

Ai GROUP SUBMISSION

Inquiry into gender segregation in
the workplace and its impact on
women's economic equality

**Finance and Public Administration
References Committee**

February 2017



About Australian Industry Group

The Australian Industry Group (Ai Group) is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing, engineering, construction, automotive, food, transport, information technology, telecommunications, call centres, labour hire, printing, defence, mining equipment and supplies, airlines, health, community services and other industries. The businesses which we represent employ more than one million people. Ai Group members operate small, medium and large businesses across a range of industries. Ai Group is closely affiliated with many other employer groups and directly manages a number of those organisations.

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1. Introduction

The Australian Industry Group (**Ai Group**) welcomes the opportunity to make this submission to the Finance and Public Administration References Committee's inquiry into *gender segregation in the workplace and its impact on women's economic equality (Inquiry)*.

Ai Group is a strong supporter of equality in the workplace and plays a key role in promoting diversity and inclusion initiatives to our members. Ai Group has long advocated for appropriate initiatives aimed at achieving a better balance in the participation between males and females in education and training and in those industries and occupations which traditionally have been performed by predominately one gender.

This submission responds to the terms of reference for the Inquiry and in particular focusses on the following key points:

-) Australia is ranked first (equal to 24 other countries) for educational attainment in the Global Gender Gap Index, which is a measurement of gender gap in the level of general education attained by each gender but nonetheless:
 - Women and girls are under-represented in the science, technology and engineering (STEM) fields - both in education and careers.
 - There are low levels of participation by girls in STEM-related subjects throughout formal schooling and low enrolments in years 11 and 12 mathematics and related undergraduate and post-graduate education.
-) STEM programs need to be promoted differently to female students than male students. Traditionally STEM programs have been delivered in a manner more suited to male learning.
-) Achieving a better gender balance in Australian workplaces begins with breaking down the regulatory barriers that currently exist, rather than imposing further regulation on employers.
-) Further regulation will not assist to balance gender segregation in male dominated and female dominated industries and occupations. Rather, education and awareness will be more effective to bring about the organisational culture changes necessary to break down gendered stereotypes.
-) A number of Ai Group members have implemented effective practices and strategies for addressing gender segregation, improving pay equity and improving access to flexible working arrangements for both their male and female employees.

2. Australia and Global Gender Gap Index

The Australian Industry Group is a Partner of the Institute of the World Economic Forum (WEF). In 2006 the WEF developed the Global Gender Gap Index and reports annually on the size of gender-based disparities in each reported country. The Index benchmarks national gender gaps on economic, education, health and political criteria, and provides country rankings that allow for practical comparisons across regions and income groups. The rankings are designed to provide information on the challenges created by gender gaps and the opportunities that develop when they are reduced.¹

In 2016 Australia ranked 46th out of 144 countries included in the index with a score of 0.721 (1.00 = gender parity, 0.00 = gender imparity), a deterioration in the rank from 2015 (36 out of 145 countries) and a further deterioration from when the report was first published - in 2006 Australia ranked 15 out of 115 studied countries. While the Australian score has improved in the past decade up from 0.716 in 2006, other countries are closing the gap faster pushing Australia down the index.

Of the four measures, Australia's highest position was for overall educational attainment with a rank of 1 (equal to 24 other countries) which showed for the past year there has been no gap in the level of general education attained by each gender. Measures of literacy rates, and enrolment in primary education found there was no gap between the genders, while women had a higher level of enrolment in secondary and tertiary education.

For the economic participation and opportunity sub-index overall Australia ranked 42 out of 144 countries (score of 0.719). Labour force participation (rank 55), wage equality for similar work (rank 60), estimated earned income (rank 57), legislators, senior officials and managers (rank 36). For participation and opportunity for professional and technical workers Australia was ranked first, with parity for this indicator.

