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Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

Reference: Pay equity and increasing female participation in the workforce

TUESDAY, 11 AUGUST 2009

CANBERRA

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS

Tuesday, 11 August 2009

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

Members in attendance: Mr Hayes, Mr Haase, Ms Jackson, Mr Neumann, Mr Ramsey

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

RITCH, Ms Emma, Manager, Close the Gap..... 1

Committee met at 6.35 pm**RITCH, Ms Emma, Manager, Close the Gap**

Evidence was taken via teleconference—

CHAIR (Ms Jackson)—Thank you very much for participating today. I have some formalities to go through before we get underway. I am very grateful for your participation. This is the 27th public hearing of the inquiry of the House of Representatives Standing Committee on Employment and Workplace Relations into pay equity and associated issues relating to increasing female participation in the workforce. I welcome to today's hearing the representative from Close the Gap, who is participating via teleconference from Inverness in Scotland. Ms Ritch, although we do not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the Australian parliament and therefore has the same standing as proceedings of the respective houses. I also advise you that, while these proceedings are covered by parliamentary privilege here in Australia, the protections and immunities of the Australian parliament do not reach beyond our borders. I should also let you know that these proceedings are being broadcast on the internet. We have received a document from Close the Gap dated 7 August. Is it the wish of the committee that that document be accepted as evidence and authorised for publication? There being no objection, it is so ordered. Ms Ritch, would you like to make an opening statement?

Ms Ritch—Yes, I would. First of all, can I just thank you, Madam Chair, and the rest of the committee, for hearing evidence from Scotland. I hope that some of what I have to say will be useful to you in your deliberations going forward. Close the Gap was established in 2001 as a partnership initiative of a number of organisations in Scotland, recognising the fact that the gender pay gap is an issue for women's equality in Scotland but also for Scotland's productivity. It is now 10 years this year since Scotland's devolved parliament came into being, and I think some of the constitutional settlement in Scotland is relevant as background to some of the work that we do, in that equality per se is reserved to the UK government by the Scotland Act 1998 but secondary legislation is possible and within the competence of the Scottish government. An example of that, which the government is currently considering, is how best to apply the specific duties on the public sector to proactively address equalities issues within Scotland, which form part of the single equality bill currently being considered by the UK government.

The work that Close the Gap does specifically at the moment very much centres around some of the business case arguments for equality, which is where the discussion around equal pay has been placed within the UK context. The work that we do very much ties in with the current Scottish government's economic strategy and the specific sectors that it has identified as being important to Scotland. Some of these are: science and technology; energy, with a specific focus on renewables, which Scotland has a huge amount of competence at; and other areas, including the finance sector, which has obviously been hit by recent global activities.

The work that we do is to build capacity within individual organisations and at a sectoral level to provide guidance to them and to help them meet their statutory obligations under current existing pieces of legislation and pieces of legislation that will come forward in the future. We also work with trade unions that are affiliated with the umbrella body in Scotland, the Scottish Trades Union Congress, and we work with them to try to enable them to work proactively with

business and to address gender pay inequalities that are found in individual organisations. That is a brief summary of what we do.

CHAIR—Thank you very much for that. So that I can be clear, did you say that you had been operating since 2002—seven years or thereabouts?

Ms Ritch—Yes. We came into being in 2001 and we were funded initially by European funding. We were a demonstration project. Our funding now comes from the Scottish government and we have been mainstreamed into the work of the Equality Unit.

CHAIR—Emma, have you kept detailed statistics or records by which you have been able to measure yourself, or you do measure yourself, and your effectiveness in terms of how much you have achieved towards closing the gap?

Ms Ritch—The national pay gap figure is one of the indicators that success is measured against. I am sure that you can appreciate the difficulty with that in that the headline pay gap figure is a lagging indicator and it is also an incredibly blunt tool for measuring progress. We do keep records of the responses that individual organisations and sectors have to some of the work that we do but because of the way that equal pay law is constructed companies are very reluctant to indicate that they have work ongoing because that then means that such activity could be discoverable by people choosing to take action against them. So it is very difficult in the UK context for companies to say, ‘Yes, we have a problem that we have not yet solved,’ because that then means they are opening themselves to litigation.

