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EOWA Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap



australia's aluminium



**Australian Government**  
**Equal Opportunity for  
Women in the Workplace Agency**



## About EOWA

An Australian Government Agency, the Equal Opportunity for Women in the Workplace Agency (EOWA) consults with Australian employers annually regarding their equal opportunity initiatives. EOWA's vision is to achieve equal opportunity for women in Australian workplaces. In addition to annual reporting, EOWA leads Australian employers to create workplaces where women's contribution is equally valued, recognised and rewarded through a variety of programs. These include educational services, the EOWA Business Achievement Awards, Employer of Choice for Women citation and numerous publications, including the EOWA Census of Women in Leadership, which engage community debate and increase the rate of change.

## About Alcoa of Australia

Alcoa operates the world's largest integrated bauxite mining, alumina refining and aluminium smelting system in Australia and is a major Australian employer. It has over 6,000 employees predominantly in regional Australia.

In 2009 Alcoa was named an 'Employer of Choice for Women' by EOWA, for the eighth consecutive year. The company has well established flexible work arrangements and is committed to workplace diversity and equal opportunity. Alcoa believes that businesses which take the issues of work/life blend and diversity seriously will stand a far greater chance of attracting the right people who will be the best fit for the organisation, and who are best placed to assist in delivering bottom line results.

Alcoa offers 13 weeks paid maternity leave and its return to work rates remain high at around 90 per cent. Data suggests the organisation's ability to offer part-time work for women returning from maternity leave has had a significant impact on the retention of women.

Alcoa has very low staff turnover rates, with 60 per cent of employees having worked in the business for more than 10 years.

# EOWA Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap

The Equal Opportunity for Women in the Workplace Agency (EOWA) is proud to release its 2009 Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap. Over 2,300 reporting organisations participated in the 2009 survey representing more than one million female employees. This report is the second in a suite of EOWA Surveys examining gender issues in the workplace.<sup>1</sup>

The 2009 EOWA Survey reveals that overall organisations with 100 or more employees could be doing more to address these key issues for women in the workplace. In particular EOWA would like to see improvements in the number of organisations that regularly conduct a gender pay gap analysis.

Unfortunately, the gender pay gap in Australia is proving to be stubbornly durable and at EOWA we are actively encouraging businesses to take action. To this end this report contains practical steps for businesses on how to address the gender pay gap. This will ensure businesses are well positioned to tap into the widest talent pool available and that their workforce is engaged and committed, particularly in the context of the global recession.

Minister for the Status of Women, the Honourable Tanya Plibersek, noted in the 2009 Women's Budget Statement<sup>2</sup> that women benefit most from policies that support a balance between employment and family responsibilities. Policies that make it easier to balance paid work and family responsibilities support women's aspirations for a career, their contribution to overall productivity and participation, and the community's need for informal care.

The *Equal Opportunity for Women in the Workplace Act (EOWW) 1999* is currently under review and the Inquiry's terms of reference focus on how to reduce barriers to women's workforce participation.

We hope that the trend data and findings revealed in this report will provide organisations with benchmarks against which they can measure their own workplaces, and encourage them to reflect on what more they can do to further improve their workplace practices to attract and retain the skills in their workforces.

EOWA acknowledges the invaluable support of our survey sponsor, Alcoa of Australia. Together, we thank the reporting organisations that took the time to participate in this survey.

## **Mairi Steele**

Acting Director, EOWA

At Alcoa, our vision is to be the best company in the world – in the eyes of our customers, shareholders, communities and, equally importantly, our people.

We believe that employees should be able to successfully balance a career with life outside of work. While part of this is written in policies, most of it is about the culture of our organisation – the behaviour of our people and the experience they have at work. Our business sustainability relies on talented people, so a fundamental part of our people strategy is to provide a workplace where everybody can deliver results, learn, grow, have fun, and achieve their work/life balance. Creating acceptance, equal opportunity and diversity (be it race, gender, religion, thought processes or age) form part of our Values at Alcoa.

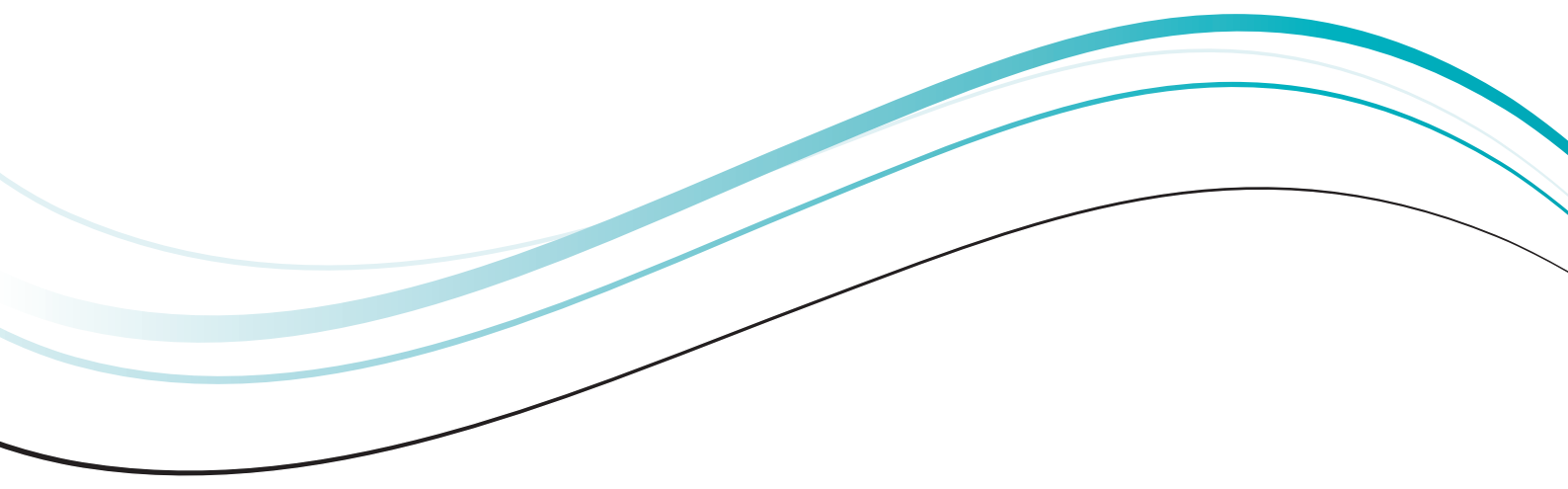
Alcoa regularly partners with organisations that help build stronger communities. Our investment is driven by a commitment to sustainable development and a desire to support organisations that deliver long-term community benefits. Our partnership with EOWA assists the organisation in undertaking the vital research that you'll read on the following pages. It is research that I hope will encourage more organisations to take action in regards to equal opportunity, and assist businesses in building and maintaining sustainable and equitable workforces.

