

## Chapter 3

### Narrowing the gender pay gap

3.1 As noted in the previous chapter, the gender pay gap is a significant contributing factor to achieving economic security for women in retirement as it impedes accumulation of wealth and superannuation over a lifetime. This chapter discusses measures to address the gender pay gap across industries where female dominated sectors have historically been lower paid compared to male dominated industries. The second part of the chapter discusses various measures to narrow the gender pay gap within organisations. These measures include gender reporting and developing gender pay strategies, including setting targets for women in leadership roles.

#### Equal pay for work of equal value

##### *Pay equity*

3.2 As noted in the previous chapter, industrial and occupational segregation is one of several major factors contributing to the gender pay gap. Historically, female dominated sectors, like health care and teaching, have not been rewarded as favourably as more male dominated sectors.<sup>1</sup> The Workplace Gender Equality Agency (WGEA) explained pay equity as follows:

Pay equity is achieved when women and men receive equal pay for work of equal or comparable value. This means that women and men performing the same role at the same performance standard are paid the same amount. It also means that women and men performing different work of equal or comparable value are paid equitably.<sup>2</sup>

##### *Fair Work Act 2009*

3.3 The Australian Services Union (ASU) noted that legislative changes introducing equal remuneration for work of equal or comparable value into the *Fair Work Act 2009* achieved some success in ameliorating unequal pay.<sup>3</sup> Under the Fair Work Act:

- The Fair Work Commission can make an equal remuneration order requiring that certain employees be provided equal remuneration for work of equal or comparable value. An application for an equal remuneration order can be made by an affected employee, a union which is entitled to represent an affected employee or the Sex Discrimination Commissioner.

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1 Workplace Gender Equality Agency, *Submission 79*, p. 9.

2 Workplace Gender Equality Agency, 'Guide to gender pay equity: Practical steps to improve pay equity between women and men in your organisation', p. 5.  
[https://www.wgea.gov.au/sites/default/files/Pay\\_Equity\\_Toolkit\\_Main.pdf](https://www.wgea.gov.au/sites/default/files/Pay_Equity_Toolkit_Main.pdf) (accessed 15 April 2016).

3 Australian Services Union, *Submission 81*, p. 14.

- Once an equal remuneration order has been made, it will prevail over a modern award, enterprise agreement, a Fair Work Commission order or any other industrial instrument if it is more beneficial than these instruments.
- An employer that contravenes an equal remuneration order can be liable for a penalty.<sup>4</sup>

3.4 To date, the ASU has run the only successful case in the federal jurisdiction under the Fair Work Act.<sup>5</sup> The ASU noted that under the previous legislation, of the '17 or so cases', none had been successful.<sup>6</sup>

3.5 In the view of the Australian Council of Social Service (ACOSS):

The *Fair Work Act 2009* introduced changes that enhanced the ability of Fair Work Australia to make orders that provide for pay equity between male and female employees. The Act now refers to a right to equal pay for work of comparable value as well as equal value. The case for community sector workers was the first test of these new provisions.<sup>7</sup>

3.6 ACOSS described the decision on the successful ASU Equal Remuneration Order as a 'key milestone in addressing unequal pay for women'. It stated further that the decision was:

- a milestone/great step towards ensuring viable, effective social services by requiring appropriate levels of pay for the staff we depend upon to deliver those services; and
- the first step in addressing the historical undervaluing of community sector workers.<sup>8</sup>

3.7 The ASU stressed the importance of maintaining a legislative framework to ensure equal pay. It also noted that:

...it is perhaps more important that the legislative framework is accessible and not unnecessarily burdensome for applicant workers and unions. The ASU's Equal Pay Case established that the value that is placed on work is related to gender and the market, without regulation, is not a sufficient way

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4 Fair Work Ombudsman, 'Gender Pay Equity', <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/best-practice-guides/gender-pay-equity> (accessed 14 April 2016).

5 Document provided by the Australian Services Union following the public hearing held in Melbourne on 18 February 2016, p. 1.

6 Document provided by the Australian Services Union following the public hearing held in Melbourne on 18 February 2016, p. 1.