CHAIR—I am still a little confused about how you are structured. You talk about it being a partnership project. Are you an independent body or are you part of a Scottish government agency or—

Ms Ritch—We are independent and we are funded by the Scottish government through funding which is approved by ministers. But the project is steered by a group which is comprised of the Scottish government itself and a number of organisations including the Equality and Human Rights Commission, which is the statutory equality body that operates in the UK dealing with the equality and human rights; and the Scottish Trades Union Congress, which is the umbrella body for trade unions in Scotland; and Highlands and Islands Enterprise and Scottish Enterprise which are the two economic development agencies that cover the whole of Scotland.

CHAIR—Do you think that structure has been a significant advantage to you in the work that you have been able to undertake, or a disadvantage to the work that you are supposed to undertake?

Ms Ritch—I think that it has been an enormous advantage. We have no formal compliance role. That role is entirely reserved for the Equality and Human Rights Commission and the legislation that established them gives them specific powers in terms of investigating and then compelling organisations to act on equal pay and a whole range of other issues across all equality work. The benefit to us in having such a broad partnership is that businesses recognise that we come from a position of being interested in productivity as well as being interested in equality and so I think it gives us some credibility with, for example, private sector organisations where we may not have had that had we only been focused on equality work per se.

CHAIR—Is it that governing project partnership board that decides the allocation of resources with the organisation?

Ms Ritch—As a staff team we propose to them where resources should go and they sign that off. So ultimately, yes, the decision is theirs as to where resources go. At the moment resources are focused very much on the private sector and the large private sector organisations within the key economic sectors that we work with.

CHAIR—Do other members want to ask some questions?

Mr HAYES—You are indicating from the outset that, whilst the organisation looking at the gender pay gap is obviously focusing on women, it also has a very clear and overriding view to enhancing productivity. I would just like you to elaborate on that because I am assuming that your organisation almost acts in a consultancy role to businesses that, first and foremost, identify they have a problem and want some leads in how to address it or are unclear, but with an overriding view that they want to enhance productivity as the end result. Am I reading that right?

Ms Ritch—Yes, you are. There are organisations who approach us directly and ask for our support, and we provide that to them across the private sector and also the public sector. In the public sector there are some levers that we have to encourage them to do that. For example, their gender equality duty is the main one and that is a duty placed on all public sector bodies. It is slightly different in Scotland in that we have a more stringent duty where any public sector body that has more than 150 full-time equivalent employees must produce statements articulating their equal pay ambitions and describing how they are going to address those. There is also a group of employers who do not necessarily realise they need our assistance and do not necessarily recognise they have a problem, and part of our work is to encourage them that they do have a problem or may have a problem and should look to their own pay systems to identify whether that is the case and if so, how they might then address that.

On the productivity side it has been very much the UK context that has tried to see equal pay as a productivity issue. The Women and Work Commission, which was established by then Prime Minister Tony Blair in 2005, came up with a figure that should equal pay and the causes of the pay gap be resolved that would be worth 23 billion pounds to the UK economy, which is equivalent to two per cent of GDP. So that is the kind of framework in which we operate, that we are encouraging businesses to enhance their bottom line by acquiring their share of that two per cent of GDP.

Mr HAYES—So Close the Gap will assist organisations on request to produce the information, firstly, to identify whether a problem exists or not and, secondly, would be presumably engaged to assist in strategies to overcoming identified problems?

Ms Ritch—Yes, we do that. That is a kind of small part of our work. We also operate slightly more strategically, but we do use the information that we get from individual organisations to then apply our methodologies and models to the sector to encourage action on a more strategic level. But, yes, we do support individual organisations.

Mr HAYES—I understand the position in terms of the public sector and the requirement that you indicate about organisations larger than 150 employees, but on a voluntary basis would you

have smaller organisations approaching your organisation, and if you do, I was wondering how you would approach those issues with small business et cetera?

