



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

**Paid Maternity Leave, Pay Equity and the
Impact of the Global Financial Crisis
on Equal Opportunity Programs in
EOWA Reporting Organisations**

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australia's aluminium



About EOWA

An Australian Government Agency, the Equal Opportunity for Women in the Workplace Agency (EOWA) administers the Equal Opportunity for Women in the Workplace Act 1999. The Agency 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 2010 Alcoa was named an 'Employer of Choice for Women' by EOWA, for the ninth 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 week 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: Paid maternity leave, pay equity and the impact of the global financial crisis on equal opportunity programs in EOWA reporting organisations

The Equal Opportunity for Women in the Workplace Agency (EOWA) is proud to release this survey on paid maternity leave, pay equity and the impact of the global financial crisis on equal opportunity programs in EOWA reporting organisations. This report is the third in a series of EOWA Surveys examining gender issues in the workplace.

Paid parental leave is important to working women and men. Just over half of EOWA reporting organisations provide paid maternity leave and many female employees in those organisations remain ineligible to access those provisions. EOWA commends organisations such as Westpac and National Australia Bank that intend to supplement the government-funded Paid Parental Leave scheme which comes into effect in January 2011 and to make super payments for staff on unpaid maternity leave.

In Australia, the gender pay gap in full-time average weekly ordinary time earnings is now eighteen per cent, the highest it has been since 1994. This means that women have to work an extra 66 days after the end of the financial year in order to earn the same as men. EOWA urges businesses to undertake regular pay equity audits to identify the gender pay gaps in their organisations and to investigate and address any discrepancies in pay between men and women across all levels of their business. Almost 60 per cent of organisations reporting to EOWA in 2008-09 stated that they do not conduct an annual gender pay equity analysis. Pay inequality has a significant impact on women's lifetime earnings and their ability to accumulate superannuation. EOWA is currently working on an online resource on pay equity to assist Human Resources Managers to address this problem.

Following on from the Global Financial Crisis, and given that the gender pay gap costs the Australian economy an estimated \$93 billion dollars in lost economic output, it is evident that reducing barriers to women's workforce participation is a vital component in addressing skills and labour shortages and improving Australia's overall economic productivity.

Ensuring that women get fair rates of pay, access to training and development, access to overtime and promotional opportunities, will benefit families and the community. Increasing flexibility in the workplace will also help working families. It will mean there is a greater opportunity for both men and women to share caring responsibilities and will mean children, elderly parents or family members with a disability get much needed time and care.

To achieve genuine equity, business, government, women and men need to work in partnership. As a result everyone will reap the benefits through attracting and retaining female staff, through increasing workforce participation and through allowing parents to care and provide for their families.

Translated into the workplace, managers need to be held accountable for improvements in gender equity or the issue will slip off the table; targets need to be set or gender equity will remain a low priority; and businesses need to recognise what a valuable resource women are to their organisations and to the workforce.

EOWA will continue to work with Australian businesses to address issues such as the gender pay gap, to improve paid parental leave programs and ensure that all women have access to these, and to make sure that there are policies and programs in place that support women on their return to work.

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

Mairi Steele

Acting Director, The Equal Opportunity for Women in the Workplace Agency

At Alcoa, we believe our people should be able to successfully balance a career with life outside of work. Our business requires a talented and engaged workforce to thrive, and a fundamental part of achieving this is to ensure everybody can deliver results, learn, grow, have fun, and achieve a good work/life blend. 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 partnership with EOWA helps deliver essential research in gender equality that will ultimately benefit us all. I hope the detail in the following pages encourages more organisations to take action in regards to equal opportunity, and helps businesses build and maintain sustainable and equitable workforces.

Alan Cransberg

Managing Director, Alcoa of Australia

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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*¹ 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 2009, as part of the annual report assessment process for the reporting year 1 April 2008-31 March 2009.²

2010 survey

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For the 2008-09 reporting year, 2,556 organisations reported to EOWA and 2,400 organisations participated in the survey. This constitutes a survey participation rate of 94% and covers just over 1.2 million women. This is an improvement on a participation rate of 91.4% in 2008.⁴ This year, organisations were surveyed on their paid maternity leave provisions, gender pay gap initiatives and the impact of the global financial crisis on the equal opportunity programs in their businesses.

1 Equal Opportunity for Women in the Workplace Act 1999, available at <http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/all/search/84222DEAC0CBAA00CA2575F5000B1D10>
2 Report contacts are usually Human Resource Officers (or similar)
3 EOWA (2009), Annual survey and reporting data 2007-08

profile of eowa reporting organisations and compliance data 2008-09

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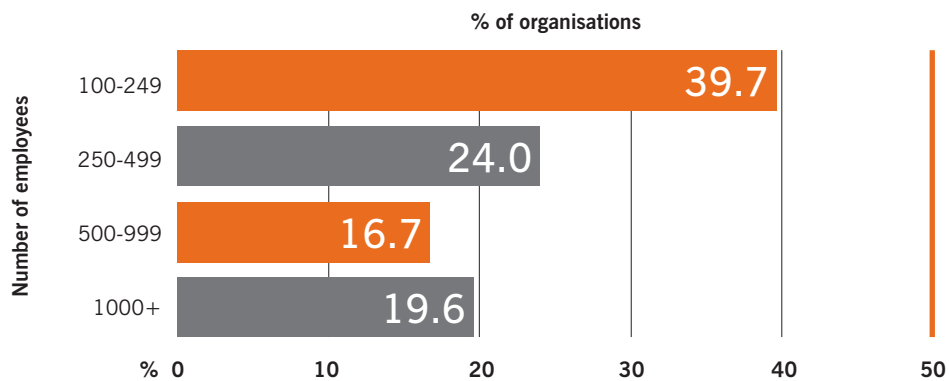
Of the organisations reporting to EOWA in 2008-09, the majority have less than 500 employees and over a third have between 100 and 249 employees.

Nearly 40 per cent of reporting organisations have 0-249 employees and these organisations only employ 6.2 per cent of all employees covered by reporting organisations.

Reporting organisations with 1000+ employees make up almost 20 per cent of all reporting organisations and these organisations employ 73.8 per cent of all employees covered by reporting organisations.

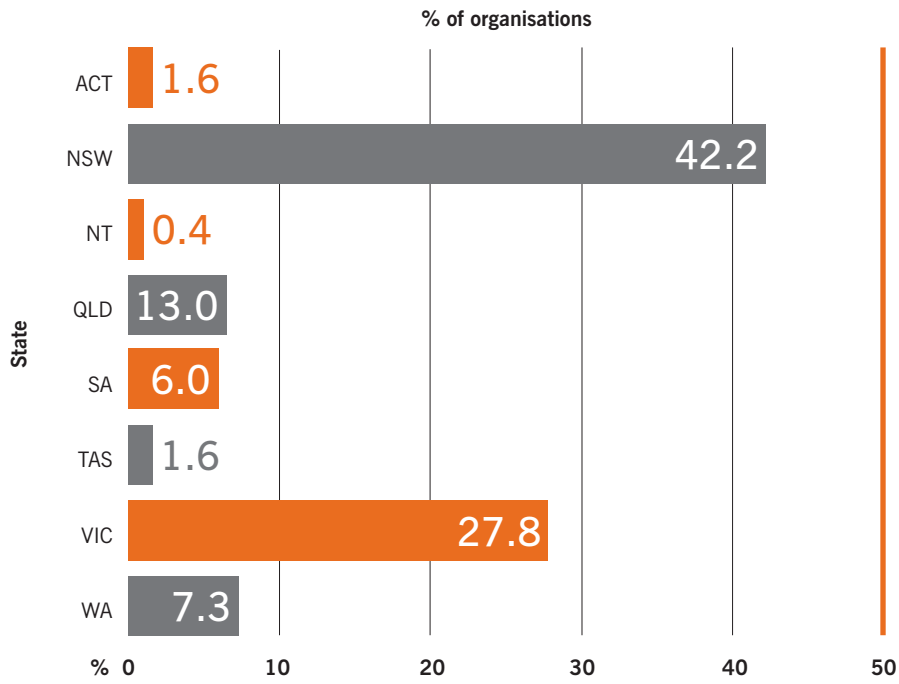
New South Wales and Victoria have the largest number of EOWA reporting organisations with 42.2 per cent and 27.8 per cent respectively.

