

Equality is a meaningless abstract unless it is founded on economic security and economic strength.<sup>1</sup>

## Wages setting approaches

4.1 The National Institute of Labour Studies commented that:

... since 2000 there has been a deterioration in the female to male average wage relativity, a widening of the gender pay gap both in the casual and non-casual sectors since 2000. Women are in fact losing ground to men on average in the adult non-managerial labour market.<sup>2</sup>

#### 4.2 The Diversity Council Australia made the point that:

... all of our traditional methods of wage setting and fixing produce gender-inequitable outcomes. Awards do, collective agreements do and individual contracts, whether they are common-law contracts or some other form of individual contract, do. We set out numerous reasons for that. As we also say, it is well recorded and understood in terms of outcomes for women under our traditional Australian methods of wage setting and fixing. What is less well understood is gendered outcomes in those other forms of wage setting and fixing. As part of this process, we need to begin to talk about that, because in a large portion of the employment market people work either in occupations and industries where there are minimum-rate awards – and so the industrial instrument does not actually have a

<sup>1</sup> Group Training Australia Ltd, *Submission No. 45*, p. 5 citing Justice Mary Gaudron.

<sup>2</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 5.

large impact on wage outcomes – or, alternatively, under a form of individual contract, whether common law or otherwise.<sup>3</sup>

4.3 In Victoria, the Workplace Industrial Relations Survey in 2008 found that female workers were less likely to be paid the average for that occupation in the workplace for all occupational groups.<sup>4</sup> Furthermore:

Workplaces with a high proportion of male workers were more likely to have a mix of pay setting arrangements. Predominantly male workplaces comprised the highest proportion of workplaces that provided over-award payments and coverage by collective agreements. In contrast, workplaces with predominately male employees were also the least likely to be covered by individual agreements and awards. It should also be noted that in this analysis, predominantly female workplaces tended to be more reliant on award minimum standards than on collective agreements.<sup>5</sup>

- 4.4 Gender biases in remuneration practices may result from:
  - use of biased standardized job evaluation schemes which value 'masculine' skills over 'feminine' skills;
  - discretionary managerial decisions about remuneration including starting salaries, pay rises and bonuses such as valuing paid skills and experience over unpaid and not understanding gender-based differences in the negotiating approaches;
  - managerial judgments made about performance and the person's value to the organisation such as valuing of seniority and length of services over abilities and contribution;
  - providing career development opportunities for men and training for current jobs for women, and
  - valuing and therefore remunerating more highly occupations which traditionally are men's occupations.<sup>6</sup>
- 4.5 Women's Health Victoria listed the ways in which women's work can be undervalued as:
  - the absence of appropriate classification structures;

- 4 Victorian Government, *Submission No.* 136, p. 26.
- 5 Victorian Government, *Submission No.* 136, p. 22.
- 6 Diversity Council Australia, Submission No. 110, p. 9.

<sup>3</sup> Ms Nareen Young, Executive Director, Diversity Council Australia Ltd, *Transcript of Evidence*, 26 September 2008, p. 35.

- poor recognition of qualifications;
- the absence of previous and detailed assessments of their work;
- gendered characterisations of the work undertaken by women; and
- inadequate application of previous equal pay measures.<sup>7</sup>
- 4.6 The New South Wales Office for Women's Policy considered that it is the structural features linked to women's working patterns in the Australian labour market that disproportionately impact on women in the negotiation of wages:

... including their location in the labour market by occupation, industry and type of employment. Mechanisms to redress the gender wage gap should be capable of reducing the effects of these structural features, which include:

- the gender segregation of the labour market and the associated historic undervaluation of work carried out in some feminised industries;
- the disproportionate participation of women in part time employment;
- the concentration of women in award reliant industries such as hospitality and retail where there is little opportunity for real bargaining or access to over award payments;
- poorer wage outcomes for women in all bargaining streams and the lower rates of unionisation in feminised industries;
- the tendency for women to trade off wages and wage related benefits as a consequence of needing to find ways to balance their working lives with their caring responsibilities; and
- the historically lower priority assigned to caring responsibilities when developing bargaining agendas and associated wage claims.<sup>8</sup>
- 4.7 The Liquor, Hospitality and Miscellaneous Union, Queensland Branch, added a number of other structural arrangements to that list:
  - the deregulation of the labour market and the dismantling of public labour market institutions;
  - non-inclusion of pay equity in minimum rate determinations;

<sup>7</sup> Women's Health Victoria, Submission No. 80, p. 2 citing Business Victoria (2006) Causes of Gender Pay Gap. Government of Victoria. Available at: <u>http://www.business.vic.gov.au/</u> <u>BUSVIC/STANDARD/PC\_61632.html</u>, Accessed 4 August 2008.

<sup>8</sup> New South Wales Office for Women's Policy, *Submission No. 153*, p. 14. See also Department of Consumer and Employment Protection, Government of Western Australia, *Submission No. 134*, p. 29.

- lack of legislative arrangements to facilitate transition in and out of the labour force;
- lack of access to training and promotion; and
- lack of adequate legislation mandating pay equity.<sup>9</sup>
- 4.8 One third of the gender pay gap in Western Australia was explained by different male and female characteristics including a 'more favourable industry distribution and a higher level of capital investment in males'.<sup>10</sup>
- 4.9 The Shire of York commented that:

Workplace reform is needed on valuing the position and the person within the workplace to reduce the reliance on gender characterisation as occurs in many assessments. If the value of the position within the organisation is paramount it will be immaterial who fills it as employment conditions and opportunities would be based on worth and contribution.<sup>71</sup>

4.10 The Western Australian Department of Consumer and Employment Protection suggested the development of a national standard on gender neutral job evaluation to provide a 'set of criteria by which public and private sector job evaluation systems can be evaluated to ensure that the classification factors used are gender neutral'.<sup>12</sup>

## Negotiation of wages

4.11 The New South Wales Office for Women's Policy commented that:

Different forms of wage setting produce different wage outcomes. Women receive lower average weekly rates of pay than men in both the registered collective and individual bargaining streams. Across Australia, award-reliant female workers earn substantially less than women covered by collective bargaining arrangements. ... the average weekly earnings of men are greater than that of female workers for all methods of pay setting.<sup>13</sup>

<sup>9</sup> Liquor, Hospitality and Miscellaneous Union, Queensland Branch, Submission No. 138, p. 3.

<sup>10</sup> Department of Consumer and Employment Protection, Government of Western Australia, *Submission No. 134*, p. 31.

<sup>11</sup> Shire of York, *Submission No.7*, p. 2.

<sup>12</sup> Department of Consumer and Employment Protection, Government of Western Australia, *Submission No. 134*, p. 32.

<sup>13</sup> New South Wales Office for Women's Policy, *Submission No. 153*, p. 18.

