



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, 19 MARCH 2009

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS**  
**Thursday, 19 March 2009**

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

**Members in attendance:** Mr Haase, Ms Jackson, Mr Ramsey and Mr Symon

**Terms of reference for the inquiry:**

To inquire into and report on:

The causes of any potential disadvantages in relation to women's 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**

**SHORT, Dr Christine Elizabeth, Private capacity ..... 1**



**Committee met at 11.22 am****SHORT, Dr Christine Elizabeth, Private capacity**

*Evidence was taken via teleconference—*

**CHAIR (Ms Jackson)**—This is the 15th public hearing for the committee's inquiry into pay equity and associated issues relating to increasing female participation in the workforce. I welcome Dr Christine Short. 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 proceedings of the respective houses. I would also like to advise you that these proceedings are being webcast. We have received your written submission and I thank you very much for that. Are there any additional submissions you would like to make, or an opening statement, before we start asking some questions?

**Dr Short**—No, I think the submission summarises my feelings.

**CHAIR**—I have lots of questions for you. I was particularly interested in your comments, and I will try and deal with them sequentially, on the difficulty you had particularly with the way the ABS structures its questions on what sort of coverage exists: awards, non-awards, agreements formal and informal. Could you expand on that and get a bit more of a view about what you would prefer the ABS to be collecting?

**Dr Short**—The major problem is that they now identify what used to be seen as over award payments, where small employers in particular used to use the award and then say, 'I'll just pay a little bit more than that' or 'I'll give them a slightly different condition'. The ABS now records that as an individual agreement that is not related to the award. It therefore downplays the influence of awards in wage decisions.

**CHAIR**—So you would much rather have the old definition of, for want of a better description, 'over award payment'?

**Dr Short**—Yes. The problem is that researchers and politicians, I assume, consider that awards are not important anymore. They look at the ABS statistics and they say that something like 20 per cent are now covered by awards, but in fact the influence is much greater than that.

**CHAIR**—Moving through, I was interested in your advice about the structural arrangements in the negotiation of wages and how they impact disproportionately on women. I was, I have to say, shocked, because I understood you to be saying that of the sample you looked at in Western Australia, women achieved only half of the equivalent wage increase that men achieved over the 13-year period of your study?

**Dr Short**—That is quite correct.

**CHAIR**—You talk about the need for a new form of adjustments to awards to bring these rates closer to the rest of the marketplace. Can you explain to me what you mean? Legislatively we have gone to this structure of award safety nets. You are talking about something much closer to a—

**Dr Short**—A minimum wage adjustment—which we used to have some time back, which was a process of bringing awards up closer to a market rate. What I believe has happened now is that after all those years of adjustments below the inflation rate, essentially, and market rates going in quite a different direction, we now have a much bigger gap between what people get paid on awards and in agreements. That quite clearly is not equitable for women, who rely on awards above all.

**CHAIR**—I must admit there used to be, in the wage fixing principles—sometime, maybe the early 1990s—the minimum rates adjustment. Frankly, whilst there was some movement it does not seem to have had a substantially successful outcome for any groups of women workers. I think that ties in with your suggestion that you cannot leave these wage adjustments up to unions to pursue.

**Dr Short**—I am afraid so, yes. The problem is that women so often work in areas that are not highly unionised, and the priority of unions is their members—and also their active members, because even when women are unionised they are either less active because of the part-time and casual nature of their employment, or they are perceived to be so.

**CHAIR**—I understood you to be saying that you actually see that some of these wage applications should be able to be pursued by the commission—either the Industrial Relations Commission or the Equal Opportunity Commission.

**Dr Short**—Indeed.

**CHAIR**—That is a very large change from existing practice.

**Dr Short**—The commission has had some role in modernising awards with looking at rates. I have certainly been a party to commissions having a look at those issues to make sure they are equitable and that they have actually been adjusted recently. For example, I have been part of a process where we modernised awards in WA, and some allowances had not been adjusted in 20 years. But the commission was more than happy to do so.