## **Alan Cransberg**

Managing Director, Alcoa of Australia

1 EOWA, (2008), Survey on Workplace Flexibility available at the EOWA website  
[http://www.eowa.gov.au/Information\\_Centres/Media\\_Centre/Media\\_Releases/2008\\_EOWA\\_Alcoa\\_Survey/2008\\_Survey\\_Final.pdf](http://www.eowa.gov.au/Information_Centres/Media_Centre/Media_Releases/2008_EOWA_Alcoa_Survey/2008_Survey_Final.pdf)  
2 Australian Government, (2009), 2009 Women's Budget Statement

# contents

- 03 **Survey methodology**
  - 04 **Paid maternity leave**
  - 10 **Sex-based harassment**
  - 13 **In focus: gender pay equity**
  - 19 **Pay equity: what can businesses do?**
  - 21 **Technical notes**
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# survey methodology

In addition to collecting data supplied by reporting organisations in their annual equal opportunity compliance reports, the *Equal Opportunity for Women in the Workplace Act 1999*<sup>3</sup> enables EOWA to undertake research for the purpose of measuring progress towards, and promoting, equal opportunity for women in the workplace.

The data in this survey were collected through telephone conversations between EOWA report assessors and reporting contacts between the months of May and September 2008, as part of the annual report assessment process for the reporting year 1 April 2007-31 March 2008.<sup>4</sup>

## 2008 survey

For the 2007-08 reporting year, 2,537 organisations were registered to report to EOWA and 2,320 organisations participated in the survey, constituting a survey participation rate of 91.4% of all 2008 reporting organisations, covering just over one million women.<sup>5</sup>

This is an improvement on 2,195 of 2,478 organisations (88.6%) in 2007.

Organisations were surveyed on their paid maternity leave provisions, sex-based harassment initiatives and the gender pay gap.

<sup>3</sup> *Equal Opportunity for Women in the Workplace Act 1999*, Section 10.1 (e)

<sup>4</sup> Report contacts are usually Human Resource Officers (or similar)

<sup>5</sup> Only non-government organisations with over 100 employees are required to report to EOWA under Section 3 (1) of the Act

# paid maternity leave

## EOWA survey data

Data from all surveyed organisations reporting to EOWA in 2008 reveals that 50.8% offer paid maternity or primary carer's leave to employees. This represents an increase of 15.2% in the provision of paid maternity leave since 2003. However there was only a marginal increase (1.9%) between 2007 and 2008 (Figures 1 and 2).

EOWA is currently collecting data on how organisations plan to change their current practices and policies given the introduction of the Government-funded paid parental leave scheme in 2011.<sup>6</sup>

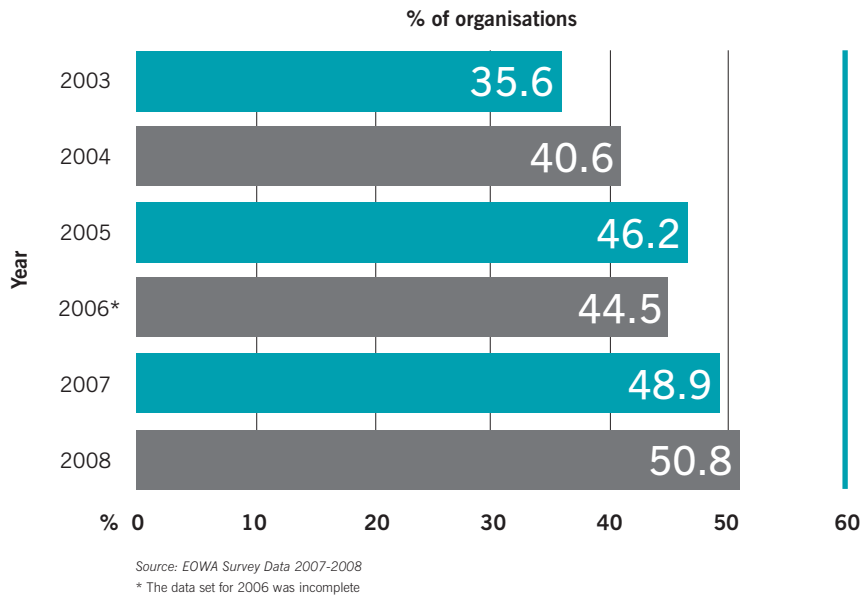
**FIGURE 1: Provision of paid maternity leave in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

<sup>6</sup> See page 9 for details of the Government funded paid parental leave scheme announced in the 2009 Federal Budget [http://www.fahcsia.gov.au/about/publicationsarticles/corp/BudgetPAES/budget09\\_10/women/Documents/p2.htm](http://www.fahcsia.gov.au/about/publicationsarticles/corp/BudgetPAES/budget09_10/women/Documents/p2.htm)

**FIGURE 2: Provision of paid maternity leave in EOWA reporting organisations – trend data**

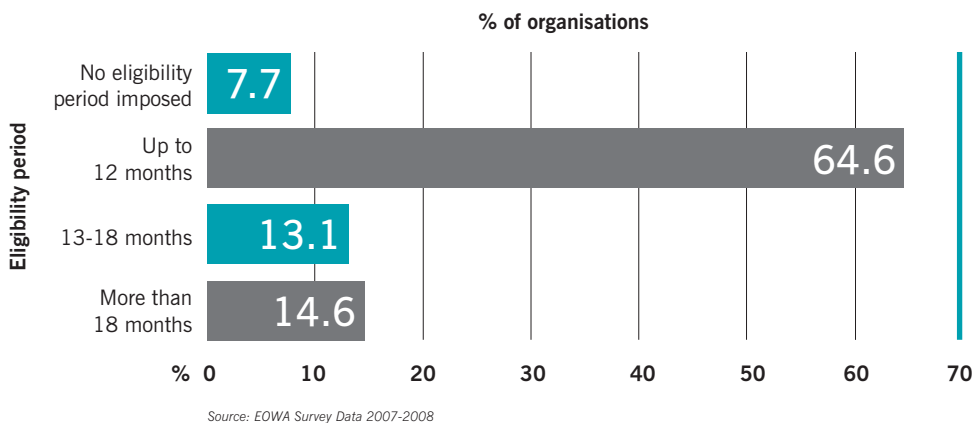


While over fifty percent of EOWA reporting organisations now provide paid maternity leave, not all women in these organisations will have access to this provision.

