



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

Reference: Pay equity and increasing female participation in the workforce

THURSDAY, 4 DECEMBER 2008

CANBERRA

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS
Thursday, 4 December 2008

Members: Ms Jackson (*Chair*), Mr Haase (*Deputy Chair*), Ms Bird, Ms Hall, Mr Hartsuyker, Mr Hayes, Mr Laming, Mr Marles, Dr Southcott and Mr Symon

Members in attendance: Ms Bird, Mr Haase, Mr Ramsey and Mr Symon

Terms of reference for the inquiry:

To inquire into and report on:

Pay equity and associated issues related to increasing female participation in the workforce including, but not limited to:

- The adequacy of current data to reliably monitor employment changes that may impact on pay equity issues;
- The need for education and information among employers, employees and trade unions in relation to pay equity issues;
- Current structural arrangements in the negotiation of wages that may impact disproportionately on women;
- The adequacy of recent and current equal remuneration provisions in state and federal workplace relations legislation;
- The adequacy of current arrangements to ensure fair access to training and promotion for women who have taken maternity leave and/or returned to work part time and/or sought flexible work hours; and
- The need for further legislative reform to address pay equity in Australia.

WITNESSES

HERON, Ms Susan, Chief Executive Officer, Australian Institute of Management, Victoria and Tasmania1

Committee met at 11.08 am**HERON, Ms Susan, Chief Executive Officer, Australian Institute of Management, Victoria and Tasmania**

ACTING CHAIR (Mr Haase)—Welcome. This is the 11th public hearing for the committee's inquiry into pay equity and associated issues related to increasing female participation in the workforce. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as a proceeding of the House of Representatives. We have received your written submission to this inquiry. Do you wish to present any additional submissions or make an opening statement?

Ms Heron—Thank you. If I may, I will take the opportunity to do both. Firstly, I would like to address our submission from four points: one, why AIM is focused on boosting the retention of women in the workforce; two, information surrounding the poor participation of women in the workforce; three, engagement with the business sector; and, four, solutions to better connections with the business.

The reason that AIM is focused on the retention of women in the workforce comes from straight economic rationale. There is a very important issue coming up—it is the business imperative and it is linked to an ageing workforce and long-term skill shortages. Australia is very lucky to have a wonderful resource, very well-educated and highly skilled women in its workforce, and as a nation we are not getting the right return on that investment. It is a straight economic outcome. If we were able to engage this wonderful resource better in terms of employing them for an outcome for this country, a country that is facing a relative decline in workforce population and skills shortages, then that would have a lot of benefit within our shores. In relation to pay equity and long-term issues such as superannuation, this is something that should be addressed.

Secondly, we have a lot of information about the problems and the issues surrounding the poor participation of women in the workforce. This committee, I know, has seen the research developed by the EOWA and insights for the Sex Discrimination Commissioner. If the committee would allow, I would like to table a report that AIM released just this week.

ACTING CHAIR—Yes, you may. As there are no objections, the committee accepts that as an exhibit.

Ms Heron—While I will not waste the committee's time, because I feel that we can have a good discussion about the details of the report, what I would say is that this report was a very interesting survey. We had over 3,000 respondents—55 per cent male and 45 per cent women. It showed that 87 per cent of respondents said that we do need to do more to retain women in the workforce. Emerging as one of the major issues was flexible working arrangements. So there is a lot of interesting data in there, and I would ask the committee, when it has the appropriate time, to look at the report because we believe it will be very helpful.

The third point that we know is that the business sector is not fully engaged on this issue, despite the research. This committee, I believe, is probably set up in response to that. We know

that business is not doing well enough in terms of its retention and its advancement of women in the workforce, and we believe that, over time, the realities of the ageing workforce and the critical skills shortages are going to lead to a change in the marketplace and will result in greater participation. But we have the opportunity to do something now, and we think it is a great opportunity to show leadership from the Australian government.

We have an interesting situation where we have a scenario of a downturn. We would say that this actually provides more impetus. We should not be scared. This is when we should be engaging with organisations in Australia for them to show some leadership. In a downturn, we do not want them pulling away, we do not want them not investing and we do not want them facing up to this, because we need Australian organisations to be ready in an upturn. We do have some pacesetter organisations, and I think they are the ones that can be better engaged.

As to a solution, we feel—and we have premised that in our submission to you—that too few Australian companies are actively engaged at the moment. And there is a gap between the research and the information awareness that is being done by various organisations, such as the EOWA and other government bodies. We have to come up with practical solutions. The recommendation that we have put in front of you is that we would hope that the government would give serious consideration to the establishment of an independent company to connect with industry. The idea is to connect, engage and get some solutions. We suggest that the company would be small in scale, led by a CEO with a strong business background, and have a board that would be balanced by government and industry representatives. While we believe that this independent company could work with organisations and undertake its own research, it has to be absolutely focused on providing practical solutions and getting some outcomes.

