

Elton Humphery
Committee Secretary
Community Affairs Committee
Department of the Senate
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Dear Mr Humphery,

During the course of the Women's Electoral Lobby Australia being asked to give evidence to the Senate Inquiry we were asked to provide further information on a number of topics.

Recognising the tight timelines that the committee is working on we have endeavoured to provide brief answers to the Senators questions. Please let us know if we can provide any further assistance to the committee.

Gender Pay Gap

We believe that the key points are that the gender pay gap will increase if the national minimum wage reduces or fails to keep pace with inflation, average wages etc as it is predicted that it will do under the Fair Pay Commission.

The international evidence shows that the gender pay gap is smallest where the minimum wage is relatively high. In the UK, where there was no minimum wage until the establishment of the Low Pay Commission there has been an improvement in gender pay equity since the minimum wage was established.

The gender pay gap is smaller in countries that have a higher minimum rate in relation to average weekly earning because more women than men rely on the minimum rate of pay. So if you have a higher minimum it brings it more in line with male earnings.

For instance in the US women earn 75% of men's earnings. The minimum wage is about 40 per cent of earnings. By increasing the minimum you can lift women out of poverty wages.

Figures from the OECD show the following:

Australia 13.8 % workforce are considered in the category of low paid, 17.7% of women workers fall into the low pay category.

The UK 19% of workforce are considered in the category of low paid, 31% of women fall into this category.

USA 25% of workforce are considered in the category of low paid, 32% of women workers fall into low paid category.

In Australia women, youth, migrant workers dominate low paid sector.

There are particular concerns for women in regional and rural areas. Minimum wages industries are quite often dominated by large multinationals. So regional and rural women workers working for large retail companies (supermarkets, large transnationals farming etc) will be provide a cheap source of labour to transnationals without the benefits going back into the community.

The statistics also indicate that once in the low paid sector most workers remain low paid, it doesn't provide job mobility. Most minimum wage workers are adults not young kids on youth wages. Also women remain in low paid jobs whereas men tend to be slightly more mobile.

Women's low paid jobs pay less than men's low paid jobs. Also a large proportion of women in low paid jobs are mothers.

The other issue is transparency of pay bargaining and outcomes - this will decrease with the shift to individual bargaining and AWAs - and again the international evidence shows that the less transparent wage/pay determination the bigger the pay gap.

There are statements on this in the original WEL submission, and in the HREOC submission para 3.2 a number of recommendations are made, and in the submission from the Group of 151 Academics (Research Evidence etc) p.33-35 which provides figures and refers to the impact on the pay gap in WA of reducing minimum standards and protections.

Ministerial Correspondence

We have not specifically had any correspondence with the Minister in regards to the Welfare Reform package.

State of the Labour Market

We are not entirely sure that we understand the thrust of Senator Adams question as our statement that there is a tight labour market, would seem supported by Senator Adams statement that there is low unemployment and a skills shortage.

Further a low unemployment level and a skills shortage doesn't equate with it being a sellers market. It is much more complex in that there is high unemployment in regional areas where there is also skill shortages. There is not the sort of workers available for the jobs where there are shortages and correspondingly there are not the jobs available to fit with the characteristics of those looking for work.

Furthermore a shortage of labour does not mean that the price of labour will increase. For instance there has been a shortage of hairdressers, teachers and nurses however they are still not adequately paid for the skills that they have. One of the government's priorities should be to see that women's work is properly valued and paid accordingly to correct for market failure created by discrimination in wages values. This would correct some of the problems of skill shortages.

There are also the problems of working and childcare, availability and cost and also travel time to the job. Workers are economic rationalist too. They too can estimate if their wage is so low that it is not economically rational to do so.

We trust this extra information is of assistance, and answers the queries put forward by the Committee that we did not have time to address in the hearings.

Yours sincerely,

Roslyn Dundas
On behalf of
Women's Electoral Lobby Australia