FIGURE 1: EOWA reporting organisations by employee group size



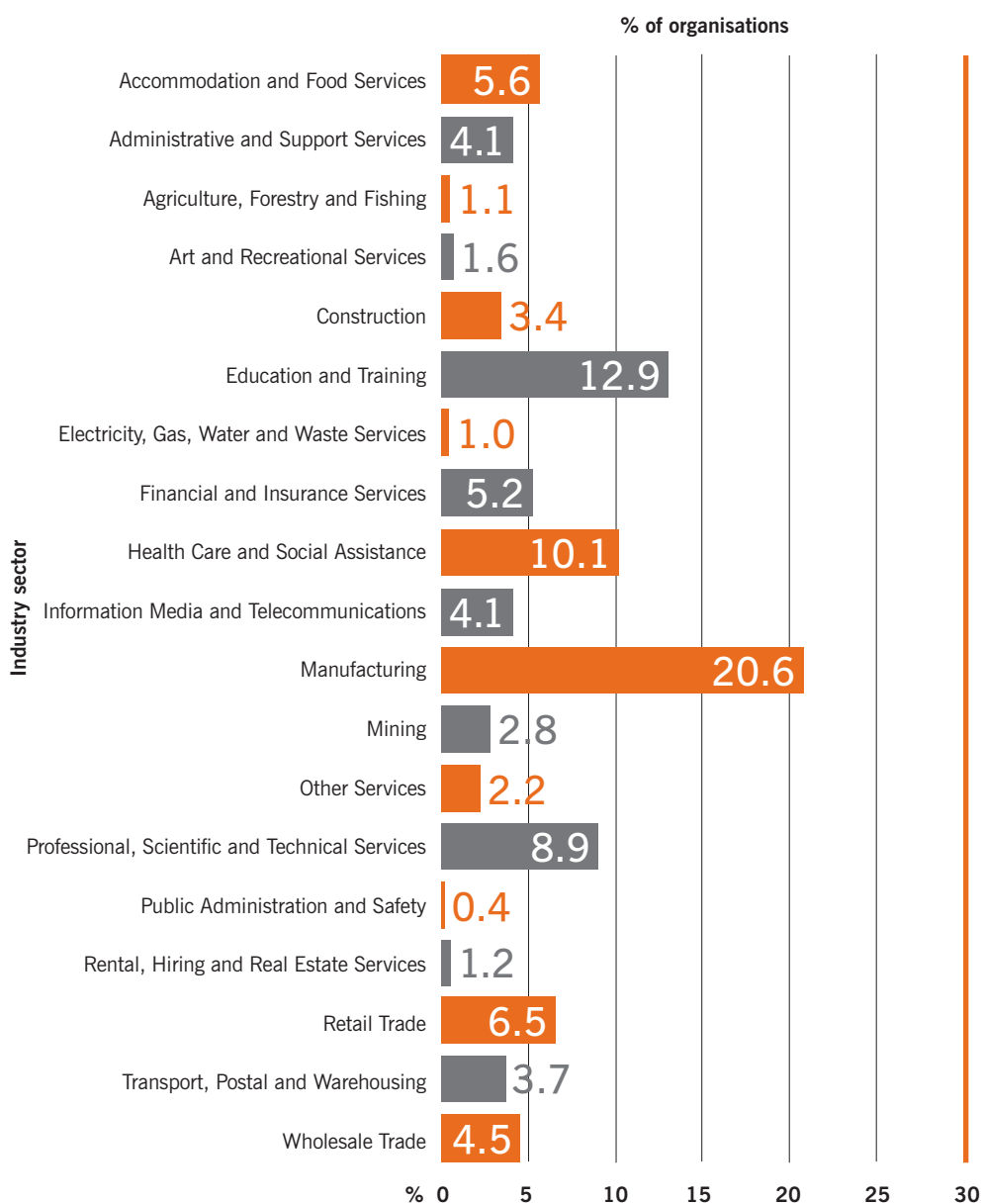
Source: EOWA Reporting and compliance data 2008-09

FIGURE 2: EOWA reporting organisations by state



Source: EOWA Reporting and compliance data 2008-09

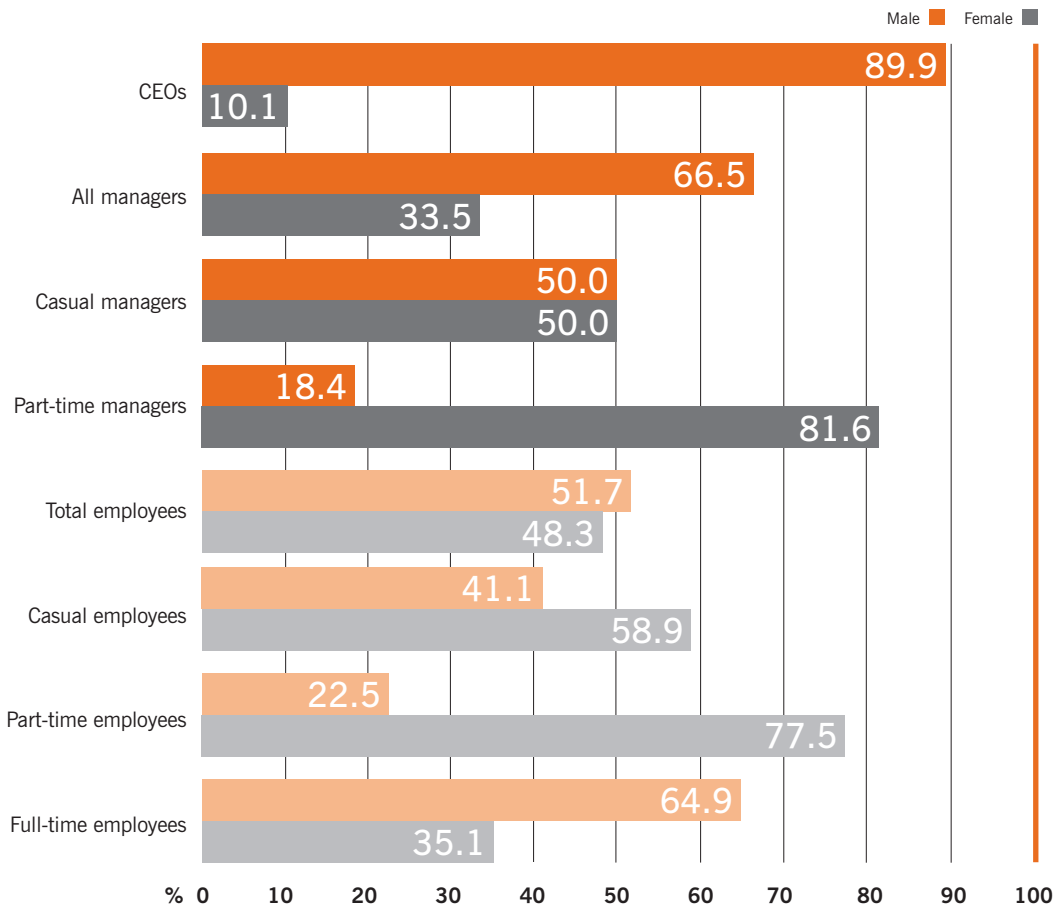
FIGURE 3: EOWA reporting organisations by industry representation



Source: EOWA Annual survey data 2008-09

The largest industry sectors reporting to EOWA in the 2008-09 reporting period were Manufacturing (20.6 per cent) and Education and Training (12.9 per cent). The smallest industry sectors were Public Administration and Safety (0.4 per cent) and Electricity, Gas, Water and Waste Services (1.0 per cent). For industry breakdowns of the data in this publication please go to eowa.gov.au.