Why we suggest that it should have a combination of government representatives and industry representatives is that you actually need to get organisations involved—and I speak as someone who comes from quite a diverse background, having worked for a number of organisations, both international and national. You need to understand the language, you need to understand the drivers and you need to be able to engage the key personnel who are going to make the change—and that is from the chairman of the board all the way down through the senior executive ranks. So it would be an organisation that would engage at the senior level to have practical outcomes. I think that would be a real benefit for what this committee is trying to achieve and what the Australian Institute of Management would support.

ACTING CHAIR—Thank you. A number of our members—are going to have to leave here at 11.30 am, but we have created a subcommittee to allow this hearing to proceed should we need to do so.

Ms BIRD—I offer my apologies upfront. The Prime Minister will be making a statement at 11.30 am and it was unexpected. One of the interesting observations that I have made—and I note in your table you list the major contributors—is that, if you go up the age group, the comments on the male oriented working environment being an impact is significantly increased. It has often been discussed in terms of the film industry, but it seems to me that it is fairly common. We still have in our society, and therefore in our workplaces, a view that, as men get older, they get more effective and efficient and are promoted; whereas, as women get older, they are seen as less an attractive proposition. It is interesting that the older women in this survey indicate their concerns about the male focus of their environment. I was wondering whether you

have done any work on the views of senior women because, if there is an ageist element applying here, that would be—

Ms Heron—Specifically, no, but I would address it in the following way. Why we have submitted what we have is that we actually want a change in the approach. We want an approach that could, if it is done in a good way, eliminate a lot of this discussion—and I think this is extraneous noise in some ways. That is why we have said that it has to be an economic approach. There is economic rationale for this. I think organisations should be engaged on that basis, regardless of its industry or its size. Take my organisation. I am interested in long-term growth and profit. I am interested in how I get the best return on the skills I employ—and I do not care whether they are male or female. That is why we suggest that the conversation needs to go to a different phase. It needs to be put on the basis of economic rationale. If business Australia had to invest in education and had this wonderful resource—50 per cent women; 50 per cent of the graduates; highly educated—and you turned around as a business and said, ‘Are you happy with your return on investment?’ the answer would be a unanimous no. That is how I think it needs to be put to them.

In terms of the ageing workforce, we actually have great opportunities because we do have people who are coming into the workforce and understand that these aspects need to be changed. Part of our survey showed that younger men and women are quite unanimous in how this needs to be done. This is why there is a good opportunity to start engaging with them—because, as they become the decision makers and the influencers, you have already done the hard yards.

Ms BIRD—In terms of the organisation that you are suggesting, my understanding—and correct me if I am wrong—is that what you are acknowledging is that current government bodies, such as EOWA, are really good at gathering the story for us but there is not actually an action arm, a capacity to engage. We have had evidence from some other organisations that were working with large employers, doing business assessments on where the problems are and providing ideas for them. Their indication to us was that they find a lot of bigger businesses now are very engaged with that and happy to employ them to go in and do this sort of work, but it is very difficult to get down into the medium and small businesses, which are often more likely, because of their dispersion in our country, to employ a significant proportion of women. I am just interested in your observation on that?

Ms Heron—I think you are absolutely right. Firstly, in terms of the EOWA, I think that they have provided great information—but it is the practical solution. I also think that when you set about addressing an issue—if you believe that that is the issue—you have to have the right skills there to do it. You have to have the right people involved. Larger companies have the ability to do something. Whether they are doing enough is the question that you need to ask—and, again, come back to the economics.

With the SME base, Australia’s business is really predicated on a very strong SME base. Certainly, as we go into a downturn, that is something that the Australian Institute of Management is looking at very closely, because we need a vibrant SME base—and they are very big employers. What they will need and what they look to is clarity in communication—reasons to do something. We have seen in various surveys that we have undertaken—for example, in relation to the IR under the previous government and the emissions trading scheme—they seek,

they need and they require clarity in communication and they look to the government, mostly, for direction.

It is a way of giving them that support and the understanding that it makes sense but also showing them how. Because they are time poor, they will not come to the conclusion themselves; you have to help them make the decision, and it has to be a decision that is supported not because it is a fair or right thing to do—take that aside—but because it is good for their business outcome. That is their imperative.

Ms BIRD—Governments over many years have rolled out small business adviser programs. Would you see this as a useful priority task to also give to those small business advisers who work very closely with small businesses?, They provide advice on all sorts of things, but I do not think this issue has actually been put on the board for them.

