

*The persistence of the gender pay gap experienced by Australian women workers is unjust, inequitable and inefficient.*<sup>1</sup>

## Introduction

- 1.1 In March 2008, just over 50 per cent of Australia's population was female; 2.2 per cent of these were Indigenous and 23.9 per cent were born overseas.<sup>2</sup> The rate of women's labour force participation increased from 45 per cent in 1985 to 58 per cent in 2008.<sup>3</sup>

## Economic imperative

- 1.2 There are clear benefits in increasing women's participation in the workforce in terms of increased gross domestic product and national productivity:

The effective implementation of pay equity measures is of importance in redressing gender inequality in workplace arrangements, for the advancement of wider equal opportunity strategies, for securing greater economic independence for women, and for the economic and social wellbeing of families. Moreover, pay equity can have implications for workforce

---

1 Work and Family Policy Roundtable, *Submission No. 143*, p. 1.

2 Office for Women, 2009, *Women in Australia 2009*, Department of Families, Housing and Community Services and Indigenous Affairs, 19 March 2009, pp. 1-2.

3 Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Submission No. 112*, p. 3 citing Australian Bureau of Statistics, Cat No. 6202.0, *Labour Force Australia*, Canberra, 2008.

development and the development of skilled and viable labour markets.<sup>4</sup>

1.3 The increase in female employment of the last 20 years has :

... contributed more to global GDP growth than have either new technology or the new giants China and India. Add the value of housework and child-rearing, and women probably account for just over half the world output. It is true that women still get paid less and few make it to the top of companies, but, as prejudice fades over coming years, women will have great scope to boost their productivity – and incomes.<sup>5</sup>

1.4 Productivity increases have been pivotal in the United Kingdom's approach. Figures released by the Women and Work Commission in 2005 estimated that should the causes of the pay gap be resolved, the benefits would be two per cent of GDP (£23 billion) to the United Kingdom's economy.<sup>6</sup> Prime Minister Gordon Brown stated that 'for too long the equality issue has been marginalised and seen as part of social policy, not macro-economic policy'.<sup>7</sup>

There is a real need for education and information regarding pay equity. The economic imperative to do so is compelling but so should the notion of social justice be a high motivating factor for government to ensure gender pay equity. Nevertheless it is recognised that "pay equity is associated with higher productivity through better use of skills and higher workforce participation rates."<sup>8</sup>

1.5 The Queensland Government pursued pay equity as part of its strategic policy to build on economic success by maximising participation in the labour market through:

- 
- 4 New South Wales Office for Women's Policy, *Submission No. 153*, pp. 11-12 citing Trish Todd and Joan Eveline, *Report on the Review of the Gender Pay Gap in Western Australia*, November 2004, pp. 21-22 at: [http://www.commerce.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/2004\\_Review\\_of\\_the\\_Gender\\_Pay\\_.html](http://www.commerce.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/2004_Review_of_the_Gender_Pay_.html), viewed 28 September 2009.
- 5 'The importance of sex', *Women in the workforce*, *The Economist*, 15 April 2006, p. 16.
- 6 Ms Emma Ritch, Manager, *Close the Gap*, *Transcript of Evidence*, 11 August 2009, p. 3.
- 7 Australian Education Union, *Submission No. 76*, p. 21 citing Equal opportunity Commission, 2007, *Working Outside the Box: Changing work to meet the future*, Executive Summary, Equal Opportunities Commission, European Union, p. 14.
- 8 Australian Education Union, *Submission No. 76*, p. 21 citing Queensland Industrial Relations Commission, 2006, p. 5.