Over sixty per cent of organisations stipulate a minimum eligibility period of up to one year before an employee has access to paid maternity leave. Nearly thirty percent of organisations (27.7%) require employees to have worked in an organisation for over twelve months before they are eligible for maternity leave (Figure 3).

In addition many casual, part-time or non-permanent employees may be ineligible for this benefit. The 2004 EOWA Paid Maternity Leave Survey indicated 63% of organisations that provide paid maternity leave do not make the benefit available to all staff and 84% confirmed it is not available to casual employees or contractors.<sup>7</sup>

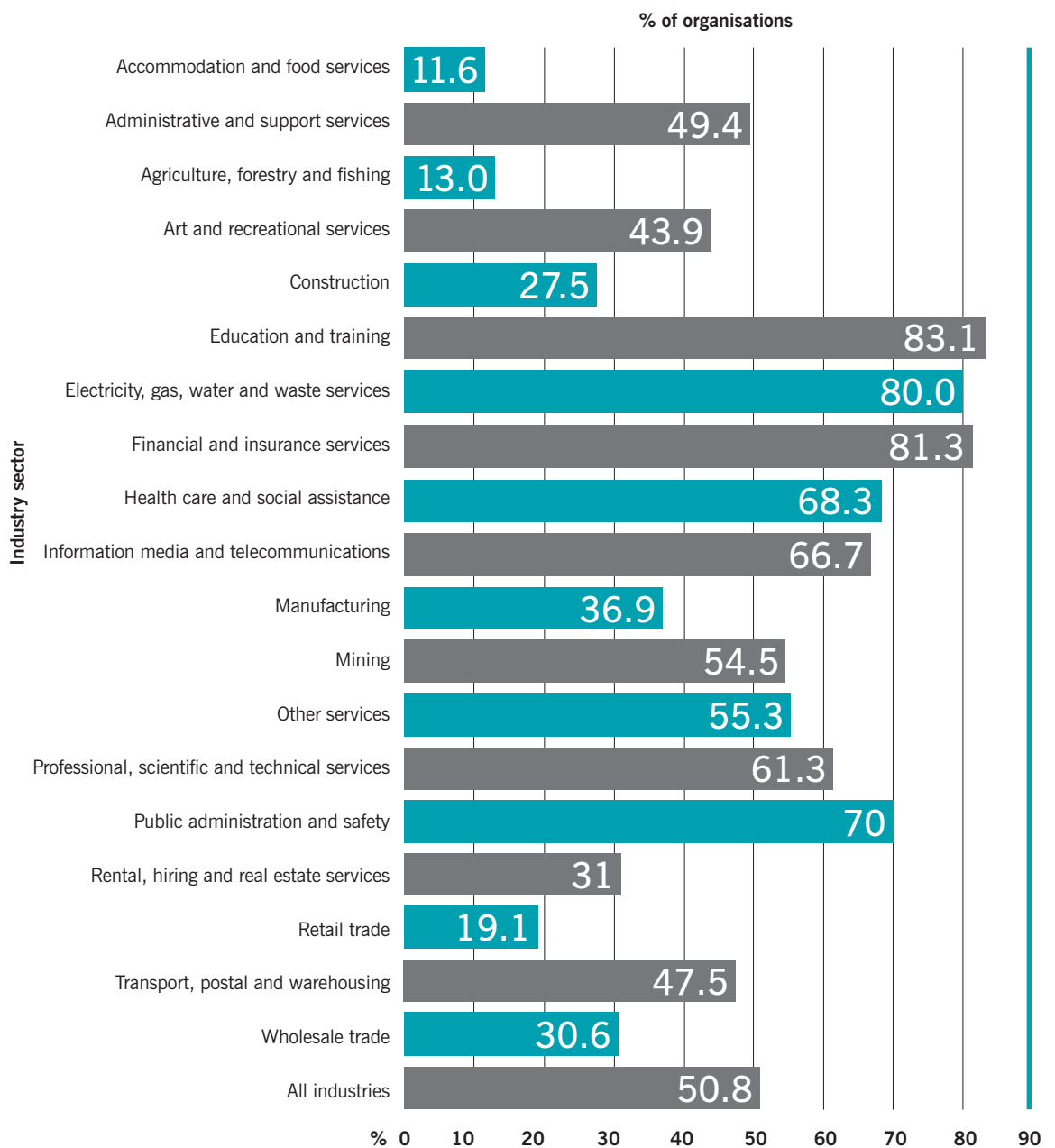
**FIGURE 3: Minimum eligibility period to obtain paid maternity leave in EOWA reporting organisations that provide it**



<sup>7</sup> EOWA (2004) Paid Maternity Leave Survey available on the EOWA website. This data was not collected in the 2008 Survey.

Not surprisingly the provision of paid maternity leave in reporting organisations varies by industry. The industries most likely to offer paid maternity leave are Education and training (83%), Financial and insurance services (81%) and Electricity, gas, water and waste services (80%). The industries least likely to provide paid maternity leave are Accommodation and food services (12%), Agriculture, forestry and fishing (13%) and Retail (19%), (Figure 4). This is despite the fact that Retail and Accommodation and food services are female-dominated industries.

**FIGURE 4: Provision of paid maternity leave/primary carer's leave by industry in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

## EOWA Employer of Choice for Women

In 2009, 111 organisations were awarded the 'EOWA Employer of Choice for Women' citation (EOCFW) which enables organisations to differentiate themselves from their competitors and achieve public acknowledgment of their efforts in the area of equal opportunity for women.

Organisations are required to meet six pre-requisites to be eligible for the citation, one of which is to provide a minimum of 6 weeks' paid maternity leave after 12 months service.

The average duration of paid maternity leave in the EOCFW organisations was 11.8 weeks, and the average eligibility period was 11 months.<sup>8</sup> Nearly 55% of EOCFW organisations offered 12 weeks paid maternity leave or more and 7.2% of organisations provided 26 weeks paid maternity leave (see Figure 5).

## Australian Government Paid Parental Leave scheme

As part of the 2009-10 Budget, the Australian Government announced its intention to introduce a Paid Parental Leave (PPL) scheme. The Government will provide \$731 million over five years to assist parents to spend time with their children, and improve the overall health and wellbeing of families. This will come into effect on 1 January 2011.

An eligible person will receive taxable paid parental leave payments at the level of the Federal Minimum Wage, currently \$543.78 a week, for a maximum period of 18 weeks. In most cases the person will receive this payment through their employer.

The PPL scheme will be available to self-employed parents, contractors and casual workers, many of whom currently have no access to employer-provided paid parental leave entitlements.

To be eligible for the PPL scheme, the primary carer (usually the mother) must be in paid work and have;

- Been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and
- Undertaken at least 330 hours of paid work in the 10 month period (an average of around one day of paid work a week).