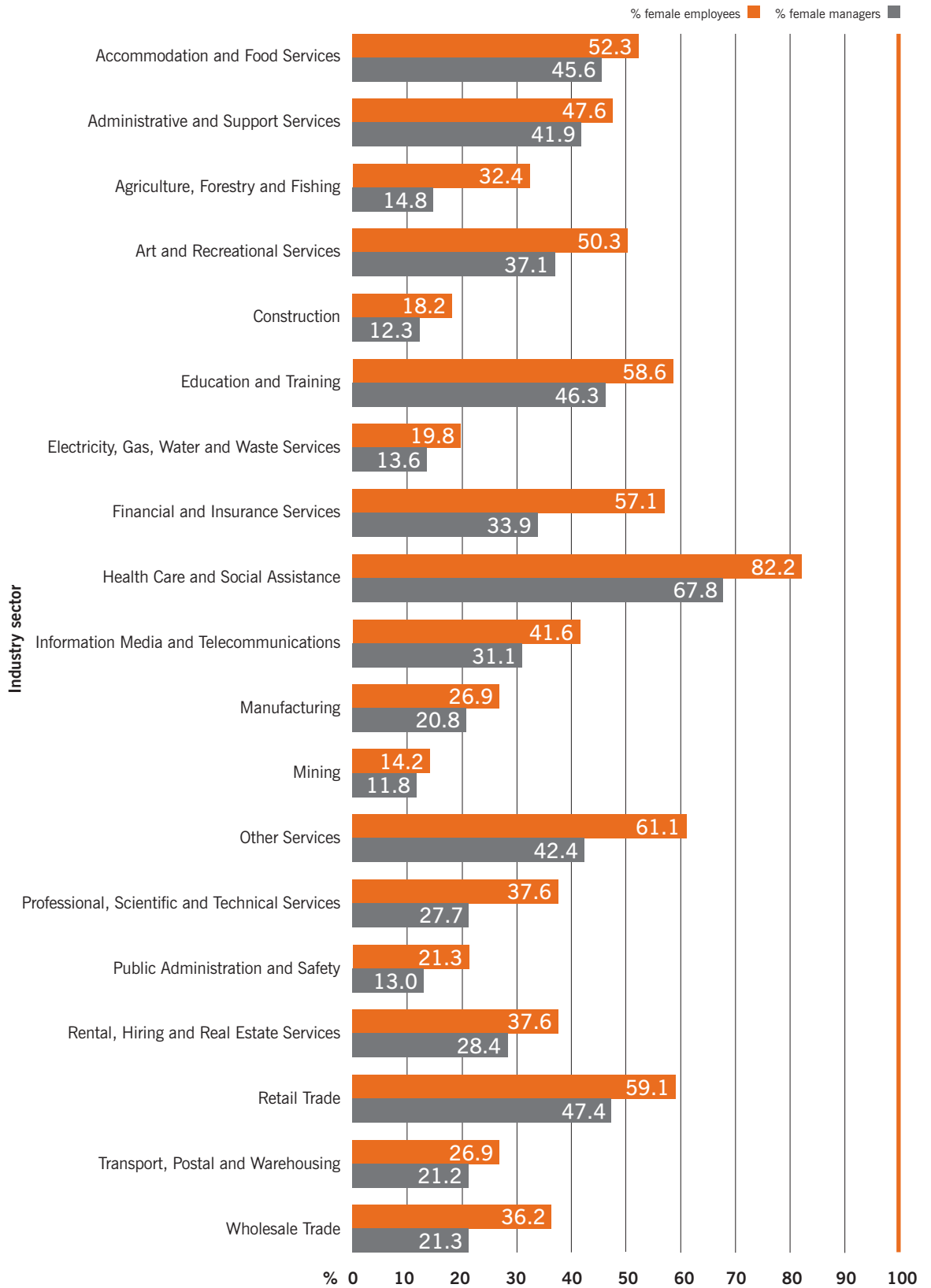
FIGURE 4: Proportion of employees and managers by gender and status in EOWA reporting organisations



Source: EOWA Annual survey data 2008-09

Women constitute 48.3 per cent of all employees but only 33.5 per cent of all managers in EOWA reporting organisations. Female employees make up 77.5 per cent of all part-time employees and 81.6 per cent of all part-time managers but only make up 35.1 per cent of all full-time employees and 10.1 per cent of CEOs.

FIGURE 5: Female employees and managers by industry in EOWA reporting organisations



Source: EOWA Annual survey data 2008-09

The industry groups with the highest proportion of female employees are Healthcare and Social Assistance (82.2 per cent), Other Services (61.1 per cent), Retail Trade (59.1 per cent) and Education and Training (58.6 per cent). The only industry sector with over 50 per cent female managers is Healthcare and Social Assistance (67.8 per cent) and only 31.6 per cent of all industry sectors (6 of 19) have gender representative management (40 per cent or more).



paid maternity leave

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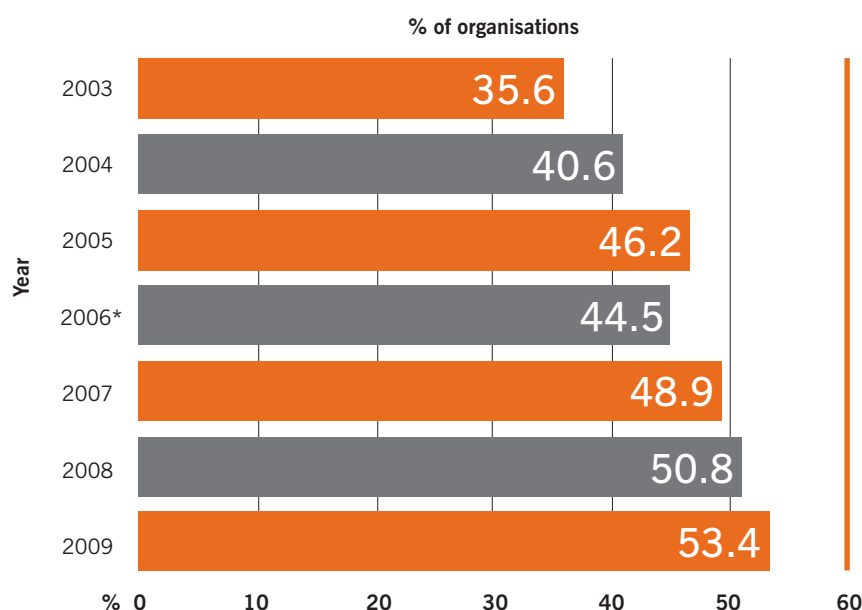
EOWA survey data

Data from all surveyed organisations reporting to EOWA in 2009 reveals that 53.4 per cent offer paid maternity or primary carer's leave to employees. This represents an increase of 17.8 per cent in the provision of paid maternity leave in reporting organisations since 2003 (35.6 per cent). However, while over 50 per cent of EOWA reporting organisations now provide paid maternity leave, not all women in these organisations will be eligible to access this provision. Conditions and eligibility periods vary substantially in terms of the type of leave provided, the length of leave allowed, and other conditions.