Ms Ritch—Historically we have done some work with small and medium enterprises, and we use the European definition of that, so that is roughly up to 100 full-time equivalent employees. We developed a number of tools for them including HR guidance that had gender equality mainstreams within that. We produced the first tool, we think internationally, which enabled small and medium enterprises to do job evaluation in a way that was appropriate to their needs. We also produced guidance for them on how to do an equal pay review in accordance with the statutory code of practice that we have in the UK. I would have to say that our work with small and medium enterprises is the least successful of the work that we have done in that it was very difficult to persuade small organisations of the need to do that kind of work, and the very smallest businesses were the most difficult to persuade and the least likely to think that they needed to carry out that kind of work.

So we did develop tools and we did encourage good practice, but recently the steering group of Close the Gap has taken a view, in part because of the way that business services to small and medium enterprises has shifted within the public sector, that that work is not to be one of our priorities going forward.

Mr HAYES—What are the tools that you use for collection of this data? Are they standardised survey material or are they customised to each and every organisation that you would be investigating?

Ms Ritch—In terms of looking at their own equal pay practices?

Mr HAYES—Yes.

Ms Ritch—There is a five-stage equal pay review process which was developed by the Equality and Human Rights Commission's predecessor organisation, the Equal Opportunities Commission. That is the model of equal pay review process that is within the statutory code of practice. Organisations are not compelled to use that model, but if they do then that can be used as a defence at an employment tribunal. That is the model that we promote. The tool that we developed for small and medium enterprises followed faithfully that model, but the guidance contained some tweaks so that small and medium enterprises were doing something that was appropriate to them and not overly bureaucratic.

Mr HAYES—Referring to that model, would I be able to request that you make that available to this committee?

Ms Ritch—Certainly. I am happy to send that through.

CHAIR—I think you could also add the job evaluation tool to that as well.

Ms Ritch—Yes, surely.

Mr NEUMANN—You mentioned that you are working with Scottish Enterprise and a number of businesses individually, large and small. You also made comment in your opening

statement that you are working with trade unions. Can you comment on that? To what extent and how are you working with trade unions?

Ms Ritch—We have produced a number of pieces of guidance for trade unions. We have produced guidance for them on using the gender equality duty as part of their bargaining and negotiating. We run weekend skills for trade union representatives to make them aware of equal pay and equal pay law. We have trained around 500 trade union reps in Scotland on how to tackle equal pay differences in their workplaces. We continue to provide updates on the law to trade unions. We have an annual conference, which has around 150 attendees each year, which looks at recent case law and how to apply recent case law to the workplace for trade unionists as well as raising their awareness on a number of specific issues that are technical—for example, what we call red circling, pay protection, how to bargain effectively, why equal pay is an important negotiating issue et cetera. This year we are focusing with regard to trade unions on occupational segregation and what role trade unions have in tackling gender segregation in the workplace.

Mr NEUMANN—In view of that, do you have a perspective on the effectiveness of industrial relations legislation as opposed to working with antidiscrimination legislation in addressing pay equity issues? Which is better?

Ms Ritch—I am not sure I have a strong view on that. I would note that the research that the then Equal Opportunities Commission did into pay reviews identified that the single biggest factor for encouraging a pay review in an organisation—because they are not mandatory at the moment in the UK—was trade union pressure. So trade unions are clearly lobbying for these to happen in the workplace. We encourage all employers that we work with to work with their recognised trade union on taking forward pay reviews in the workplace. Certainly the legal protection for recognition of trade unions in the UK does mean that that is a possibility. Although the UK does have the lowest level of trade union recognition and penetration in Europe, and I think that does sometimes show where we are in some of these gender equality issues.

Mr HAASE—What is the size of your organisation?

Ms Ritch—We have four staff.

CHAIR—Oh!

Mr HAASE—Excuse our mirth. We were not sure if we were talking four, 40 or 400. So you are a compact unit.

Ms Ritch—We are, and we are hardworking.

Mr HAASE—What does a business organisation look like that has no gender pay gap? I would like to get a sense of what those companies or organisations have done that have closed the gap that we are setting out to close.

