

# EQUITY IN THE WORKFORCE: PARTICIPATION AND PAY

## Inquiry into pay equity and associated issues related to increasing female participation in the workforce



### WOMEN'S HEALTH VICTORIA

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### INTRODUCTION

Women's Health Victoria is a statewide women's health promotion, information and advocacy service. We are a non government organisation primarily funded by sections of the Victorian Department of Human Services. We work with health professionals and policy makers to influence and inform health policy and service delivery for women.

The work of Women's Health Victoria is underpinned by a social model of health. We are committed to reducing inequities which arise from the social, economic and environmental determinants of health. These determinants are experienced differently by women and men. By incorporating a gendered approach to health promotion work that focuses on women, interventions to reduce inequality and improve health outcomes will be more effective and equitable.

The vision of Women's Health Victoria is for a society in which there is an accepted approach to health that is empowering and respectful of women and girls; one that recognises the importance of gender in determining health outcomes and utilises a sound gender analysis in policy making and in health and community service design.

We work towards achieving this vision by incorporating the principles of integrated health promotion. This is implemented by:

- Having a strong focus on working in partnership with other organisations and opinion leaders. We use credible tools to determine and strategically plan for the creation of new partnerships and the development of existing ones.
- Using a mix of health promotion interventions that are focused at the population level to achieve our vision – a significant amount of our activity is spread across evidence-based health information provision, policy support, advocacy, social marketing and sector based capacity building.

- Clearly defining our community of interest as individuals and organisations that work in areas which influence health outcomes. Our community of interest includes but is not limited to health promotion practitioners, service and information providers, policy and opinion leaders, and researchers and educators.

## **SUBMISSION**

Thank you for the opportunity to contribute to the inquiry into pay equity and associated issues related to increasing female participation in the workforce.

### **Workforce participation**

In August 2007, women represented 45% of all employed people in Australia<sup>1</sup>, with more than 1.06 million more men employed in Australia than women<sup>2</sup>. Unemployment among women (4.8%) was higher than the national unemployment rate of 4.4% and the unemployment rate for men (4%)<sup>2</sup>. Of the 10,469,900 people employed in Australia, women are far more likely to be working part-time than men, with almost 45% of women working part-time compared with just 15% of men<sup>2</sup>. In August 2007, twenty-five percent of employed women did not receive paid leave entitlements<sup>1</sup>. This compared with 16% of employed men<sup>1</sup>.

The Australian Bureau of Statistics defines 'underemployed people' as those who want more paid work and are available to do more than they currently do<sup>1</sup>. Underemployment tends to be more common in the lower skilled occupation groups such as elementary clerical, sales, service workers and labourers<sup>1</sup>. People employed in higher skilled occupations that include managers and administrators are much less likely to be underemployed. The higher rate of underemployment among those in lower skilled occupations can be partly attributed to their employment status as more likely being part-time<sup>1</sup>. Part-time workers account for more than 90% of all underemployed workers, and in May 2008, sixty-five percent (65%) of elementary clerics, sales and service workers were women; almost 44% were aged 15-24 years<sup>1</sup>.

### **Gender pay gap**

The problem for women goes beyond workforce participation levels. Many women who are employed, and who perform work of equal value to men, receive far less remuneration. Women and men still do not receive equal pay and women are disadvantaged by this pay gap<sup>3</sup>. In November 2007, the average full-time gross weekly earnings for adult women in Australia were \$1000.80 and \$1245.70 for adult men<sup>2</sup>. When part-time and casual income is included, the difference between the total average weekly earnings for women and men is far greater, as shown for February 2008 when women earned just \$702.20 compared with men earning \$1071.20<sup>4</sup>.

In Victoria in May 2007, the gender pay gap was 16%<sup>5</sup>. Several factors are attributed to this pay inequity between women and men. Women's work is often undervalued; it is more often part-time or casual, and particular mechanisms are sometimes used to set wages that can disadvantage women<sup>3</sup>.

Other ways in which women's work is undervalued may include:

- the absence of appropriate classification structures
- poor recognition of qualifications
- the absence of previous and detailed assessments of their work
- gendered characterisations of the work undertaken by women
- inadequate application of previous equal pay measures<sup>3</sup>

Part-time work can reduce a woman's likelihood of promotion, participation in training and development opportunities that relate to the profession, the social culture of the work environment, ability to establish networks, and access to quality work<sup>3</sup>.

Women have less negotiating power both individually and collectively when it comes to wages and other workplace entitlements<sup>3</sup>. The gender pay gap widens when individualised pay setting

mechanisms such as Australian Workplace Agreements (AWAs) are used<sup>3</sup>. The pay gap is generally highest for those under individual contracts and lowest for those under awards. It is higher still for women who are working under collective agreements or who are self-employed<sup>3</sup>.

### **Paid maternity leave**

In August 2007, an estimated 1.5 million (39%) employed women were not entitled to paid maternity leave, with 70% being part-time employees<sup>1</sup>. Paid maternity leave is more prevalent in the public sector than in the private sector, with 73% of female public sector employees having paid maternity leave entitlements compared with 36% of female private sector employees<sup>1</sup>. Paid maternity leave is also more common in higher skilled occupations such as management and administration (69%) than it is in elementary clerical, sales and services employment (20%)<sup>1</sup>. There is also a high correlation for full-time and part-time employees between the length of time a person worked with one employer and the entitlement to paid maternity leave<sup>1</sup>.