4.12 Minter Ellison presented the following table in relation to the form of agreement for adult non-managerial employees. Women on awards on average are paid more than men on awards but less than women on other wage setting mechanisms.

| Agreements                 | Male<br>FT % | Male<br>Total % | Female<br>FT % | Female<br>Total % | Hourly<br>earnings<br>Male A\$ | Hourly<br>earnings<br>Female |
|----------------------------|--------------|-----------------|----------------|-------------------|--------------------------------|------------------------------|
| Award only                 | 11.3         | 17.1            | 14.3           | 24.8              | 18                             | 18.6                         |
| Registered collective      | 41           | 38.9            | 45             | 43.5              | 28.7                           | 25.7                         |
| Unregistered collective    | 3.7          | 3.5             | 2.9            | 2.8               | 23.6                           | 20.7                         |
| Registered individual      | 4.3          | 4               | 2.9            | 2.5               | 28.1                           | 22.8                         |
| Unregistered individual    | 39.7         | 36.6            | 34.9           | 26.4              | 27.2                           | 23.1                         |
| All methods of setting pay | 100          | 100             | 100            | 100               | 26.3                           | 23.2                         |

| Table 4.1 | Form of Agreement and | Average Hourly Cash | Earnings (A\$) |
|-----------|-----------------------|---------------------|----------------|
|           |                       |                     |                |

Source Preston A Trends in the Gender Pay Gap, 2 March 2007 sourced from ABS 6306.0 May 2006. Adult Nonmanagerial employees<sup>14</sup>

4.13 Women under state collective agreements earn more than women under federal agreements. The Department of Education, Employment and Workplace Relations provided the following data:

Table 4.2Gender wage gap for non-managerial adults by method of setting pay. Hourly ordinarytime rates of pay, May 2006

|                         | Hourly ordinary til | Gender wage gap (%) |       |
|-------------------------|---------------------|---------------------|-------|
|                         | Male (\$)           | Female (\$)         |       |
| Federal Agreements      |                     |                     |       |
| Collective              | 28.00               | 25.00               | 10.7  |
| Individual              | 26.60               | 23.60               | 11.3  |
| State Agreements        |                     |                     |       |
| Collective              | 29.10               | 28.00               | 3.8   |
| Individual              | 55.40               | 24.50               | 55.8  |
| Unregistered Agreements |                     |                     |       |
| Collective              | 23.40               | 21.10               | 9.8   |
| Individual 17.30        |                     | 23.20               | 15.0  |
| Award Only 19.00        |                     | 19.40               | -2.1  |
| Total                   | 26.50               | 23.70               | 10.06 |

14 Preston A (2007) *Trends in the Gender Pay Gap*, Paper presented to the Fair Pay, Equal Pay – What are the prospects for West Australian Women?, 2 March 2007, Women in Social and Economic Research, Curtin University of Technology. p. 18.

- 4.14 Men have been able to make greater gains under the bargaining system than women and enjoy more over-award entitlements and bonus payments, overtime and penalty rates than women.<sup>15</sup>
- 4.15 Figure 4.1 shows that awards are associated with lower earnings levels for women, individual agreements are in the middle of the distribution and collective agreements are at higher earnings levels.<sup>16</sup>

Figure 4.1 Method of pay setting, weekly total cash earnings – distribution of female full time non managerial adult employees August 2008



Source Australian Bureau of Statistics, unpublished data from the Survey of Employee Earnings and Hours

- Australian Council of Trade Unions and Joint State Union Peak Councils, *Submission No.* 125, p. 6.
- 16 Department of Families, Housing, Community Services and Indigenous Affairs, 2008, *Gender Earnings differentials in Australia: A statistical overview of women's earnings*, unpublished, p. 17.

- 4.16 The wage setting arrangements also show a different relationship with regard to the gender wage gap. Women reliant on awards have a higher hourly earnings rate than men who depend on awards. Also individual agreements have a stronger gender wage gap but only account for a small proportion of women's pay setting arrangements.
- Figure 4.2 Mean hourly earnings of female non managerial employees, gender wage gap and relative importance of different pay setting arrangements, by pay setting arrangements, May 2006 feminisation of wage setting arrangements



Source Department of Families, Housing, Community Services and Indigenous Affairs, 2008, Gender Earnings differentials in Australia: A statistical overview of women's earnings, unpublished, September 2008.

|                                    | Average Wee<br>managerial e | kly Earnings non-<br>mployees | Gap  | Amount   |
|------------------------------------|-----------------------------|-------------------------------|------|----------|
|                                    | Males                       | Females                       | %    | \$       |
| Award only                         | \$555.30                    | \$448.50                      | 18.5 | \$101.80 |
| Registered collective agreements   | \$1038.00                   | \$729.80                      | 32.6 | \$353.20 |
| Unregistered collective agreements | \$873.00                    | \$580.20                      | 33.5 | \$292.80 |
| Registered individual agreements   | \$1119.30                   | \$689.10                      | 38.4 | \$430.20 |
| Unregistered individual agreements | \$1021.40                   | \$719.10                      | 29.6 | \$302.30 |
| All methods of setting pay         | \$946.00                    | \$652.00                      | 31.1 | \$294.00 |

| Table 4.3 | Methods of setting pay, | average weekly to | otal cash earnings, A | ustralia, May 2006 |
|-----------|-------------------------|-------------------|-----------------------|--------------------|
|           |                         |                   |                       |                    |

Source Australian Bureau of Statistics, Employee Earnings and Hours, Australia, May 2006 (reissue 20 April 2007);cat no. 6306.0 Table 20 adapted

- 4.17 Preston found that high-income women are more likely to be disadvantaged and cautioned against focusing on the mean wage because of the variation in the size of the gap across the distribution.<sup>17</sup>
- 4.18 The extent to which employers are open to negotiation is another important factor.<sup>18</sup> In situations where full time employment is difficult to get, and some one is offered a job 'they will pretty much take it regardless of how bad the pay is, and they will hang on to it tooth and claw'.<sup>19</sup> Working Womens' Centres stated that most low paid low status positions are offered on a take it or leave it basis:

There is little awareness by women employees, especially those in low status, low paid work about wage negotiation and few resources for them to access to assist with this. For instance if a woman was able to negotiate paid maternity leave for herself would she necessarily be aware that she should factor in superannuation and/or long service leave entitlements that would be lost if she did not bargain for them? Data released from the Workplace Authority on the impact of AWA's indicated that

<sup>17</sup> Preston A (2007) *Trends in the Gender Pay Gap*, Paper presented to the Fair Pay, Equal Pay – What are the prospects for West Australian Women?, 2 March 2007, Women in Social and Economic Research, Curtin University of Technology, p. 23.

<sup>18</sup> Ms Erin Wood, Director, Professional Services and National Women's Coordinator, Association of Professional Engineers, Scientists and Managers Australia, *Transcript of Evidence*, 2 April 2009, p. 53.