Ms Ritch—I have not yet come across an organisation that does not have a pay gap, although there are certainly examples of organisations that are doing better than other organisations. I

think generally speaking what you would expect to see in an organisation with no pay gap is a distribution of men and women at all levels of the organisation. That would need to be supported with flexible working practices that meant that both men and women could balance work and family life. You would expect to see a lack of horizontal occupational segregation—men and women grouped at all levels of the organisation across different work functions. I think you would expect to see similar levels of progression for both. You would probably not have a performance related pay system, or if you did have performance related pay then I think there would be quite strict moderation and assessment of that to ensure that individual managers were not wholly responsible for decision making. And I think you would have levels of recruitment or quality of recruitment that was fair in terms of representation on recruitment panels—and advertising across a whole range of media outlets so that job adverts were accessible to all.

Mr HAASE—What does the legislation say about advertising a vacancy and calling for a male or a female—that is, being gender specific about filling that vacancy? What does the legislation say in Scotland?

Ms Ritch—In the United Kingdom, which has reserved to it equality legislation, it is unlawful to stipulate that the job should be done by a man or a woman unless the position is exempted under the Sex Discrimination Act. There is a small number of the kinds of jobs that can be exempted—for instance, staff for domestic violence refuges, actors who are required to play a specific gender role in a dramatic production and jobs where there is a large amount of personal care involved. That type of work can be exempted under the Sex Discrimination Act but generally it is unlawful.

Mr HAASE—Do you have a paid maternity leave system in the UK?

Ms Ritch—Yes, we do. The first six weeks of maternity leave are paid at a rate of 90 per cent of your pay. Paid leave goes up to nine months and then there is a legal right to have a further three months unpaid leave. So you can have a total of a year's leave with nine months of that paid.

Mr HAASE—Finally, you talked about small businesses approaching your group to assist in achieving better productivity. I realise there would be a myriad of pieces of advice but generally speaking does it come down to improving female participation in a given workforce by improving the rate of pay or the opportunity for salary advancement or does it come with the improvement of flexibility and conditions of the working environment? Could you generalise there for me?

Ms Ritch—I think it is both. Certainly the models of the pay gap that have been created in the UK, which attempt to explain the different causes of the pay gap and how much they are responsible for each part of it, tend to suggest that it is all of those factors working together. So it is about flexibility, it is about the types of work that men and women do, and the undervaluation of the types of work that women do. It is also about discrimination within pay systems, which is, by and large, unintentional—where there are different starting rates of pay, different pensions and different access to overtime—and which tend to combine, particularly with performance related pay, to result in women earning less. So I think it is everything.

Mr RAMSEY—I notice that your focus is predominantly on the finance, energy and bioscience sectors. We do have disparities across sections like that, but the big disparities are because our female workforce is predominantly gathered in low-paying sectors, such as the caring sectors—things like child care, aged care and cleaning. When you look at whole-of-life earnings, these sectors are not valued by governments, society or employers to the same level that other sectors of the economic spectrum are. I guess that you are only looking at these three specific industries. You may or may not have a reflection on that?

Ms Ritch—We look at those sectors because they are sectors where women are under-represented, so I suppose the argument would be that the moment women are grouped into the sectors that you just identified—we often talk in the UK about the five Cs, being child care, cleaning, catering, clerical and cashiering, or retail work—that is where you tend to find the majority of female employees. I think that access to some of these other areas, even when women are qualified to do so, have been a problem. With regard to the key sectors, we look at the barriers to participation in those areas of the labour market. The undervaluing of women's work is certainly something that we are interested in as well. And although our focus in terms of the private sector is those key economic sectors, we are very mindful of the undervaluation of women's work and the low pay of women who work in these areas.

We have participated in a number of inquiries recently in Scotland which look into the very low pay of classroom assistants and also the big pay modernisation that has gone on in the public sector, which has looked very much at the issue of equal value and the undervaluation of women who do these kinds of work. There are currently 50,000 equal pay cases sitting in the Scottish tribunal system, and most of those are from women with equal value claims, which is pay for work of equal value but not necessarily work that is the same. The majority of those workers work in catering and in caring jobs in local government.