7 ACOSS, 'Analysis of FWA decision on ASU's Equal Remuneration Order application for community sector workers, 1 February 2012', p. 2, [http://www.acoss.org.au/images/uploads/ACOSS\\_analysis\\_PE\\_decision\\_1\\_Feb\\_2012.pdf](http://www.acoss.org.au/images/uploads/ACOSS_analysis_PE_decision_1_Feb_2012.pdf) (accessed 14 April 2016).

8 ACOSS, 'Analysis of FWA decision on ASU's Equal Remuneration Order application for community sector workers, 1 February 2012', p. 1, [http://www.acoss.org.au/images/uploads/ACOSS\\_analysis\\_PE\\_decision\\_1\\_Feb\\_2012.pdf](http://www.acoss.org.au/images/uploads/ACOSS_analysis_PE_decision_1_Feb_2012.pdf) (accessed 14 April 2016).

to regulate work in caring and other female dominated sectors. Pay inequalities are imbedded in the way we think about work, efficiency and profit and are often dismissed and legitimised by referring to the market as justification.<sup>9</sup>

3.8 The ASU contended that the legislation provides an adversarial system requiring a party or parties to make an application to the Fair Work Commission. It informed the committee that the success of its case came at significant cost, effort and preparation.<sup>10</sup> The House of Representatives Standing Committee on Employment and Workplace Relations 2009 report, *Making it Fair: Pay equity and associated issues related to increasing female participation in the workforce*, observed that equal remuneration orders 'rely on an applicant(s) initiating proceedings and any equal remuneration order applies only to those applicants'. In other words, according to the report 'an equal remuneration order does not amend the industrial instrument for all employees engaged under its terms.'<sup>11</sup> The ASU agreed with the observation made by the Chair, Ms Sharryn Jackson MP, that:

It is true that the Fair Work Act does widen the scope for applications to be taken at the federal level for equal pay for work of comparable value. However, the experience of similar provisions in some state Industrial Relations legislation still demonstrate relatively few cases have been dealt with. All cases have been adversarial, lengthy and often costly.

...

I am convinced that an alternative mechanism that allows for a non-adversarial consideration of the undervaluing of women's work and a comprehensive scheme to correct undervaluation across industries is more efficient and preferable.<sup>12</sup>

3.9 Ms Linda White, ASU, suggested that there may be scope for the Fair Work Commission to examine modern award base rates to determine whether they are comparable for work of equal or comparable value.<sup>13</sup>

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9 Document provided by the Australian Services Union following the public hearing held in Melbourne on 18 February 2016, p. 1.

10 Document provided by the Australian Services Union following the public hearing held in Melbourne on 18 February 2016, p. 1.

11 House of Representatives Standing Committee on Employment and Workplace Relations, *Making it Fair, Pay equity and associated issues related to increasing female participation in the workforce*, November 2009, p. 119.

12 House of Representatives Standing Committee on Employment and Workplace Relations, *Making it Fair, Pay equity and associated issues related to increasing female participation in the workforce*, November 2009, p. xv. See Document provided by the Australian Services Union following the public hearing held in Melbourne on 18 February 2016, p. 2.

13 Ms Linda White, Assistant National Secretary, Australian Services Union, *Committee Hansard*, 18 February 2016, p. 37.

### *Pay Equity Unit*

3.10 The ASU noted that the *Making it Fair* report made a number of comprehensive and detailed recommendations, and while some of the recommendations have been implemented, such as the creation of the Pay Equity Unit, the 'majority of the recommendations that were unanimously supported at the time still require action from government'.<sup>14</sup>

3.11 The Fair Work Commission established the Pay Equity Unit, which commenced operation on 1 July 2013. This unit was established to undertake pay equity related research and provide information to inform matters relating to pay equity under the Fair Work Act, including:

- annual minimum wage reviews;
- four-yearly reviews of modern awards; and
- equal remuneration cases.<sup>15</sup>

### *Work value approach to equal remuneration decisions*

3.12 With regard to gender pay equity determinations, members of the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ) supported a work value approach, rather than making comparisons between men's and women's work, to address pay inequity through tribunals. It explained that:

...there have been attempts through provisions in national legislation and industrial cases [to] address pay inequity between men and women. Unfortunately there has been a tendency to rely upon direct comparisons between men's and women's work to establish gender-based discrimination. These approaches have meant that they have not been effective in tackling gender based pay inequality in a systematic fashion. This (male comparator) logic has been reinforced in the recent Childcare Equal Remuneration Decision, 2015. The Members see merit in providing more explicit guidance for the tribunals to move away from male comparators in their deliberations and to rely instead upon more complex analysis of work value.<sup>16</sup>

3.13 In its submission to the *Post Implementation Review of the Fair Work Act*, the Australian Human Rights Commission recommended that the provisions be amended to clarify 'that there is no requirement for a male comparator to be identified in order to make an equal remuneration order'.<sup>17</sup>

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14 Document provided by the Australian Services Union following the public hearing held in Melbourne on 18 February 2016, p. 2.

15 Fair Work Commission, 'The Pay Equity Unit', <https://www.fwc.gov.au/creating-fair-workplaces/research/pay-equity-research> (accessed 14 April 2016).

16 Summary of the consultation meeting of the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ) received on 8 March 2016, p. 1.

17 Australian Human Rights Commission, *Investing in care: Recognising and valuing those who care, Volume 1: Research Report 2013*, p. 38.

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## *Committee View*

3.14 The committee considers that addressing gender pay equity is a necessary part of closing the pay gap. The historical undervaluing of 'women's work' in female dominated industries and sectors will not be rectified without intervention. The committee is concerned that the ASU's equal pay case has been the only successful case under the current legislation. The ASU's experience in bringing forward its case was foreshadowed in the *Making it Fair* report, namely that the adversarial nature of the process is overly lengthy and resource intensive. The committee considers that the Equal Remuneration Orders under the Fair Work Act should be reviewed to examine how the system can be improved to ensure the mechanisms for bringing forward equal pay cases are accessible and not overly burdensome for applicants.

### **Recommendation 1**

**3.15 The committee recommends that the Australian Government review the *Fair Work Act 2009* to determine the effectiveness of Equal Remuneration Orders in addressing gender pay equity, and consequently in closing the gender pay gap. The review should consider alternative mechanisms to allow for a less adversarial consideration of the undervaluing of women's work.**

### **Narrowing the gender pay gap within organisations**

3.16 This section discusses measures to address the gender pay gap within organisations.

#### ***Gender reporting and gender pay audits***

3.17 Ms Yolanda Beattie, Mercer, argued that organisations should be encouraged to disclose information around gender pay gaps. She stated:

Transparency is very powerful and sunlight is a very powerful disinfectant. As we create more transparency about what companies are doing, market forces, arguably, are the best way to then influence how companies respond.<sup>18</sup>

3.18 Inkling Women is an organisation that works with other Australian organisations to increase the representation of women in leadership positions. Dr Gemma Munroe, Inkling Women, noted:

We have worked with hundreds of organisations and we have only found one organisation where, after conducting a pay audit, it was found that women were being paid more than men—and I think they were being paid 0.8 per cent more. In other examples that we have seen, men have been paid significantly more than women.<sup>19</sup>

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18 Ms Yolanda Beattie, Principle and Practice Leader, Diversity and Inclusion, Mercer, *Committee Hansard*, 18 February 2016, p. 30.

19 Dr Gemma Munroe, Chief Executive Officer, Inkling Women, *Committee Hansard*, 18 February 2016, p. 24.

3.19 A number of submissions supported the work of the WGEA and noted the importance of gender reporting and data collection in addressing the gender pay gap.<sup>20</sup>

3.20 The WGEA is a statutory agency created by the Workplace Gender Equality Act 2012, which replaced the Equal Opportunity for Women in the Workplace Act 1999. The role of the WGEA is to promote and improve gender equality in the workplace. The WGEA provides advice and assistance to employers in relation to the gender pay gap, gender composition of the workforce, employer policies and strategies relating to gender equality.