Ms Heron—Our premise is that it has to come from a business outcome/strong economic rationale. I think it needs to not be a piecemeal approach. I think it needs to be in the broader package so that people understand and there is relativity to it. I also feel that, if this were to work correctly, you will have the pacesetter organisations and their achievements cascading down and, if we could engage those larger organisations in the right way, they would be drawing those larger companies into these decisions and these outcomes. It could be that they turn around on the back of the government initiative. It could be that it is how you reward in terms of a business sense—so that there actually becomes an economic imperative in and of itself that it is good business to do that for the particular business and how you actually do it engaging with others. I would suggest that, to make this piecemeal, would detract from the economic impact.

Ms BIRD—I was not thinking piecemeal; I was thinking more that you would have a national agenda. But I am thinking of some of the smaller towns, where you are not going to have a large employer there to lead by example, but you do have small business advisers working those areas. If you are going to have a national agenda, you need a voice to take it through.

Ms Heron—I see what you are saying. So they would then access it and take it out. I think that would be a good way. It is really about communicating a sound base.

ACTING CHAIR—Is there a clear view in your organisation of something that ought to be on the agenda of such a government agency or body that you have in mind that would be instrumental in returning more women to the workforce? Is there something that you are not telling us?

Ms Heron—The short answer is no. I think that one of the best ways to do this is to make people feel comfortable. So I would say that one of the first and primary roles of this agency would be to establish the right lines of communication. We need to do this in a way that we engage and talk in the same business language.

I would suggest this government would need to have the seniority to engage, with full and frank conversation behind closed doors, with the respective chairs and the CEOs. If you were to ask me, ‘How would you do that?’ I think it would need someone like the Prime Minister to turn around and say, ‘This has got my full backing’, and the doors will open. Then I think we would need to start filling in the gaps substantively, and we would engage with other institutes or

organisations. We need to actually show that there is statistical relativity to this, and I think that that would need a lot of work.

ACTING CHAIR—Would it surprise you to hear me say that I am surprised that this is not on the top of the agenda for the Australian Institute of Management and a role that you would quite naturally assume yourselves in the interests of the productivity of your membership?

Ms Heron—It is one that we do pursue, quite frankly. I have been CEO of the Australian Institute of Management for four years. In that time I have taken the business from a \$5,000 surplus to, this year, a surplus in excess of \$2.3 million—and that is in four years. We are very aware of it. We have established our business credentials and we speak to people as running a business, and this has been our agenda for the last four years—that it does not make sense to not engage on an economic basis.

ACTING CHAIR—I would suggest the work you have been doing is reflected in the changes. You would probably suggest that the changes have not been sufficiently extreme in the period of time, but the latest report I saw, which was presented to us quite recently by Alcoa, indicates that flexibility in the workforce is the greatest hurdle that needs to be overcome to ensure that that 50 per cent of the population resource is part of successful companies' resource. I am just not sure if this ought to be an arm of government. We had put to us at the last hearing a proposition by a group who are very, very concerned about afterschool care for children. I was personally impressed and I thought that was a very constructive move to make that would remove one of the substantial hurdles for women with children to be in the workforce, because sometimes, as flexible as a workplace may be, it is simply not possible to have half the workforce knock off at three o'clock to go home to children.

Ms Heron—That is so true.

ACTING CHAIR—Those very practical propositions are of course of great value to us. Because, rather than making recommendations for the future that we set up yet another watch, I personally would like put into this report substantive evidence and information in recommendations that say: if we do this industry out there believes that we will make a difference to female participation.

Ms Heron—Just to pick up one point: the flexibility in the workplace is completely echoed in our survey as well. But I might pick up your point—that is, about Alcoa and other larger organisations—and, I might say, in my workplace that is something that I do as well, but on an SME basis they actually need to understand why they would do it. There is a role for communication education and, I think, active reward for it. I also suggest that this organisation, if it were set up, has to have tangible outcomes, and they need to be shaped. This should not be an organisation or a company that will be set up just to do a survey. It has to have some practical outcomes. It could be that as part of this committee it is actually a focus or a lens for those practical outcomes. But I go back to what I was saying: we need to actually make sure that the economic rationale and the business imperative for this are really understood and we as a nation substantiate it.

ACTING CHAIR—As Ms Bird and Mr Symon have to leave, we are now in subcommittee.

Mr RAMSEY—I was just looking at the survey of all levels of management, including senior and middle management. Right upfront, 87 per cent think that more should be done to retrain Australian women in the workforce. Presumably this is because as managers they recognise their worth, and I would fully concur with that. You have touched on it: if 87 per cent of our managers recognise the worth of women in the workforce and they are underrepresented, why don't they just fix it?