<sup>19</sup> Ms Maidie Brockman, Member, Business and Professional Women Australia, Transcript of Evidence, 5 November 2008, p. 4.

women were disadvantaged by individual bargaining arrangements.<sup>20</sup>

4.19 Research by the Centre for Work + Life in South Australia found that the vulnerability of the women studied:

Arose primarily from their restricted options arising from the need to juggle work and caring responsibilities; employment in small workplaces; historical reliance on award provisions and legal minimum wages and conditions; part-time, casual and contract employment; job insecurity; lack of access to information; and a lack of union access and representation. These women had little bargaining power with which to pursue workplace agreements or individual contracts that met their needs.<sup>21</sup>

- 4.20 During negotiations women take into account a range of options including flexibility and may trade off pay to gain these options.<sup>22</sup> The example was given of women withdrawing from a promotional opportunity to gain flexibility.<sup>23</sup>
- 4.21 In the negotiation of wages, women will tend to 'work around things and communicate in a circular way' while men will take a more direct approach.<sup>24</sup> Women do not tend to drive a hard bargain and may seek good outcomes for both parties.<sup>25</sup>

Research has shown that the pay gap in countries with centralised pay systems is far less than in countries with deregulated and decentralised wage bargaining like the United States largely because women are likely to do worse than men if required to individually bargain with their employers.<sup>26</sup>

4.22 The Human Resource Manager of the Epping Club commented on the difference in salary negotiations between men and women:

Men appear to believe they are entitled to their request and present a proposal supporting their request. To my

- 20 Working Women's Centres, Submission No. 119, p. 4.
- 21 Centre for Work + Life, Submission No. 137, p. 1.
- 22 Ms Juliet Bourke, Chair, Equal Employment Opportunity Network of Australasia, *Transcript of Evidence*, 26 September 2008, p. 86.
- 23 Ms Juliet Bourke, Chair, Equal Employment Opportunity Network of Australasia, *Transcript of Evidence*, 26 September 2008, p. 88.
- 24 Ms Samira Douglas, Chief Executive Officer, WIRE Women's Information Centre, *Transcript of Evidence*, 2 April 2009, p. 90.
- 25 Dr Jennifer Alexander, Chief Executive Officer, Australian Institute of Management New South Wales and Australian Capital Territory, *Transcript of Evidence*, 26 September 2008, p. 3.
- 26 ACT Council of Social Services, Submission No. 54, p. 5.

disappointment women do not demonstrate the same confidence nor do they prepare for the negotiation process. Often times expecting that their line manager or CEO will "look after them". History also reflects that when women do not achieve the salary increase expected they have to tell their colleagues about it, causing a flow on effect from reduction in moral[e]. Men just deal with it.<sup>27</sup>

#### 4.23 The Tasmanian Chamber of Commerce and Industry found that:

- women are much less likely to pursue wage increases and prefer to be offered increases.
- they are less likely to put forward their skills and the reasons why they should get the promotion on offer.
- they are likely to be happy with what they are offered rather than pursuing an equal deal with their male colleagues.<sup>28</sup>
- 4.24 Commissioner Broderick reported that men are more likely to ask for more money and that younger women were better at this than older women.<sup>29</sup> Women Into Politics supported the view that women employees are less forthcoming than men in seeking higher remuneration and that 'women are generally more willing to talk to a union officer or other intermediary than to make representations to an employer on their own behalf'.<sup>30</sup>
- 4.25 The Diversity Council added that:

This is in part a consequence of women having less negotiating capacity during collective and individual bargaining, leading to lower levels of wages and other entitlements. It is commonly noted that an important contributing factor is women's differing negotiating styles (usually regarded as less pro-active and aggressive) to what has traditionally delivered positive remuneration and employment benefits outcomes.<sup>31</sup>

<sup>27</sup> Epping Club, Submission No. 12, p. 1.

<sup>28</sup> Tasmanian Chamber of Commerce and Industry, Submission No. 87, pp. 2-3.

<sup>29</sup> Human Rights and Equal Opportunity Commission (2008) *Gender equality: What matters to Australian women and men, the Listening Tour Community Report,* p. 8.

<sup>30</sup> Women Into Politics Inc, Submission No. 49, p. 2.

<sup>31</sup> Diversity Council Australia, Submission No. 110, p. 10.

4.26 The exercise of negotiation skills can depend on the adequacy of information available and for some professions market rates are available on the web.<sup>32</sup> Those required to negotiate wages could benefit from information on the market rates of pay for particular occupations:

In our regular consultations with female employees, we find they have really poor understanding of what the going rate is. Men tend to have better networks and they have a better understanding of what the going rate is. That is one of the reasons why they let themselves get 'dudded', because they do not have the information to make a good choice.<sup>33</sup>

4.27 The Queensland Working Women's Service has conducted intensive workshops on negotiation skills for women and these have been very well received.<sup>34</sup>

## **Union membership**

4.28 The Department of Education, Employment and Workplace Relations reported that 21.1 per cent of full time males were union members compared to 20.2 per cent of women and 10.4 per cent of part time males compared to 17.7 per cent of part time females.<sup>35</sup>

> On average, the gender pay gap tends to be low for union members across state/territory, industry, occupations and employment types. ABS EEBTUM data for August 2007 show that the average weekly gender pay gap was low for union members. The gender pay gap for full-time union members stood at 12.9 per cent compared with 22.0 per cent for full-time non-union members. For part-time employees, the gender pay gap stood at 3.7 per cent for union members compared with 2.7 per cent for non-union members.<sup>36</sup>

<sup>32</sup> Ms Erin Wood, Director, professional Services and National Women's Coordinator, Association of Professional Engineers, Scientists and Managers Australia, *Transcript of Evidence*, 2 April 2009, p. 53; Ms Monika Sarder, Manager, Policy and Advocacy, Australasian Institute of Mining and Metallurgy, *Transcript of Evidence*, 2 April 2009, p. 60.

<sup>33</sup> Ms Jenness Gardner, Manager, Pay Equity Unit, Department of Commerce, Western Australian Government, *Transcript of Evidence*, 26 February 2009, p. 13.

<sup>34</sup> Ms Sandra Dann, Director, Working Women's Centre South Australia, *Transcript of Evidence*, 6 November 2008, p. 45.

<sup>35</sup> Department of Education, Employment and Workplace Relations, Submission No. 58, p. 9.