FIGURE 6: Provision of paid maternity leave in EOWA reporting organisations



Source: EOWA Annual survey data 2008-09

FIGURE 7: Provision of paid maternity leave in EOWA reporting organisations 2003-09

Source: EOWA Annual survey data 2008-09, 2006-07, 2004-05 and 2002-03

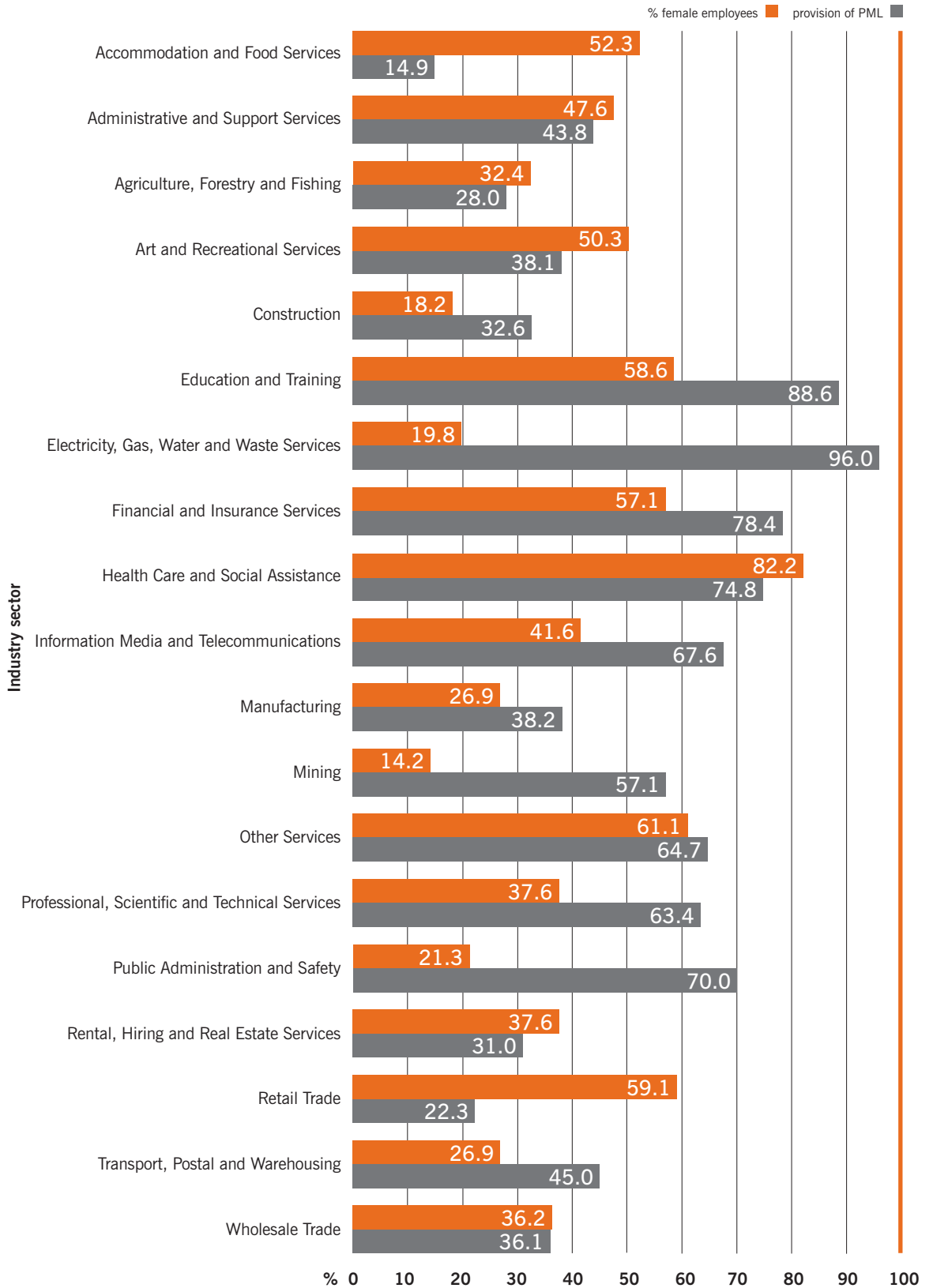
* The data set for 2006 was incomplete.

The provision of paid maternity leave in reporting organisations varies by industry. In organisations reporting to EOWA, the industries most likely to offer paid maternity leave are Electricity, Gas, Water and Waste Services (96 per cent), Education and Training (88.6 per cent) and Public Administration and Safety (70 per cent). The industries least likely to provide paid maternity leave are Accommodation and Food Services (14.9 per cent), Retail (22.3 per cent), and Agriculture, Forestry and Fishing (28 per cent). It is worth noting that there are only a small number of private sector organisations reporting to EOWA in Electricity, Gas, Water and Waste Services and Public Administration and Safety. This may explain the particularly high incidence of paid maternity leave in these sectors.

Both Retail and Accommodation and Food Services have a low percentage of organisations providing paid maternity leave, despite the fact that they are female-dominated industries. Both industry sectors are also highly casualised indicating that many casual, part-time or non-permanent employees remain ineligible for paid parental leave.

Between 2007 and 2010, there has been a consistent upward trend in the provision of paid maternity leave in Healthcare and Social Assistance (67.3 per cent to 74.7 per cent), Education and Training (83.5 per cent to 88.6 per cent), Other services (53.4 per cent to 64.7 per cent), Professional, Scientific and Technical Services (59.2 per cent to 63.4 per cent) and notably, Retail Trade (14.7 per cent to 22.3 per cent). These sectors are all female-dominated with the exception of Professional, Scientific and Technical Services. This indicates that the provision of paid maternity leave is more likely in female-dominated industries. Other industries have fluctuated towards the negative or remained fairly consistent.

FIGURE 8: Percentage of female employees and provision of paid maternity leave in EOWA reporting organisations by industry sector



Source: EOWA Annual survey data 2008-09

The Australian Government passed a Paid Parental Leave Bill into legislation on the 17th June 2010. The Paid Parental Leave (PPL) scheme is for new parents who are the primary carers of a child born or adopted on or after 1 January 2011.

The scheme is closely based on that proposed in the Productivity Commission's Inquiry Report *Paid Parental Leave: Support for Parents with Newborn Children*.

PPL will provide Parental Leave Pay at the rate of the National Minimum Wage (currently around \$570 a week) for up to 18 weeks.

The scheme will promote early childhood development and maternal wellbeing while encouraging mothers to maintain their connections to the workforce. It will have long term benefits to employers by helping them retain skilled employees.

To be eligible for the scheme, claimants will need to meet the PPL work test, an income test and the residency requirements.

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

Parents can nominate the period over which they wish to receive their pay. The start date can not be before the child's birth or adoption, and all the pay must be received within the first 12 months after the date of birth or adoption.

Parental Leave Pay will complement parents' entitlements to unpaid parental leave under the National Employment Standards in the Fair Work Act, 2009.

Parental Leave Pay can be received before, after or at the same time as employer-provided paid leave such as recreational leave or employer-provided maternity leave.

Employers will pay Parental Leave Pay to eligible parents who have been their long-term employees (12 months or more) prior to the expected date of birth or adoption.

The Bill requires employers to provide this statutory entitlement – “in addition to any other obligation they have to their employees”. This means that employers will be prohibited from using the Government scheme to offset paid parental leave benefits they are required to provide employees under industrial instruments or other laws. For further information on the Government's Paid Parental Leave Bill, [click here](#).

Of interest to EOWA is what businesses with parental leave schemes will do in light of these legislative changes. In 2009, EOWA collected data on whether organisations plan to change their current practices and policies given the introduction of the government-funded scheme in 2011. Of those surveyed reporting organisations that currently provide maternity leave, just over a quarter (27.8 per cent) indicated that *they were going* to make changes to their current practice as a result of the government's announcement.

FIGURE 9: Given the government's announcement that a paid parental leave scheme will be introduced on 1 January 2011, does your organisation plan to change its current practice?



Source: EOWA Annual survey data 2008-09

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Of those organisations that said they were going to change their employer-funded paid parental leave arrangements, nearly two thirds (59.7 per cent) were waiting to see what happened when their EBA/award negotiations are finalised; 11.2 per cent said they would *pay the difference* between the government paid scheme and the employee's salary for the government's 18 week period; and 10.2 per cent said they would pay the current amount of leave on top of the government scheme for the current period of leave. The majority of organisations (72.2 per cent) however said they would not make changes to their current paid maternity leave arrangements at this stage.

FIGURE 10: How do you plan to change your current practice?