At the end of 2005 an estimated 467,000 women over the age of 15 years had at least one child less than two years of age at the time of interviews conducted by the Australian Bureau of Statistics<sup>6</sup>. Of the 299,000 women who were employed at the time they were pregnant, 98% of them worked some time during their pregnancy. Twenty-two percent (22%) reported changing the hours that they worked during this time. Almost 75% of women (217,000) took some form of leave or had time away from their job during pregnancy, birth or after giving birth. Less than half of those had paid maternity leave<sup>6</sup>. Of the 77,000 women who reported not taking leave to give birth, nearly three-quarters (56,000 or 73%) stated that they had left work permanently, with the main reason being to care for their child<sup>6</sup>.

Women who worked as professionals were more likely to take paid maternity leave than those working in elementary clerical positions or as sales and service workers (56% and 8% respectively)<sup>6</sup>. This was also the case for women working in large firms, who were more likely to take paid maternity leave than those women in firms that employed less than ten people<sup>6</sup>. Half of the 170,000 women who had not taken paid maternity leave stated that it was not available to them or that it was not offered by their employer<sup>6</sup>.

Of the 181,000 women who returned to work, 82% returned on a part-time basis, with 45% of those working less than 15 hours a week<sup>6</sup>. Seventy-three percent (73%) of women stated financial reasons for returning to work<sup>6</sup>.

Leave entitlements need to be equitable across board. Paid maternity leave must not be available to a privileged few, but a condition of employment. Child care and other carer responsibilities, which restrict women from participating in the workforce, thereby reducing their future employment currency and long-term financial superannuation security, need to be fairly and adequately subsidised.

### **Superannuation**

Women's retirement savings and opportunities for independent and comfortable retirement lifestyles are impacted upon because women generally do not have enough time or money in the paid workforce<sup>7</sup>. The main reason for this is that women remain the primary carer of children and family members<sup>2</sup>. As such, women are far more likely to work part-time or casually than men<sup>1</sup>. In September 2007, the main reason women gave for not being employed was home duties or caring for children. Almost 43% of women, compared to just 6.5% of men stated this<sup>2</sup>.

For other women, juggling carer or parental responsibilities with paid employment means working several part-time or casual jobs. While their combined income from each job may exceed the threshold whereby compulsory employer superannuation contributions must be made, individual earnings often do not. This means that the individual employers are not obliged to make superannuation contributions<sup>7</sup>. Women who must seek paid work from multiple employers are penalised because of this.

A 2007 report by the Australian Government for the Office for Women stated that the superannuation balances of women currently employed part-time amount to half of those women who are employed full-time, and the average superannuation balance for women not in the labour force is just 36% of that accumulated by women employed full-time<sup>8</sup>. An Australian Bureau of Statistics report for the same year found that only 6.3% of women who retired from the labour force did so with superannuation or annuity payments, compared with 20% of men<sup>9</sup>. Women are also more likely to retire at a younger age than men<sup>9</sup>, and with a greater average life expectancy, many women will have less superannuation funds to live on over a longer period of time than men.

Changes to superannuation policy need to consider the ways in which the current system limits the participation of casual and part-time workers who are primarily women. So too, consideration needs to be given to the fact that the nation's primary carers are women; women who for childcare or other family care reasons cannot participate in the paid workforce to the degree of others, and who are severely financially disadvantaged because of this, both in the short-term and longer-term.

### **Using a gender analysis framework**

A gender analysis framework is a tool that encourages the development of policy to take account of and be responsive to gender. It is predicated upon the following:

- All policies have an impact on women and men;
- Policies and programs affect women and men differently;
- Diversity exists between individual women and men and within groups of women and men

The framework can help identify, understand and address workforce and equity issues for women (and for men). The framework consists of three elements:

- Gendered data: gender disaggregated statistics can be used pro-actively in planning and are critical in gauging the extent to which women and men benefit or are affected by policy;
- Gender impact assessment: monitor new and existing policies for gender impact and use knowledge to adapt existing or proposed policies to promote gender equity in both planning and implementation; and,
- Gender awareness raising: take opportunities to build capacity and understanding of how policies and programs can cause or lead to discriminatory effects.

The Victorian Department of Human Services has an excellent tool that complements this framework: *Gender and diversity lens for health and human services: Victorian Women's Health and Wellbeing Strategy Stage Two 2006-2010*<sup>10</sup>. This resource could readily be applied to pay equity and workforce participation.

Using a gendered analysis framework and the *Gender and Diversity Lens* resource would assist in the identification, evaluation and modification of policy and practice that foster and perpetuate gender inequality in the workforce, including the gender pay gap, and conditions that adversely affect women's workforce participation opportunities.

### **Conclusion**

Women's workforce participation and financial security is influenced by structural discrimination<sup>11</sup>. Women can be severely hampered by having to work in casual or part-time employment, by having to take unpaid maternity leave, by not being adequately compensated for work performed at home, with children or in other carer roles, by a superannuation system that penalises employees with lower incomes and multiple employers or multiple superannuation funds, and by the gender pay gap<sup>12</sup>.

A gender analysis framework is essential for monitoring employment changes that impact on pay equity issues, for educating employers, employees and trade unions about these issues and for evaluating workplace relations legislation. Women's Health Victoria encourages the Government to adopt the use of a Gendered Analysis Framework in all policy and planning initiatives.

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