- delivering a fair industrial relations system and improving workforce management by putting people, safe jobs and workplaces first;
- encouraging full participation of the available labour supply.<sup>9</sup>

1.6 The New South Wales Pay Equity inquiry found that:

... pay equity can improve efficiencies within the labour market ... when implemented incrementally to spread any wage adjustments over time, and given a reasonable rate of economic growth, pay equity measures could have positive impacts on the economy. The Inquiry found that, to the extent that gender discrimination represents a suboptimal allocation of resources, changes in the composition of employment because of pay equity can represent improvement in economic efficiency and resource allocation.<sup>10</sup>

1.7 Any aspect of the labour market that limits the optimum allocation of resources will prevent the achievement of Australia's full economic potential.<sup>11</sup> Equal Employment Opportunity Network of Australasia observed that to date pay equity in Australia has not been a priority issue. Pay equity is relegated to the righting of an historic wrong and may not be seen as 'moving the agenda forward'.<sup>12</sup> However, Dr Sara Charlesworth suggested:

... gender pay inequity is the canary in the mine in terms of women's employment. It tells you something is wrong – it does not necessarily tell you what is wrong; it does not necessarily tell you what causes it.<sup>13</sup>

1.8 The Community and Public Sector Union State Public Services Federation Group (CPSUFG) also highlighted the fact that a failure to resolve inequality has resulted in an inefficient labour market affecting labour supply, productivity, efficiency and labour turnover and 'also has a significant impact on tax and welfare systems'.<sup>14</sup>

---

9 Queensland Government, *Submission No. 135*, p. 3.

10 New South Wales Office for Women's Policy, *Submission No. 153*, p. 12.

11 See discussion in Diversity Council Australia, *Submission No. 110*, p. 15.

12 Ms Juliet Bourke, Chair, Equal Employment Opportunity Network of Australasia, *Transcript of Evidence*, 26 September 2008, p. 82.

13 Dr Sara Charlesworth, Research Fellow, Centre for Applied Social Research, *Transcript of Evidence*, 2 April 2009, p. 23.

14 Community and Public Sector Union State Public Services Federation Group, *Submission No. 107*, p. 5.

## Definition of pay equity

1.9 Pay equity is a complex concept linked to a range of factors. The definitions suggested to the inquiries reflect this in their scope and variety.

1.10 Community and Public Sector Union State Public Services Federation Group defined *Pay equity* means that men and women should receive the same pay, benefits and conditions for work of equal or comparable value: it is equal pay for different but equivalent work:

Pay Equity as a concept is defined within ... [ILO Convention 100] as 'not about men and women earning the same; nor is it about changing the work that women do. Pay equity is about redressing the *undervaluation* of jobs typically performed by women and remunerating them according to their value'. Put simply, it means remuneration of work through proper valuing of work which is free from gender bias.<sup>15</sup>

1.11 New South Wales Office for Women's Policy added that:

Pay equity refers to both the goal and the process of reducing the overall gender pay gap and promoting equitable access to the workplace for women and men. Pay equity addresses structural and historical disadvantages in remuneration levels between women and men, and is concerned with wages and conditions of work, removing direct and indirect discrimination, and ensuring equitable access to leave, flexible working practices, and training and promotion opportunities ... further potentially positive economic impacts of pay equity measures included: improved overall community wellbeing if discrimination can be removed through pay equity measures; improvements in opportunities and choices for women by providing economic independence; reduction in the need to rely on State support such as welfare or income support; and more transparent award structures and enhanced organisational productivity.<sup>16</sup>

1.12 The National Foundation for Australian Women defined pay equity as:

... a simple idea: men and women should receive equal remuneration for work of equal value. It means that the gender of

15 Community and Public Sector Union State Public Services Federation Group, *Submission No. 107*, p. 3.

16 New South Wales Office for Women's Policy, *Submission No. 153*, pp. 8, 12.

a worker is irrelevant when their work is valued and paid for with wages and other benefits.<sup>17</sup>

- 1.13 For the purposes of pay equity, remuneration includes all elements of work related rewards including allowances, benefits, bonuses, superannuation, performance related payments and non-monetary benefits.<sup>18</sup> Law Council of Australia expanded:

The contemporary remuneration package includes wages, bonuses, shares, discretionary allowances, performances incentives, merits or bonus payments and superannuation, as well as access to benefits such as a car, computer, mobile phone and other forms of indirect remuneration.<sup>19</sup>

- 1.14 The International Trade Union Confederation (ITUC) believed the key challenge is to be able to 'distinguish pay differences resulting from different labour market characteristics, on the one hand, and difference due to indirect or direct discrimination, on the other hand',<sup>20</sup> including the societal difference in the evaluation of work and female dominated sectors or occupations.<sup>21</sup> It is difficult to compare two jobs and their compensation when each comprises a different set of tasks. The basis of pay equity is