<sup>36</sup> Department of Education, Employment and Workplace Relations, Submission No. 58, p. 9.

| 4.29            | The experience of Crown Melbourne Limited is that:                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 | Male dominated unions do not pursue non-direct wage claims –<br>such as the right to work part time or with flexible hours – but<br>concentrate all their efforts purely on wage outcomes. They will<br>trade off other conditions readily. <sup>37</sup>                                                                                                                                                                                                                                  |
| 4.30            | Women Into Politics also commented on the approach of trade unions to focus on increased wages in award negotiations:                                                                                                                                                                                                                                                                                                                                                                      |
|                 | Even professional unions for over half of the last century,<br>accepted female members' fees while not attempting to address<br>clear issues of equal opportunity and pay equity for women<br>members. They never took serious industrial action to support<br>their female members and left it to the rank and file female to<br>agitate outside the union for equal pay and equal opportunity. <sup>38</sup>                                                                             |
| 4.31            | The Tasmanian Chamber of Commerce and Industry found that:                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                 | The process of union collective bargaining is often alienating to<br>women who see it as unduly confrontational and not something<br>with which they wish to be associated. Agreement making where<br>employers and employees engage directly in discussions allows a<br>negotiation that more likely to involve all, and less likely to be<br>confrontational. <sup>39</sup>                                                                                                              |
| 4.32            | Women who are unionised may appear to be less active because they are part time or casual employees. <sup>40</sup> Sectors where there is less representation and therefore less bargaining power are mainly female so the 'impacts are gendered. Where employees have to negotiate their own wages and conditions, the outcomes are worse'. <sup>41</sup> Teachers and nurses have a high level of unionisation while child care, hospitality and retail have lower levels. <sup>42</sup> |
| 4.33            | The low levels of unionisation in the aged care sector. The caring nature of<br>the work means that nurses are less likely to take industrial action. The<br>Australian Nursing Federation considers that this has resulted in<br>enterprise agreements that are inferior to their colleagues in other                                                                                                                                                                                     |
| 38 Wo<br>39 Tas | own Melbourne Limited, <i>Submission No. 34</i> , p. 2.<br>omen Into Politics Inc, <i>Submission No. 49</i> , p. 5.<br>smanian Chamber of Commerce and Industry, <i>Submission No. 87</i> , p. 3.<br>Christine Short, <i>Transcript of Evidence</i> , 19 March 2009, p. 2.                                                                                                                                                                                                                 |

<sup>41</sup> Miss Sophie Ismail, Industrial Officer, Queensland and Northern Territory Branch, Independent Education Union of Australia, *Transcript of Evidence*, 31 March 2009, p. 31.

<sup>42</sup> Miss Sophie Ismail, Industrial Officer, Queensland and Northern Territory Branch, Independent Education Union of Australia, *Transcript of Evidence*, 31 March 2009, p. 33.

sectors.<sup>43</sup> The aged care sector is dominated by non-nursing staff.<sup>44</sup> Aged Care and Community Services commented that 'there needs to be a move towards professionalising the sector through an education and training system'.<sup>45</sup>

- 4.34 Further, the Work and Family Policy Roundtable commented that the service sector which had a predominantly female workforce had 'less to trade off in terms of inefficiencies and working time flexibility; and that there was no apparent relationship between the quantum of wage increases and working time trade offs'.<sup>46</sup>
- 4.35 Many unions have a male dominated culture and may be seen as less attractive to women. The Independent Education Union of Australia believed that the need to address gender inequity in the union movement was now on the agenda:

Institutionalised gender inequality perpetuated by unions and other industrial actors has been a big problem, but the union movement is aware of that problem and is beginning to address it, but I agree that much remains to be done ... often flexible conditions of work or paid maternity leave that are traded off. Mainstreaming is going to be really important and this is why the educative and research function is important.<sup>47</sup>

### Role of awards

4.36 Dr Short commented that there are much more than 20 per cent of employees covered by awards as the Australian Bureau of Statistics record as there are slight variations in awards which are categorised as individual agreements which lessens the impact of award decisions.<sup>48</sup> The ACTU stated:

about 40 per cent of that workforce are currently covered by collective agreements; about another 40 per cent are covered by individual agreements of one sort or another – predominantly

<sup>43</sup> Mr Nicolas Blake, Federal Industrial Officer, Australian Nursing Federation, *Transcript of Evidence*, 24 October 2008, p. 31.

<sup>44</sup> Mr Darren Matthewson, Chief Executive Officer, Aged and Community Services Tasmania, *Transcript of Evidence*, 25 June 2009, p. 2.

<sup>45</sup> Mr Darren Matthewson, Chief Executive Officer, Aged and Community Services Tasmania, *Transcript of Evidence*, 25 June 2009, p. 9.

<sup>46</sup> Work and Family Policy Roundtable, *Submission No. 143*, p. 15.

<sup>47</sup> Miss Ismail, Industrial Officer, Queensland and Northern Territory Branch, Independent Education Union of Australia, *Transcript of Evidence*, 31 March 2009, p. 32.

<sup>48</sup> Dr Christine Short, *Transcript of Evidence*, 19 March 2009, p. 1.

agreements that sit on top of the award; and there are about 20 per cent in the middle that are award dependent for their wages.<sup>49</sup>

#### 4.37 Thus:

... we have 20 per cent award dependent and another 40 per cent for most of whom the award sets their minimum. In the collective bargaining stream, the award still has an enormous normative value. Most enterprise agreements are a tack-on to the award. The award forms the design, the architecture, of the enterprise agreement. So the award system is enormously important in setting the structure of the terms and conditions and wages that apply in our workplaces. With the award wages structure, even if you are paying in the building and mining industries three times what the minimum rate is, the classification structure and the progression criteria et cetera tend to carry over through the enterprise bargaining stream.<sup>50</sup>

#### 4.38 Dr Meg Smith added that:

Although minimum rates of pay capture some aspects of that, even in workplaces where there might be a formalised enterprise bargaining agreement, the award rate of pay still sits below that and informs that agreement to some significant extent. I think women's low representation in enterprise bargaining – particularly those women who are employed in either a permanent part-time or a casual capacity and in the private sector – means that those regulatory instruments by way of minimum rates awards still retain a significant importance for those women.<sup>51</sup>

# 4.39 Department of Education, Employment and Workplace Relations commented that:

... gender wage gaps ranged from -2.1 per cent for award-reliant employees (revealing that females on awards earn more than males on awards) to 55.8 per cent for state registered individual agreements. The higher award-reliance of females contributes to the gender pay gap. Award-reliant employees earn less than

<sup>49</sup> Ms Catherine Bowtell, Senior Industrial Officer, Australian Council of Trade Unions, *Transcript of Evidence*, 3 April 2009, p. 1.

<sup>50</sup> Ms Catherine Bowtell, Senior Industrial Officer, Australian Council of Trade Unions, *Transcript of Evidence*, 3 April 2009, p. 16.

