

Women's Economic Opportunities Review

Submission to

NSW Government

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Sector Union**

Finance Sector Union

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Executive Summary

The 2021-22 NSW Intergenerational Report identified that women's economic participation rates are low and that structural reforms are required if this number is to increase. Australian men take "primary" parental leave at rates that are among the lowest in the OECD. These two problems are closely related. Australian Governments need to embrace policy solutions that encourage the redistribution of care that will encourage cultural change required to eliminate the gender pay gap and rebalance participation rates.

The Finance Sector Union believes that Australian companies and governments should replace current parental leave schemes with outdated definitions of "primary" and "secondary" carer definitions with gender neutral paid parental leave schemes. These schemes play a vital role in normalising shared care and in demonstrating that the joys and burdens of parenthood can be shared more equitably.

Australia has a stubbornly high gender pay gap driven, in large, by the expectation of companies that employees keep confidential details of their pay and remuneration. Australian governments can and should outlaw this practice as it contributes to the gender pay gap which leads to significant salary discrepancies that disproportionately disadvantage women.

Finally, the distribution of flexible work disproportionately favours women, particularly in the finance industry where women make up almost ninety percent of the part time and casual workforce. Australian governments have a role to play in ensuring that they undertake gender-based job evaluations and ensure that there are senior well-paid jobs designed to be undertaken part time. It will be impossible for a more equitable distribution of care to take place until both women and men have access to career progression and well-paid part-time jobs.

Background

The Finance Sector Union (FSU) is a registered industrial organisation under the *Fair Work (Registered Organisations) Act 2009*. FSU represents members in the finance and insurance industry in Australia. This industry consists of approximately 528 400 employees nationwide (approximately 4% of the workforce)¹ with women making up approximately 47.4% of the total number of workers within the sector.

Redistributing Caring Responsibilities Equally

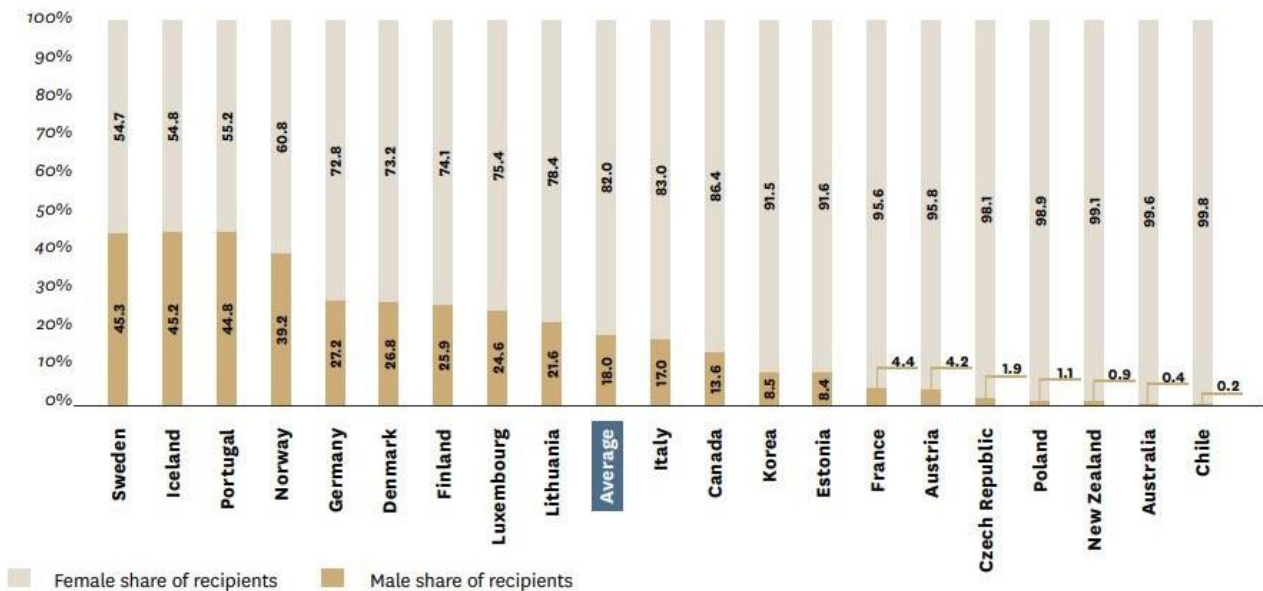
Australian companies and governments have highly regulated parental leave schemes which characterise parents as either "primary" carers or "secondary" carers. The Federal Government's Parental Leave Pay differentiates between these roles and is available to either "primary" carers – most often birth mothers², or "Dad and Partner Pay" – most accessed by the other parent³. This scheme is often supplemented by private employer paid parental leave schemes. The latest data from the Workplace Gender Equality Agency shows that 60% of employers offer some form of paid parental leave⁴.