... the idea that women should be remunerated fairly for the work that they do, without discrimination or harassment or a gender bias which creates undervaluation of work, barriers to promotion or training.<sup>22</sup>

- 1.15 The idea of work of comparable value is important because while:

... the concept of 'equal value' allows for equal remuneration when men and women are doing identical work, comparable value allows for a broader consideration of the factors noted above which contribute to pay inequity. In particular, 'comparable value' recognises the highly sex segregated nature of the work force (i.e.

---

17 National Foundation for Australian Women, *Submission No. 94*, p. 10.

18 Community and Public Sector Union State Public Services Federation Group, *Submission No. 107*, p. 3.

19 Law Council of Australia, *Submission No. 144*, p. 3.

20 ILO Convention 111 defines discrimination as 'any distinction, exclusion or preference, which has the effects of nullifying or impairing equality of opportunity or treatment in employment or occupation'.

21 International Trade Union Confederation, 2008, *The Global Gender Pay Gap*, p. 53. See also Commission of the European Communities (2007) Communication from the Commission: *Tackling the Pay Gap between Women and Men*, Brussels 18 July 2007, p. 2.

22 Ms Amanda Richards, Assistant General Secretary, Queensland Council of Unions, *Transcript of Evidence*, 31 March 2009, p. 12.

concentration of women's employment in a narrow range of occupations and industries) and the undervaluation of feminised work. There is often no identical occupational comparator group for areas of female dominated employment (eg. dental assistants). In such cases, 'comparable value' facilitates comparisons with work of a similar nature (eg work requiring similar qualifications) in order to allow a means by which women's work can be valued in a fair and equitable manner.<sup>23</sup>

1.16 The Victorian Government described pay equity as:

...a shared objective, not an us-and-them issue; no-one would support unequal outcomes based on gender; a genuine concern to understand whether there are pay gaps and if so why; a conviction that there is no reason to hide the facts, if there is a gap it needs to be fixed; a good fit with business commitment to improve performance by drawing as broadly as possible on available talent; and a chance to understand better the impact of overt policies and initiatives targeting cultural change already in place in the bank.<sup>24</sup>

1.17 Relative measures of women's and men's pay levels used are the *gender wage gap* which is the difference between male and female earnings as a proportion of male earnings and the *gender wage relativities* which is the female earnings as a proportion of male earnings. The Commission of the European Communities defines this as 'the difference between average gross hourly earnings of male-paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees'; it is the 'relative difference in the average gross hourly earnings of women and men within the economy as a whole'.<sup>25</sup> CPSUPFG stated that:

The 'gender wage gap' gives us some indication of the 'aggregate' problem but we need to examine and target particular workforces and occupations.<sup>26</sup>

1.18 Pay equity is 'not a straightforward issue: the lack of gender pay equity is a complex problem stemming from embedded social and structural

23 Queensland Government, *Submission No. 135*, p. 4.

24 Ms Sarah Tuberville, Department of Innovation, Industry and Regional Development, Victoria, *Transcript of Evidence*, 2 April 2009, p. 2.

25 Commission of the European Communities, *Communication from the Commission: Tackling the Pay Gap between Women and Men*, Brussels 18 July 2007, pp. 2, 15.

26 Community and Public Sector Union State Public Services Federation Group, *Submission No. 107*, p. 2.

discrimination and disadvantage'.<sup>27</sup> Barriers to participation include lower pay, less job security and fewer entitlements and the need to balance family commitments.<sup>28</sup>

1.19 The Queensland Government elaborated on concept of pay equity to include:

... a larger application than equal pay (i.e. equal pay for the same work) in that it attempts to consider the wide range of issues underlying and contributing to the earnings gap between men and women. These issues include entrenched historical practices, the invisibility of women's skills, the lack of a powerful presence in the industrial system, and the way that 'work' and how we value work is understood and interpreted in the industrial system.<sup>29</sup>