<sup>51</sup> Ms Meg Smith, Transcript of Evidence, 26 September 2008, p. 49.

employees on other industrial instruments and a higher proportion of females are award-reliant than males.<sup>52</sup>

4.40 Diversity Council Australia stated:

The gender pay gap is also inadvertently adversely affected by the move in the past twenty years to wages and conditions of employment being determined by a combination of awards (both 'paid' and 'minimum' rates), enterprise bargaining and individual contracts, rather than centrally and by awards. While women earn less under awards, the gender pay gap is smaller compared with registered or public individual arrangements (including AWAs).<sup>53</sup>

#### 4.41 Dr Christine Short found that:

- male-dominated awards tended to have had structural efficiency or work value adjustment exercises carried out earlier;
- male-dominated awards were more likely to have benefited from advantageous minimum rate adjustment processes than female dominated awards;
- safety net adjustments were generally applied at an earlier date to male-dominated awards;
- female-dominated areas of employment were less likely to be covered by enterprise agreements and, where they did exist, were more likely to have been negotiated two to three years later;
- female-dominated agreements usually had considerably lower increases relative to the award rates of pay; and
- the application of percentage, rather than dollar, increases were widening the gap between upper and lower ends of the pay scale, with women likely to be disproportionately represented at the lower end.<sup>54</sup>
- 4.42 New South Wales Office for Women's Policy commented that:

... the industries where women are significantly concentrated are also those industries that are most reliant on minimum wage

<sup>52</sup> Department of Education, Employment and Workplace Relations, *Submission No. 58*, p. 10. The very small proportion of employees on state registered agreements means that this figure may be unreliable.

<sup>53</sup> Diversity Council Australia, *Submission No. 110*, p. 10 citing Business Victoria, 2007, *Putting pay equity into place: Understanding pay equity.* Melbourne.

<sup>54</sup> Department of Consumer and Employment Protection, Government of Western Australia, Submission No. 134, pp. 29-30. Citing the research of Dr Christine Short, 2001, 2002, cited in Dr Trish Todd and Dr Joan Eveline, 2004, Report on the review of the Gender Pay Gap in Western Australia, p. 46.

regulation through award dependence, with little opportunity to collectively bargain for better wage outcomes ... while award reliance is unlikely to provide opportunities for workers in these areas to achieve significant improvements in wages (which are more readily available in bargaining scenarios), the award system has played an important redistributive role in ensuring that, where appropriate, improved working conditions are available by way of award variation. Test cases in the state and federal industrial tribunals have been the main mechanism for achieving these kinds of improvements ... National and state wage cases, as well as more recent mechanisms for adjusting minimum wage rates, play a part in ensuring that women in award reliant industries share in the wage improvements that are achieved through these processes.<sup>55</sup>

| Industry Percentage of employees totally av reliant |      |
|-----------------------------------------------------|------|
| Hospitality                                         | 60.1 |
| Retail                                              | 31.3 |
| Health and Community Services                       | 26.6 |
| Personal Services                                   | 23.5 |
| Property and Business Services                      | 19.7 |
| All Industries                                      | 20.0 |

Source John Buchanan, 'Low paid employment – a brief statistical profile', Overheads prepared for press conference on LHMU – University of SA – ARC Project on low paid service sector employment, WRC, University of Sydney 2006<sup>56</sup>

4.43 There needs to be focus on bringing awards closer to the market rate as the system is 'discriminating against women and, for that matter, people of ethnic backgrounds and people with disabilities, who rely on those awards'.<sup>57</sup>

... wage increases for award that are more realistic – not less than inflation and leading to a situation where in my sample of wages studied in WA women achieved 50% of the wage increase than WA men did over the 13 year period studied. I believe we need a

<sup>55</sup> New South Wales Office for Women's Policy, Submission No. 153, p. 16.

<sup>56</sup> New South Wales Office for Women's Policy, *Submission No. 153*, p. 16.

<sup>57</sup> Dr Christine Short, Transcript of Evidence, 19 March 2009, p. 4.

new form of adjustments to awards to bring their rates closer to the rest of the marketplace.<sup>58</sup>

4.44 New South Wales Office for Women's Policy suggested:

Given that low paid, award-reliant industries are predominantly feminised, the introduction of the low paid bargaining stream by the *Fair Work Act 2009* may have some positive impact on low paid women's ability to engage in enterprise bargaining. However, it should be noted that when bargaining does occur, historically women are more likely than men to trade off wages, and wage related monetary entitlements, for employment conditions and flexible work arrangements which help them meet their disproportionate caring, family and household responsibilities. This effect is strongest in individual bargaining scenarios.<sup>59</sup>

4.45 The National Institute of Labour Studies found that of the 41 per cent growth in female employment between 1994 and 2008, two thirds was concentrated in the four low paid industries listed at Table 4.5 while the increase in male employment over the same period was spread evenly across industries.<sup>60</sup> NILS studied the low-paid industries because of the high proportion of employees paid under the award rates:

> These are retail trade; accommodation, cafes and restaurants; health and community services; and property and business services. Together, these four industries out of 17 accounted for a little bit more than two-thirds of all award dependent employees in 2006. It is not strictly speaking true that they are all low paid, but they are in large proportion affected by decisions of the Fair Pay Commission and the workers are lower paid than other workers on average.<sup>61</sup>

4.46 There was no pay gap within the award dependent sector.<sup>62</sup> Businesses with fewer than 100 employees make up the majority of the workforce and

<sup>58</sup> Dr Christine Short, Submission No. 128, p. 2.

<sup>59</sup> New South Wales Office for Women's Policy, Submission No. 153, p. 16.

<sup>60</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 3.

<sup>61</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 3.

<sup>62</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 4.

in many of those businesses women rely on the award as the parent agreement.<sup>63</sup>

- 4.47 Ritchies Stores Pty Ltd support the centralised minimum wage setting system as a safety net but added that there are 'many instances where award provisions that are intended to protect employees may in reality have had an adverse effect on employees by denying them the opportunity to negotiate individually with employers'.<sup>64</sup>
- 4.48 The New South Wales Office for Women's Policy commented that the available information:

... reinforces the conclusion that the concentration of women in industries with relatively high award coverage, and with fewer opportunities to enter into collective bargaining arrangements, inhibits the capacity of women to improve their relatively poor earnings position. It should be noted, however, that historically enterprise bargaining has not provided the same improvements in remuneration for women as for men for a variety of reasons and has not been as effective at addressing issues of concern to women workers as might have been hoped.<sup>65</sup>

## Individual agreements

4.49 The National Institute of Labour Studies found the largest gender pay gap between men and women were where pay was set by individual agreements:

> ... all of the deterioration that has occurred in the gap between men and women has been taking place in the individual agreement sector. If you look at the trend over time, we have seen a progressive narrowing of the gap in the award covered sector and a slower but still evident closing of the gap for workers covered by collective agreements. In contrast to this, we have seen

<sup>63</sup> Ms Nareen Young, Executive Director, Diversity Council Australia Ltd, *Transcript of Evidence*, 26 September 2008, p. 35.

<sup>64</sup> Ritchies Stores Pty Ltd, Submission No. 78, pp. 1-2.