In terms of how the PPL scheme might interact with existing leave entitlements, Government PPL can be taken in conjunction with, or in addition, to employer-provided paid leave such as recreation leave and employer-provided maternity leave, around the time of the birth or adoption of a child.<sup>9</sup>

<sup>8</sup> EOWA Reporting Data 2007-08

<sup>9</sup> Australia's Paid Parental Leave Scheme: Supporting Working Australian Families (2009); available at [http://www.fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09\\_10/parental\\_leave/Pages/AustraliasPaidParentalLeaveScheme.aspx](http://www.fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09_10/parental_leave/Pages/AustraliasPaidParentalLeaveScheme.aspx)

### An example of how an employer-provided and Government-funded scheme might interact

Simone has been a nurse for seven years, earning around \$60,000 a year. Her partner, Craig, has been a labourer for nine years, earning about \$30,000 a year. Simone and Craig have their first baby, Isaac, on 1 August.

Simone takes four weeks recreation leave prior to the birth. She is also entitled to six weeks paid maternity leave from her employers and she takes this from the date of birth. Simone is eligible for PPL and decides to take her 18 weeks of PPL after her paid maternity leave is finished, starting six weeks after the birth.

At 15 weeks after the birth, Simone has the opportunity to accept a promotion to a nursing position with an annual salary of \$70,000. Craig and Simone decide it would be better if Craig took unpaid leave to care for Isaac and Simone returns to full-time work. Simone has received nine weeks of PPL at this stage.

Craig is eligible for PPL and Simone is able to transfer her unused PPL to him. He receives the remaining nine weeks of PPL and uses unpaid leave to look after Isaac until he is one year old.

In the financial year of the birth of their son, Craig and Simone receive around \$1400 more in family net assistance and PPL, than they would have without PPL.

Source: Australia's Paid Parental Leave Scheme: Supporting Working Australian Families (2009)

Figure 5 shows the duration of paid maternity leave and minimum eligibility period in organisations reporting to EOWA, and compares this with the PPL scheme offered by the Government<sup>10</sup>. The EOWA average duration of paid leave is 9.4 weeks across all reporting organisations. This is a slight improvement on last year (8.9 weeks). The *most common* duration provided by reporting organisations, is either six (27.5%) or twelve weeks (25.8%) with over half of all organisations' falling into one of these categories.

Currently, less than one per cent of reporting organisations provide 18-weeks paid maternity leave, the maximum amount of paid leave to be introduced in the Australian Government PPL scheme.

**FIGURE 5**

Provision of paid parental leave	Govt. PPL	EOWA average	EOCFW average
Duration (weeks)	18 max	9.4	11.8
Eligibility period (months)	10*	Up to 12**	11

\* Must have been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child.

\*\* 64% of reporting organisations stated their eligibility criteria was anywhere up to 12 months but did not specify the exact number of months. The average number of weeks provided by those organisations does not necessarily correspond to the average eligibility period. Organisations provided the minimum eligibility period and the maximum number of weeks.

The Productivity Commission report provides the following examples of the various types of parental leave arrangements currently available in some organisations. Conditions and eligibility periods vary substantially in terms of the type of leave provided, the length of leave allowed, and other conditions (Figure 6).

Given the diversity of paid parental leave schemes available in Australia, there is an ongoing role for EOWA in monitoring how employer-provided and the Government-funded scheme will interact.

**FIGURE 6: Examples of paid parental leave arrangements in Australia**

Organisation/Industry	Type of leave	Entitlement conditions	Length of leave	Rate of pay	When introduced
Australian Public Service	Maternity leave	12 months service	12 weeks	Full pay	1973
AMP (Financial Services)	Parental leave	12 months service	14 weeks	Full pay	1995
Esprit (Retail)	Maternity leave	12 months service	8 weeks maternity and 4 weeks sick leave	Full pay	2001
Australian Catholic University (Education)	Paternity leave	None stated	3 weeks	Full pay	2001
	Maternity leave	Less than 2 years service	1 week per full month of service up to 12 weeks	Full pay	2001
		2 years service; must return to work for 6 months	52 weeks	3 months at full pay, 9 months at 60 per cent pay	2001
Holden (Manufacturing)	Maternity leave	24 months service	14 weeks	Full pay	2002
Finlaysons (Legal)	Parental leave	2 years service; must return to work for 12 months	4 weeks, rising to 8 weeks after 5 years service	Full pay	2007
Myer (Retail)	Parental leave	18 months service (not available to casuals)	6 weeks	Full pay	2008
Aldi (Retail)	Maternity leave	12 months service	14 weeks	Half pay	2008

Source: Productivity Commission, *Paid Parental Leave: Support for Parents with Newborn Children Inquiry Report*, Table 3

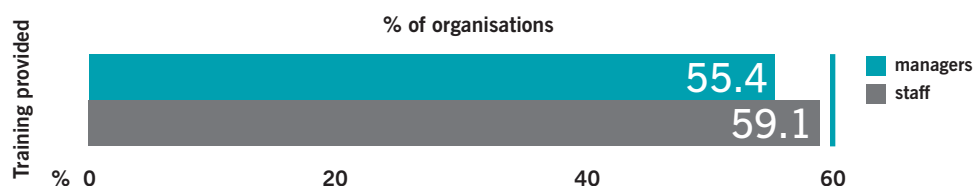
# sex-based harassment



While almost all reporting organisations have formal procedures for dealing with sex-based harassment in the workplace, just over half provide training to staff.

Overall 59.1% of organisations provide sex-based harassment training for employees, and slightly less provided training to managers (55.4%). Given that recent cases continue to highlight the potential cost of harassment litigation to business, this is somewhat surprising.<sup>11</sup>

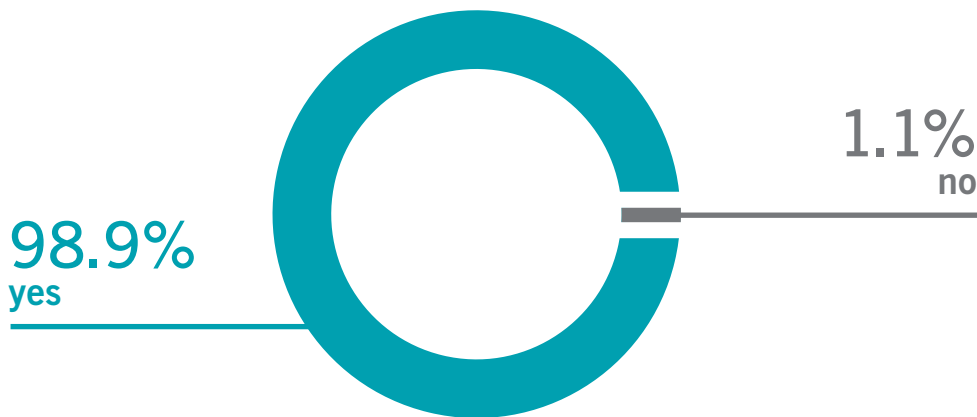
**FIGURE 7: Sex-based harassment training for managers and staff in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

