

Chapter 6

Conclusions and recommendations

6.1 Industrial and occupational gender segregation is one of the most pervasive and intractable aspects of economic labour market inequality, both in Australia and in comparable jurisdictions around the world. It is a key driver of the gender pay gap.

6.2 In addition to the impacts on Australian women, workplace gender segregation has significant implications, for Australia's capacity to drive innovation and respond to structural and technological changes in an increasingly competitive global economy.

6.3 The impact of technological and social change is shaping the future of work in Australia. Without a strategy that clearly recognises and addresses the causes and impact of gender segregation, there is a risk that gender inequality will not only persist but become further entrenched in Australian workplaces.

6.4 A wide range of representative groups including peak employer organisations, trade unions, professional employee groups, women's advocacy organisations, government departments and agencies, and academic researchers gave evidence to the committee.

6.5 The inquiry heard that Australia and Australian businesses would reap considerable economic advantages by addressing industrial and occupational gender segregation, including:

- closing the gap between male and female employment and productivity has the potential to boost Australia's GDP by between 11 per cent and more than 20 per cent;
- as much as \$12 trillion could be added to global GDP by 2025 by advancing women's equality; and
- ASX50012 companies with women directors on their boards delivered significantly higher Return on Equity (ROE) than those companies without women directors.

6.6 Evidence submitted to the inquiry included suggestions for both short-term and longer-term measures, ranging from encouraging more women into male-dominated and non-traditional industries through training, education and employer-led processes, to legislative reforms to address the undervaluation of work traditionally undertaken by women.

6.7 As noted in Chapter 1, the Committee does not seek to revisit the detailed work undertaken through previous inquiries. Rather, the recommendations set out below seek to establish a broad policy framework to that if implemented in a co-ordinated way, would begin to address this seemingly intractable source of inequity.

National policy framework for Pay Equity

6.8 Australia requires a focused and co-ordinated strategy to address the many and complex factors that contribute to the gender pay gap in Australian workplaces.

6.9 While there are a range of current measures which seek to support Australian women at work, there is little clarity about whether these measures are intended to support pay equity, and on what timeframe.

6.10 Government should bring focus to these efforts by establishing a national policy framework for pay equity.

6.11 The national policy framework should include specific measures designed to achieve pay equity, promote flexible work practices for both men and women. This may include extensions to the period of Paid Parental Leave (PPL), new provisions for the payment of the superannuation guarantee during PPL, improved access to affordable high quality early childhood education and care, and reforms to legislative or policy instruments to support pay equity.

6.12 The inquiry heard evidence of successful initiatives that have been introduced in both the public and private sectors, aimed at reducing industrial and occupational gender segregation in the wider labour market. Measures adopted by the Australian Public Service, private sector initiatives cited in this inquiry, and case studies collated by Diversity Council Australia and Workplace Gender Equality Agency, have potential for wider application in Australian workplaces and offer valuable models that should inform the development of the national policy framework. Some measures provided in evidence to this inquiry are summarised at Appendix 3.

Recommendation 1

6.13 The committee recommends that the Office for Women in the Department of the Prime Minister and Cabinet lead the development and implementation of a national policy framework to achieve gender pay equity in Australia. The framework should set a pay equity target date, provide an advisory structure to guide implementation, provide a roadmap for achieving pay equity in Australia, address segregation in Australian workplaces, and draw on measures in Australia's public and private sectors and in comparable overseas jurisdictions.

6.14 The national policy framework to achieve pay equity should coordinate efforts across agencies of government to address the factors that adversely affect women's workforce participation and gender segregation, including:

- **reforms to flexible work provisions that will increase access for men and women, and make provision for employees to appeal decisions;**
- **an extension to the period of PPL and new provisions for the payment of superannuation guarantee during PPL;**
- **improved access to affordable high quality early childhood education and care; and**

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- **recognition of career paths and qualifications for feminised industries, particularly the care industry.**

Reforms to *Fair Work Act 2009*

6.15 Submitters presented a range of evidence demonstrating that the undervaluation of work undertaken by women is a major contribution to the gender pay gap and structural inequalities in the labour market.

6.16 Women in female-dominated industries earn, on average, almost \$40,000 less than the average full-time total remuneration of a man in a male-dominated industry.

6.17 The problem is particularly acute in occupations involving caring; work dependent on skills which are historically under-valued in the labour market. This arises from ingrained perceptions that caring work is low skill, and that it is acceptable for women with caring responsibilities to be paid at a low level when the work is performed outside the home, because it is work that is considered to be emotionally rewarding.

6.18 The Fair Work Act contains provisions that are designed to provide for equal remuneration. In practice these provisions have only once been applied for the purpose of making an order of equal remuneration.

6.19 Equal remuneration is not an explicit object of the Fair Work Act, nor does the Act provide a positive duty on the Fair Work Commission to remedy gender pay inequity.

6.20 Under the Fair Work Act, it is unclear whether applicants may simultaneously pursue an equal remuneration case and a work value case before the Fair Work Commission. This uncertainty may hinder applications for applications for equal remuneration.

6.21 The introduction of an Equal Remuneration Principle in New South Wales and Queensland state legislation offers a model that could be implemented, with similar benefits, at the national level.

6.22 Legislation to introduce a similar approach to the Fair Work Act would provide a fairer basis for determining gender-based undervaluation.