Most employer schemes consist of "primary parental leave" and "secondary parental leave", and the birth mother is almost always characterised as the "primary carer" in these schemes. Furthermore, in the private employer schemes the father (secondary carer) is not entitled to take primary carers leave unless he provides evidence that he is the "primary carer" of the child.

There has been a growing body of research that demonstrates that, everything else being equal, there is a strong desire among fathers to play a far greater role in the parenting of their children. The problem is that only 5% of Australian fathers access “primary” parental leave^[5]. The barriers that Australian fathers who want to access paid parental face are many and complex but generally are due to societal expectations and families making

Given that both the government scheme and private employer schemes provide clear “signals” that the primary carer is the “birth parent” through the language and qualification hurdles this adds to societal expectations that is the women who are expected to undertake the bulk of the caring responsibilities. Societal expectations of Australian men that they will be the ‘breadwinner’ pose a major barrier to policy proposals to redistribute caring responsibilities more equally. Australian fathers access “primary parental” leave at much lower rates than those in other countries as set out in figure 1 below.

Figure 1: Gender Distribution of recipients/users of publicly administered parental leave/benefits



Source: Organisation for Economic Co-Operation and Development. (2019). Information drawn from the OECD family database: <http://www.oecd.org/els/family/database.htm>.

An article by Emma Walsh ‘Fathers and Parental Leave’ published by the Australian Institute of Family Studies explores this phenomenon^[6]. Walsh summarises both the hurdles faced by fathers and the benefits to families, society, and the economy of a more equal distribution of shared leave. Walsh states that “Fathers are conscious of a stigma and bias around taking extended leave, especially when they are unable to see many of their male colleagues taking leave”.

When discussing issues around gender the saying “you can’t be what you can’t see” is often cited, and this is true for fathers in the workforce. Within organisations senior staff are often rewarded for working long hours and “presenteeism” and unless fathers can see examples of successful men taking time out of the workforce to share the care of raising their children this situation is self-perpetuating. When the FSU asked male FSU parents what barriers they faced to taking parental leave responses included: “[lack of] job security, perceptions of taking an extended period of time off”^[7], and that it would be career suicide.

Providing gender neutral parental leave makes good business sense. Large consulting firms such as Boston Consulting Group^[8] have made the business case for extending paid parental leave^[9]. The increasing number of

Australian businesses adopting gender neutral paid parental leave schemes indicates that they too can see the benefits of making the caring load more equitable. Until there are greater numbers of senior men taking leave and sending the signal that career advancement will not be impacted by accessing parental leave it will continue to be difficult for individual men to challenge societal norms.

When families make decisions about who is going to take time out of the workforce to look after a newborn baby these decisions are not made in isolation. Australia's Government Parental Leave Pay is paid for just 18 weeks and is paid at the minimum wage which for finance workers is at least \$50/week lower than the minimum Award rates our industry for all but the lowest paid part time workers^[10]. When you couple this with the Finance and Insurance full time gender pay gap of 26.9%^[11] it is likely that in a heterosexual relationship it will be woman who earns less than the man, and therefore the rational decision is to forego the lower wage.