1.20 The Commission of the European Communities emphasised the structural character of pay inequity:

...objective differences and openly discriminatory practices are not enough in themselves to explain why a pay gap still exists. The pay gap is also linked to a number of legal, social and economic factors which go far beyond the single issue of equal pay for the same job.<sup>30</sup>

1.21 Pay equity has been analysed into several facets:

- *Employment equity* is equal access to jobs offered by an employer which means that women and men and the visible minorities have equal opportunity when applying for jobs.
- *Internal equity* is when a person working is being paid the same as the person of the same gender sitting nearby for the exact same job.
- *Horizontal pay equity* is about 'the value put on occupations in which women predominate and in which men predominate'.<sup>31</sup>
- *Vertical pay equity* relates to 'the idea that women are not going to stay in the workforce or are going to be unreliable because of their second,

---

27 Community and Public Sector Union, *Supplementary Submission No. 13.1*, p. 1.

28 National Council of Women of Australia Inc Ltd, *Submission No. 37*, p. 2.

29 Queensland Government, *Submission No. 135*, p. 4.

30 Commission of the European Communities (2007) Communication from the Commission: Tackling the Pay Gap between Women and Men, Brussels 18 July 2007, p. 3.

31 Dr Christine Short, *Transcript of Evidence*, 19 March 2009, p. 3.

unpaid, job at home'. Examples of women not being promoted were more frequent in larger firms and organisations.<sup>32</sup>

1.22 The Liquor, Hospitality and Miscellaneous Union, Queensland Branch linked pay inequity to:

- Perpetuation of the generational poverty cycle;
- Familial financial instability affecting women's and families decisions to have children, and affecting the ability of families to raise children as the next generation of productive workers;
- Lower retirement entitlements for women therefore placing a greater burden on the public welfare system;
- Contributing to the skills shortage in the Australian economy by providing a disincentive for Australian women to remain engaged in the workforce;
- Lowered productivity; and
- Corollary increased burden on public welfare institutions, such as health care, due to low incomes.<sup>33</sup>

1.23 Determining appropriate policy approaches to eliminating the pay gender gap clearly lie in the identification of the causal factors.

## Contributing factors to pay inequity

1.24 The factors contributing to pay inequity are complex and multifaceted. Evidence to the inquiry listed a number of factors as making a contribution and these are summarised below to provide an overview:

- social expectations and gendered assumptions about the role of women as workers, parents and carers resulting in majority of primary unpaid caring responsibilities undertaken by women;
- disproportionate participation in part time and casual employment leading to few opportunities for skill development and advancement resulting in a concentration of women in lower level classifications;
- invisibility of women's skills and status leading to an undervaluation of women's work and the failure to re-assess changing nature of work and skill; unrecognised skills described as creative, nurturing, caring and so forth;
- labour market tenure and engagement, and more precarious attachment to the workforce;

---

32 Dr Christine Short, *Transcript of Evidence*, 19 March 2009, p. 4.

33 Liquor, Hospitality and Miscellaneous Union, Queensland Branch, *Submission No. 138*, pp. 2-3.



- industry and occupational composition and segregation factors attributable to geography and desirability of work
- sex discrimination and sexual harassment;
- concentrated in award-reliant employment with less opportunity to collectively bargain for higher wages, working in small workplaces and with low union participation;
- treatment by industrial tribunals and regulation; and the misguided belief that if men and women are subject to the same laws, rules and conditions, then equality will result;
- women's apparent higher job satisfaction with work at a given wage level means employers less likely to feel under pressure to improve wages for employees. Trade off between monetary rewards and non-monetary rewards;
- working in service rather than product related markets;
- poor recognition of qualifications, including vastly different remuneration scales for occupations requiring similar qualifications and the way that 'work' and how we value work is understood and interpreted within the industrial system; and
- women receive lower levels of discretionary payment such as over award payments, bonuses, commissions and service increments and profit sharing, partly because in the industries where women are employed, over award payments are not usually available.<sup>34</sup>

1.25 Group Training Australia divided these into two categories (a) internal factors such as qualifications, skills, individual productivity, experience or tenure, job endowments and allowances and how the work is described and (b) external factors such as institutional and market factors; sector productivity gains; segmentation or segregation of industrial arrangements, discrimination and access to overtime.<sup>35</sup> EOWA stated that:

---

34 For example see New South Wales Office of Women's Policy, *Submission No. 153*, pp. 3-4; Ms Cate McKenzie, Executive Director, Office of Women and Group Manager Women, Children and Parenting Support, Department of Families, Housing, Community Services and Indigenous Affairs, *Transcript of Evidence*, 25 September 2008, p. 1; Office for Women, Department of Families, Housing, Community Services and Indigenous Affairs, *Submission No. 112*, p. 13; Australian Chamber of Commerce and Industry, *Submission No. 84*, p. 2; National Foundation for Australian Women, *Submission No. 94*, pp. 2-3; Diversity Council Australia, *Submission No. 110*, p. 8 citing New South Wales Office of Industrial Relations (2004). *Why is there a gap between men's and women's earnings?* Available at: <[http://www.industrialrelations.nsw.gov.au/About\\_OIR/Issues\\_and\\_policy/Archive/Pay\\_equity\\_inquiry/Men\\_and\\_womens\\_earning.html](http://www.industrialrelations.nsw.gov.au/About_OIR/Issues_and_policy/Archive/Pay_equity_inquiry/Men_and_womens_earning.html)>; South Australian Government, *Submission No. 124*, p. 4; Ms Nareen Young, Executive Director, Diversity Council Australia Ltd, *Transcript of Evidence*, 26 September 2008, p. 34; Independent Education Union of Australia, *Submission No. 100*, p. 6.

35 Group Training Australia, *Submission No. 45*, p. 7.

The gender pay gap reflects the low value placed on the work women do, the unequal distribution of overtime and promotional opportunities, the impact of caring responsibilities, the continued reluctance to invest in women through training and development, old fashioned beliefs about women's abilities and roles and the failure to understand the difference between hours worked and outcomes achieved.<sup>36</sup>

1.26 Diversity Council of Australia suggested that one factor in determining levels of pay equity is:

whether or not women have tended towards these jobs and industries because they have traditionally and contemporarily offered less access to 'over-award' conditions in hours terms and have thus been viewed, in the community terms, as 'women's jobs' and as places women can work comfortably within the employment market constraints of care-giving.<sup>37</sup>

1.27 Factors contributing to the gender pay gap may differ between industries. For instance, the Finance Sector Union pointed out the need to consider the gender pay gap at a workplace or industry level due to specific complexities. The finance industry relies more heavily on market data and pay may include base salary, superannuation, discretionary payments, incentives, bonuses, shift allowances, car and meal allowances and overtime.<sup>38</sup> The reasons for the relatively high gender pay gap in this industry include:

- the increasing reliance on performance based pay;
- a lack of transparent pay relativities between jobs;
- employers using complex state and national market-based pay data;
- inconsistent and unclear job evaluation systems; and
- privacy/secretcy.<sup>39</sup>

## Benefits of pay equity

1.28 At the national economic level, Group Training Australia commented that:

---

36 Equal Opportunity for Women in the Workplace Agency, *Submission No. 113*, p. 11.

37 Diversity Council Australia, *Submission No. 110*, p. 8.

38 Finance Sector Union of Australia, *Submission No. 122*, p. 4.

39 Finance Sector Union of Australia, *Submission No. 122*, p. 1.

...implementing the principle of equal pay for work of equal value would result in a reduction in household poverty and alleviation of the poverty trap. Benefits include an increase in economic freedom, and in the status and dignity attached to women's work for individuals.<sup>40</sup>

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

... at a workplace level there are benefits for employers in adopting pay equity strategies, including improved workforce morale, enhanced organisational effectiveness, reduced staff turnover, an enhanced skill base and productivity improvements. Employers complying with pay equity strategies can become employers of choice for women who see their qualifications and skills appropriately remunerated.<sup>41</sup>

1.30 In 2007, the Queensland Industrial Relations Commission (QIRC) highlighted the potential for greater labour force productivity from the perception of improved equity and more employee focussed workplace flexibility, adding that the benefits to business cannot be underestimated.<sup>42</sup> These benefits include avoiding discrimination and harassment law suits; attracting, retaining and motivating employees; increased productivity and innovation; enhanced management style; gains in the number of female customers; and promoting yourself as a good employer.<sup>43</sup>

1.31 The Australian Council of Trade Unions (ACTU) also emphasised the importance of pay equity to Australia's productivity and future prosperity as well as basic human rights obligations, democratic rights and Australia's traditions of inclusiveness and equality.<sup>44</sup>

Pay equity promotes greater labour force participation of women, enhancing the quality of the Australian labour market and assisting in sustaining the tax base of an ageing population.

