more women in STEM*, <http://science.gov.au/scienceGov/news/Pages/The-National-Innovation-and-Science-Agenda-engaging-more-women-in-STEM-.aspx> (accessed 1 June 2017).

8 Department of Education and Training, *Inspiring all Australian in Digital Literacy and STEM*, <https://www.education.gov.au/inspiring-all-australians-digital-literacy-and-stem> (accessed 1 June 2017).

students, commenced in January 2017; and *Curious Minds*, a hands-on extension and mentoring program for Years 8 to 10 to ignite girls' passion for STEM subjects.⁹

Women in leadership

1.19 Government senators believe that considerable progress has been made in achieving vertical gender segregation, with targets for gender equality on boards and in senior management being met across both public and private sectors.

1.20 The 'BoardLinks Champions' database, for example, has been a highly effective tool for connecting leading women in Australian industries with opportunities to be considered for Australian Government board positions. The personal endorsement of a BoardLinks Champion, Australian Government Minister, or Department Secretary ensures BoardLinks candidates are of the highest calibre.¹⁰

1.21 Government senators note that the government is on track to achieving its gender diversity target across all Australian Government boards to 50 per cent representation with a minimum of 40 per cent on each board.¹¹

1.22 Company boards play a pivotal role in creating an inclusive organisational culture and ensuring gender balance within their organisations, and Government senators note that the number of women on ASX200 boards has more than doubled over the last five years, from 8.3 per cent in January 2010 to 21.9 per cent in January 2016.

Response to majority report recommendations

1.23 Government senators have concerns with some of the recommendations contained in the majority report, and these are outlined below:

National policy framework for women's workforce equity

1.24 Government senators do not support recommendation 1. Government senators believe that the existing policy framework provides a strong and effective response to the range of policy issues associated with workplace gender segregation. They do not consider that it is necessary to establish another policy framework, and are concerned that it will lead to duplication of existing efforts, competition for existing resources, and potential confusion over policy objectives.

1.25 The existing framework includes measures to address gender pay equity, gender segregation and flexible work provisions. In 2013, the government made the decision to reinstate the Office for Women in the Department of the Prime Minister and Cabinet, with the express intention to connect gender policy across the whole of government, and to demonstrate its commitment to strengthening gender analysis,

9 Department of Education and Training, *Submission 21*, pp. 13–14.

10 Australian Government, *BoardLinks*, <https://www.boardlinks.gov.au/> (accessed 1 June 2017).

11 Australian Government, *BoardLinks*, <https://www.boardlinks.gov.au/>; Senator the Hon Michaelia Cash, International Women's Day 2016, Media release, 8 March 2016, <https://ministers.employment.gov.au/cash/international-womens-day-2016> (all accessed 1 June 2017).

advice and mainstreaming across all portfolios. The Office for Women's priorities focus on strengthening women's workforce participation and supporting more women into leadership positions.

1.26 Other measures in the existing framework include the Fair Work Commission's (FWC's) role in providing access to pay equity research, and the Fair Work Ombudsman's best practice guide on achieving gender pay equity.¹²

1.27 As noted above the government is also demonstrating, through a wide range of programs, that it is committed to promoting women's workforce participation by promoting flexible work provisions and access to affordable early childhood education and care.

1.28 The committee also heard evidence from industry groups that demonstrate their support for policies that encourage flexible working arrangements and policies and procedures which enable particular jobs to be performed on a flexible basis by both men and women.¹³

1.29 Government senators see merit in the idea of an appropriate government agency maintaining a list of relevant measures that have been successfully adopted in other jurisdictions, in order to give Australian policymakers and businesses access to international best practice initiatives that may be applicable in the Australian context.

Reforms to Fair Work Act 2009

1.30 Government senators do not support recommendations 2 and 3 calling for amendments to the *Fair Work Act 2009* to require the FWC to properly consider equal remuneration as an explicit objective of the Act and a positive duty when making or varying an award, and to consult with stakeholders to achieve these reforms.