**CHAIR**—I am suggesting to you—and I would be interested in your feedback—that that is a radical departure from the direction of wage setting in Australia, at least for the last 15 years.

**Dr Short**—It is, but the Queensland pay equity legislation does allow some of that possibility.

**CHAIR**—And that was the one you considered to be the best in the country?

**Dr Short**—The people I talked to did. You must remember that my thesis was reporting the views of stakeholders in the industrial relations system—wage setting.

**CHAIR**—I want to flesh out some of your comments about information and education about the pay equity gap. We have had some interesting research given to us by the Diversity Council that is consistent with what you are saying—that is, most people are not aware of a pay equity gap and, if they are aware of it, they assume it is simply because women are more likely to work part time.

**Dr Short**—That is right.

**CHAIR**—Is it your view that it is not about part-time work?

**Dr Short**—Quite clearly it is not. The figures about pay increases that I was looking at over the 13-year period were the ones applied to full-time workers. The pay equity gap I was looking at was always about full-time workers, not part-time workers. I would go to see each stakeholder I interviewed. I gave them a graph of the full-time earnings of men compared with women, both for Australia and for WA. The great majority just looked at it and could not believe it, apart from union officials. Even commissioners were really surprised at the magnitude of the gap.

**CHAIR**—The Diversity Council's research went on to say that when people became aware that there was a gap they believed it ought to be corrected or addressed. Is that the view of your stakeholders?

**Dr Short**—The great majority, yes. The occasional one did debate women's different behaviour in the workplace, about leaving the workplace and coming back again because of children, but it was a fairly minority view.

**CHAIR**—The other aspect of your study that I found interesting was women's access to training and promotion. Can I assume from what you have said that you are still talking about full-time women workers in that context?

**Dr Short**—Yes, I am.

**CHAIR**—So even full-time workers were not able to access training and promotion to the same extent as their full-time male colleagues?

**Dr Short**—The stakeholders I interviewed and the research I reviewed both said that quite clearly—that it was around the perception that investing in women is less valuable than investing in men or that management jobs are more suited to men.

**CHAIR**—It is a bit like they used to say in the fifties—that it was not worth educating girls. There are still many of us on the committee who are still searching for all the reasons for a gender pay equity gap. Given what you have said, we can put some of it down to training and promotion, but can you flesh out, from the Australian context and what you have done, what you would consider to be the main factors contributing to the pay equity gap.

**Dr Short**—It is really about vertical and horizontal pay equity. If you are looking at horizontal pay equity, it is about the value put on occupations in which women predominate and in which men predominate. Social values, for example, decide that a man working as, for example, a builder's labourer, should get the same money as a woman working as a teacher—in fact, less. The same applies to metalworkers. When you look at the qualifications and conditions under which both work, it is again a value judgment that has been made by commissioners and parties in the Industrial Relations Commission, and the people whom I interviewed made it quite clear that they felt they were party to the perception of and value put on occupations that are predominantly worked in by men and those predominantly worked in by women.

Vertically, the problem is the idea that women are not going to stay in the workforce or are going to be unreliable because of their second, unpaid, job at home. There was a feeling among the people I interviewed that women were not promoted because of that. Interestingly enough, the research shows that this promotional effect is usually greater in larger firms and organisations.

**Mr HAASE**—Could you endeavour to flesh out some of the thoughts you have had as to the solutions. Why doesn't society place a greater value on the work contribution and why don't we reward that contribution at higher rates? Why is society so consistently locked up in the belief that it can, in an employment situation, get away with paying a woman less? We have our views on that, but none of those views at this stage have pointed to any sort of process to turn that around. Have you, in your deliberations, had some thoughts on that?