<sup>11</sup> See for example, *Whitlock v Bunnings, DP and DF* [2009] QADT 14 (22 May 2009), and *Poniatowska v Hickinbotham* [2009] FCA 680 (23 June 2009)

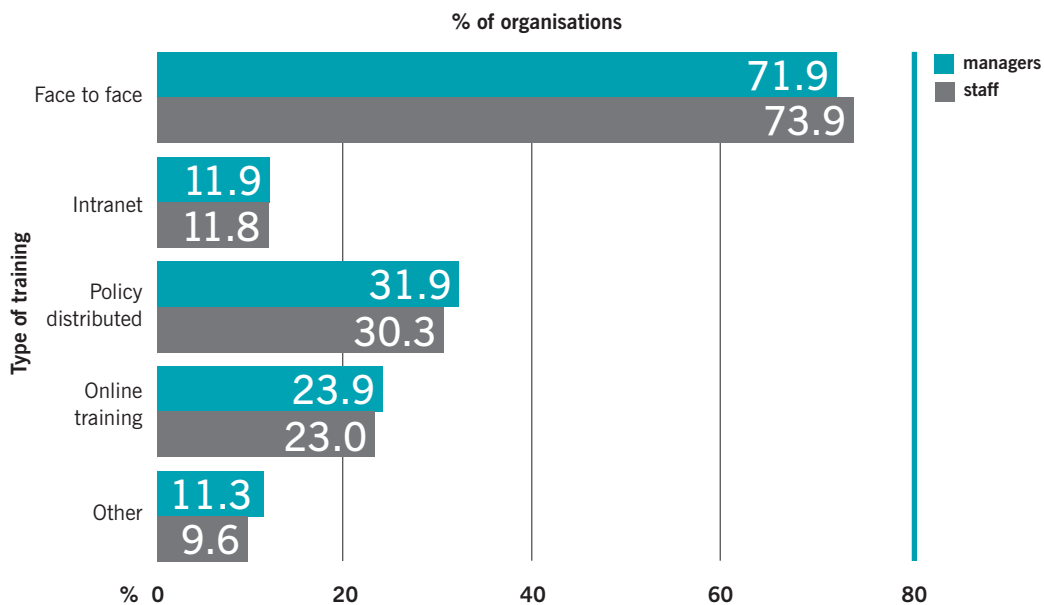
**FIGURE 8: Formal procedures in place for dealing with sex-based harassment**



Source: EOWA Survey Data 2007-2008

The method most commonly used by employers to provide sex-based harassment training to managers and staff is face-to-face training (approximately 70%), followed by regular redistribution of sex-based harassment policies (approximately 30%).

**FIGURE 9: Method of sex-based harassment training for managers and staff in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

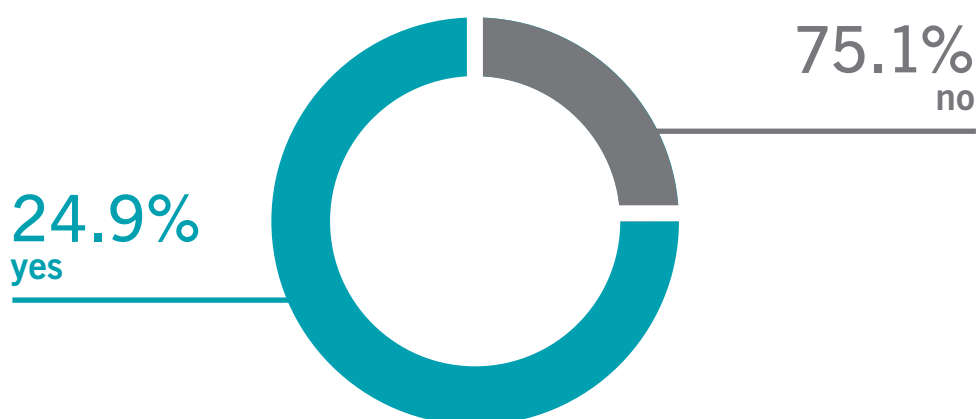
In 2008, the Australian Human Rights Commission conducted a survey of Australian employees and found that 22% of women and 5% of men aged 18-64 have experienced sexual harassment in the workplace in their lifetime.<sup>12</sup>

This report also discloses that approximately one in three women in Australia aged 18-64 experience sexual harassment in their lifetime, the majority of which continues to be experienced in the workplace (65%).<sup>13</sup>

In 2008, a quarter of reporting organisations (24.9%) acknowledged that there had been formal or informal sex-based harassment complaints within their organisations in the last twelve months, confirming that sex-based harassment remains a significant and on-going concern for employees and employers despite the existence of formal procedures and training for dealing with the issue.

More sex-based harassment training is required, particularly for managers. Organisations have preventative policies in place but the level of complaints and limited training show that policies alone are not sufficient.

**FIGURE 10: Formal/informal sex-based harassment complaints made in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

### EOWA Employer of Choice for Women

It is important for employers to analyse their workplaces to identify and take action to address any sex-based harassment issues for women in the workplace. To be eligible for EOWA's Employer of Choice for Women citation, an organisation must conduct sex-based harassment training at induction for all staff, and refresher education every two years.<sup>14</sup>

By addressing the issue of sex-based harassment, employers can improve workplace morale and productivity, reduce attrition costs, minimise financial and legal costs incurred when managing a complaint and enhance their ability to attract and retain the skills and experience of all employees.

EOWA offers an online Bullying and Harassment Training Program to assist employers to implement effective sex-based harassment training programs in their organisations.<sup>15</sup>

<sup>12</sup> Australian Human Rights Commission, 2008 Sexual Harassment: Serious Business – Results of the 2008 Sexual Harassment National Telephone Survey p.1

<sup>13</sup> ibid p.1

<sup>14</sup> EOWA Employer of Choice for Women criteria and pre-requisites are available on the EOWA website

<sup>15</sup> Details of the EOWA Online Bullying and Harassment Training Program are available by contacting EOWA

# in focus: gender pay equity



Gender pay equity is a complex problem that affects women at all levels of the Australian workforce across their lifecycle.

In February 2009, the gender pay gap was 17.2% and the ABS data show a widening of the gender pay gap in Australia, with the gap increasing by 1 percentage point over the year since February 2008.<sup>16</sup> In the Finance and insurance sector the gap is as wide as 30.7% and in Government administration and defence as narrow as 7.4%.