New South Wales Office for Women's Policy, *Submission No. 153*, pp. 18-19 citing Whitehouse G and Frino B, 'Women, Wages and Industrial Agreements', *Australian Journal of Labour Economics*, 6 (4) 2003, pp. 579-596. 63; Evesson J, Buchanan J, Bamberry L, Frino B and Oliver D, *Lowering the standards: From Awards to Work Choices in Retail and Hospitality Collective Agreements*, Prepared for the Queensland, NSW and Victorian Governments, September 2007 – less than one in six of the collective agreements studied in these industries with high female employment addressed child care and work and family balance issues p viii; NSW Pay Equity Inquiry Report op cit, Volume 1 p.154 where the contention that decentralised wages systems better redress the gender wage gap is rejected.

4.50 The New South Wales Office for Women's Policy stated that:

It is also relevant to note that the largest gender earnings gap appears where registered individual agreements prevail. This essentially represents the Australian Workplace Agreements (AWAs) encouraged under Work Choices and shows the negative impact that forced individual arrangements can have on workers with little bargaining power, in this case, women in low-skill or unskilled jobs. This is particularly the case in feminised service industries, where outputs are less easily measured for the sake of trading increased productivity for increased remuneration.<sup>67</sup>

4.51 The lack of transparency of wage negotiations in individual agreements was highlighted in a number of submissions:

The decentralisation and individualisation of bargaining also detracts from wage transparency and therefore provides an environment in which women are less likely to be aware of instances of inequitable remuneration for equal work. This issue has recently been highlighted as a cause of pay inequity in the United Kingdom. The UK Minister for Women and Equality introduced an Equality Bill to Parliament in June 2008 that will outlaw pay secrecy clauses and make it unlawful to stop employees discussing their pay. This is intended to support a range of other pay equity strategies being undertaken.<sup>68</sup>

4.52 The Equality Legislation currently being considered by the British Parliament will make it unlawful to demand silence on pay and this transparency measure will give others access to the pay levels of peers.<sup>69</sup>

<sup>66</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 5. See also Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Submission No.* 112, p. 14.

<sup>67</sup> New South Wales Office for Women's Policy, Submission No. 153, p. 19 citing Marian Baird, Rae Cooper and Damien Oliver, Down and Out with Work Choices: The Impact of Work Choices on Women in Low Paid Employment, Report to the NSW Office of Industrial Relations, June 2007 Whitehouse and Frino, op cit; Kristin Van Barneveld 'What's in Australian Workplace Agreements in the Hospitality Industry? A Content Analysis', Journal of Hospitality and Tourism Management, 13(2), August 2006, pp.199-215.

<sup>68</sup> Department of Consumer and Employment Protection, Government of Western Australia, *Submission No. 134*, p. 32.

<sup>69</sup> Ms Emma Ritch, Manager, Close the Gap, *Transcript of Evidence*, 11 August 2009, p. 12.

In addition, women are more likely to more highly value flexible working conditions and family friendly work places and will accept lower wages outcomes for these arrangements.<sup>70</sup>

4.53 A 2004 survey found that Australian Workplace Agreements were more often related to extended working hours than to enhance work and family balance.<sup>71</sup> The National Institute of Labour Studies stated that:

... it is worrying for the cause of equal pay that the trend in the individual agreement sector seems to be towards a widening of the difference between men and women. It is highly problematic, because through that period of labour market deregulation and decentralisation in how wages are set we have as a country lost the capacity, I think, to mandate through regulation that equal pay occur.<sup>72</sup>

4.54 Research has shown that the 'prevalence of individual contracts does contribute to the widening of the gap' but in Western Australia the gender pay gap had widened massively before the introduction of individual contracts.<sup>73</sup> The ACTU added that:

Of the 40 per cent who are on individual arrangements, unless they were on an AWA, which is probably a maximum of six per cent ... but it may have got out to six per cent at its peak and it will be shrinking now — most of them are on, legally, an over-award arrangement, because the award still applies to them. Most of them are non-managerial employees. Whether that is what is being paid at the workplace is a different matter, but the award is still setting their base rate of pay and their base conditions, and they are just being paid something above that.<sup>74</sup>

4.55 The National Institute of Labour Studies added that:

... it is neither in the low pay sectors affected by Fair Pay Commission decisions nor in the bargaining sectors covered by union collective agreements where the problem still lies. Actually, to the extent that women are paid less than men, it is

<sup>70</sup> Tasmanian Chamber of Commerce and Industry, Submission No. 87, p. 3.

<sup>71</sup> ACT Council of Social Services, *Submission No.* 54, p. 5 with reference to a survey conducted by the Office of Employment Advocate.

<sup>72</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 20.

<sup>73</sup> Ms Jenness Gardner, Manager, Pay Equity Unit, Department of Commerce, Western Australian Government, *Transcript of Evidence*, 26 February 2009, p. 7.

<sup>74</sup> Ms Catherine Bowtell, Senior Industrial Officer, Australian Council of Trade Unions, *Transcript of Evidence*, 3 April 2009, p. 16.

predominantly concentrated in the sectors that are more market oriented in their pay setting and where wages are set either informally in above award agreements that are not registered or formally through instruments like Australian workplace agreements. The individual agreement sector is the sector where the main disparity in pay persists. I have said that this is a problem because obviously there is less scope for policymakers to mandate equal pay in this sector.<sup>75</sup>

- 4.56 Although the gender pay gap was higher for women on individual agreements compared to men in some situations, there was evidence that this was not universal. Further, in 1993 and 1996 individual work contracts were introduced under Western Australian legislation but research did not definitively reach a position on the impact.<sup>76</sup> The Australian Public Service Commission found that the gap was no larger for those on AWAs than those on collective agreements.<sup>77</sup>
- 4.57 In terms of absolute value, NILS found that for both men and women wages are higher under individual bargaining than under the award system.<sup>78</sup> The Chamber of Commerce and Industry of Western Australia stated that:

... some of the highest paid male dominated industries like mining and construction have the highest number of individual agreements and females in this industry, likely to be employed on individual agreements, are the highest paid female employees of all industries.<sup>79</sup>

4.58 Mr Russel Bancroft from the Victorian Government cautioned that:

Quite often individual agreements, whether they be AWAs or common law contracts, may provide a higher base rate of pay, but that is in return for reductions in other benefits such as overtime payments, penalty rates or annual leave loading – benefits that are usually found under awards or collective agreements. So, quite

77 Australian Public Service Commission, Submission No. 102, p. 2.

79 Chamber of Commerce and Industry of Western Australia, Submission No. 72, p. 19.

<sup>75</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 5.

<sup>76</sup> Ms Yvonne Henderson, Commissioner for Equal Opportunity, Western Australia, *Transcript of Evidence*, 5 November 2008, p. 80.