3.21 In addition, submissions urged current and future governments to ensure that the WGEA is adequately resourced.<sup>21</sup>

3.22 Women in Super outlined the importance of gender reporting in tracking progress. It stated:

The collation and analysis of data from employers will enable us to understand where to focus efforts and how we are progressing over time so that issues in the system can be addressed.<sup>22</sup>

3.23 The *Workplace Gender Equality Act 2012* requires non-public sector employers with 100 or more employees to report to the WGEA annually against six standardised gender equality indicators:

- gender composition of the workforce;
- gender composition of governing bodies of relevant employers;
- equal remuneration between women and men;
- availability and utility of employment terms, conditions and practices relating to flexible working arrangements for employees and to working arrangements supporting employees with family or caring responsibilities;
- consultation with employees on issues concerning gender equality in the workplace; and
- any other matters specified by the Minister—sex-based harassment and discrimination.<sup>23</sup>

3.24 Under the *Workplace Gender Equality Act 2012*, there will be new reporting requirements for 2016. Relevant employers will be required to provide data about the number of appointments, promotions and resignations by manager, non-manager and gender. Reporting on promotions and resignations must also include employment status—part-time, full-time or casual. Employers will also be required to provide

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20 Women in Super, *Submission 50*, p. 17; National Australia Bank, *Submission 63*, p. 11; Australian Institute of Superannuation Trustees, *Submission 45*, p. 5.

21 Finance Sector Union, *Submission 29*, p. 4; Women's Health Goulburn North East and Women's Health in the North, *Submission 5*, p. xii.

22 Women in Super, *Submission 50*, p. 17.

23 Workplace Gender Equality Agency, *Submission 79*, p. 1.

information about employees leaving the workforce following parental leave in order to examine the effect of parenthood on workforce retention.<sup>24</sup>

3.25 With regards to the new reporting requirements, Ms Beattie, Mercer, noted:

That is data that most companies never look at, and we will be forced to look at it through that legislation for the first time this year. Whilst time will tell, I do think that that will start creating a mandatory legislated evidence base that, hopefully, will cause CFOs [Chief Financial Officers] who have to sign off on that report to start thinking, 'What is this costing and what are we going to do about it?'<sup>25</sup>

3.26 Unions NSW argued that there is limited data on additional superannuation contributions and the inclusion of mandatory reporting requirements, including gender breakdowns of superannuation payments, should also be considered.<sup>26</sup>

### ***Policy and strategy***

3.27 The WGEA's 2014–15 data showed an increase in the percentage of employers with a gender equality strategy from 18.3 per cent in 2013–14 to 20.6 per cent in 2014–15. The data also showed increases in the proportion of employers conducting gender pay gap analyses, introducing policies or strategies for flexible working and supporting employees experiencing domestic violence.<sup>27</sup>

3.28 The WGEA requirements include reporting on whether organisations have policies or strategies in place to address the gender pay gap. The WGEA explained the distinction between policies and strategies addressing gender inequity in the workplace:

From our perspective, we see many organisations that have a policy in place around a particular workplace issue such as flexible work arrangements, but the organisation will often lack a strategy. The strategy will actually drive the policy. From our perspective, we would like to see organisations have both a policy and a strategy that is going to drive and seek outcomes from that policy, rather than just having a policy there available that often is not utilised by the workforce.<sup>28</sup>

3.29 The WGEA explained the difference between gender equality policies and strategies as follows:

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24 Workplace Gender Equality Agency, 'New data to explore promotion rates of women and men', 31 March 2016, <https://www.wgea.gov.au/media-releases/new-data-explore-promotion-rates-women-and-men> (accessed 4 April 2016).

25 Ms Yolanda Beattie, Principle and Practice Leader, Diversity and Inclusion, Mercer, *Committee Hansard*, 18 February 2016, p. 31.

26 Unions NSW, *Submission 67*, p. 16.

27 Workplace Gender Equality Agency, 'Men out-earn women by \$27,000 a year: new data', 25 November 2015, <https://www.wgea.gov.au/media-releases/men-out-earn-women-27000-year-new-data> (accessed 4 April 2016).

28 Ms Libby Lyons, Director, Workplace Gender Equality Agency, *Committee Hansard*, 19 February 2016, p. 40.

A policy on a particular area of employment includes relevant underlying principles and practices applied across the employment lifecycle to support and improve the desired outcomes in the workplace. It provides an overall framework for responsibility and accountability and may include measurable objectives.