	%
EBA/Award is to be negotiated before then so they'll be seeing what happens with that	59.7
Cancel the current employer-paid parental leave scheme	0.5
Pay the difference between the govt paid scheme and the employee's salary for their current period of leave	5.1
Pay the difference between the govt paid scheme and the employee's salary for the government's 18 weeks	11.2
Pay the difference between the govt paid scheme and the employee's salary for a period between what's currently offered and 18 weeks	5.1
Employer will pay the current leave \$ on top of the Government amount for their current period of leave (eg 12 weeks)	10.2
Employer will pay the current leave \$ on top of the Government amount for the 18 weeks	3.6
Employer will pay the current leave \$ on top of the Government amount for a period of time between what's currently offered and 18 weeks	4.6

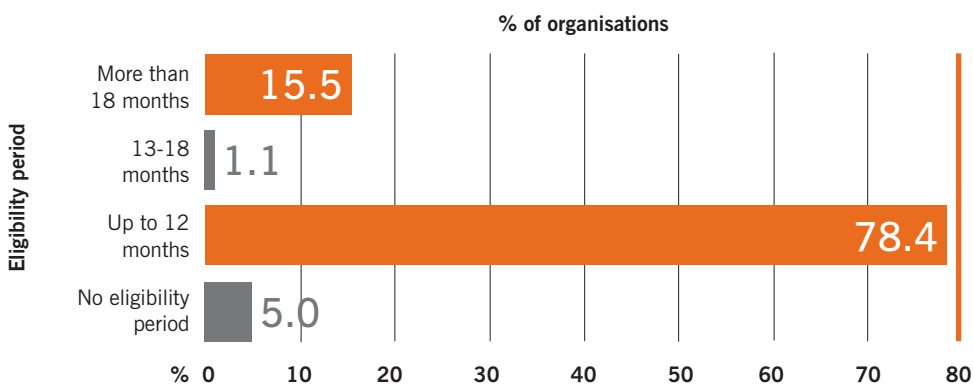
Source: EOWA Annual survey data 2008-09

Eligibility periods

Nearly 80 per cent of reporting organisations with paid maternity leave stipulated an eligibility period of one year or less before an employee can access paid maternity leave (78.4 per cent) and five per cent of organisations have no eligibility period at all. Fifteen per cent of organisations (15.5 per cent) require employees to have worked in an organisation for *over* eighteen months before they are eligible for maternity leave.

The average duration of paid leave in EOWA reporting organisations is 9.9 weeks, up slightly from 9.4 weeks in 2008. Eighteen weeks is the maximum amount of paid leave to be introduced in the proposed Government PPL scheme and fourteen weeks is the recommended minimum by the International Labour Organisation.⁴

FIGURE 11: Minimum eligibility period for provision of paid maternity leave



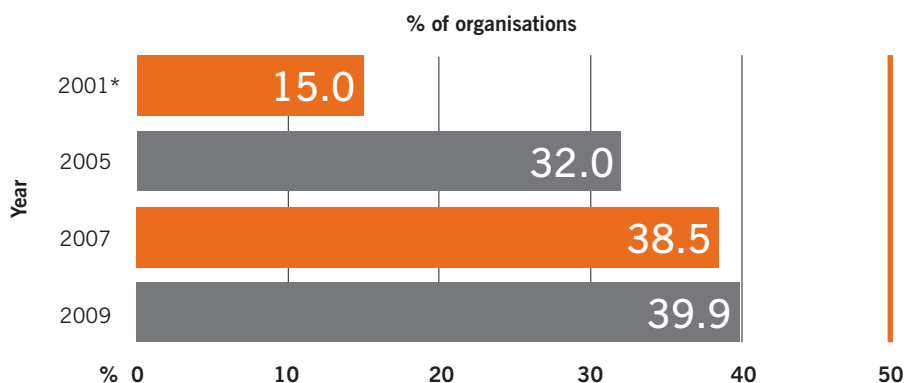
Source: EOWA Annual survey data 2008-09

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Paid paternity leave

In 2009, 39.9 per cent of reporting organisations provide paid paternity or secondary carer's leave to male employees at an average of 7.4 days (a slight increase from 38.5 per cent and decrease from 8.7 days in 2008). Provision of paid paternity leave has increased by 24.9 per cent since 2001.

FIGURE 12: Provision of paid paternity leave in EOWA reporting organisations 2001-2009



Source: EOWA Annual survey data 2008-09, 2006-07, 2004-05, 2000-01

* The paid paternity leave question was not included in the 2003 EOWA Annual Survey.

4 International Labour Organisation (2000) Maternity Prevention Convention (ILO C103), available at <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C103>

Westpac

Westpac is providing employees with the flexibility to decide on the work and family conditions that suit them and their families. Westpac's scheme will be in addition to the government's paid parental leave scheme and will pay employees superannuation when taking unpaid parental leave. Westpac's changes to parental leave mean that employees who take unpaid parental leave will now be paid full superannuation payments, for up to 39 weeks. This is in addition to the 13 weeks paid parental leave, with full superannuation payments, that employees are entitled to under Westpac Group's existing parental leave scheme. This means employee superannuation contributions will now be paid for the full year of their parental leave.

Savings & Loans Credit Union

Savings & Loans Credit Union provides up to 26 weeks of paid parental leave (which can be taken at full pay or half pay) for primary caregivers and up to 92 weeks of unpaid parental leave. They also provide four weeks of paid bonding leave and 48 weeks unpaid leave for a non-primary caregiver following the birth of a child.

Edith Cowan University

Eligible staff members are entitled to access 24 weeks leave at full pay or 48 weeks at half pay to allow an employee to take time out from work to look after themselves and their new baby. Employees are also entitled to access up to one week's leave prior to commencing maternity leave to attend prenatal appointments in work time, and utilise a graduated return to work program at the conclusion of their maternity leave. These parental leave guidelines have been in place since 2006. Return rates have been consistently improving each year.

Swinburne University of Technology

Swinburne University provides academic and general staff with 14 weeks paid maternity leave and 38 weeks at 0.6 of salary up to 52 weeks in duration, and TAFE staff with 14 weeks full pay, after 12 months service.

HSBC

HSBC recognises the importance of family friendly working conditions and offers a range of initiatives to support our men and women before and after the birth of their child. HSBC offers 12 weeks paid maternity leave and up to an additional 40 weeks of unpaid maternity leave for the primary carer as well as a week of paid leave for the secondary carer. This period of unpaid parental leave can be extended for an additional period of up to 12 months on application by the employee. Upon returning to work, employees can access flexible working options such as working 80% of the time for 80% of the pay, a 9 day fortnight or choosing to only work during school time. HSBC also provides access to breastfeeding and nappy changing facilities in the office as well as a childcare centre.

Alcoa

Alcoa offer 13 weeks paid maternity leave and 1 week paid paternity leave, as part of up to 24 months leave from work after having or adopting a child.

For other examples of paid maternity leave provisions provided in EOWA Reporting Organisations, go to the EOWA website.

the gender pay gap and eowa reporting organisations

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At the time the survey commenced, the gender pay gap was 17.2 per cent (March 2009). The gender pay gap is now 18.0 per cent, its highest level since August 1994.⁵

Gender pay equity is a complex problem that affects women at all levels of the Australian workforce across their lifecycle. In 2009, according to Graduate Careers, new male graduates had a median salary of \$50,000 compared to \$47,000 for new female graduates (94 per cent of the male equivalent).⁶ The pay gap in total mean weekly earnings for women aged 15-19 years is 26.4 per cent and peaks at 43.7 per cent for women aged 60-64 years.⁷

The compounding effect of the gender pay gap is evident in the gap in retirement savings and income between women and men. Women's superannuation balances as a proportion of men's balances decrease from 71.1 per cent (25-34 age bracket) to 46.1 per cent (60-64 age bracket). As a consequence of the gender gap in retirement savings, in comparison to men, women generally have lower incomes during retirement. Retired men aged between 55 and 64 years have around 1.7 times the disposable weekly income of retired women in the same age group.⁸

The pay gap varies across different wage-setting arrangements. Data from the ABS Employee Earnings and Hours Survey conducted in August 2008 show that the gender pay gap based on the average hourly total earnings of all non-managerial employees, was wider under AWAs (14.0 per cent) than under registered collective agreements (11.3 per cent) and awards (-6.6 per cent). More than half or 59.1 per cent of all award reliant employees are women compared with 40.9 per cent men.⁹

The pay gap also varies across industries. The ABS average weekly earnings data on full-time adult ordinary time earnings shows that the pay gap is largest in two heavily female-dominated industries – Healthcare and Social Assistance (29 per cent), and Finance and Insurance (28.3 per cent). A high number of female employees and a large gender pay gap suggest that there is occupational segregation in these industry sectors – that is, the incidence of women being heavily concentrated in lower-paying occupations.