---

40 Group Training Australia, *Submission No. 45*, p. 6.

41 New South Wales Office for Women's Policy, *Submission No. 153*, p. 12 citing Queensland Industrial Relations Commission, *Pay Equity - Time to Act*, Final Report of the Queensland Pay Equity Inquiry, September 2007, pp. 21-22  
<[http://www.qirc.qld.gov.au/inquiry/pay\\_equity/final/final\\_report.htm](http://www.qirc.qld.gov.au/inquiry/pay_equity/final/final_report.htm)>.

42 Queensland Industrial Relations Commission, 2007, *Pay Equity TIME TO ACT*, Inquiry to examine the impact of the federal Government's WorkChoices amendments to the *Workplace Relations Act 1996* on pay equity in Queensland, pp. 2 and 9.

43 Business Victoria at:  
<[http://www.business.vic.gov.au/BUSVIC/STANDARD/PC\\_61636.html](http://www.business.vic.gov.au/BUSVIC/STANDARD/PC_61636.html)>; Fisher G (2007) *Pay Equity Time to Act*, Queensland Industrial Relations Commission, September 2007.

44 Australian Council of Trade Unions (ACTU) and Joint State Union Peak Councils, *Submission No. 125*, p. 7.

Treasury modelling shows that a modest 2.5% increase in labour participation rates would produce an additional 9% increase in economic output by 2022.<sup>45</sup>

1.32 The ACTU added that:

Improving the participation rates of Australian women and their position in the labour market (including most notably their earnings) would have a significant effect in lifting Australia's overall economic performance ... UK studies have shown that gendered workplace inequality damaged UK productivity and that significant gains would be made from improving women's remuneration.<sup>46</sup>

1.33 The value of paid work is not only about money. Women who realise that someone else in the workplace received different remuneration levels take it as 'a personal affront and a personal problem' and perceive the difference in terms of how they are valued.<sup>47</sup> Paid work is 'an important aspect of ... [women's] identity and allows them to use their skills and continue to develop professionally'.<sup>48</sup>

1.34 Ms Emma Ritch described an organisation which does not have a gender pay gap as one which has:

... 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

---

45 Australian Council of Trade Unions (ACTU) and Joint State Union Peak Councils, *Submission No. 125*, p. 7, citing Gruen D and Garbutt M, 2003, *The output implications of Tighter Labour Force Participation*, Treasury Working Paper, 2003-02.

46 Australian Council of Trade Unions (ACTU) and Joint State Union Peak Councils, *Submission No. 125*, p. 7 citing ABS Labour Statistics and Walby S and Olsen W, 2002, 'The impact of women's position in the labour market on pay equity and the implications for UK productivity' (UK Department of Trade and Industry, Women and Equality Unit).

47 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. 55.

48 Human Rights and Equal Opportunity Commission (2008) *Gender equality: What matters to Australian women and men, the Listening Tour Community Report*, p. 9.

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.<sup>49</sup>

## The pay equity inquiry

### Referral to the Committee

1.35 On 26 June 2008 the Minister for Workforce Participation, the Hon Brendan O'Connor MP, requested that the House of Representatives Standing Committee on Employment and Workforce Participation 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;
- The need for further legislative reform to address pay equity in Australia.

### Conduct of the inquiry

1.36 The Committee sought submissions from June 2008. Additionally the Committee wrote to Ministers, State Premiers, Chief Ministers, organisations and individuals seeking submissions to the inquiry. The

---

49 Ms Emma Ritch, Manager, Close the Gap, *Transcript of Evidence*, 11 August 2009, p. 6.

inquiry was advertised in *The Australian* at fortnightly intervals, and featured on a number of occasions in *About the House* and *Sky News*.