Ms Heron—That is an interesting one, and that is why I think we do need something—because awareness does not lead to action, necessarily, and action can be delayed. That is why I also pointed out before that I thought that some of the conversations that needed to be had needed to be had at those senior levels and behind closed doors. So there is that, but this is where we actually have to approach it, I would say, on a deeper level—the institutional approach to how you look at this. So we have a lot of surveys. We have put one there. We have a lot of people saying, 'It's not fair; it's not right.' But, really, these are businesspeople, and there has got to be a compelling—

Mr RAMSEY—But businesspeople are saying that they recognise the value and then they do not do it. I find that difficult to understand.

Ms Heron—As I have said, yes.

Mr RAMSEY—You would think that when you recognise a good resource you would say, 'I want that person; get them here on my staff,' and that you would make it happen.

Ms Heron—And, as a woman, I would hope that that would be happening too. But it is awareness and action. That gap we recognise. That is where we think the government has a great role in actually making the action the imperative.

ACTING CHAIR—Do you believe that there are social values that are perhaps at the root of this? Further, do you believe that industry should reflect social values and accommodate social values, or do you believe that industry should be contributing to the shaping of social values?

Ms Heron—We talk about it as corporate endurance. It is the triple bottom line: economic, social and—

ACTING CHAIR—It is telling that you use the word 'endurance' rather than 'enjoyment'.

Ms Heron—Well, it is, because companies should be there for the long term. This is the interesting role that companies have: they are a product of society but they have to actually contribute to society, and I do think that, at the more senior levels, there will be, in some companies, a real belief that they are doing a lot. And some are. But it is not something that is being adopted in a way that I think is actually giving a good return for the country. So that is why our suggestion is that it needs to be done on a basis that tries to remove the emotion of this—the fairness of this—but comes out and consistently talks about an economic outcome and the business rationale, and therefore does have, I believe, some key outcomes that are going to be able to be associated with it. It should only be done if the KPIs for what we are suggesting can be identified and can be achieved.

ACTING CHAIR—It is not up to me to anoint or otherwise your view and your submission but, from a personal perspective, I am very conscious of the debate so far being driven by simply the demand for equity. In saying that, my personal view is, for what it's worth, that the inequity exists not simply because of any desire to maintain an inequity, but because so many women, once they have had children and once they are married—and many will say it is a sexist comment—see the operation they are working for as less important than their spouse, children, home environment or whatever, and they love the flexibility provided by the workplace today, and increasingly so. I believe the consequence is that, in any position, over a period of 12 months, the average woman in that job will earn less than a male because the focus is different; she has a different priority for the commitment to the company. I believe that—and I think you possibly agree with me, and I would like to hear you expand on it further—we have got to take the debate away from simply being one of difference in gender and, through another means, convince women that they are potentially part of the success of industry Australia and have a great deal to contribute. It is no longer a question of gender, it is a question of, 'We need you in a job, contributing to this nation's wealth.'

Ms Heron—You are talking about engagement.

ACTING CHAIR—Yes.

Ms Heron—It is right. You are right, but, when we are talking about this as an economic imperative, it comes down to that family unit as well. There are very few houses these days where the husband and wife are not working, so they are an economic unit in and of themselves. What we are suggesting is not related just to women; it actually has benefit to that economic unit. I think that, if we are talking about this, there is a justice in it, so that fathers can benefit from this, from flexibility, as can women. But it is about ensuring that, when these skilled resources come back, they are contributing and they are able to keep contributing and that they are engaged, so I agree with you that we do need to do something along that line.

ACTING CHAIR—As there are no further questions, is there anything that you would independently like to further contribute, Susan?

Ms Heron—No. I just want to say to the committee that we really do appreciate the opportunity to come and talk to you. This is something that is, as I have said, very clearly on our agenda for the Australian Institute of Management. In fact, I would suggest that it is something where, as we go forward, the institute could work with whatever outcome may be achieved, because we are representatives. We are the largest management association in Australia. That, I think, makes us a great conduit to work with.

Mr RAMSEY—Just before we go, Susan—and Barry and I do have to go, I am afraid—we do not have time to open up the whole issue, but, on the imbalance you discussed in superannuation, do you actually have a recommendation on what we should do with superannuation, or are you just flagging it as an issue?

Ms Heron—No, I am flagging it as an issue. We did not have the time to go into it, but we do need to be very careful that we do not create a new class of disadvantaged, and that is something that really does concern us.

Mr RAMSEY—Okay, that is fine.

ACTING CHAIR—Thank you, Susan, for your attendance here today. If you have been asked to provide any additional information, would you please forward it to the secretary. We may also have additional questions following this hearing, which the secretary will forward to you for your response. You will be sent a copy of the transcript of your evidence, to which you can make corrections of grammar and fact. I thank you sincerely for being here today with us, and I apologise for the disruption. With the closing of the House, a number of things are happening.

Resolved (on motion by **Mr Ramsey**, seconded by **Mr Haase**):

That this subcommittee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 11.38 am