A strategy defines a range of objectives in a particular area of endeavour and the underlying business rationale. Typically, it also indicates how these objectives will be realised, and provides an assessment of risks and success factors. Developing specific project plans for discrete initiatives also provides the detail of how the strategy is executed. Without a strategy, it is either difficult or impossible to gauge whether day-to-day activity and investment are helping the organisation effectively progress towards the desired end-goal.<sup>29</sup>

3.30 The WGEA provided the example of PricewaterhouseCoopers' (PwC) response to a recently conducted gender pay equity audit of their organisation, in which PwC publically disclosed an organisation-wide gender pay gap of 11.4 per cent in favour of males. PwC attributed the gender pay gap to a range of factors such as the low representation of women in senior positions, including the 18 per cent share of partnerships held by women. As a result of the audit, PwC has adopted a target for a minimum of 40 per cent women and 40 per cent men making up future partner intakes, and resolved to be stringent in their annual remuneration reviews.<sup>30</sup>

3.31 Mercer proposed directing additional resources to the WGEA to enable it to work with businesses to effect faster and better change. It stated:

Some organisations like Google, LinkedIn and other Silicon Valley companies have begun to share their data. More recently professional services companies such as PwC, Ernst & Young and KPMG have followed suit. These companies recognise that an honest assessment of the gender equity issue is the essential first step in solving it. The Australian Government, through the Workplace Gender Equality Agency, can work with businesses to support those willing to go above minimum legislative requirements by providing hands on assistance on the optimal ways to manage their organisation's gender equity and gain real business benefits from driving change.<sup>31</sup>

3.32 Women in Super outlined the importance of ensuring gender equality policies are not just reported on but actively implemented by organisations. It stated:

...86 per cent of OECD countries have a regular measure of performance of gender equality policies and a majority of countries also have regular reporting requirement to parliament. Yet only a few countries have integrated gender equality requirement into managers' performance and accountability despite the acknowledgment that policies are only as good as

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29 Workplace Gender Equality Agency, *Submission 79*, p. 12.

30 Workplace Gender Equality Agency, *Submission 79*, p. 15.

31 Mercer, *Submission 22*, p. 3.



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their implementation and effective implementation requires 'soft' and 'hard' levers.<sup>32</sup>

3.33 The Australian Council of Trade Unions (ACTU) argued that the low number of organisations undertaking gender pay gap analysis reflected a need for broader engagement across all organisations.<sup>33</sup>

### *Incentives*

3.34 Women's Information and Referral Exchange (WIRE) supported the WGEA's role in encouraging businesses to make gender equity and gender pay equity a part of good business practice, through awareness, incentives and demonstrated outcomes.<sup>34</sup>

3.35 Industry Super Australia observed that the WGEA reporting framework relies on a proactive response from employers. It noted that although organisations are required to report on the existence of policies and strategies, they are not necessarily penalised if they do not have them.<sup>35</sup>

3.36 Ms Libby Lyons, WGEA, noted that the agency was very conscious of the burden that its reporting requirements already have on organisations. She observed:

There is a lot of data that they have to provide us, and it is often difficult for them to gather it all together, particularly for smaller organisations that do not have a lot of resources dedicated to these sorts of things. We are ever conscious of that.<sup>36</sup>

3.37 Rather than increase the reporting burden on organisations, the WGEA encourages organisations to apply for an Employer of Choice for Gender Equality citation as a means to promote employer best practice. In order to be eligible for the citation, organisations must demonstrate best practice in the area of taking a strategic and systematic approach to workplace gender equality.<sup>37</sup> Ms Lyons stated:

In order to receive one of those citations—and there were 92 organisations last year—you have to provide more detailed information around these issues of policies, strategies, actions and leaders leading the way in terms of what they are doing to address gender equality. Encouraging more and more organisations to apply for that I think is one way of addressing these issues without requiring an extra burden on organisations.<sup>38</sup>

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32 Women in Super, *Submission 50*, p. 17.