The finance sector was one of the first to introduce pay maternity leave which has been a common feature of finance sector employers since the 1990s. Workplace Gender Equality Agency (WGEA) data^[12] shows that over 80% of finance sector employers offer paid primary carers leave on average of 13.1 weeks at full replacement wage. Most of these schemes (almost 90%) operate in addition to the government scheme. It is also worth noting that the quantum of weeks at full replacement wage offered by employers has only increased by 1.3 weeks since this the WGEA started collecting this data in 2014.

What is the solution?

The FSU believes Australian companies and Governments should introduce "Gender Neutral" paid parental leave schemes. Gender neutral schemes provide an amount of paid parental leave – paid at full replacement wage – to each employee who has responsibility for the care of a child. That is, both parents are given the same amount of paid leave that can be used for the care of their child. This is not a new concept and there are numerous companies in Australia who already offer gender neutral paid parental leave schemes^[13]. The characteristics of best practice gender neutral paid parental leave are^[14]:

1. They are equal for all employees
2. Leave is non-transferable between parents
3. It is paid according to each parent's salary
4. It is adequate in length for each parent
5. It is flexible in its application
6. It is actively encouraged and incentivised

Recommendations

1. That the NSW Government immediately introduce gender neutral paid parental leave for their workforce
2. The NSW Government actively encourage large employers to take up gender neutral paid parental leave
3. That the NSW Government make representations to the Federal Government to amend the government Parental Leave Pay system:
 - a. So that it is be gender neutral
 - b. Is paid at full replacement wages
 - c. Includes superannuation

Eliminating the Gender Pay Gap

The Finance Industry has one of the highest gender pay gaps, the 2021 figures from the WGEA put the gap at 26.9% for full timer and 29.5% when you include part time and casual workers^[15]. The reasons for the gender pay gap are complex and varied and there is a large body of literature that provides an explanation of the drivers of the gender pay gap^[16]. The finance industry has had one of the largest gender pay gaps since the WGEA began collecting this information with the reported gap in 2015 a remarkably high 37.5%.

While it might seem like work has been done it is worth noting that despite having very deep pockets and introducing all sorts of policies and going reviews the gap has only closed 8% in 7 years, just over 1% each year. If we keep moving at that rate it will be another generation before the finance industry reaches pay parity.

The FSU has been working to improve pay transparency and to encourage our largest employers to remove pay confidentiality clauses from their employment contracts which is one of the drivers of the gender pay gap^[17]. Removing the ban on pay confidentiality is an essential first step to providing workers with the tools they need to challenge inequities in pay systems. On International Women's Day 2022 (March 8) the FSU will release a report into the cost of pay secrecy which highlights the heavy price paid by women^[18].

The WGEA collects information about the types of action that are taken by employers to reduce the gender pay gap. Given the lack of progress we have seen in the outcomes of the action that **has** been taken the FSU believes we should investigate the actions that are **not** being undertaken provide incentives for employers to undertake these activities.

The finance sector is an industry heavily driven by incentive payments linked to meeting targets. Indeed, meeting these targets results in such lucrative payments that the difference in the gender pay gap for base salary (22.8%) and total remuneration (29.5%) is an additional 6.7%. The FSU believes that if companies were required to link executive targets to a reduction of organisation wide gender pay gaps, there would be a much quicker decline in these gaps. Tellingly, just 12.8% of reporting companies in the finance industry (slightly higher than 10.3% across all industries) set targets to reduce gender pay gaps^[19].

Unfortunately, the actions that are more likely to reduce the gap are only undertaken by a small number of companies. For example, only 1 in 4 companies provide training for people managers to address gender bias, including unconscious bias^[20]. These types of actions are not difficult or expensive yet seem low on the priority list for companies.

Recommendations

4. That the NSW government ensure that their workforce is not bound by pay confidentiality clauses
 5. That the NSW government use their procurement policies to:
 - a. Require companies to remove pay confidentiality clauses
 - b. Require companies to link reductions in organisational wide gender pay gaps to executive remuneration
 - c. Require companies to provide training for people managers to address gender bias, including unconscious bias.
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Redistributing Access to Flexible Work

Access to flexible work is guaranteed under the National Employment standards however access to, and the take up of flexible work is much more common for women. The finance industry provides a snapshot of the unequal spread of part time work. In the finance industry 53.2% of the workforce identify as women while 46.8% of the workforce identify as men^[21]. Part time workers and casual workers make up 16.1% of the workforce^[22]. Women made up 86.9% of the part time workforce.