<sup>78</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 5.

often, we are not comparing like with like, and the statistics in that respect may be misleading if they are looked at just on face value.<sup>80</sup>

4.59 UnionsWA commented on the move away from centralised wage fixing and bargaining has resulted in 'a high degree of confusion and uncertainty' about people's entitlements.<sup>81</sup> The boom conditions recently experienced in Western Australia have resulted in skills shortages and more benefits to the male dominated industries and has resulted in low unemployment being concurrent with a widening of the pay gap in that state.<sup>82</sup> While there are a number of factors impacting on pay equity, UnionsWA argued that a more centralised approach would tend to compress the gap between men's and women's wages.<sup>83</sup> According to the CCIWA:

Nursing, for example, is one of the largest female dominated sectors and yet it is also strongly unionised and subject to collective bargaining agreements negotiated between unions and employers. It can't be said that in that industry employees have been forced into individual agreements without any bargaining power.<sup>84</sup>

## Collective bargaining

- 4.60 Women do not do as well as men under enterprise bargaining<sup>85</sup> but UnionsWA submitted that collective bargaining delivers higher wage outcomes.<sup>86</sup>
- 4.61 The example was given of the Australian Public Service wages are set by collective agreements and salaries are linked to classifications which contain a number of increment points.<sup>87</sup> The Australian Public Service Commission (APSC) described the factors impacting on remuneration

- 84 Chamber of Commerce and Industry of Western Australia, Submission No. 72, p. 19.
- 85 Queensland Government, Submission No. 135, p. 14.

<sup>80</sup> Mr Russel Bancroft, Officer, Department of Innovation, Industry and Regional Development, Victoria, *Transcript of Evidence*, 2 April 2009, p. 10.

<sup>81</sup> Ms Simone McGurk, Assistant Secretary, UnionsWA, *Transcript of Evidence*, 5 November 2008, p. 31.

<sup>82</sup> Ms Simone McGurk, Assistant Secretary, UnionsWA, *Transcript of Evidence*, 5 November 2008, p. 31.

<sup>83</sup> Ms Simone McGurk, Assistant Secretary, UnionsWA, *Transcript of Evidence*, 5 November 2008, p. 31.

<sup>86</sup> Ms Simone McGurk, Assistant Secretary, UnionsWA, *Transcript of Evidence*, 5 November 2008, p. 30.

<sup>87</sup> Ms Nicole Pietrucha, Group Manager, Better Practice, Australian public Service Commission, *Transcript of Evidence*, 16 October 2008, p. 1.

levels as 'their size and nature, the labour market in which they operate and their funding arrangements of the various agencies'.<sup>88</sup>

- 4.62 The Community and Public Sector Union (CPSU) highlighted the fact that women in the APS are employed in the lowest-paying agencies, and in the lower levels of those agencies.<sup>89</sup> The CPSU attributed this to the underevaluation of the work in these agencies and ongoing fiscal constraints.<sup>90</sup> The CPSU commented that 'it is not about productivity; it is about how government values work'.<sup>91</sup>
- 4.63 The CPSU argued that there are substantial costs involved in the development of separate agency collective agreements and the return to a single pay structure has the potential to address a number of pay equity issues within the public sector as well as potential savings.<sup>92</sup> The CPSU suggest that the APS could address this through the development of a framework that promotes collective bargaining, equality, participation, flexibility and mobility'.<sup>93</sup>
- 4.64 Almost 20 per cent of employed women are working in the healthcare system, with 17.2 per cent of workers in health care and social assistance on award or pay scale rates, 64.5 per cent on collective agreements and 18.2 per cent on individual arrangements. Twelve per cent work in education and training in which 81.2 per cent are on collective agreements and 10.4 per cent on individual arrangements.<sup>94</sup>

93 Community and Public Sector Union, *Submission No. 13*, p. 1.

<sup>88</sup> Ms Nicole Pietrucha, Group Manager, Better Practice, Australian public Service Commission, *Transcript of Evidence*, 16 October 2008, p. 2.

<sup>89</sup> Mr Stephen Jones, National Secretary, Community and Public Sector Union, *Transcript of Evidence*, 26 September 2008, p. 66.

<sup>90</sup> Mr Stephen Jones, National Secretary, Community and Public Sector Union, *Transcript of Evidence*, 26 September 2008, p. 69.

<sup>91</sup> Mr Stephen Jones, National Secretary, Community and Public Sector Union, *Transcript of Evidence*, 26 September 2008, p. 71.

<sup>92</sup> Mr Stephen Jones, National Secretary, Community and Public Sector Union, *Transcript of Evidence*, 26 September 2008, p. 77.

<sup>94</sup> Mr Michael Gerrity, Assistant Director, Australian Bureau of Statistics, *Transcript of Evidence*, 13 November 2009, p. 14; Australian Bureau of Statistics, *Employee earnings and hours*, August 2008, cat no. 6306.0, p. 15.



Figure 4.3 Wage setting arrangements – female, August 2008

Source ABS Employee Earnings and Hours, August 2008, cat. No. 6306.0



#### Figure 4.4 Wage setting arrangements – male, August 2008

#### Source ABS, Employee Earnings and Hours, August 2008, (6306.0)

|                                                |        | Male  | Fe     | emale | Pe     | ersons |
|------------------------------------------------|--------|-------|--------|-------|--------|--------|
| Methods of setting pay                         | ('000) | (%)   | ('000) | (%)   | ('000) | (%)    |
| Collective Agreement<br>(Federally Registered) | 10.1   | 24.8  | 49.4   | 24.9  | 59.5   | 24.9   |
| Individual Agreement<br>(Federally Registered) | 0.4    | 1.1   | 1.6    | 0.8   | 2.1    | 0.9    |
| Collective Agreement (State Registered)        | 7.1    | 17.4  | 21.4   | 10.8  | 28.6   | 11.9   |
| Individual Agreement<br>(State Registered)     | 0.0    | 0.0   | 0.0    | 0.0   | 0.0    | 0.0    |
| Individual Agreement<br>(Unregistered)         | 6.1    | 14.9  | 26.2   | 13.2  | 32.2   | 13.5   |
| Working Proprietors                            | 0.0    | 0.0   | 0.0    | 0.0   | 0.0    | 0.0    |
| Collective Agreement<br>(Unregistered)         | n.p.   | n.p.  | 7.7    | 3.9   | 9.0    | 3.8    |
| Award Only                                     | 15.8   | 38.7  | 92.2   | 46.4  | 108.1  | 45.1   |
| Total                                          | 40.9   | 100.0 | 198.6  | 100.0 | 239.4  | 100.0  |

| Table 4.5    | Methods of setting pay, adult non-managerial employees, (May 2006), Community |
|--------------|-------------------------------------------------------------------------------|
| services ind | lustry <sup>95</sup>                                                          |

Source Department of Education, Employment and Workplace Relations, Supplementary Submission No. 58.3, p. 15, ABS Employee Earnings and Hours (cat. no. 6306.0) May 2006, unpublished data

#### 4.65 Dr Christine Short commented that:

It was clear that even when female dominated occupations actually achieved enterprise bargaining agreements, they did not receive as large increases as men in the 9 occupational areas studied (builders' labourer, metal tradesperson, miner/dump truck operator, truck driver, child carer, teacher, clerk, salesperson). However, only teachers and to some extent salespersons had actually achieved EBAs during the period 1990 to 2003. Women tend to work in areas where there are a large number of employers and where they are not present in a workplace in large numbers making collective bargaining agreements very difficult to achieve.<sup>96</sup>

4.66 Dr Short found that separate agreements for clerks outside the Enterprise Bargaining Agreement was not helpful and there was an increasing tendency for EBAs not to cover everyone.<sup>97</sup>

<sup>95</sup> Department of Education, Employment and Workplace Relations, Supplementary Submission No. 58.3, p. 15; ABS Employee Earnings and Hours (Cat. No. 6306.0) May 2006, unpublished data.