Australia's results for educational attainment overall ranked equal first with 24 other countries, education participation and opportunity is equal for males and females on the overall score. For the literacy rate and enrolment in primary education, males and females are equal, for secondary and tertiary education women are more highly represented than men, with a female to male ratio of 1.03 and 1.4 respectively.

Health and survival sees Australia ranked at 72 out of 144 countries studied, the sex ratio at birth indicator ranked at 95, with the ratio of live female to male births being 0.94 and for healthy life expectancy, the number of years a person can expect to live in full health, Australia ranked 87th, with a male to female ratio of 1.04, on average women in Australia outlive men.

¹ The Global Gender Gap Report 2016 <http://reports.weforum.org/global-gender-gap-report-2016/the-global-gender-gap-report-2016/> (Accessed 9/01/2017)

Australia is ranked 61 out of 144 countries with respect to the fourth criteria of political empowerment. For the women in parliament indicator we are classed at 50th in the study, for women in ministerial positions 75th and for years with a female head of state in the last 50 years, 35th.

3. Increasing female participation in STEM

Ai Group members operating within male dominated industries and occupations report difficulty in recruiting females to perform roles/jobs traditionally performed by males, even when members have engaged in active recruitment to target females. Our members often report that the difficulty in recruiting females to perform roles/jobs traditionally performed by males is driven by:

-) Gendered stereotypes perpetuated within Australian culture with regard to work traditionally performed by women and work traditionally performed by men; and
-) The number of girls and young women undertaking education and training in STEM fields.

Women and girls are under-represented in STEM fields throughout their education and careers. There are particular concerns about the low levels of participation by girls in STEM-related subjects and low female enrolments in Year 11 and 12 mathematics and related undergraduate and post-graduate education.

STEM programs can be promoted differently to male and female students; there are different sets of motivators in play. For example, programs that emphasised interaction between students had an impact on boys whereas an understanding of the processes involved in the profession and how they relate to career decisions had a greater impact on girls. Communicating the why of projects and the difference an individual can make can be a powerful student motivator. Ai Group is open to working with the Australian Government in promoting STEM among female students at the primary, secondary and tertiary levels.

4. Workplace regulatory barriers inhibiting female participation in male dominated industries and occupation

The road to achieving a better gender balance in Australian workplaces begins with breaking down the regulatory barriers that currently exist, rather than imposing further regulation on employers. Greater workplace flexibility can assist to increase female participation in male dominated roles/jobs at the workplace level. Furthermore, encouraging male employees to work more flexibly can assist to breakdown gendered stereotypes about the role of females and males in the workplace and in the home. Increasing male participation in flexible work, such as part-time work, working from home, compressed working hours, etc., can assist in achieving greater gender parity.²

² See for example, the Workplace Gender Equality Agency's *Equilibrium Man Challenge*, <http://equilibriumchallenge.com.au/>.

Barriers to flexible work practices for both men and women are still present within the Australian workplace relations framework. This was noted by the Productivity Commission in its Final Report of its recent review of the Australian workplace relations framework:

“Notwithstanding complaints from some employers, there is considerable scope for flexibility through independent contracting and employers’ capacity to negotiate individual and firm-specific outcomes. In fact, award wages are less important now than at any other time in the last 100 years. Nevertheless, the ‘clunkiness’ of the system, concerns about the complexity of forming enterprise agreements, inconsistencies and lack of clarity in awards, barriers to forming individual flexibility arrangements, and the unpredictability of FWC decisions on a range of matters deters firms from using some of the available avenues.

*The Fair Work Act cites objectives that are diverse and — as is often the case with such diversity — inevitably sometimes in conflict. The Fair Work Act is intended to deliver outcomes that are fair, flexible, co-operative, productive, relevant, enforceable, non-discriminatory, accessible, simple and clear. The legislation is complex and there are meaty pickings for lawyers and workplace practitioners on all sides.”*³

This view is shared by many employers. Many employers have reported to Ai Group the frustration about the inflexibility inherent within industrial awards and many enterprise agreements. These inflexibilities make it very difficult for employers to implement alternative working arrangements for workers who desire (or require) more flexible working arrangements.