**Dr Short**—This is a very difficult area. The fact is that it is changing very gradually, but glacially. If you look at the statistics, with a three per cent change in the 13-year period I looked at, that is a closing of the gap of only three percentage points for Australia but in fact a widening of the gap in your state, WA, by considerably more than that. The issues, I think, are really the ones that you were trying to get at with your headings. No. 1 is awareness. People really do not realise and do not recognise the problems out there. We need to make that much better known. In schools we need education on this area. I think young women making choices about occupations are not aware of these problems. When I talked to my 18-year-old daughter, who was 11 when I started my thesis, her friends were definitely not aware of the problems still out there for the workforce. They felt that they were going to be treated equally.

I also think that an awful lot could be done in the industrial relations legislation and structure itself and, above all, I think we need to go back and have a focus on awards and bring them closer to market rates. I think that it is appalling that we are clearly discriminating against women and, for that matter, people of ethnic backgrounds and people with disabilities, who rely on those awards.

Also, allowing someone apart from unions, such as the commission, to look at poorly paid award areas and do something about them would definitely help—and equal opportunity commissions, too. Another thing, which the Queensland government provided and which I did not mention here, would be to fund unions to take those sorts of actions. There has been very little of that nationally.

**Mr HAASE**—Certainly I am not asking you to comment about justification because I seriously do not believe there is justification for the traditional low payment for those activities where women are predominantly employed, but parties would argue, I believe, that the payment is low because society undervalues, perhaps, the services provided in some of those areas. Has it crossed your mind to contemplate how those public attitudes might be changed to place a greater value on those services? We have discussed in this forum previously that caregivers both in child care and in aged care are traditionally notoriously underpaid, and as a consequence there are very, very few males employed in those areas because—as I have been criticised for asserting previously—males are recognized as being responsible for providing for a family and women are not. To turn that around is our task. If you have something to contribute there, we would be greatly appreciative.

**Dr Short**—Again, it is talking about behavioural change. That is the crux of the problem: the social value part of it. I think it has to be education and it has to be awareness. Those are the two things that go towards making cultural change. There is no doubt that any job that has a connection to caring is undervalued, and that is right across the world. It is not unique to Australia. American studies point it out as well. Teaching and even administrative jobs, the old secretarial jobs, were seen as being caring as well.

**Mr HAASE**—So in fact it crosses the cultural divide, you assert.

**Dr Short**—Yes.

**Mr HAASE**—Internationally it is the same—

**Dr Short**—Yes.

**Mr HAASE**—regardless of the culture. It is possibly much worse in some. Without knowing, I would assert that in some cultures where the female is extremely devalued the work that females perform is hardly rewarded at all. So I am sure that there are international situations where the situation is worse but it is general, you assert?

**Dr Short**—Definitely. The international literature makes it very clear.

**Mr HAASE**—Are there any outstanding exceptions that you know of?

**Dr Short**—The Scandinavian countries are the ones that have better gender pay gaps. It really comes down to family and who cares for the family. I guess we could go into the fact that Scandinavian countries actually provide very good childcare options for families and indeed make sure that fathers can take those up, though I gather the research shows that fathers do not do so as much as women. But it is that final sharing of the responsibility for bringing up children that will make the difference.

**Mr HAASE**—I agree with you wholeheartedly. In fact, if we were being particularly deep we would probably look back to the period where the male went off and defended the realm and the wife and mother stayed home and looked after the children and the hearth. As we move down the path away from that situation, I guess we will better address the pay equity gap and arrive at a solution one day. Our work hopefully will make a major contribution to that. Thanks for your answers, Christine.

**Dr Short**—Thank you.

**Mr SYMON**—Christine, I want to ask you about your comment in your submission about the structural arrangements, meaning EBAs, and the effect they have had on the increase in pay for women over the last 13 years, particularly the figure you have there that they achieved half of the increase that men did over that period, from your sample. Was that magnified in one area more than another, or was that just seen to be an average across the whole lot, so that the same issue came up from one industry to another? Could you comment on that, please?

**Dr Short**—Generally speaking, women were just paid less. Teachers perhaps did slightly better in Victoria, when I looked at their rates. Public servants came out with the lowest rates of all over that whole period. That did not vary so much between men and women, but the increase in pay over the period that I looked at was probably worse for public servants. Generally speaking, women got between 40 and 51 per cent increase in their wages in that period and men got 80 to 100 and—let me get to the right page. The mining industry, of course, was out of sight. We are talking about a 228 per cent increase.