One consequence of the gender pay gap is the greatly reduced capacity of women to accumulate wealth over their life. NATSEM recently estimated that if current earning patterns continue, the average 25 year old male would earn \$2.4 million over the next 40 years while the average 25 year old female would earn \$1.5 million.<sup>17</sup> In retirement, the gap in personal incomes between men and women in the 55-64 year old age group is around 40 percent, with men earning on average \$507 per week and women earning only \$306 per week.<sup>18</sup>

The gender pay gap is also a problem for business and there is a strong incentive for organisations to take action to address this issue.

<sup>16</sup> ABS Average Weekly Earnings (Cat No 6302.0), February 2009 (as at 21st May 2009)

<sup>17</sup> AMP NATSEM (2009), 'She works hard for the money: Australian women and the gender divide,' *Income and Wealth Report*, Issue 22 p.34

<sup>18</sup> *ibid* p.34

## Pay equity – the business case

Due to an ageing workforce, Australia will experience ongoing labour and skills shortages, irrespective of short term economic fluctuations.

- Women now represent over 60% of university graduates and therefore make up a large proportion of new talent entering the market.<sup>19</sup>
- Companies lose talented female staff due to unfair remuneration practices.
- Pay is one of the key factors affecting motivation and relationships at work; satisfied staff equal higher productivity.<sup>20</sup>
- Evidence shows that gender equality in the workplace reduces costs to the employer through reduced turnover, lowered employee absence and risk of employee litigation under discrimination legislation.<sup>21</sup>
- Despite a general lack of pay transparency, employees and the general community are aware of the pervasiveness of pay inequity within workplaces.<sup>22</sup>
- The majority of Australians believe that the gender pay gap needs to be addressed; 80% of the general community and 96% of the business community believe that action must be taken to close the gap between men and women's earnings.<sup>23</sup>
- Leading businesses recognise the value of gender pay equity as an attraction and retention tool and therefore have a competitive advantage within their industries.
- Businesses need to be aware of new equal remuneration provisions in the *Fair Work Act 2009*.<sup>24</sup>

### Some of the key causes of the gender pay gap include:

- the segregated types of jobs women do;
- the low value placed on the work women do;
- the unequal distribution of overtime, discretionary pay and allowances, and promotional opportunities;
- the impact of caring responsibilities on women's patterns of work;
- the lack of investment in women through training and development;
- stereotypical views about women's abilities and roles; and
- a failure to understand the difference between hours worked and outcomes achieved.

19 GradStats (2008), available at <http://www.graduatecareers.com.au/content/view/full/24>

20 EOWA (2008) Generation F: Attract, Engage, Retain; available at [http://www.eowa.gov.au/Information\\_Centres/Resource\\_Centre/EOWA\\_Publications/Generation\\_F.asp](http://www.eowa.gov.au/Information_Centres/Resource_Centre/EOWA_Publications/Generation_F.asp)

21 Ng, ESW & R. Burke, (2004), "Person-organisation fit and the war for talent: does diversity management make a difference?" *International Journal of Resource Management*

22 EOWA & Diversity Council Australia, (2008), *Auspoll Survey on Pay Equity*

23 *ibid*

24 Part 2.7

<http://www.comlaw.gov.au/ComLaw/Legislation/Act1.nsf/all/whatsnew/40A41410F3DF7719CA25759E0011E7FF?OpenDocument>

## An issue of awareness?

In September 2008, EOWA in partnership with Diversity Council Australia commissioned a survey on Australians' Attitudes to Pay Equity.<sup>25</sup> The purpose of the survey was to identify the level of community awareness and understanding of the pay gap in Australia, and determine whether there is a need to educate the public on the complexities of gender pay inequity.

The survey revealed that:

- Only 12% of Australians understand the meaning of gender pay equity.
- Most Australians (82%) are aware that Australian women, on average, earn less than Australian men.
- Nearly 8 out of 10 Australians (79%) agree that steps should be taken to close the gap between men's and women's earnings.

These survey findings clearly demonstrate that while there is *some* understanding of gender pay inequity and recognition that steps need to be taken to address the gap, the complexities of the problem are not fully understood by the Australian public and to a lesser extent business. Yet despite some misunderstanding, there is overwhelming agreement among all respondents to the DCA/ EOWA survey regardless of gender, age, location or profession that the gap needs to be reduced.

In organisations reporting to EOWA, currently less than half (42%) say they conduct an annual gender pay equity analysis, and over a third of all report contacts (37%) believe a gender pay gap exists in their organisation.

**FIGURE 11: Conduct annual gender pay equity analyses in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

**FIGURE 12: Perceptions on the existence of a gender pay gap in EOWA reporting organisations**



Source: EOWA Survey Data 2007-2008

Of those report contacts that believed there is a gender pay gap in their organisation, almost fifty percent (47%) thought this despite *not* having conducted a gender pay gap analysis. Of those that did conduct an analysis (42%), only 16% believed there was a pay gap in their organisation compared to 37% of report contacts in all reporting organisations.

On further investigation, many report contacts cited the fact that women tend to be concentrated in low-paying occupations as justification for any income inequality in their organisations. This reflects a lack of understanding in the business community about the causes of pay inequality.

Women are segregated into jobs on two levels; women (and men) are concentrated into certain occupations based on stereotypes assumptions about skills, capabilities and preferences; and women are under-represented in management and senior positions.

A recent EOWA Report *Pay, Power and Position* found that only 7.0% of ASX200 Key Management Personnel are women, and that the gender pay gap for female executive managers is significant. In some positions (CEO and Finance) women earn less than half of their male equivalents and even in positions where women are more likely to work (HR for example) they earn significantly less than their male counterparts.<sup>26</sup>

Furthermore, Ian Watson from Macquarie University examined the gender pay gap among full-time managers in Australia over the period 2001-2007, and found that on average female managers earn 25 per cent less than their male counterparts. Watson estimated that 70-90 per cent of the gap is due to discrimination.<sup>27</sup>

<sup>26</sup> *Pay, Power and Position: Beyond the 2008 EOWA Australian Census of Women in Leadership*, EOWA June 2009 available at [http://www.eowa.gov.au/Australian\\_Women\\_In\\_Leadership\\_Census/2008\\_Australian\\_Women\\_In\\_Leadership\\_Census/Pay\\_Power\\_Position/2009\\_PPP\\_Media\\_Kit.asp](http://www.eowa.gov.au/Australian_Women_In_Leadership_Census/2008_Australian_Women_In_Leadership_Census/Pay_Power_Position/2009_PPP_Media_Kit.asp)  
<sup>27</sup> Watson, I. (2009), *The gender wage gap within the managerial workforce: an investigation using Australian panel data*, 2009 HILDA Survey Research Conference, University of Melbourne, 17 July 2009

## What action is being taken to address the problem?

The Government has initiated a House of Representatives Inquiry into pay equity and associated issues related to increasing female participation in the workforce.<sup>28</sup> The Committee is due to report in October 2009.