1.31 Australia's legislative framework already provides employees with a suite of protections against gender discrimination in the workplace. Government senators consider that the current legislative provisions relating to equal remuneration and work value matters are adequate and do not see the need for an equal remuneration principle.

1.32 Government senators are concerned that the committee's recommendations for changes to the *Fair Work Act 2009* are not only unnecessary, but they are likely to impose additional constraints and burdens on employers, particularly larger employers who already have effective strategies and initiatives in place to promote gender-neutral employment practices and greater diversity in their workplaces.

12 FWC, Pay equity research, <https://www.fwc.gov.au/resources/research/pay-equity-research>; FWC, Gender pay equity, <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/best-practice-guides/gender-pay-equity> (all accessed 1 June 2017).

13 Ai Group, *Submission 11*, p. 9.

Reforms to Fair Work Commission

1.33 As noted above, government senators consider that the existing protections against gender discrimination in the workplace are adequate, and do not support recommendation 4 seeking to reinstate the Pay Equity Unit within the FWC.

1.34 The FWC is an independent body which is equipped with the expertise and authority to regulate and enforce provisions regarding minimum wages and employment conditions.

1.35 The FWC established the Pay Equity Unit in 2013 following a recommendation by House of Representatives Standing Committee on Employment and Workplace Relations in 2009.¹⁴ Its role was to undertake pay equity related research and provide information to inform matters relating to pay equity under the *Fair Work Act 2009*. The Unit completed its research program in 2014–15 and produced several reports which are available on the FWC's website.¹⁵

Career exploration and guidance

1.36 The committee heard evidence about the need for gender-sensitive career guidance for secondary school girls, aimed at promoting STEM and other non-traditional careers, building on elements of successful programs from Australia and around the world.

1.37 Government senators support, in principle, recommendation 5 proposing that the Department of Education and Training update the National Career Development Strategy and the Australian Blueprint for Career Development to ensure that they include provision for gender sensitive career guidance and counselling. Government senators note that the committee received no specific evidence on the need to update the Strategy and the Blueprint, and current initiatives in this area need to be taken into account.

1.38 Government senators support, in principle, recommendation 6 proposing that the Department of Education and Training undertake a national evaluation of all programs and initiatives aimed at increasing the number of girls undertaking STEM courses in order to provide benchmark data and best practice guidelines. However, government senators consider that the necessity for such a review should first be established, given the government's significant commitment and current initiatives already underway in this area, as outlined above.

14 House of Representatives Standing Committee on Employment and Workplace Relations, *Making it Fair: Pay Equity and Associated Issues related to Increasing Female Participation in the Workforce*, Canberra, November 2009, http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=ewr/payequity/report.htm (accessed 1 June 2017).

15 FWC, Pay equity research, <https://www.fwc.gov.au/resources/research/pay-equity-research> (accessed 1 June 2017).

Gender data reporting

1.39 Gender data reporting is an essential source of information about employment characteristics of individual workplaces in Australia. As the committee heard during the inquiry, Australia is already a world leader in gender data reporting and government datasets, particularly those maintained by the Australian Bureau of Statistics and the Workplace Gender Equality Unit.

1.40 These datasets provide a rich source of gender-related data that is regularly published in summary form and made available to expert analysts to ensure that the government has access to policy advice on gender segregation and the gender pay gap across portfolios.

1.41 Given the robust and detailed nature of the current system of gender data reporting, government senators are cautious about imposing additional reporting requirements that will impose a further burden on employers who are already meeting their obligations to provide detailed gender data for individual workplaces.

1.42 Government senators do not support recommendation 7 which proposes a review of the recent United Kingdom initiative on Gender Pay Gap Reporting, recommendation 8 which proposes a review of the job classifications used by the ABS with the intention of improving the granularity and portability of datasets, or recommendation 9 which proposes that the ABS Time Use study recommence on a regular basis.