Furthermore at the occupational level the gender pay gap in full-time mean weekly earnings for professionals is 24.6 per cent.¹⁰ The 2009 EOWA Report on *Pay, Power and Position* found that at the executive level only 7.0 per cent 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.¹¹

5 ABS Average Weekly Earnings (Cat No 6302.0), February 2010 (as at 20 May 2010) <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6302.0>

6 Coates and Edwards, 2008, ACER, The Graduate Pathways Survey: Graduates' education and employment outcomes five years after completion of a bachelor degree at an Australian university

7 ABS Employee Earnings, Benefits and Trade Union Membership, Australia, Cat No. 6310, (May 2010). <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6310.0August%202009?OpenDocument>

8 Australian Human Rights Commission (2009) Accumulating poverty? Women's experiences of inequality over the life cycle:

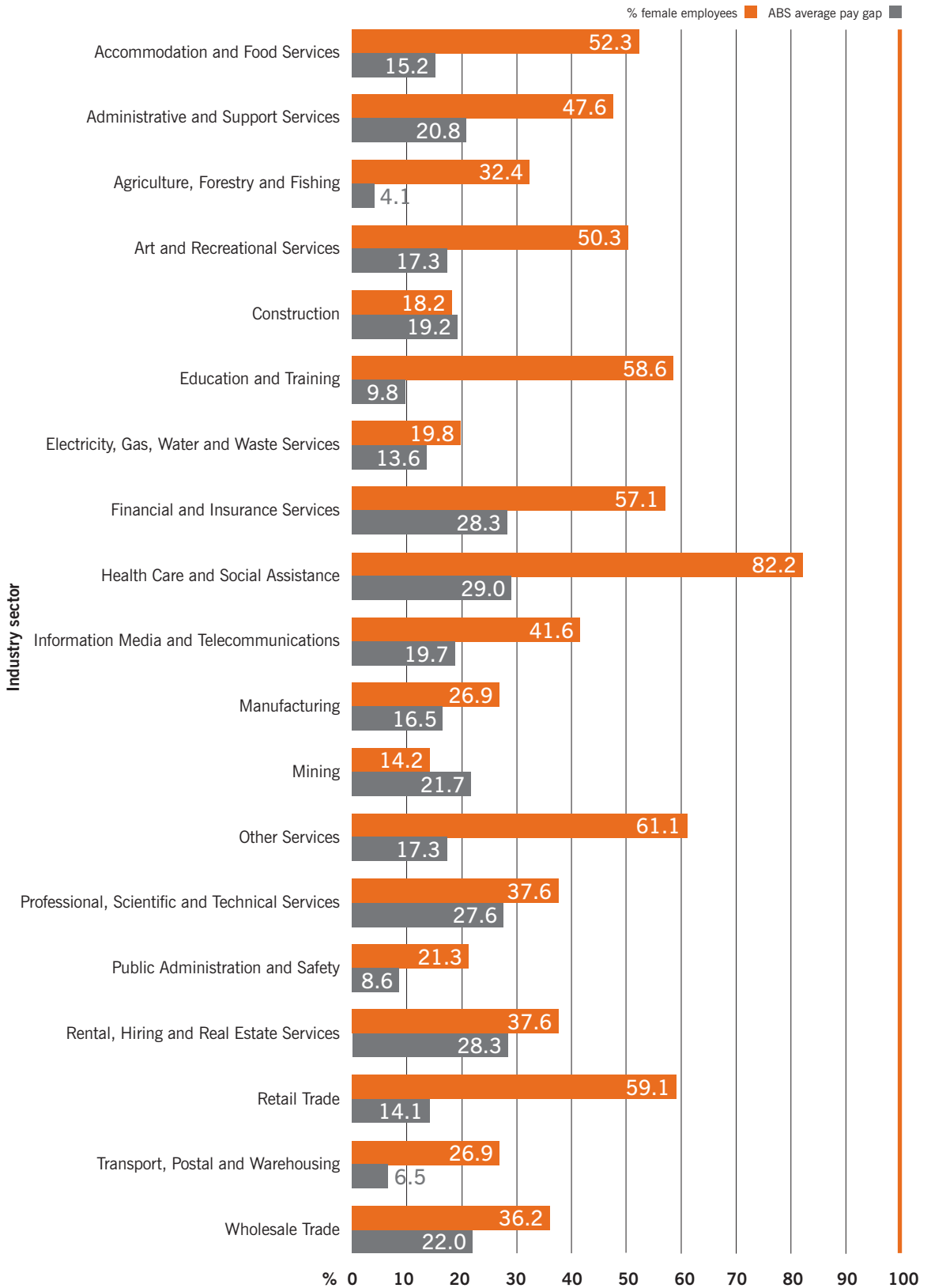
An issues paper examining the gender gap in retirement saving, available at http://www.humanrights.gov.au/sex_discrimination/publication/gender_gap/#s4_2

9 ABS Employee Earnings and Hours, Australia, August 2008 (Cat No 6306.0).

10 ABS Employee Earnings, Benefits and Trade Union Membership, Australia, Cat No. 6310, (May 2010) <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6310.0August%202009?OpenDocument>

11 EOWA (2009), *Pay, Power and Position: Beyond the 2008 Australian Census of Women in Leadership*, available at http://www.eowa.gov.au/Australian_Women_in_Leadership_Census_Tool.asp#pay

FIGURE 13: Percentage of female employees in EOWA reporting organisations and the gender pay gap based on national average weekly earnings by industry sector

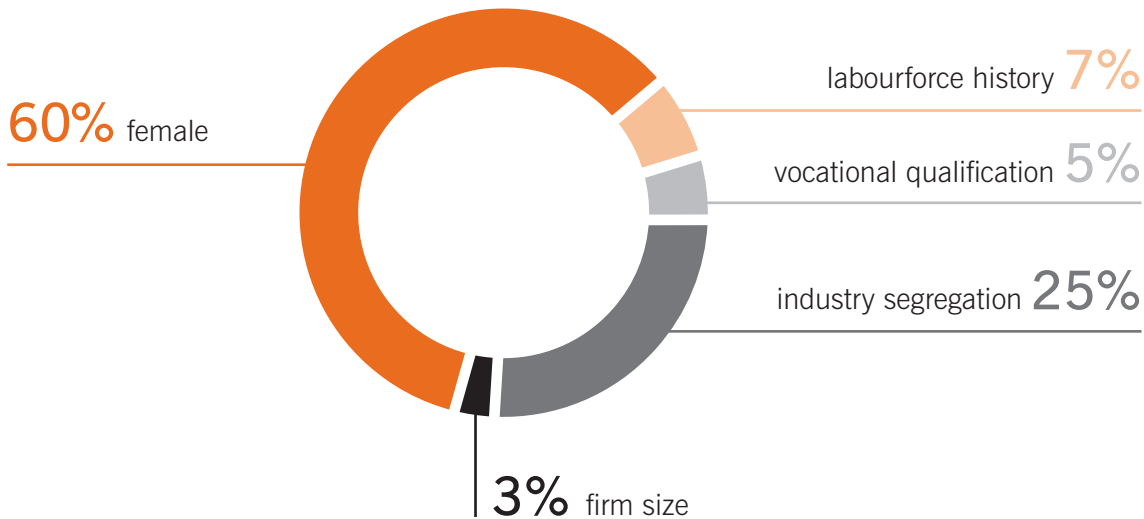


Source: EOWA Annual survey data 2008-09 & ABS Average Weekly Earnings – Full-time Adult Ordinary Time Earnings (Cat No 6302.0)¹²