33 Australian Council of Trade Unions, *Submission 69*, p. 16.

34 WIRE Women's Information and Referral Exchange, *Submission 48*, p. 20.

35 Industry Super Australia, *Submission 74*, pp. 32–33.

36 Ms Libby Lyons, Director, Workplace Gender Equality Agency, *Committee Hansard*, 19 February 2016, p. 40.

37 Workplace Gender Equality Agency, *Submission 79*, p. 15.

38 Ms Libby Lyons, Director, Workplace Gender Equality Agency, *Committee Hansard*, 19 February 2016, p. 40.

### ***Pay secrecy in employment contracts***

3.38 One proposal put to the committee to address the gender pay gap was to improve transparency regarding wages within organisations.<sup>39</sup> Ms Veronica Black, Finance Sector Union, observed:

If people are very clear on who is being paid what for doing what job, that makes a difference. There is a massive culture of secrecy in the finance industry. People are explicitly told that they are not to discuss pay outcomes with their colleagues, and you will have two people sitting side by side doing the same job on very, very different pay arrangements. As long as that secrecy continues, then you continue to see those kinds of issues. I think that, once it is out in the open and people are clear that they are being treated in an unfavourable way compared to others, it is harder for organisations to continue to justify paying people so differently when it is as clear and out there as that.<sup>40</sup>

3.39 The committee notes that Education and Employment Legislation Committee is currently conducting an inquiry into the Fair Work Amendment (Gender Pay Gap) Bill 2015, a private senators' bill which would amend the *Fair Work Act 2009* 'to remove restrictions on employees' rights to disclose the amount of, or information about, their pay or earnings'.<sup>41</sup>

3.40 The committee notes the WGEA's submission to the inquiry into the Fair Work Amendment (Gender Pay Gap) Bill 2015 considers that while greater pay transparency may contribute to an environment where women are better equipped with information when undertaking pay negotiations, 'there is no hard evidence linking the removal of legal prohibitions on employees discussing their pay to lower gender pay gaps'. The WGEA considered the 'best way to address gender pay gaps is for organisations to analyse and take remedial action to address gender pay gaps'.<sup>42</sup>

### ***Committee view***

3.41 The committee notes the evidence that pay secrecy arrangements are commonplace in some sectors and could pose a barrier to pay equity. The committee does not see any compelling reason for employers to impose these restrictions on employees.

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39 Women's Health Goulburn North East and Women's Health in the North, *Submission 5*, p. 53; Ms Veronica Black, National Coordinator, Organising and Development, Finance Sector Union, *Committee Hansard*, 19 November 2016, p. 9.

40 Ms Veronica Black, National Coordinator, Organising and Development, Finance Sector Union, *Committee Hansard*, 19 November 2016, p. 9.

41 Fair Work Amendment (Gender Pay Gap) Bill 2015, [http://www.aph.gov.au/Parliamentary\\_Business/Bills\\_LEGislation/Bills\\_Search\\_Results/Result?bld=s1017](http://www.aph.gov.au/Parliamentary_Business/Bills_LEGislation/Bills_Search_Results/Result?bld=s1017) (accessed 5 April 2016).

42 Workplace Gender Equality Agency, *Submission 15*, Education and Employment Legislation Committee's inquiry into the Fair Work Amendment (Gender Pay Gap) Bill 2015, p. 11.

### *Women in leadership roles*

3.42 As noted in the previous chapter, women continue to be under-represented in senior leadership roles. Inkling Women observed that gender discrimination in the workplace continues to be one of the reasons for the underrepresentation of women in leadership positions. It noted:

Gender discrimination in workplaces remains widespread. It is also often subtle, unnamed, unnoticed by many men and women, and commonly unintentional. Nonetheless, workplace cultures that persistently, if subtly, devalue the contributions of women or exclude the participation of women contribute to the attrition of women from the workplace and particularly from the pathway to seniority and higher pay. A sense of exclusion from important networks, both formal and informal, is reported by professional women.<sup>43</sup>

3.43 Recent analysis by the WGEA and the Bankwest Curtin Economics supports the argument that increasing female representation on boards may help to address the gender pay gap. The research found that 'a greater representation of women on boards is associated with significant reductions in gender pay gaps, even after taking account of other factors that are likely to influence pay gaps at an organisational level'.<sup>44</sup>

### *Targets and quotas*

3.44 Some submissions expressed the view that introducing quotas or targets may improve the current levels of female representation in senior leadership roles. The National Australia Bank suggested that consideration should be given to setting gender targets and the publishing of the gender composition of listed company and public sector executive management and boards.<sup>45</sup>