Mr RAMSEY—So when you go into an organisation where there is a predominantly female workforce and you identify that they have an undervalued pay scale—for instance, if you look at the finance sector, they may be paying their bank tellers at a lower rate than their loans executives or whatever—what steps have the organisations typically taken to address that, and have their responses been good enough to fix the problems?

Ms Ritch—There is much more acceptance within the public sector of the concept of job evaluation than we have found in the private sector, although it is our experience that most of the private sector organisations we have worked with have had some kind of job evaluation scheme in place. The majority seem to be using a Hay scheme. I do not know how prevalent that is in Australia. What we have encouraged them to do is to look at their job evaluation scores, because obviously if they are different and they are justified, and the job evaluation scheme does not have any sex bias in it, then they are perfectly justified in paying people different rates of pay for doing different types of work. Where they have been ignoring their job evaluation scores, we encourage them to stop doing so and look at how they are going to level rates of pay.

Under UK law, there is no provision in the Equal Pay Act for organisations to be given a period of time where there is a moratorium on cases, so immediate action can be taken by staff who are being discriminated against, even if the company is making efforts to fix that. So we encourage them to do so as swiftly as possible. How keen they are to do that varies from company to company, and there are obvious issues of affordability. And there have been

enormous issues of affordability even within the public sector and some of the pay modernisation work going on particularly in local government has presented an enormously destabilising effect on local government finance—we are talking about enormous amounts of money to solve some of these historical inequalities, even though, under Scottish law, women and men who have been discriminated against are only eligible for up to five years of back pay. So it would obviously be much greater if they were able to get more.

Mr RAMSEY—In another area, you referred earlier about UK organisations with more than 150 employees having to produce a gender equity statement—is that correct?

Ms Ritch—In Scotland only organisations with more than 150 full-time equivalent staff must produce an equal pay statement. All public sector bodies that are listed in the legislation have to produce something called a Gender Equality Scheme, which talks about their objectives for achieving gender equality both as employers and as service providers as well. For instance, a university's Gender Equality Scheme might include actions around its curriculum and widening participation as well as equal pay measures with regards to its own staff.

Mr RAMSEY—If you look at an organisation of, say, 100 or 150 people, how onerous is it for them to do a genuine audit that will address the problems? How expensive is it for them to do it?

Ms Ritch—It depends enormously on what kinds of management information systems and HR systems they currently have. An organisation that has up-to-date HR information about its staff and data about pay will not find it terribly difficult to crunch the numbers. Where the difficulty can arise is trying to find out why some of the problems persist and, depending on how localised and delegated HR decision-making is, some first-line managers are given enormous leeway with regard to setting pay levels for their own staff. That can sometimes be a bit more challenging. So it really does depend on the organisation's own systems as to how difficult or complex or costly it is going to be. Generally, in a really large organisation you can do a pay review in a number of months with a reasonably small staff team and organisations tend to find that reducing their liabilities in terms of the Equal Pay Act and enhancing productivity and morale results in a benefit greater than the cost.

Mr RAMSEY—How would you feel the efficiency of that style of audits would be as you progress down that size of workplace? Say you got to a business that might be running 20 employees, are we on the laws of diminishing returns or is it an impossible task for these people to achieve that level of audit?

Ms Ritch—The principles of the audit are themselves not particularly onerous and so the complexity tends to come with a greater number of staff. I think that there is probably a fair correlation between how difficult it is to do and the number of staff, and obviously an organisation that has more staff tends to also have management and HR information systems in place, although that is not always a given as we discovered. So a small organisation would not find it particularly difficult to go through any of the steps apart from, I would suggest, job evaluation, which can be slightly more tricky. Obviously the cost of buying in a bespoke scheme is disproportionate entirely to the operating costs of a very small organisation. That was one of the gaps we sought to sell when we developed our job evaluation tool which can be carried out or used by a manager within a small organisation relatively straightforwardly.