Submissions to the inquiry from key employer and employee organisations, large businesses, women's and community groups and government bodies reveal a number of key issues including but not limited to:

- a need for investment in data collection and analysis to better measure movements in pay equity in Australia;
- the need for a national education campaign to address pay equity;
- the need to conduct annual pay equity reporting, particularly where pay inequity is suspected; and
- the need for resources, information and assistance to business.

In addition to the pay equity inquiry, the review of the Equal Opportunity for Women in the Workplace Act (EOWW) 1999 is currently underway and will touch on the issue of pay equity amongst other issues related to reducing barriers to and improving women's workforce participation.<sup>29</sup>

EOWA currently offers advice and tools for business on its website and through the reporting process. Through the Employer of Choice for Women (EOCFW) citation EOWA rewards best practice and encourages businesses to examine and tackle and gender pay gap.

In addition, to increase community awareness about the gender pay gap, in 2008 EOWA initiated an Equal Pay Day campaign in Australia for the first time. In 2009, Equal Pay Day will take place on 1 September. This date illustrates the number of extra days many women have to work after the end of the financial year to earn the same as men – because women on average earn 17.2 per cent less than men.

<sup>28</sup> Parliament of Australia, House of Representatives Standing Committee Inquiry into pay equity and associated issues related to increasing female participation in the workforce

<sup>29</sup> Review of the Equal Opportunity for Women in the Workplace Act, Terms of Reference, available at [http://www.eowa.gov.au/About\\_EOWA/Review\\_2009/EOWA\\_REVIEW\\_TERMS\\_OF\\_REFERENCE\\_JUNE\\_2009.pdf](http://www.eowa.gov.au/About_EOWA/Review_2009/EOWA_REVIEW_TERMS_OF_REFERENCE_JUNE_2009.pdf)

## EOWA Employer of Choice for Women

The EOWA Employer of Choice for Women citation requires organisations to meet or better the overall average pay gap for their industry sector, calculated on the Australian Bureau of Statistics Average Weekly Earnings Data.<sup>30</sup>

In 2008, the overall full-time average weekly earnings pay gap for all industries was 16%. The average overall pay gap for organisations that were awarded the Employer of Choice for Women citation in 2009 was 10.9% which is significantly lower.<sup>31</sup>

In addition, there is evidence of some positive behavioural changes in organisations as a result of the citation. Some businesses that did not meet the average gender pay gap are now taking steps to address these issues in order to meet the criteria.

Like sex-based harassment training initiatives, pay equity is an important indicator of equality in the workplace. Organisations benefit from analysing and measuring salaries and other benefits on a regular basis to highlight any gender-related discrepancies and to ensure they can be explained on performance/merit indicators.


EOWA recommends that all organisations conduct an annual gender pay audit. The EOWA Pay Equity Audit tool is available on the website to guide reporting organisations through this process.<sup>32</sup>

<sup>30</sup> Based on ABS Average Weekly Earnings Data; full-time ordinary time earnings for men and women by industry, as at February 2009


<sup>31</sup> EOWA Reporting Data 2007-08

<sup>32</sup> EOWA Pay Equity Audit Tool, available at

[http://www.eowa.gov.au/Developing\\_a\\_Workplace\\_Program/Six\\_Steps\\_to\\_a\\_Workplace\\_Program/Step\\_2/\\_Pay\\_Equity\\_Tool/index.htm](http://www.eowa.gov.au/Developing_a_Workplace_Program/Six_Steps_to_a_Workplace_Program/Step_2/_Pay_Equity_Tool/index.htm)



# pay equity: what can businesses do?



- **Conduct a regular gender pay audit:** The most effective way for an organisation to uncover unequal pay and address associated issues is to carry out a regular gender pay equity audit. The EOWA Pay Equity Audit Tool can provide a pay equity gap figure for the whole of an organisation, a breakdown of any gender pay gaps that occur by branch or department within an organisation, and give details of the numbers of women present at all levels of the business up to executive management. Furthermore the tool can be customised to provide feedback on remuneration by job type (e.g. engineer, administration assistant or business analyst).
- **Conduct a workplace analysis:** Organisations that report to EOWA can use their 'Workplace Profile' as a starting point for pay analysis. This profile is used to identify the number of women at different levels within an organisation and to analyse basic pay data.
- **Improve accountability:** Organisations should aim to be transparent about pay and associated performance bonuses. Furthermore, managers should be made accountable for the retention of female talent.
- **Be aware of equal pay initiatives such as Equal Pay Day:** Equal Pay Day will take place on 1 September 2009. Use this day to announce an initiative on pay equity in your organisation.
- **Aim to be an industry leader:** Organisations that report annually to EOWA may apply to become an Employer of Choice for Women (EOCFW). This citation recognises organisations that deliver improved outcomes for women within their workplaces, and those that are leading the way in creating equitable, fair and flexible workplaces. Furthermore the citation enhances an organisation's corporate image, and is commonly used as an attraction tool in recruitment processes.

- **Removing other barriers to workforce participation and career progression for female employees:** Organisations should review human resource policies to ensure they do not directly hinder career progression for female employees such as not permitting part time work at senior levels; and making sure that flexible policies are available to all employees; and that the workplace culture supports their use.<sup>33</sup>
- **Invest in long-term Equal Opportunity Strategies:** Long-term business success can be ensured by putting 'people strategies' in place. Organisations that review their pay systems achieve additional benefits including improved retention, increased morale, a positive corporate image, and enhanced productivity and innovation.

### Top 10 business tips to address pay equity in your organisation

- 1 When positions become vacant, especially those at middle and higher levels, begin a targeted campaign to recruit females into these levels with advertisements that offer flexible working arrangements and encourage women to apply for the positions.
- 2 Determine if the pay gap at different levels is due to different starting salaries based on experience or qualifications, or other factors that have contributed to the pay gap in favour of males.
- 3 Investigate any decline of females in the organisation through qualitative research. This might involve focus groups to determine if there are cultural factors in the workplace that may be leading to this decline. More in-depth exit interviews should be conducted to determine why individuals choose to leave the organisation with a focus on women
- 4 To encourage women into senior positions, initiate mentoring and networking programs. This could include women-only groups and mixed groups.
- 5 Undertake a campaign to recruit mature-age females to middle and higher levels within your organisation.
- 6 Look into jobs that could be redesigned so that two individuals with different competencies could work in a job-share or part-time capacity.
- 7 Undertake a survey on work/life balance implementation to encourage utilisation and educate employees on the flexible workplace practices in the organisation.
- 8 Undertake a training program for managers in the supervision of part-time employees and in managing a flexible workforce.
- 9 In recruitment and retention, emphasise flexible working arrangements and have a target to increase part-time work. When advertising positions, a statement about the availability of part-time work and job-sharing should be emphasised in the advertisement.
- 10 Investigate a wider range of flexible work arrangements that could be introduced into the workplace, including home-based work, flexible arrangements for taking leave, term-time work, a workplace family room, and a breastfeeding room. Ensure that these flexible work arrangements are available for employees at all levels, including management.