Senator James Paterson
Deputy Chair

Senator Bridget McKenzie
Senator for Victoria

Appendix 1

Submissions and additional information received by the committee

Submissions

1. Professionals Australia
2. Dr Karen Struthers
3. Australian Public Service Commission
4. Australian Bureau of Statistics
5. Tasmanian Women's Council
6. National Foundation for Australian Women
7. Security4Women Incorporated
8. National Centre for Vocational Education Research (NCVER)
9. Victorian Women's Trust
10. Community and Public Sector Union
11. Australian Industry Group
12. Carers NSW
13. Victorian Trades Hall Council
14. Australian Institute of Company Directors
15. Department of Employment
16. National Tertiary Education Union (NTEU)
17. Police Federation of Australia
18. Diversity Council Australia
19. United Voice
20. Shop, Distributive and Allied Employees' Association
21. Australian Government Department of Education and Training
22. Workplace Gender Equality Agency
23. UnionsWA
24. Level Medicine
25. Australian Services Union
26. New South Wales Council of Social Service
27. Australian Federation of Employers and Industries
28. Chamber of Commerce and Industry of Western Australia
29. Victorian Women Lawyers
30. Australian Chamber of Commerce and Industry
31. Programmed Maintenance Services Limited
32. Women In Super
33. Work + Family Policy Roundtable
34. ANMF
35. Australian Human Rights Commission
36. FECCA
37. AMWU
38. ACTU
39. Bankwest Curtin Economics Centre
40. Dr Megan Moskos

- 41. Marque Lawyers Pty Ltd
- 42. Ms Chris Ronalds SC

Tabled Documents

- 1. CPSU, Tabled Document, Sydney 26 April 2017

Additional Information

- 1. Investing in the Care Economy, A gender analysis of employment stimulus in seven OECD countries, provided at the 26 April 2017 hearing by Associate Professor Meg Smith, Work and Family Policy Roundtable.

Answers to Questions taken on Notice

- 1. Answers to questions taken on notice at from Melbourne Public hearing, 10 April 2017, provided by SDA, received 20 April 2017
- 2. Answers to questions taken on notice at from Melbourne Public hearing, 10 April 2017, provided by VTHC, received 27 April 2017
- 3. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by CPSU, received 1 May 2017
- 4. Answers to questions taken on notice at from Melbourne Public hearing, 10 April 2017, provided by ASU, received 1 May 2017
- 5. Answers to questions taken on notice at from Melbourne Public hearing, 10 April 2017, provided by AFEI, received 2 May 2017
- 6. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by NCVER, received 2 May 2017
- 7. Answers to questions taken on notice at from Melbourne Public hearing, 10 April 2017, provided by United Voice, received 2 May 2017
- 8. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by AICD, received 2 May 2017
- 9. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by Office for Women, received 2 May 2017
- 10. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by Department of Employment, received 2 May 2017
- 11. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by Ai Group, received 4 May 2017
- 12. Answers to questions taken on notice at from Sydney Public hearing, 26 April 2017, provided by ANMF, received 18 May 2017

Appendix 2

Public hearing

Monday 10 April 2017
Room G.3, 55 St Andrews Place
Victoria Parliament House
Melbourne, VIC