- 1.37 One hundred and fifty five submissions and 23 supplementary submissions were received in response to the invitation to comment on the inquiry. A list of submissions is at Appendix A. A list of other documents of relevance to the inquiry that were formally received by the Committee as exhibits is at Appendix B.
- 1.38 The Committee consulted widely and took evidence at 30 public hearings in Adelaide, Brisbane, Canberra, Melbourne, Perth and Sydney. A list of organisations and individuals who gave evidence to the inquiry at public hearings is at Appendix C.
- 1.39 Copies of all submissions and transcripts that were authorised for publication are available electronically from the Committee's website at [www.aph.gov.au/ewr](http://www.aph.gov.au/ewr).

### Scope of the report

- 1.40 The report canvases possible legislative and administrative reforms that give greater recognition to the pay equity principle and develops an implementation strategy for achieving this.
- 1.41 Chapter 2 sets the scene and provides an overview of Australia's situation in the global context. This Chapter presents a contextual backdrop to the key issues addressed throughout the report. The participation of women in the workforce is considered particularly in the relation to the education levels, age, workforce composition, occupation and industry segregation and feminisation. The regional disparity and the public and private sector differences in the gender pay gap are also summarised.
- 1.42 Chapter 3 provides a brief look at how Australia compares globally and Australia's international obligations. The OECD currently provides an annual international comparison on various measures relevant to pay equity. Australia's ranking has deteriorated in a number of these measures over recent years and measures must be put in place to stem this trend. Australia is party to a number of relevant international treaties and is required to report on these on a regular basis.
- 1.43 Chapter 4 focuses on the impact of a wage setting arrangement on pay equity. Recent research has identified significant differences in the outcomes for women on awards, individual or collective agreements.
- 1.44 Chapter 5 considers industrial relations legislative reforms and recommends amendment to the *Fair Work Act 2009* to achieve more

effective mainstreaming of the right to pay equity into the industrial relations system. Changes to the definition of remuneration, the scope of application of the right to request and the processing of individual flexibility arrangements are recommended and the need for national consistency in legislation is discussed.

- 1.45 Chapter 6 discusses the need for anti-discrimination legislative reform through amendments to the *Sex Discrimination Act 1984* to enable the Sex Discrimination Commissioner to initiate an own motion inquiry into systemic inequality and report those findings to the Federal Attorney General and/or the Federal Parliament.
- 1.46 Chapter 7 proposes the introduction of specific pay equity legislation to establish a Pay Equity Unit within Fair Work Australia and to complement *Fair Work Act 2009*. The proposal involves the establishment of a Pay Equity Unit to replace the current Equal Opportunity for Women in the Workplace Agency and to impose positive obligations on public and private sector employers to audit, plan and report on pay equity.
- 1.47 Chapter 8 outlines additional administrative options in relation to Commonwealth procurement policy; possible conditions to be attached to Commonwealth Grants and other approaches such as superannuation reform. There are also recommended mandatory reporting requirements for all government agencies including the Australian Public Service Commission. The Chapter suggests the relocation of the Office of the Status of Women to the Department of Prime Minister and Cabinet and the provision of an annual Statement to the Parliament by the Minister; and regulatory impact statements to accompany all relevant Cabinet submissions on pay equity matters. The possible introduction of a Code of Practice is also canvassed.
- 1.48 Chapter 9 refers to the adequacy of current data and the establishment of a system for disaggregated data collection with research and analysis to be performed by a specialist research program within the Pay Equity Unit resourced with skilled statisticians with expertise in this subject matter.
- 1.49 Chapter 10 looks at whether women have real choices and discusses strategies to increase women's participation in the workforce in relation to some key aspects such as quality part-time work options, flexible working arrangements, access to training and promotion and child care.
- 1.50 Chapter 11 discusses the need for community cultural change and addresses the terms of reference relating to the need for education among

employers and employees and trade unions in relation to pay equity issues.

- 1.51 Chapter 12 provides some summary concluding comments which highlight the key findings of the report.