CHAIR—Emma, in terms of background, I assume that your labour market is probably as gender segmented as ours is, that there are still jobs predominantly done by women other than the five Cs—yes?

Ms Ritch—Yes. I would estimate so, yes. I have had a look at some of the submissions to this inquiry and it seems that the issues are very, very similar.

CHAIR—Other than its work with the trade union movement, is your organisation doing anything specifically to promote a reduction in occupational segmentation?

Ms Ritch—Yes. As part of the requirement under the gender equality duties, Scottish ministers have a responsibility to set gender equality priorities for themselves and to report those back to parliament. The priority they just set with regards to the labour market is occupational segregation and, as part of the work we do over the next year, we are going to be running a campaign on occupational segregation which is principally targeted at younger people but will also be addressing some of its comments to women in work or women wanting to return to the labour market. We also mainstream that work with employers in that we always talk to employers about occupational segregation, horizontal and vertical, when we are talking about the causes of the pay gap with them.

CHAIR—Would that sort of promotional campaign extend to television and radio advertising or is it something much smaller and maybe not as grand?

Ms Ritch—It is likely to be much smaller and not as grand in that, at the moment, we do not have a budget identified for any kind of TV or radio advertising. It is possibly going to be above the line in terms of billboard advertising, but we have discovered that historically that is not necessarily the best way to communicate around some of these issues, so we will be considering that in the design of the campaign.

CHAIR—It may also involve, for example, career talks at schools in terms of opening people's eyes to broader occupational choices?

Ms Ritch—The career service in Scotland does already consider gender cause issues within its work, and that was something that we did with them in the early stages of Close the Gap. We encouraged the careers materials that go into schools and that schools buy to include gender equality aspects, and we also developed training for careers advisers on gender equality elements of their work which they consider when they go in and speak to schools, and individual pupils because every pupil in Scotland does get access to a careers adviser at some point during their education. What I would say though is that that level of access is minimal compared to the level of access that teachers and parents have. I think sometimes careers advisers in Scotland are unfairly blamed for occupational segregation when in reality they have a very short window of time to influence pupils' career choices.

CHAIR—You do have legislative requirements on employers which presumably helps you with the agenda you have, even though there are only four of you and I think you have an impossible task?

Ms Ritch—Yes, we do. The gender equality duty has been an enormous lever, and we wrote the guidance in Scotland on how to comply with that because the legislative requirements in terms of Scotland are much more stringent than they are elsewhere in the UK. We were involved in rolling that out and we certainly saw significant entries in the number of organisations who were dealing with this issue in a substantive way. The comparison now between how the public sector is engaging in equal pay and how the private sector is engaging in equal pay is really quite stark. I think the gender equality duty certainly is principally responsible for that difference.

CHAIR—For us who are at the stage of looking at possible recommendations and the like, you would say that you need some sort of mandatory requirements or standards to help drive change?

Ms Ritch—Absolutely.

CHAIR—I have just some general questions. What do you consider to be the greatest achievement of the Close the Gap project?

Ms Ritch—Interesting. I think perhaps a bit of a subtle thing that we have done is to keep the issue of equal pay in the finance sector on the table throughout a period of great upheaval for that sector. The finance sector is enormously totemic in Scotland, and I think recent events over the last couple of years could have been hugely damaging to the issue of gender pay equality in Scotland, but we have managed to keep that on the agenda. The Scottish government is leading a group which is looking at the issue of equal pay, which we have influenced and been involved with. That group continues to function even though there has been, I think, significant pressures on it to focus on other issues.

CHAIR—With the benefit of wisdom now that you have been involved in this for seven years, are there things you would have changed about the project or that you think should have been changed for you to have had greater success?

Ms Ritch—We ran quite a large above the line advertising campaign looking at the issue of equal pay which targeted employers as well as employees and was really quite costly. It was the most costly piece of work that we did. I think that it is very difficult to communicate around issues of gender pay equality. I think the issue is complicated, there are a number of causes of it and there are social issues as well as issues that are within the ambit of employers to tackle. I think that it needs more care than we took to communicate some of those messages effectively. That was certainly a learning point for us that you need to take a more direct, a more strategic approach in some ways than the one we took with trying to solve the problem through advertising.

