

Women: Pay equity and poverty

The glass not full

by Robin Banks
Anti-Discrimination Commissioner

Imagine this: you are with a group of friends going out for the evening and you go to a favourite bar and order drinks all round. The bartender asks who each drink is for and when they arrive all of the drinks ordered for the women in your group are about four-fifths full, while those ordered for the men are all full to the brim of the glass. Is that what you paid for? Is that what you'd expect? What would you do about this?

While it is absurd to imagine women would be short-changed in this way, strange as it may seem, working women in Australia are short-changed to this extent (and, for some, even more) when it comes to being paid for their work.

The gap between what men and women are paid for equivalent work in Australia is, on average, 18%. Namely, women who work full-time in permanent positions are paid only 82 cents for every dollar earned by a man in similar circumstances. For some women, the gap is up to 35.7%.¹ The gap means, on average, a woman has to work approximately 25% more time to earn the same amount as her male counterparts.

Over a person's working life, the gap adds up: women on average earn almost \$1 million less than their male counterparts. And the picture is worse for women with a bachelor degree or higher with children; such women can expect to earn \$1.5 million less than their male counterparts over their working lives.²

And the gap flows inevitably on to superannuation and, therefore, access to financial resources on retirement.³

For many years, the gap seemed to be closing and, had the rate of improvement been sustained through the late 1990s and 2000s, it would have been closed. However, progress stalled in the mid '90s and indeed widened by 1% over the last year or so. The Australian Bureau of Statistics recently reported '[f]ull-time adult ordinary time earnings rose by 5.8% for males and 4.9% for females in the twelve months to May 2010' and '[i]n the twelve months to May 2010, full-time adult total earnings rose by 5.7% for males and 5.0% for females'⁴.

The gap varies depending on industry sector⁵, on the type of work done⁶ and on age⁷, with evidence young women in their mid twenties may well have achieved pay equity with their age peers but cannot expect this to be sustained as they and their male age peers mature. It also varies depending on the method of wage setting, with those who've negotiated their salary or wage through individualised negotiation showing a bigger gap than those on awards or collective agreements.⁸ It also differs significantly for full-time compared with part-time workers, with a much smaller wage gap recorded for part-time workers.⁹

In terms of industry sector, the biggest gap is seen in the mining sector, an area dominated by men. However, that dominance is clearly not the determining factor with women working in the health care and social assistance sector facing almost as large a gap¹⁰ despite the fact this is a sector dominated by women. (In the current Equal Remuneration case before Fair Work Australia, the applicant unions have asserted that '[e]mployees engaged in the SACS [social and

community services] Industry are predominantly women; at least 80% of the workforce are women'.¹¹

So what are the factors impacting on the wage gap and why is it we haven't managed to successfully tackle the disparity. There have been a number of factors identified in the past that may have had an impact on the gap, including, for example, 'social expectations and gendered assumptions about the role of women', high levels of participation in part-time and casual work, 'invisibility of women's skills and status', industry choice, career breaks, and demands on women's time outside of work.¹² However, the underlying factor appears simply to be gender with a recent study finding 'being a woman accounts for a very large 60 per cent of the wage gap'.¹³

So, the gap exists and persists. The most important question is what more can be done to finally close the gap? Unions nationally are currently taking on the challenge, with the equal remuneration case currently being run in Fair Work Australia.¹⁴ The case is looking at the issue of pay equity in the community services sector and it is being watched closely by the sector, industry bodies, government and unions across Australia. Perhaps the next case should tackle pay equity in a sector dominated by private entities. One worth considering is the banking and finance sector, a sector that employs more women than men, but has management and professional roles dominated by men¹⁵ and a pay gap on a similar scale to the health care and social assistance sector.¹⁶

The Federal Sex Discrimination Commissioner, Liz Broderick, recently launched her *Gender Equality Blueprint 2010*, in which she calls for concerted national action to close the pay equity gap.¹⁷ I believe the gap can be closed and must be closed if women are to achieve true and lasting equality. It needs to become the focus of attention for all governments across Australia, in particular the Federal Government, and for all industries. There is a significant cost to the Australian economy of failing to ensure pay equity for women; this cost has recently been estimated to be \$92 billion.¹⁸

The persistence of the pay equity gap means women spend their working lives closer to the poverty line than men and are much more likely to spend their lives after retirement living on inadequate levels of income, whether through lower superannuation, more limited investment income or higher reliance on social security.