<sup>96</sup> Dr Christine Short, Submission No. 128, p. 2.

<sup>97</sup> Dr Christine Short, *Transcript of Evidence*, 19 March 2009, p. 7.

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.<sup>98</sup>

- 4.67 In the community services and retailing sectors, Dr Sara Charlesworth noted that there were very few further efficiencies to be traded off in an enterprise agreement while outdoor workers could 'give up their dead animal allowances, they could give up their dirt allowances, they could give up their wet weather allowances'<sup>99</sup> and their wash up time at the end of shift.
- 4.68 The Australian Nursing Federation referred to the 'undervaluing of women's work in general is a critical factor in the many battles for fair wages and conditions for nurses across the different areas of nursing employment'<sup>100</sup>. Award rates have dropped in real terms over time and the Queensland Nurses Union added:

... the advent of collective bargaining, in particular, has meant that significant gaps have developed in the wages earned by nurses who have equivalent competencies, qualifications and the like. Those gaps have occurred particularly where sections of the industry are reliant on government funding, for example, and the collective bargaining system has not delivered an adequate mechanism to lift those wages up.<sup>101</sup>

4.69 National Pay Equity Coalition and the Women's Electoral Lobby Australia Inc commented that:

> Collective bargaining can be a pay equity strategy, especially where the bargaining is for a particular occupation (for example: nursing). It can provide an opportunity to negotiate about conducting equal remuneration reviews and implementing pay equity plans. Pay equity is generally better in more collective employment relations environments. However, where bargaining covers a range of occupations, targeting a particular group can be problematic for unions and can be seen as being at odds with a strategy to maximise collective benefits. Collective bargaining is not likely to be an effective strategy for occupations with low

<sup>98</sup> Dr Christine Short, *Transcript of Evidence*, 19 March 2009, p. 6.

<sup>99</sup> Dr Sara Charlesworth, Research Fellow, Centre for Applied Social Research, *Transcript of Evidence*, 2 April 2002, p. 28.

<sup>100</sup> Australian Nursing Federation, Submission No 97, p. 2.

<sup>101</sup> Mr Steven Ross, Queensland Nurses Union, Transcript of Evidence, 31 March 2009, p. 51.

unionisation and/or little industrial strength, and/or where unions have few women and/or are not supportive of pay equity for women. Pay equity can be weighed up and/or traded off against other benefits sought in bargaining. For collective bargaining to be successful in addressing pay equity, rules governing bargaining in the industrial system must include rights to call parties to negotiate, conciliate and, in the event of failure to agree, for Fair Work Australia to arbitrate on agreements and make awards on an occupational, industry and workplace level.<sup>102</sup>

4.70 Those who have access to collective bargaining may also have access to more information about pay equity issues and the information needs to filter through to those who will be relying on improvements:

Even if changes are made and the remuneration principle is created, the majority of people who are likely to benefit from that probably will not know about it. Where the education comes from, who guides it and who supports it are very important questions as well.<sup>103</sup>

4.71 National Pay Equity Coalition and the Women's Electoral Lobby Australia Inc added that requested information should be provided to industrial parties involved in collective bargaining and noted that:

> While collective bargaining may not always be an effective means of progressing pay equity, it should not be permitted to be at odds with the fundamental legislated human right to equal remuneration for work of equal value without sex discrimination.<sup>104</sup>

#### Non salary remuneration

4.72 Men are more likely to receive non-salary remuneration such as bonuses and allowances, longer hours, more overtime and more likely to work shifts while 'women are disproportionately employed in occupations and/or industries with low levels of bargaining power, are often more

<sup>102</sup> The National Pay Equity Coalition and the Women's Electoral Lobby Australia Inc, *Submission No. 118*, p. 31.

<sup>103</sup> Ms Samantha Bond, Women's Office, Victorian Trades Hall Council, *Transcript of Evidence*, 2 April 2009, p. 75.

<sup>104</sup> The National Pay Equity Coalition and the Women's Electoral Lobby Australia Inc, *Submission No. 118*, p. 31.

reluctant to negotiate wage increases, and may experience poorer returns to negotiation'.<sup>105</sup>

4.73 The point was made that:

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.<sup>106</sup>

4.74 In the finance sector where there is a relatively high gender wage gap, the Finance Sector Union of Australia made the point that:

It is increasingly difficult to isolate earnings data and ensure fair comparisons in the finance sector due to the rise in performance payments/bonuses and commissions, as the industry becomes more competitive and emphasises sales of products, more than service to customers. This difficulty is compounded by the lack of objective work value criteria in the industry – the finance sector more or less bypassed the examination of skills based relativities which occurred as part of award restructuring in the late 1980s/early 1990s. It is therefore hard to objectively compare like with like jobs.<sup>107</sup>

#### Casual work

4.75 The gender pay gap for casual workers was smaller than for non-casual.<sup>108</sup> Women without paid leave entitlements were more likely to receive a casual loading than men in this situation.<sup>109</sup> Further, 'female part time casuals earn about 10 per cent less than female part time permanents.'<sup>110</sup>

<sup>105</sup> Department of Consumer and Employment Protection, Government of Western Australia, Submission No. 134, p. 30 citing URCOT, 2005, Pay Equity: How to Address the Gender Pay Gap – A Report for Industrial Relations Victoria, p. 7; Todd & Eveline Review, 2004, p. 47; and Queensland Industrial Relations Commission, 2007, Pay Equity: Time to Act, p. 18 citing Crockett and Preston, 1999, report to WA Government.

<sup>106</sup> Ms Emma Ritch, Manager, Close the Gap, Transcript of Evidence, 11 August 2009, p. 13.

<sup>107</sup> Finance Sector Union of Australia, Submission No. 122, p. 3.

<sup>108</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 4.

<sup>109</sup> Mr Joshua Healy, Research Assistant, National Institute of Labour Studies, Flinders University, *Transcript of Evidence*, 6 November 2008, p. 4.

<sup>110</sup> Ms Jeane Wells, *Submission No. 116*, p. 3 citing Watson 2005 p. 1.