Witnesses

Australian Council of Trade Unions

Ms Erin McCoy, Industrial Officer – Women, Work and Family

Victorian Trades Hall Council

Professor Lisa Heap, Women's Organiser

National Foundation for Australian Women

Ms Frances Davies, NFAW Social Policy Committee

Dr Kathleen MacDermott, NFAW Social Policy Committee

Victorian Women's Trust

Ms Mary Crooks AO, Director

Ms Casimira Melican, Research & Advocacy

Australian Chamber of Commerce and Industry

Mr Scott Barklamb, Director - Workplace Relations

Ms Alana Matheson, Deputy Director - Workplace Relations

UnionsWA

Ms Meredith Hammat, Secretary

Dr Tim Dymond, Organising and Strategic Research Officer

Police Federation of Australia

Mr Mark Burgess, CEO

Ms Emma Rili, Acting Industrial Relations Manager, Victorian Branch

National Tertiary Education Union

Ms Jeannie Rea, National President

Australian Services Union

Ms Linda White, Assistant National Secretary

Ms Deb Batterham, Member

Ms Talia Barrett, Member

Ms Prue Gilligan, Member

Shop, Distributive and Allied Employees' Association

Ms Katie Biddlestone, National Women's and Industrial Officer

Australian Federation of Employers and Industries

Mr Garry Brack, CEO

Mrs Jill Allen, Research Manager

Wednesday 26 April 2017

6 Macquarie Street

Macquarie Room

NSW Parliament House

Sydney, NSW

Witnesses**Work and Family Policy Roundtable**

Associate Professor Meg Smith, Director, Research and HDR, School of Business, University of Western Sydney

BankWest Curtin Economics Centre

Professor Alan Duncan, Director

Associate Professor Rebecca Cassells, Principal Research Fellow

United Voice

Ms Helen Gibbons, Assistant National Secretary

Ms Nikkita Venville, Senior Industrial Officer

Ms Margaret Carey, Member

Ms Jade Child, Member

Community and Public Sector Union

Ms Melissa Donnelly, Deputy Secretary

Ms Beth Vincent-Pietsch, Deputy Secretary

Australian Public Service Commission

Ms Stephanie Foster, Deputy Commissioner

Ms Kerren Crosthwaite, Group Manager, Employment Policy

economic Security4Women Incorporated

Ms Sandra Cook, Chair

NSW Council of Social Service

Ms Tracy Howe, Chief Executive Officer

National Centre for Vocational Education Research

Dr Craig Fowler, Managing Director

Ms Michelle Circelli, Team Leader, Research

Diversity Council Australia and KPMG

Ms Lisa Annese, Chief Executive Officer

KPMG

Ms Susan Ferrier, National Managing Partner, People Performance & Culture
Ms Tamara Price, Director, Management Consulting, Advisory

Workplace Gender Equality Agency

Ms Libby Lyons, Director
Ms Janin Bredehoeft, Senior Research Adviser
Ms Jackie Woods, Engagement Executive Manager

Australian Industry Group

Ms Genevieve Vaccaro, Principal Adviser, Workplace Relations Policy
Ms Julie Toth, Chief Economist

Australian Institute of Company Directors

Ms Louise Petschler, General Manager, Advocacy
Ms Amber O'Connell, Advocacy Manager

Australian Manufacturing Workers' Union

Ms Robyn Fortescue, Assistant State Secretary, Manufacturing Division

Australian Nursing & Midwifery Federation

Ms Annie Butler, Assistant Federal Secretary
Ms Sue Bellino, Political Director

Department of Employment

Dr Alison Morehead, Group Manager, Workplace Relations Policy Group
Ms Virginia Jay, Director, Pay Equity and Participation, Wages Policy and Industries Branch,
Workplace Relations Policy Group

Department of the Prime Minister and Cabinet, Office for Women

Ms Amanda McIntyre, First Assistant Secretary

Appendix 3

Summary of Australian models and initiatives

1.1 This Appendix summarises some of the models and initiatives being used to address gender segregation in Australian workplaces, as presented in the evidence to the inquiry and in available information. It is not an exhaustive list.

Australian Public Service

1.2 As was the norm for employers at that time, when the Australian Public Service (APS) was established in 1901 it was actively discriminatory against women. It was not until 1949 that some discriminatory measures were removed.

1.3 Other significant obstacles to the employment of women were removed in 1966 when the ‘marriage bar’ was abolished. In 1973 jobs were no longer classified as ‘men only’ and ‘women only’, and maternity leave and equal pay for work of equal value were implemented.