So, let's work towards the glass not being half empty, or even a quarter empty, for women, but being full to the brim.

Useful links and webpages

Fair Work Australia: Equal Remuneration Case

<http://www.fwa.gov.au/index.cfm?pagename=remuneration&page=introduction>

Pay Up Campaign Website:

<http://www.payup.org.au>

World Economic Forum, Gender Gap reports:

<http://www.weforum.org/en/Communities/Women%20Leaders%20and%20Gender%20Parity/UnderGapNetwork/PastReports/index.htm>

Equal Pay Day:

<http://www.equalpayday.com.au/>

World Economic Forum, *The Global Gender Gap Report 2010*:

<http://www.weforum.org/en/Communities/Women%20Leaders%20and%20Gender%20Parity/UnderGapNetwork/index.htm>

Robin Banks spoke about Pay Equity as our guest at the Centre on October 11, 2010.

References

- 1 House of Representatives Standing Committee on Employment and Workplace Relations, Parliament of Australia, *Making it Fair: Pay equity and associated issues related to increasing female participation in the workforce* (2009) [xi] <<http://www.aph.gov.au/house/committee/ewr/payequity/report.htm>> at 10 October 2010.
- 2 Rebecca Cassells, Riyana Miranti, Binod Nepal and Robert Tanton, *She works hard for the money: Australian women and the gender divide* (2009) AMP.NATSEM Income and Wealth Report, Issue 22 [1] <<https://www.amp.com.au/wps/portal/au/AMPAUMiniSite3C?vigurl=%2Fvgn-ext-templating%2Fv%2Findex.jsp%3Fvgnextoid%3D67c93e8b696f1210VgnVCM10000083d20d0aRCRD>> at 10 October 2010.
- 3 Ibid 24–29.
- 4 6302.0 – *Average Weekly Earnings, Australia, May 2010* (2010) Australian Bureau of Statistics <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0/>> at 10 October 2010.
- 5 6306.0 – *Employee Earnings and Hours, Australia, Aug 2008* (2009) Australian Bureau of Statistics [3] <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/>> at 10 October 2010.
- 6 Ibid.
- 7 Cassells, Miranti, Nepal and Tanton, above n2, [26].
- 8 Australian Bureau of Statistics, above n5, [5].
- 9 Ibid [2].
- 10 Ibid [3].
- 11 Australian Municipal, Administrative, Clerical and Services Union and Others, *Applicants' Outline of Contentions* (2010) <<http://www.fwa.gov.au/index.cfm?pagename=remuneration&page=submissions>> at 10 October 2010.
- 12 See, for example, House of Representatives Standing Committee on Employment and Workplace Relations, above n1, 8–9.
- 13 Rebecca Cassells, Yogi Viyattama, Riyana Miranti and Justine McNamara, *The impact of a sustained gender wage gap on the Australian economy* (2009) NATSEM, University of Canberra [27] <http://www.canberra.edu.au/centres/natsem/publications?sq_content_src=%2BdXJsPW0dHAIM0EIMkYIMkZ6aWJvLndpbi5jYW5iZXJyYS5lZHUuYXUIMkZuYXRzZW0IMkZpbmRleC5waHAIM0Ztb2RIJTNEcHVibGJjYXRpb24IMjZwdWJsaWNhdGlvbiUzRDEyNzAmYWxsPTE%3D> at 10 October 2010
- 14 The following link provides access to up-to-date information on the Equal Remuneration Case, <<http://www.fwa.gov.au/index.cfm?pagename=remuneration&page=introduction>>.
- 15 *Banking Facts and Figures: Employment and Wages* (2010) Australian Bankers' Association <<http://www.bankers.asn.au/Employment-and-wages/default.aspx>> at 10 October 2010.
- 16 Australian Bureau of Statistics, above n5, [3].
- 17 Elizabeth Broderick, *Gender Equity Blueprint 2010* (2010) Australian Human Rights Commission <http://www.humanrights.gov.au/sex_discrimination/publication/blueprint/index.html#s2> at 10 October 2010.
- 18 Cassells, Viyattama, Miranti and McNamara, above n13, [vi].