**CHAIR**—But that 228 per cent increase would have applied equally to women in the mining sector and to men.

**Dr Short**—Indeed, but there are so few women working there that it makes little or no difference.

**Mr SYMON**—If that is the case, and I do not doubt those figures, was it better under an award-only system where there were increases? Has being under an EBA system actually increased the gap?

**Dr Short**—Yes.

**Mr SYMON**—So, really, the three per cent you found over those 13 years of study could actually be going the other way—

**Dr Short**—No.

**Mr SYMON**—rather than a three per cent improvement? Would that suggest that maybe it is actually becoming bigger?

**Dr Short**—The gap became bigger for WA, but nationally it decreased by three percentage points. If we had stuck to an award system, we might have got somewhere close to 90 per cent—99 or whatever—but going to an EBA system made things worse and going into individual agreements made things worse again. My period of study only just started going into individual agreements, but you could see it was getting worse.

**Mr SYMON**—So it is really a case of the strong getting stronger and the rest being left behind when it comes to that area of negotiation?

**Dr Short**—It was also about the commission being able to make the change—the commission being able to say, ‘This is what we’re giving women across the board’—and not relying on the parties to apply for the increases or to agree on them.

**Mr SYMON**—That leads me into a question I want to ask. On the last page of your submission, you suggest that there should be ‘a legislative requirement that workplace agreements be true workplace agreements’ and cover every employee in the enterprise rather than just some. Probably every place I have ever worked has had agreements for some people and not necessarily, as you say, for those who do the office work, for instance.

**Dr Short**—The stakeholders I interviewed clearly felt that women—for example, clerks—having a separate agreement or not being part of the EBA at all did not help at all.

**Mr SYMON**—I presume that, as the years go by, that magnifies as the outside workers, to coin a phrase, would renew an enterprise agreement every three years, let us say and probably get an increase above the inflation rate.

**Dr Short**—That is right.

**Mr SYMON**—Did you talk to anyone who was in the office in that situation? What was their comparative rate? Did it fit into those averages we spoke about before?

**Dr Short**—I did not talk to individuals working in those situations but I did, for example, talk to employer representatives of that sort of clerical industry. They too felt that they were treated very poorly.

**Mr SYMON**—Finally, do you have a suggestion for a system that could be implemented by the commission as it stands at the moment, or Fair Work Australia in the future, that would be able to pick up and resolve that issue? You sort of leave it hanging in the submission and I am interested to hear your ideas on it.

**Dr Short**—Workplace agreements, when they first started off, were meant to cover everybody in an enterprise, but it has been a feature less and less. Throughout the whole period of enterprise bargaining agreements, more and more separations seem to occur. I am going through a year's worth of agreements, and I can see it in them. The men's agreements would all start earlier. Some agreements would include clerks; then the clerks would seem to go out. I am afraid to say that some of the responsibility for that was the union's.

**Mr SYMON**—Undoubtedly. As you said previously, the unions go in there to represent their members in these negotiations. I think it then comes down to: what about those that are not represented? It would appear from your evidence that they have gone backwards at quite a rate.

**Mr RAMSEY**—I am sorry if I ask a question that was asked before I got here. I am interested in why we have such a disparity between Western Australia and the rest of Australia. This came up in a hearing only a few weeks ago when we heard from the Western Australian Pay Equity Unit. The conclusion most of us would jump is: it is because of the predominance of the mining industry in Western Australia. But they disputed that. They said the mining industry was not that big a part of the overall sector, but they could not explain why Western Australia was achieving worse results than the rest of Australia. Do you have anything that could throw any light on that?