<sup>33</sup> Government of Western Australia (2007), Pay equity: The business imperative Department of Consumer and Employment Protection, available at [www.payequity.wa.gov.au](http://www.payequity.wa.gov.au)

# technical notes



The *Equal Opportunity for Women in the Workplace Act 1999* requires private-sector organisations with 100 or more employees to provide an annual report on the equal opportunity programs within their workplace. The Equal Opportunity for Women in the Workplace Agency (EOWA), a Commonwealth statutory authority, is responsible for receiving and assessing these reports.

## **Equal Opportunity Compliance data**

In accordance with the Act, EOWA assesses organisations based on whether they are Compliant with the Act, eligible to be waived from reporting requirements for a specified period or Non-Compliant with the Act. Employers report to EOWA on:

- The composition of their workforce
- Staff consultation processes
- Issues for women in their organisation across the seven Employment Matters
- Actions taken
- Evaluation of the actions taken
- Planned future actions

This provides EOWA with the opportunity to observe and collect data on the actions and initiatives being undertaken by reporting organisations to promote equal opportunity for women in the workplace.

## Glossary

### Equal Opportunity for Women in the Workplace Agency

The Equal Opportunity for Women in the Workplace Agency (EOWA) has been established to administer the Australian *Equal Opportunity for Women in the Workplace Act 1999* (the EOWW Act).

EOWA's primary role is to:

- Administer the *Equal Opportunity for Women in the Workplace Act 1999*
- Provide information and advice to reporting organisations and members of the broader community to assist them to achieve equal opportunity for women in the workplace

### Equal Opportunity compliance reporting

Employers covered by the Act are required to report annually on their equal opportunity workplace program to EOWA. EOWA Client Consultants review these reports and work with employers to ensure compliance with the legislation, strategic development of EO policies and practice and improvement in employment outcomes for women.

Using this information, EOWA identifies:

- Organisations that comply with the legislation
- Organisations that do not comply with the legislation
- Organisations eligible to be Waived from reporting for a limited number of years

### Employers covered by the Act

Employers covered by the Act include private-sector companies, community organisations, non-government schools, trade unions and group training companies with 100 or more employees. Higher finance and insurance institutions, as defined by the Act, are also covered.

### Employment Matters (EMs)

The seven Employment Matters listed in the Act are:

- The recruitment procedure, and selection criteria, for appointment or engagement of persons as employees
- The promotion, transfer and termination of employees
- Training and development for employees
- Work organisation
- Conditions of service of employment
- Arrangements for dealing with sex-based harassment of women in the workplace
- Arrangements for dealing with pregnant or potentially pregnant employees and employees who are breastfeeding

### Equal Opportunity for Women in the Workplace

Equal opportunity is generally implemented through a workplace program of policies and initiatives. Equal opportunity has been achieved when women have fair and equal access to employment opportunities and benefits, and are not inhibited or prevented from taking up those opportunities and benefits by any gender-related barriers. It means that all employees have an equal chance to compete for employment opportunities on merit.

## Waiving

Section 13C of the Act provides reporting organisations with the opportunity to apply for Waived status. This means that the employer is not required to submit a report to EOWA for a period of up to three years. Under the Act, Waived organisations are required to continue to develop their workplace program during the Waived period.

## Workplace program

A workplace program means a specific program designed to ensure that:

- Appropriate action is taken to eliminate all forms of discrimination by the employer against women in relation to the seven Employment Matters,
- Employers have analysed the issues relating to the seven Employment Matters that would need to be addressed to achieve equal opportunity for women in the employer's workplace,
- Measures are taken by the employer to contribute to the achievement of equal opportunity for women in relation to the seven Employment Matters, and
- An evaluation is conducted by the employer of the effectiveness of the actions and measures taken in achieving equal opportunity for women in the employer's workplace.

Under the amended Act, employers are required to develop a workplace program by:

- Preparing a statistical workplace profile of employees
- Consulting with staff
- Analysing the issues for women in the workplace, considering each of the seven Employment Matters to identify the priority issues
- Taking action to address the priority issues
- Evaluating the effectiveness of the actions
- Planning future actions

## Further information

**EOWA was established by the Australian Government to assist employers to improve equal opportunity outcomes in the workplace.**

Each year, the Agency identifies the leading equal opportunity practices of over 2700 organisations through an assessment of their workplace programs and by assisting them to improve outcomes for both women and the business. This puts EOWA in a unique position to understand the challenges and constraints for organisations across all sectors of the economy.

## Our services

### Workshops

EOWA runs a series of tailor-made workshops throughout the year. Workshop topics include:

- How to develop a workplace program and prepare a compliant report
- How to position your organisation for Waiving, EOWA Employer of Choice for Women and the EOWA Business Achievement Awards

## **Research**

EOWA carries out research each year into the issues confronting women and business and on how to fully utilise talented staff to improve business outcomes. A key EOWA initiative has been the EOWA Australian Census of Women in Leadership, which measures the exact status of women in senior management and on the boards of Australia's top 200 ASX organisations.

## **EOWA publications**

EOWA recently released *Pay, Power and Position: Beyond the 2008 Australian Census of Women in Leadership*. This study uses the valuable data collected for the *EOWA 2008 Australian Census of Women in Leadership* and builds on EOWA's extensive qualitative research on the pay, power and position of women in senior leadership roles in Australian businesses.

Regular newsletters with the latest news on equal opportunity and leading EO practices are available on EOWA's website or by email subscription to [eowa@eowa.gov.au](mailto:eowa@eowa.gov.au).

## **EOWA website**

EOWA's website offers an extensive range of online tools and practical resources, including leading organisations' policies, practices and case studies, provided to assist employers to enhance the development of successful EO workplace programs.

## **Contact us**

For more details on EOWA's services, please visit the EOWA website: [www.eowa.gov.au](http://www.eowa.gov.au) or contact EOWA on (02) 9448 8500.

For more information on this publication, please contact the EOWA Research Officer on (02) 9448 8542.

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