3.45 Dr Gemma Munroe, Inkling Women, stated:

We would suggest that, in most organisations, if you have that critical figure of 40 per cent of women in leadership roles—our view is that 60 per cent would be better, but the research shows that there are actually 30 per cent of women in leadership roles—productivity, performance and customer satisfaction increases as does innovation, decision making, profitability and market share. We believe we need to move towards quotas in business and government.<sup>46</sup>

3.46 Even so, Inkling Women observed that:

Neither a target nor quota can overcome the underlying barriers to gender equity in isolation. However they are powerful signals and commitments that continuing gender disparity is not acceptable, and will catalyse the

43 Inkling Women, *Submission 38*, p. 4.

44 Bankwest Curtin Economics Centre and Workplace Gender Equality Agency, *Gender Equity Insights 2016: Inside Australia's Gender Pay Gap*, 2016, p. 61.

45 National Australia Bank, *Submission 63*, p. 11.

46 Dr Gemma Munroe, Chief Executive Officer, Inkling Women, *Committee Hansard*, 18 February 2016, p. 24.

necessary actions to ensure a pipeline of high-potential women is maintained and developed into a pool of high-performing women to compete for senior and leadership roles.<sup>47</sup>

3.47 The WGEA provides guidelines for setting and meeting targets to increase gender diversity in the workplace. The WGEA supports setting voluntary targets rather than quotas:

These targets allow employers to set goals which are realistic taking into account their particular circumstances and the industry in which they operate. Setting targets is a common business practice and so easily understood and applied. We know from those who are already well down this track that targets work. It is important, of course, that targets are rigorous, that the necessary infrastructure is put in place to underpin their achievement and that managers are held accountable for outcomes.<sup>48</sup>

3.48 Underrepresentation of women in leadership roles is also evident in the Australian Public Service (APS). The Community and Public Sector Union (CPSU) informed the committee that while women make up 58 per cent of the APS workforce overall, at more senior levels (from Executive Level 2 to Senior Executive Service) the majority of employees are men. It also noted:

The average classification for a woman is APS4 whereas for a man it is APS6. In the APS we also have the complication of different pay arrangements for different agencies across the APS. What we have found over some time in that area is that women working at the same classification level as a man are more likely to be in lower paying agencies.<sup>49</sup>

3.49 In March 2016, the Australian Public Service Commission announced that it would be launching a gender equality strategy for the APS to address this issue.<sup>50</sup>

### ***Committee view***

3.50 Closing the gender pay gap, which has remained largely unchanged over the last two decades, will require a concerted and sustained effort. The committee commends the many Australian organisations that have taken proactive measures to address the gender pay gap, by conducting gender pay audits, developing gender pay strategies and setting targets for women in leadership roles. The committee believes

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47 Inkling Women, *Submission 38*, p. 6.

48 Workplace Gender Equality Agency, *How to set gender diversity targets, Guidelines for setting and meeting targets to increase gender diversity in the workplace*, 2013, p. 2, <https://www.wgea.gov.au/sites/default/files/SETTING-GENDER-TARGETS-Online-accessible.pdf> (accessed 18 April 2016).

49 Ms Melissa Donnelly, Deputy Secretary, Community and Public Sector Union, *Committee Hansard*, 12 February 2016, p. 13.

50 Australian Public Service Commission, 'APSC News: fostering a flexible, efficient high performing APS', March 2016, <http://www.apsc.gov.au/publications-and-media/current-publications/apsc-news/apsc-news-march-2016-fostering-a-flexible,-efficient,-high-performing-aps> (accessed 1 April 2016).

that there is still much work to be done, noting only about 20 per cent of organisations reported to the WGEA that they had introduced strategies to address the gender pay gap. The committee stresses the importance of ongoing monitoring and analysis in order to track progress on addressing the gender pay gap, and the importance of the ongoing work of the WGEA in providing tools and incentives to assist organisations.

## **Recommendation 2**

**3.51 The committee recommends that the Australian Government continue to support the work of the Workplace Gender Equality Agency and ensure that is adequately resourced.**