1.4 From 1993 until around 1999, positive discrimination was in use in the APS, in the form of targets in relation to women in the Senior Executive Service (SES) and the classifications immediately below the SES, the Senior Officer A/B (and equivalent) classifications.¹

1.5 Currently, women represent more than half of all APS employees but they have not yet achieved parity in leadership positions.

1.6 Gender segregation is most evident in Commonwealth agencies responsible for health care, social assistance and education, a trend mirrored in state jurisdictions and the public sectors of other OECD nations.

1.7 The Australian Public Service Commission (APSC) noted that, even in female-dominated departments, women continue to be underrepresented in roles that require tertiary studies in STEM subjects.² The APSC also noted that implicit gender bias still remains a barrier to women being recruited into senior positions.³

1.8 The Australian Public Service Commissioner has said that, while the APS still has a gender pay gap, it is less pronounced than in the private sector.⁴ In the APS this

1 Information provided by Australian Parliamentary Library.

2 APSC, *Submission 3*, [p. 1].

3 APSC, *Balancing the Future: The Australian Public Service Gender Equality Strategy 2016–19*, 2016, p. 4, http://www.apsc.gov.au/_data/assets/pdf_file/0017/80117/FINAL-Balancing-the-future-the-Australian-Public-Service-gender-equality-strategy-2016-19.pdf (accessed 8 March 2017).

4 APSC, *Submission 3*, [p. 2].

gap is fairly evenly distributed across the distribution of wages.⁵ The Commonwealth Public Sector Union (CPSU) has attributed the smaller gender pay gap in the APS to the widespread use of enterprise agreements and transparent pay levels.

1.9 The CPSU has noted that there are significant pay gaps between agencies at the same level and is concerned that, without a change in approach to agency bargaining, particularly around maintenance of family friendly conditions and consultation rights, gender equality in the APS will be severely compromised.⁶

1.10 The APSC released *Balancing the Future: The Australian Public Service Gender Equality Strategy 2016-19*, which seeks to change culture 'through leadership, flexibility and innovation'. The Strategy states that '[t]he APS must set the pace for a contemporary Australian workforce':

The APS will not achieve gender equality until both women and men are seen as capable and credible leaders; until both women and men can work flexibly without risking their career progression; and until outdated assumptions of 'women's work' and 'men's work' are identified and eradicated.⁷

Industry-led initiatives

1.11 In 2015, the Australian Institute of Company Directors (AICD) called for all boards, with particular emphasis on ASX 200 companies, to meet a target of 30 per cent female directors by the end of 2018. It launched the Australian chapter of the 30 per cent Club, a global movement of consultants, senior directors and educators that aims to ensure that change occurs at all levels and is seen as an important aspect of board effectiveness. To date, 81 ASX 200 chairs have become members, and the AICD believes that '[i]f momentum can be created in the ASX 200 then it is more likely to filter through to other organisations'.⁸

1.12 In 2016, the AICD partnered with Chief Executive Women (CEW) to develop the *Boards for Balance* program that promotes the role of the board in influencing gender representation within organisations. Since 2010, the AICD has also partnered with the Australian Government to offer over 330 scholarships to current and emerging female directors and executives to enable them to complete formal AICD governance education programs such as the Company Directors Course.⁹

1.13 The engineering and construction firm GHD was recognised with a Workplace Gender Equality Agency's (WGEA's) Employer of Choice for Gender

5 Robyn Layton, Meg Smith and Andrew Stewart, *Equal Remuneration under the Fair Work Act 2009: A Report for the Pay Equity Unit of the Fair Work Commission*, 2013, <https://www.fwc.gov.au/documents/documents/payequity/er-report-6-dec-2013.pdf> (accessed 23 February 2017), pp. 91–3.