The National Centre for Social and Economic Modelling (NATSEM) released *The impact of a sustained gender wage gap on the Australian economy* in November 2009, a report on the key determinants of the gender pay gap in Australia. They found that simply being a woman is the major contributing factor to the gender pay gap in Australia, accounting for at least 60 per cent of the difference between men’s and women’s earnings.¹³ A KPMG report, *Understanding the Productivity Effects of the Gender Pay Gap in Australia*, reiterates the finding that gender discrimination accounts for a significant amount of the gender pay gap.¹⁴

Both studies find that the gap in men’s and women’s earnings is a barrier to women’s productive participation and has a negative economic impact on the Australian economy overall.¹⁵ The NATSEM report reveals that the 17 per cent pay gap (at the time the research was conducted) between working men and women costs the Australian economy \$93 billion each year which can be equated to 8.5 per cent of Gross Domestic Product (GDP). If the gender wage gap was reduced by just one per cent the Australian economy would grow by 0.5 per cent of GDP and if the detrimental effects of being a woman were eliminated, the average wage of an Australian woman would increase by \$1.87 per hour or \$3,394 annually adding \$56 billion or 5.1 per cent to total annual GDP all other factors remaining equal.¹⁶

FIGURE 14: Key determinants of the gender wage gap in Australia



Source: NATSEM, *The impact of a sustained gender wage gap on the Australian economy*

13 NATSEM, (2009), *The impact of a sustained gender wage gap on the Australian economy*, p. V, available at http://www.canberra.edu.au/centres/natsem/publications?sq_content_src=%2BdXJsPWh0dHAIM0EIMkYIMkZ6aWJvLndpbi5jYW5iZXJySS5iZHUuYXUIMkZuYXRzZW0IMkZpbmRleC5waHAIM0Ztb2RUJTNECHVibGijYXRpb24IMjZwdWJsaWNhdGlvbiUzRDEyNzAmYWxsPTE%3D

14 KPMG/Diversity Council Australia (2009), *Understanding the Productivity Effects of the Gender Pay Gap in Australia*, <http://www.dca.org.au/Performance/Publicationsandresources/Genderpaygapreport.aspx>

15 Ibid, p. 4

16 NATSEM, *The Impact of a Sustained Gender Wage Gap on the Australian Economy*, p.v, available at http://www.canberra.edu.au/centres/natsem/publications?sq_content_src=%2BdXJsPWh0dHAIM0EIMkYIMkZ6aWJvLndpbi5jYW5iZXJySS5iZHUuYXUIMkZuYXRzZW0IMkZpbmRleC5waHAIM0Ztb2RUJTNECHVibGijYXRpb24IMjZwdWJsaWNhdGlvbiUzRDEyNzAmYWxsPTE%3D

What is the Government doing to address the gap?

On 26 June 2008, the Government requested the House of Representatives Standing Committee on Employment and Workplace Relations to inquire into pay equity and associated issues related to increasing female participation in the workforce. The Committee tabled its report on 24 November 2009 and made sixty three (63) recommendations, including the establishment of a pay equity unit within Fair Work Australia and a new Pay Equity Act. The response to the report is pending.

On 1 June 2009, Minister Plibersek announced a review of the EOWW Act. The review focused on the effectiveness and efficiency of the EOWW Act and the Equal Opportunity for Women in the Workplace Agency in promoting equal employment opportunity for women in the workplace. The Government is currently considering the review.

In addition to these reviews, *The Fair Work Act 2009* came into effect in July 2009 and provides a range of provisions to address pay equity for women, including extended equal remuneration provisions to include a right to equal pay for work of equal or comparable value; and a fairer safety net comprised of 10 National Employment Standards and provision for award wages to be varied outside the annual wage process on work value grounds.

EOWA has revised the application criteria relating to pay equity for the EOWA Employer of Choice for Women citation (EOCFW) in 2011. Organisations are no longer required to meet an ABS benchmark for the gender pay gap. Instead, they must conduct a gender pay equity analysis and provide detailed information on a) the type of analysis conducted; b) an explanation for any gaps both by-level and overall; and c) what strategies are in place and what actions are being taken to address pay equity.

The analysis, including documenting the salaries in the Workplace Profile, needs to include employees' total remuneration – not just base salaries as was previously required. These changes will strengthen the criteria and assist businesses to undertake meaningful analysis and investigation into the gender pay gaps in their organisations. For further details on changes to the EOCFW criteria go to the EOWA website.

In light of the government's focus on this issue, EOWA surveyed organisations on their current practice in the area of gender pay equity audits to determine whether this is having any impact and what more can be done to improve equity outcomes.

Gender pay gap audits and action plans in EOWA reporting organisations

Currently, in organisations reporting to EOWA, less than forty per cent (39.6 per cent) say they conduct an annual gender pay equity analysis – this is slightly less than in 2009 (42 per cent). Of these, 50 per cent cited their EOWA report as their (sole) gender pay gap audit mechanism. Only 20 per cent of organisations conducted an alternative gender pay gap analysis, for example engaging external consultants or using a pay equity audit tool such as the one available on the EOWA website. Of those that did conduct an analysis of some kind, just over half (54 per cent) said that this resulted in an action plan to address the gender pay gap in their organisation.

Organisations that use a pay equity tool or engage external consultants are more likely to have an action plan to address pay equity. Where organisations have relied on the analysis they submit in the EOWA compliance report, there is a lower proportion of organisations with an action plan in place. This indicates that a more comprehensive gender pay equity audit which investigates what is going on across each level of the organisation is more likely to reveal a gender pay equity problem and to lead to action.

FIGURE 15: Gender pay gap analysis and action plans in EOWA reporting organisations

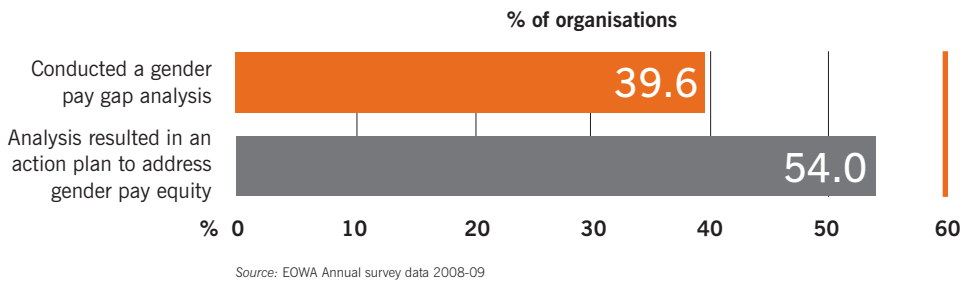


FIGURE 16: What forms of analysis resulted in an action plan to address gender pay equity?