Australian workplaces are already highly regulated. Some regulation inadvertently causes barriers to engaging flexible work strategies which are necessary to attract female talent to otherwise male dominated roles/jobs. Below are two examples, both within the industrial award system, whereby barriers to female participation in male dominated occupations are present:

-)] The *Road Transport (Long Distance) Award 2010* currently does not permit part-time employment. Ai Group has applied to the Fair Work Commission for part-time employment provisions to be inserted into the award. This matter is currently being considered by the Fair Work Commission.
-)] The *Joinery and the Building Trades Award 2010* requires that a casual employee be engaged for a minimum of 7.6 hours per day. This inflexibility prevents an employee with responsibility to drop-off and pick-up a child from school from being engaged on a 6-hour day, i.e. consistent with school hours. An application to reduce the daily minimum engagement from 7.6 hours to 4 hours is currently being considered by the Fair Work Commission.

³ Productivity Commission, *Inquiry Report - Australia’s workplace relations framework*, No.76, 30 November 2015, p.6

Furthermore, some enterprise agreements contain provisions which limit the engagement of more flexible labour such as casuals, labour hire, independent contractors, fixed-term, fixed-project and part-time employment. Employers and employees value the flexibility that these forms of labour provide. Many employees cannot, or do not want to, work full-time. These alternate forms of labour are an essential part of the of labour force mix, but have often been opposed by unions. Clauses in enterprise agreements which limit or prevent the engagement of alternative forms of labour should be outlawed.

The *Workplace Gender Equality Act 2012* (Cth) requires employers with 100 or more employees to report to the Workplace Gender Equality Agency on matters of gender equity at their workplace, including the number of women employed compared to men in same or similar work and the level of pay gap between men and women at the workplace.

The employer report provided to the Workplace Gender Equality Agency is very detailed and the data collected has enabled the agency to develop a comprehensive snapshot of the progress of Australian organisations with respect to gender equality. We are of the view that the reporting system is working well and no further increase in the level of mandatory reporting by employers is necessary.

Further regulation, in our view, would not assist to balance gender segregation in male dominated and female dominated industries and occupations. Rather, we are of the view that education and awareness can bring about the culture change in organisations necessary to breakdown gendered stereotypes.

5. Greater education and awareness in the workplace is necessary

Work is currently being undertaken across some industries and in some workplaces to break down cultural barriers which perpetuate gender segregation.

For example, Ai Group's *Diversity and Inclusion Forum* is a member driven network designed to share leading diversity approaches and strategies and to discuss emerging policy issues, including promoting gender diverse workplaces. Also, the Australian Constructors Association, which has close links with Ai Group, has commenced work to address gender segregation in the male-dominated building and construction industry.

In addition, a lot of work has been done by both the Workplace Gender Equality Agency and the Australian Human Rights Commission to make available resources to employers to assist them with addressing gender segregation and improving gender equality more generally in their workplaces. For example:

- J The Australian Human Rights Commission has developed the Women in Male-Dominated Industries Toolkit. The toolkit provides a number of strategies to assist employers in attracting women to male-dominated industries and occupations;⁴ and
- J The Workplace Gender Equality Agency has made available a number of resources, including:
 - o Resources for employers about workplace gender segregation arising out of its *women's work / men's work* campaign;⁵ and
 - o A Gender Strategy Toolkit for assisting employers in achieving gender equality within their organisations.⁶

Ai Group is open to working with the Australian Government to better educate employers and employees to address gender segregation in the workplace. Some leading employer practices are set out in section 6 of this submission.

6. Leading employer practices to lift female participation in male dominated industries and occupations

A number of Ai Group members have implemented effective practices and strategies for addressing gender segregation, improving pay equity and improving access to flexible working arrangements for both their male and female employees.