CHAIR—We had one of our witnesses do some research on just ordinary Australians, and most Australians did not know there was a gender pay gap and were quite surprised when they were told. They still felt something should be done about it. Is it your view that there is not a great awareness that there is a gender pay gap in Scotland or do you think there is quite a high awareness of it?

Ms Ritch—I think that the issue with local government has raised awareness substantially because a large proportion of the population are employed by local government. Also, there have

been enormous media stories in Scotland around the fact, and local government finance has been drastically affected by the fact that local authorities have these huge liabilities to women who had been underpaid for years.

I do think, though, that there is a lack of understanding of some of the causes. I think that disappointingly you often still hear that women's choices are to blame. You hear that if women just pushed themselves forward more or they decided not to have a family then the problem would be resolved. We need to think a bit more carefully about that.

CHAIR—I could not agree with you more. Are there any other questions before I ask the last one?

Mr HAASE—Yes. I would like Emma to go back to what she just said, because I would like her to elaborate on it. It is not that I did not hear it. Emma, I think what you were saying was that it was a misconception on the part of the public that it was women's fault. But then I thought for a moment you might have said that much of the gap was caused by women making the wrong choices. Could you clarify that, please.

Ms Ritch—I think there is a conception that women intentionally choose to work in low-paid, low-status and low-remuneration types of work. I think that the choices are not made freely, as it were. I think that the choices that all individuals make about their labour market participation are heavily influenced by a range of factors, some of them social and some of them to do with skills and some of them to do with employers. Sometimes the assumption that they are all based on completely free choice means that employers, educators and others abrogate responsibility for tackling some of them. I think we need to be a bit bolder than that.

Mr HAASE—I imagine that you see evidence of women without specific technical skills or experience in a high-paying employment area are very often happy to be in and out of the workforce in an area of low-paid employment, however. Could you comment on that statement, please.

Ms Ritch—Could you say that again, please.

Mr HAASE—The Chair is cackling because she knows this is a hobby horse of mine. But what I am getting at is that we do have positions in society that, right or wrong, are less valued and less paid but which often are an opportunity for employment for people with fewer skills or who lack experience. Often that is, like it or not, a godsend for people who are looking to be able to move freely into and out of employment because it suits them and they are not prepared to attend an institution and upskill. Would you comment on that, please. Am I barking mad or is that a reality the world over, do you think?

Ms Ritch—I think that does not sound untrue. What I would say is that the skills that are presumed to be female—caring for children, for instance—seem institutionally and systematically to be undervalued and assumed to be so innate that they are not worth compensating for more adequately, and I think that assumption is incorrect.

Mr HAASE—And do you believe that we can, over time, elevate those positions to where they will be remunerated at a level that will be comparable with skilled areas—highly skilled areas, other skilled areas?

Ms Ritch—I think ‘other skilled areas’. When we look at organisations that employ a range of skills and I keep coming back to the example of local government in Scotland because with local government employees—childcare workers and also craft workers, gardeners and a huge range of different occupations—we see, in that employment, that there are legal cases; because when we look at women who do caring for children or caring for older people type work, or women who clean or women who make the meals for the older people, and compare their jobs in a kind of systematic, analytical way with the jobs of some of the craft workers then we see that they are comparable in terms of worth. So there are cases there to answer.

I think across the whole of society, even though there is no legal locus for a case to be taken, we see women who do that kind of work undervalued in terms of the relationship of pay between men who do craft type work. So I think we can clearly see that there is a gap, and local government perhaps is a lever for shifting some of that labour market. But I think it is going to be a long-run thing. I think the assumptions that underpin that undervaluation are deeply entrenched.

Mr HAASE—It was not so long ago that many of the positions you mentioned were in fact unpaid, voluntary tasks.

Ms Ritch—Absolutely.

Mr HAASE—Thank you, Emma.