	Have an action plan %	Don't have an action plan %
Pay details collated for EOWA report	49.8	50.2
Pay equity tool	62.3	37.7
External consultant	70.3	29.7
Other	57.6	42.4
Total	54.0	46.0

Source: EOWA Annual survey data 2008-09

Key causes of the gender pay gap include but are not limited to:

- women being segregated in certain industries or roles that are low paying;
- 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;
- stereo-typical views about women's abilities and roles;
- a failure to understand the difference between hours worked and outcomes achieved.



the global financial crisis and its impact on women and equal employment opportunity programs in EOWA reporting organisations

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At the time the EOWA survey was conducted, there was still considerable concern about the effects of the Global Financial Crisis (GFC) on business. While Australia managed to avert a technical recession, the unemployment rate increased and a reduction in working hours was observed.¹⁷ The GFC also had a differential impact on industries, with Manufacturing, Retail and Financial and Insurance services faring worst and Public Administration and Safety and Health Care and Social Assistance recording increases in employment.¹⁸ The downturn did not appear to affect women's unemployment as much as it did men's, although the specific labour market difficulties faced by women, including underemployment, were noted as possibly being exacerbated by the downturn.¹⁹

The impact of the Global Financial Crisis on women

A study released by The Australia Institute in November 2009, *The Impact of the Recession on Women*, argues that since the recession of the early 1990s, there has been a dramatic growth in two forms of unemployment in Australia – hidden unemployment and visible underemployment, both of which are not accurately measured by the unemployment rate, and both of which have a significant impact on women.²⁰

The “hidden unemployed” are people who are not in the labour force but who want to work, are either actively looking for work but not immediately available or are not actively looking for work but are available to start work within four weeks. In September 2008, women comprised 63 per cent of the hidden unemployed. In addition to this, many women who are considered “outside the labour force” are occupied with childcare duties.²¹ The experience of those “outside of the workforce” is not captured in either the employment or unemployment figures. Therefore while on the surface women do not appear to be faring worse than their male counterparts, in fact labour force figures can be somewhat misleading.

This has implications for women because their ability to accumulate resources for the future is adversely influenced by unemployment and underemployment and thus a recession indeed has the potential to affect women severely. A period of unemployment or time out of the workforce as a result of the economic downturn will disproportionately impact on women's savings, especially through superannuation, leaving them worse off in retirement.²²

Women are therefore more likely to be dependent on the Aged Pension because of the great disparity in the accumulation of superannuation and retirement monies compared to men. They miss out on the opportunity to accumulate superannuation because of interruptions to paid employment to have and care for children, all of which is compounded by lower pay.²³

17 Van Wanrooy, B., Wright, S., Buchanan, J., Baldwin, S. and Wilson, S. (2009) *Australia at Work in a Changing World*, Workplace Research Centre, Sydney, p. 3

18 *Ibid*, p. 3

19 Richardson, D. (2009), “The impact of the recession on women”, The Australia Institute, Paper No. 3, p. 4 available at <https://www.tai.org.au/index.php?q=node%2F19&type=1&pubid=681&act=display>

20 *Ibid*, p. 3

21 *Ibid*, p. 3

22 Richardson, D. (2009), “The impact of the recession on women”, The Australia Institute, Paper No. 3, p. 4 available at <https://www.tai.org.au/index.php?q=node%2F19&type=1&pubid=681&act=display>

23 Australian Human Rights Commission (2009) *Accumulating poverty? Women's experiences of inequality over the life cycle: An issues paper examining the gender gap in retirement saving*, available at http://www.humanrights.gov.au/sex_discrimination/publication/gender_gap/#s4_2

The impact of the Global Financial Crisis on equal opportunity programs in EOWA reporting organisations

In 2009 the Australian Institute of Management – Victoria and Tasmania, released *Business performance and priorities in the downturn: Views of CEOs, business owners, directors and top level executives*. Their survey revealed that only 11 per cent of businesses said their business had not been impacted by the crisis. Around a quarter of respondents said they had been significantly impacted and the industry segment that had been most impacted was large companies. Only 4 per cent of large organisations reported that there had been no impact on their organisation from the crisis.²⁴ Of the large organisations surveyed, 71 per cent responded that the best way to position their business in the downturn was to make retention of employees a priority.²⁵

In response to whether the global financial crisis (GFC) had impacted equal employment opportunity (EEO) programs in EOWA reporting organisations, nearly a third of reporting organisations (27.7 per cent) stated the global financial crisis had made an impact to the equal opportunity programs in their organisations.

FIGURE 17: Response to whether there was an impact of the global financial crisis in the equal opportunity programs of EOWA reporting organisations



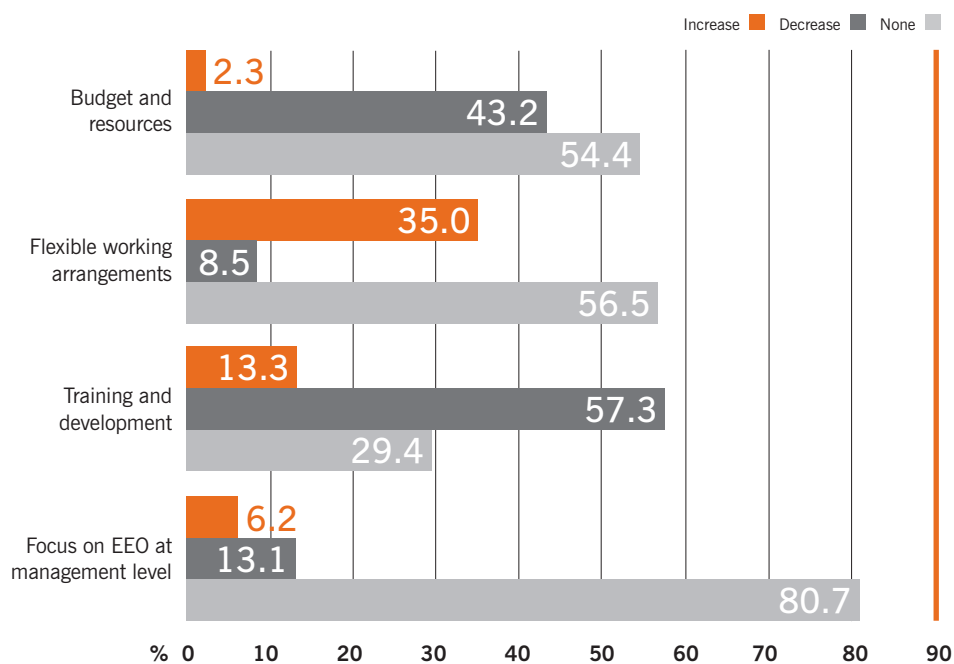
Source: EOWA Annual survey data 2008-09

On further investigation into *how* it had impacted equal opportunity programs: 43.2 per cent of reporting organisations reported a decrease in budget and resources for equal opportunity programs in their organisations; 35 per cent of organisations reported an increase in flexible working arrangements as a result of the GFC; 57.3 per cent of organisations reported a decrease in training and development; and 13.1 per cent of reporting organisations reported a decreased focus on equal employment opportunity programs at the management level.

²⁴ Australian Institute of Management – Victoria and Tasmania, *Business Performance and Priorities in the Downturn: Views of CEOs, business owners, directors and top level executives*, p. 1, available at www.aimvic.com.au/media/downturn_survey_full.pdf

²⁵ *Ibid.*, p. 3

FIGURE 18: Impact of the global financial crisis on equal opportunity programs in EOWA reporting organisations



Source: EOWA Annual survey data 2008-09

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Evidence suggests that there is a strong business imperative for improving women’s workforce participation in times of an economic downturn. In November 2009, Goldman Sachs JB Were released *Australia’s Hidden Resource: The Economic Case for Increasing Female Participation*, which argues that improving women’s workforce participation is an effective means of addressing the skills shortage and boosting Australia’s overall economic productivity.²⁶

Given that Australia managed to avert a technical recession and considering widespread recognition that improving women’s workforce participation would boost economic productivity, it will be interesting to see whether there is a renewed focus on equal opportunity in reporting organisations in the next reporting period.

26 Goldman Sachs JB, (2009) *Australia’s Hidden Resource: The Economic Case for Increasing Female Participation*, p. 2

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 employment 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

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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 2,500 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 status of women in senior management and on the boards of Australia's top 200 ASX organisations.

The data in this publication is also broken down by industry and is available at eowa.gov.au in our Research and Resources section.

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.

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: eowa.gov.au or contact EOWA on (02) 9448 8500.

For more information on this publication, please call the EOWA Research and Policy Officer (02) 9448 8542 or email amelia.polaschek@eowa.gov.au.

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