Some of the leading practices shared by employers are:

- J Developing and implementing a diversity and inclusion strategy, with a focus on gender;
- J Building gender diversity key performance indicators into the incentive programs for senior management;
- J Developing 'gender-neutral' recruitment practices;
- J Undertaking a gender pay gap analysis at the workplace and responding to pay inequities when and where they immerge;
- J Being aware of unconscious bias in relation to reward, recognition and promotion of employees.;

⁴ See <http://www.humanrights.gov.au/our-work/sex-discrimination/projects/women-male-dominated-industries-toolkit-strategies>

⁵ See <https://www.wgea.gov.au/learn/womens-work-mens-work>

⁶ See <https://www.wgea.gov.au/lead/building-gender-equality-strategy>

- J Being aware of unconscious bias when identifying employees for training and development opportunities. This involves considering employees who work part-time (or otherwise flexibly) and employees on a period of leave, such as parental leave, for training and development opportunities; and
- J Implementing policies and procedures which enable particular jobs to be performed on a flexible basis. A 'flexible basis' includes all methods of working flexibly, such as working alternative or compressed hours, job-sharing and working remotely, not just working part-time. Furthermore, encouraging flexible working arrangements and practices for both men and women at the workplace. This may involve enabling employees to work from home where appropriate.
- J Encouraging flexible working arrangements among both men and women and promoting flexible and agile working environments through the use of technology.

Of course not all employers have the capacity to implement the above leading practices at their workplace. It has been our experience that smaller employers often devise and implement practices to increase gender diversity on a case by case basis.

Our experiences in working with employers reveal time and time again that a legislative and regulatory framework which promotes flexibility and facilitates dialogue and cooperation between employers and employees is very effective in improving gender diversity at the workplace. These matters are not industrial in nature; nor should they be. They relate to the individual needs of employees and employers.

7. Gender segregation and the gender wage gap

The Workplace Gender Equality Agency's recent report into workplace gender segregation identifies gender segregation in the workplace as one of the factors that may attribute to the wage gap between men and women.⁷ This report also identifies that the level of wage gap between men and women is also apparent for those industries in which the gender makeup is 'mixed'.⁸

Ai Group is a strong advocate for closing the gender pay gap between men and women. Ai Group was heavily involved in the development of the *Workplace Gender Equality Act 2012* (Cth) and has a strong and effective working relationship with the Workplace Gender Equality Agency.

⁷ Workplace Gender Equality Agency, *Gender Segregation in the Australian Workforce*, August 2016, pp. 4 and 5 https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_factsheet.pdf

⁸ Workplace Gender Equality Agency, *Gender Segregation in the Australian Workforce*, August 2016, pp. 4 and 5 https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_factsheet.pdf. Also see Workplace Gender Equality Agency, *Gender Pay Gap Statistics*, August 2016, p.5 <https://www.wgea.gov.au/sites/default/files/gender-pay-gap-statistics.pdf>, which identifies the gender wage gap to be largest for those industries considered to be less segregated in terms of gender.

Ai Group continues to promote gender wage parity between men and women among its members and provides assistance to members to meet their reporting obligations under the *Workplace Gender Equality Act 2012* (Cth). One of the reporting obligations (a minimum standard) is for larger businesses to have a formal policy or formal strategy on remuneration that includes gender pay equity objectives. All businesses are required to report, by gender, on the average salaries paid to specified categories of employees, whether a remuneration policy or strategy is in place, and whether any gender remuneration gap analysis has been conducted.

Ai Group was a committee member of the Australian Standards Committee that developed the Australian Standard for gender-inclusive job evaluation and grading.

These measures genuinely assess an employer's 'gender pay equity performance' and assist employers to change workplace culture and remuneration practices which are susceptible to inequity in men's and women's pay.

Given this, we are of the view that any additional regulation on employers would be unnecessary and simply divert the attention of employers away from positive initiatives to achieve gender wage parity to simply becoming concerned with issues of compliance.



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