CHAIR—Emma, there are just a couple of things here. I think we were equally shocked—or at least I have been—by the level of gender pay gaps amongst professional, tertiary-qualified women—for example, architects and lawyers. I think I had assumed that the pay gap was greater in traditional female areas of employment. But that has not necessarily been the case. One suggestion out of a number of suggestions that have been made to us is that professional women do not negotiate as effectively as their male counterparts for wages and conditions. That may or may not be the case but it did seem that a lack of information was part of the problem. For example, the architects in a firm did not know what a decent going rate was for an architect so they did not know where to start off in their bargaining. Is that something you have come across, particularly in the areas you are talking about where not a large number of women would be employed? Have you done anything to address that basic information? I think one professional woman suggested to us that it would be nice to have a website or something that you could go to to determine what the going rate was for an architect, a lawyer or whatever so that you knew what to ask for.

Ms Ritch—At the moment in the UK it is lawful to have a clause in people’s contracts of employment that says they cannot share their salary details with anyone else. The current equality bill that is going through the UK parliament gets rid of that provision or the ability to have that provision. So one of the so-called transparency measures that it is introducing will make it unlawful for an employer to demand silence on pay, which, it is hoped, will then mean that both women and men have access to information within the workplace about what the going

rate is for their specific job in their specific workplace. One of the barriers I think to achieving a kind of standardised rate is that level of secrecy that currently exist and the prevalence within some private-sector organisations of using market rates of pay which, it seems to me, are hugely subjective and just holds up a mirror to the inequality that exists within labour markets without challenging it at all. So I think there is some data out there as to what the going rates are for jobs but there is a huge variation, particularly within private-sector organisations. Performance related pay confuses the waters, as it were, yet further, because it can be very difficult to get a sense of what bonuses are being offered. These sometimes outstrip even basic rates of pay and so can impact hugely on the whole pay package.

CHAIR—Thank you very much for that. We have one more question.

Mr RAMSEY—I suspect that in Scotland local government may actually play a larger role than it does in Australia in so much as you have said this has a very large impact on local government and is causing some financial problems at the moment. For instance, does local government in Scotland look after aged care, disability care, child care and perhaps even schools?

Ms Ritch—Yes.

Mr RAMSEY—So schooling and education is handled by local government?

Ms Ritch—Yes, although teachers are excluded from the local government pay arrangements because they have national page bargaining that is separate. But, yes, local government in Scotland is responsible for education.

Mr RAMSEY—Are there any other major spheres that local government is involved with in Scotland that we may not have comprehension of here in Australia?

Ms Ritch—That is difficult to answer. They are responsible for everything, really, apart from health. Even policing budgets run through local government, although policing is separate, as it were. But, yes, there is a huge amount of autonomy with local government in Scotland also, and politically a lot of decision-making power is devolved to the local level in Scotland.

Mr RAMSEY—So would local government control large housing estates, community housing estates, as well?

Ms Ritch—Yes, to some degree; although in practice in Scotland a lot of social housing has been removed from local government and put into local housing authority companies, which are separate and at arm's length from local government.

Mr RAMSEY—I can see why it would have a large impact then, because it is very large—and, in a lot of ways, more like our state governments almost. Many of the services that are provided by your local governments are provided in Australia by our six state governments.

CHAIR—Emma, thank you very much for your participation in tonight's discussion. If something does occur to you, if there are further comments you might like to make on what we have discovered today, then I would really encourage you to make contact with us. I would

really appreciate that. I am not even sure what time it is there, but I suspect it is reasonably early in the morning.

Ms Ritch—No, it is half 10.

CHAIR—Half 10—that is quite civilised. It is a bit later over here! So thank you very much for your participation in this teleconference. I note that members have requested a copy of your five-stage equal pay review process and also the job evaluation tool, and I would be really grateful if you could forward those to our secretariat. We may also have some additional questions following this hearing, which no doubt we will chase you up on. On behalf of the committee good luck to you and thank you very much for your participation in our hearing tonight.

Ms Ritch—Thank you very much.

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

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

Committee adjourned at 7.28 pm