6 CPSU, *Submission 10*, pp. 2–3.

7 APSC, *Balancing the Future*, p. 3.

8 AICD, *Submission 14*, p. 1.

9 AICD, *Submission 14*, p. 3.

Equality citation for setting a target of 40 per cent female workforce by 2020, and increasing female leadership appointments in Australia over the last six months.¹⁰

1.14 The Australian Industry Group (Ai Group) notes that its members are employing a range of strategies to address gender segregation, including developing and implementing diversity and inclusion strategies with a focus on gender, and building gender diversity key performance indicators into the incentive programs for senior management.¹¹

1.15 The four major banks have set targets for women in management with Westpac on track to achieve gender parity among its managers in 2017.

1.16 Construction companies are piloting a range of initiatives to support gender diversity including flexibility initiatives, wellbeing initiatives and gender targets. BHP Billiton recently set a target of 50 per cent female employees by 2025 and is reassessing its recruitment and promotion practices to achieve this.¹²

1.17 Supporting and Linking Tradeswomen (SALT) is a not-for-profit network of female tradeswomen that began with seven tradeswomen in Wollongong in 2009 and now has representatives nationwide. Volunteer members have been touring western NSW and hosting workshops in schools to introduce young women to potential career pathways in trades. SALT President Ms Fi Shewring stated:

Jobs do not have a gender but there is an attitude in society that certain jobs are only done by men and we wanted to change that...¹³

1.18 TradeUP Australia is a not-for-profit organisation founded by electrician Ms Sarah-Jayne Flatters to empower, inspire, inform and mentor women in pursuing careers in traditional male-dominated trades.¹⁴

1.19 The *Women in IT Executive Mentoring* program was founded by Dell Australia in 2005 to encourage women to further their careers in information technology and recently celebrated its tenth anniversary.¹⁵

1.20 BPW Australia encourages its clubs to mark Equal Pay Day with events that raise community awareness of the key challenges to gender equity. For example, in September 2014 BPW Joondalup brought together politicians, employers, educators,

10 WGEA, *6 Ways Employers are Raising the Bar on Gender Equality*, cited in Australian Chamber of Commerce and Industry, *Submission 30*, p. 22.

11 Ai Group, *Submission 11*, p. 8.

12 Natalie Galea, Adam Rogan, Abigail Powell, Louise Chappell and Martin Loosemore, *Construction Industry: Demolishing Gender Structures*, UNSW, December 2016.

13 Melanie Pearce with Gavin Coote and Julie Clift, 'Female tradies giving women and girls confidence with skills and broadening career horizons', *ABC News online*, 30 March 2016, <http://www.abc.net.au/news/2016-03-30/female-tradies-giving-women-and-girls-confidence-with-skills/7284616> (accessed 2 March 2017).

14 Economic Security4Women, *Submission 7*, pp. 4–5.

15 Dell's *Women in IT Executive Mentoring (WITEM)* program, <http://www.dell.com/learn/au/en/aucorp1/corp-comm/witem-au> (accessed 2 March 2017).

parents, students and the wider community to discuss strategies to encourage girls into non-traditional occupations.¹⁶

1.21 Steel Heels was founded by accountant Ms Sharon Warburton, a panel beater's daughter from a tiny WA coastal town, who was the first member of her family to attend university. Sharon has built a membership organisation for women striving to reach leadership roles in traditionally male-dominated industries such as construction and mining. By sharing success stories, toolkits, seminars and networks, Steel Heels has created a pool of resources to assist women to overcome barriers to reaching management levels in non-traditional industries.¹⁷

1.22 PROGRAMMED has adopted a 'Male Champions of Change' approach to achieving gender balance and addressing bias at all levels of the business, including setting a target for women in leadership positions.¹⁸

16 Economic Security4Women, *Submission 7*, p. 5.

17 Economic Security4Women, *Submission 7*, p. 5.

18 PROGRAMMED, *Submission 31*, p. 7.