Recommendation 2

6.23 The committee recommends that the *Fair Work Act 2009* be amended to improve its capacity to address equal remuneration, including:

- **introducing gender pay equity as an overall object of the Act; and**
- **the provision of guidance for both the Commission and applicant parties on making and applying for orders of equal remuneration. Such guidance could draw on Principles previously adopted in NSW and Queensland jurisdictions, including:**
 - **requiring that consideration of orders make reference to historical and contemporary gender-based undervaluation;**

- **suggesting the steps required by applicants to demonstrate that undervaluation was gendered or had a gender-associated cause; and**
- **clarifying that applications may be made without the need for a direct male comparator to establish undervaluation;**
- **clarifying that applications may be made for equal remuneration orders and work value claims simultaneously; and**
- **clarifying the definition of remuneration to include recompense or reward for services rendered, including non-cash benefits.**

Recommendation 3

6.24 The committee further recommends government conduct a comprehensive consultation process with expert stakeholders to achieve these reforms and define any others needed to the Act to achieve pay equity for Australian women.

Reforms to Fair Work Commission

6.25 The current process for applicants seeking an equal remuneration order under the Fair Work Act is adversarial, time consuming, and costly. One case has been successfully completed before the Commission since 2013. There is a view that the Fair Work Commission needs to find a more effective means of resolving equal remuneration applications in a timely way.

6.26 The committee notes that the Fair Work Commission's Pay Equity Unit (PEU) was established in March 2013 following the 2009 House of Representatives *Making it Fair* inquiry, to provide the Commission with specialist pay equity research under the Fair Work Act, and that the PEU received specific funding which has now ceased.

6.27 The committee considers that the government should restore funding to the Pay Equity Unit to enable it to continue to provide expert research and advice to the Fair Work Commission, with an enhanced capacity to provide expert advice on equal remuneration matters.

Recommendation 4

6.28 The Pay Equity Unit (PEU) was established as part of the Fair Work Commission to undertake pay equity related research and provide information to inform matters relating to pay equity. The committee recommends that the government:

- **restore and protect the budget of the PEU;**
- **investigate the provision of enhanced advisory functions for the PEU via an expert Pay Equity Panel, to undertake research into pay equity matters and provide recommendations for consideration by a Full Bench of the Fair Work Commission; and**
- **conduct a review of alternative means of making equal remuneration orders, such as conciliation via the Pay Equity Panel, with a view to achieving more timely resolution of equal remuneration applications.**

Career exploration and guidance

6.29 Gender stereotypes and unconscious bias pose a complex challenge for policy-makers and are not wholly within the scope of this inquiry. Existing government programs and initiatives for encouraging girls and young women to explore non-traditional careers is an established avenue for tackling workplace segregation but results to date are mixed.

6.30 The 2008 Australian Blueprint for Career Development and the 2011 National Career Guidance Strategy are tools that can be employed to support the delivery of gender sensitive career guidance.

6.31 The evidence indicated there are a multiple initiatives in various jurisdictions that are currently seeking to address the under-representation of women in the STEM sector.

Recommendation 5

6.32 The committee recommends that the Department of Education and Training update the National Career Development Strategy and the Australian Blueprint for Career Development to address the need for gender sensitive career guidance and counselling in all Australian schools and training institutions. The strategy should:

- **recognise that women and men may respond differently to information about occupations, industries and further education;**
- **provide mixed gender career role models, mentors and experiences, with particular sensitivity to addressing gender segregation; and**
- **offer guidelines for qualifications and continuing professional development (CPD) for career guidance professionals.**

Recommendation 6

6.33 The committee recommends that the Department of Education and Training undertake a national evaluation of all programs and initiatives associated with increasing numbers of girls in STEM education, to provide benchmark data and best practice guidelines.

Gender data reporting

6.34 Australia is a world leader in terms of gender data reporting, and this data has yielded valuable evidence to this inquiry about gender segregation, the gender pay gap and potential legislative and policy responses. However, the committee also heard that there is room for improvement to Australia's gender data reporting system, with several witnesses suggesting the need for:

- more fine-grained data that enable policymakers, employers and employees to better understand the nature of gender segregation within particular industries and occupations; and

- a way of co-ordinating data across the different gender datasets so that specific data can be interrogated and matched more easily (for example, matching employer and employee gender data).

6.35 The committee recognises the importance of the maintaining high-quality longitudinal datasets to provide policymakers with insight into the nature and scope of gender segregation and the gender pay gap in Australia.

6.36 The recent United Kingdom initiative on Gender Pay Gap Reporting takes the current Australian reporting requirements to WGEA a step further, by requiring large companies to publicly report on any gender pay gap that exists in their organisation, and provide an explanation of that gap.

6.37 The government should review the outcomes of this initiative in order to enable Australian policymakers to consider the merit of implementing a similar model as part of its world's best practice gender data reporting system.

Recommendation 7

6.38 The committee recommends that the government conduct a review of the recent initiative in the United Kingdom on Gender Pay Gap Reporting within two years of the program's implementation.

Recommendation 8

6.39 The committee recommends that the government conduct a review of labour force data with particular attention to job classifications used by the Australian Bureau of Statistics and the integration of other available datasets. This review should engage businesses, WGEA, unions and academics.

Recommendation 9

6.40 The committee recommends that the ABS Time Use study recommence on a regular basis.

Senator Jenny McAllister

Chair