**Dr Short**—I think the mining industry does have an effect, although I am not sure about the magnitude of it. When you do the regression analysis, it is clear that industry effects are very big in WA. However, it is not the cause of the full gap. We are still only talking about maybe a percentage or two. What is clear from talking to the stakeholders I talk to and looking at research is that WA went into an individualised system earlier and deeper than any other state and that people felt they could pay below award wages. That was allowed under the previous Liberal government there, not the current one. The research shows that, even when Labor came in and changed things, employers still felt they could pay below award wages and indeed continue to

pay people on rates that were probably illegal. So there was a mentality about how much you paid, particularly in hospitality, cleaning and those sorts of industries, where women tend to predominate. WA is a state with a lot of migration and there is also the feeling from my stakeholders that a lot of the migration is from countries that perhaps value women's contribution to the workplace less than other countries do. Those three factors come into play.

**Mr RAMSEY**—Could you identify on a timescale when this divergence from the rest of Australia began to show significantly?

**Dr Short**—The divergence actually showed up just a little before the Liberals came in.

**Mr RAMSEY**—Do you mean the state or the federal regime?

**Dr Short**—I am talking about the state.

**Mr RAMSEY**—Okay.

**Dr Short**—It happened around 1992. I do not think the government came in until 1993. There were two effects there, and when I looked at that period a lot of it seemed to be about awards and agreements not being very delayed, particularly in the public sector, at that time which would have affected the teachers I was looking at.

**CHAIR**—Was that at a time when most Western Australians had their awards regulated by the state system and not the federal system?

**Dr Short**—Yes, definitely. This business of paying people below award wages did not assist. You can see it has just kept on going down ever since. It is that mentality I think that said that we could pay less.

**Mr RAMSEY**—In another area, one of your recommendations is that you would like to see companies required by legislation to conduct pay equity audits of not just wages but also promotional opportunities, training provided and recruitment results. In answer to an earlier question, I think I gleaned that you think the way forward on this problem is an educational process. Do you anticipate that once companies have completed an audit a compulsion will be served upon them or is this just part of an educational process?

**Dr Short**—It would be nice to have a compulsion, but I cannot imagine it getting through the parliament—but you are the experts on that one.

**Mr RAMSEY**—Maybe, maybe not.

**Mr HAASE**—Surely not of the exact science.

**Mr RAMSEY**—I have only been in Canberra 15 months and we have not managed to get anything through parliament. We will just leave that as is.

**CHAIR**—You know that EOWA, the Equal Opportunity for Women in the Workplace Agency, requires companies—though I think 'requires' is the wrong word—to undertake the pay

equity audits. What do you consider to be a large company? Are you talking about 100-plus employees or a smaller number?

**Dr Short**—I think I would like to go smaller than 100, particularly considering where women work. Women have a tendency to work in smaller companies, so I would like to see it start at 50.

**CHAIR**—Have you done any further research on pay equity since you completed your thesis?

**Dr Short**—Only in bringing up the literature to date for an article that is going to be published in the *Journal of Industrial Relations* in the next month or two.

**CHAIR**—Do you believe there has been an impact on the pay equity gap as a result of the global financial recession?

**Dr Short**—I have not had a look at that. In fact, I have not even looked at the gap recently, though I was about to do that for NT today but I have not.

**CHAIR**—I just wondered because you said 1992 was when the gap started to—

**Dr Short**—Really fall out.

**CHAIR**—Yes, and that would coincide with the 1991-92 recession—

**Dr Short**—Good point.

**CHAIR**—and before then the changes in industrial regulation in Western Australia were in the 1993-94 period or a bit later. Are there any other questions?

**Mr HAASE**—We have done fairly well, I think, Chair.

**CHAIR**—Dr Short, I want to thank you very much for participating in today's hearing. I do not know if we have asked you for any additional information, but we may have some additional questions for you following today's hearing and, if that is the case, you will certainly hear from the secretariat, or, if there is additional information you think we should have, you could forward that to the secretariat. On behalf of the committee, it has been great to have you at the hearing this morning and I thank you very much once again for your participation.

**Dr Short**—Thank you for the opportunity to talk to you all.

Resolved (on motion by **Mr Ramsey**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 12.01 pm**