While part time and casual workers make up 16.1% of the workforce, they only share in 7.4% of the promotions^[23] a disproportionately small number. Part time and casual workers also resign at much higher rates (23.7%) than their full-time counterparts^[24].

In our industry most of the flexible work falls into low paid jobs such as retail banking, which is also, unsurprisingly, where women make up the majority of staff members. The more senior the role the less likely that the job is offered as part time. The problem comes down to job design and a lack of imagination and drive by employers who lack sufficient motivation to redesign jobs in a manner that allows the work to be undertaken flexibly. The mantra all too often is that because that is the way it has always been done, it is also the way that it needs to be done. Yet many part timers note that they are much more productive in their part time hours than they were when they worked full time hours.

The WGEA reporting supports the FSU's contention that a lack of initiative in job design contributes towards the lack of senior, well paid roles designed to be done part time. The 2021 data shows that only 3.6% of reporting companies in the finance industry conducted a gender-based job evaluation process^[25]. As the economy recovers from the COVID19 pandemic and evaluate the different approaches to work that were taken, there is an opportunity for companies to conduct gender-based job evaluations.

The FSU believes part time workers are often more productive than their full-time counterparts. The finance industry has long relied on workers performing hours of unpaid overtime,^[26] and this unpaid work contributes to the industry's belief that full time workers are more productive. Part time workers are generally, part time for reasons - such as having caring or other commitments outside of the workplace - that limit their capacity to work unpaid overtime. We need to measure and count all the working hours of full-time workers (and ensure they are adequately compensated) Until this occurs companies will continue to prefer full time workers for their more highly demanding and remunerated roles.

The FSU believes that we need to increase the number of part time and flexible roles available in the more demanding and highly remunerated sections of the industry if we are to equalise the uptake of flexible work by both women and men.

Recommendations

6. Provide training (at cost) for NSW companies in how to undertake gender-based job evaluation processes.
 7. That the NSW government undertaken gender-based job evaluation processes for all public sector roles at regular intervals
 8. Evaluate the success of the "all jobs can be done flexibly" approach to their own workforce
 9. The NSW government use their procurement policies to:
 - a. Prioritise companies who have "all jobs are flexible" approaches to their workforce
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- b. Require companies to undertake gender-based job evaluation processes at regular intervals

Conclusion

There are several policy approaches that the NSW Government can take to improve women's economic participation rates. These approaches will help contribute to changing the current economic structures that put the burden of unpaid caring work at the feet of the women of NSW.

The NSW Government is the largest employer in the country and as such has an opportunity to lead by example by providing its own workforce with gender neutral paid parental leave and abandoning the traditional "primary" and "secondary" carer labels that undervalue the contribution of Australian fathers.

The NSW government should use its powerful procurement policies to demand that companies who secure government contracts provide these same opportunities to their own workforce. The NSW government should refuse to do business with companies that enforce pay secrecy and should ban secrecy within its own workforce.

Finally, the NSW government should undertake gender-based job evaluations and ensure that there are highly paid, career opportunities for every worker who chooses to work part time. These obligations should be extended to any companies who secure government contracts.

The NSW government can do more to improve the economic participation rates of NSW women.

Endnotes

^[1] <https://lmip.gov.au/default.aspx?LMIP/GainInsights/IndustryInformation/FinancialandInsuranceServices>

^[2] <https://www.servicesaustralia.gov.au/who-can-get-parental-leave-pay?context=22191> Accessed 28.02.2022

^[3] https://aifs.gov.au/sites/default/files/7_fathers_and_parental_leave_1905.pdf Accessed 28.02.2022

^[4] https://www.wgea.gov.au/sites/default/files/documents/2020-21_WGEA_SCORECARD.pdf Accessed 28.02.2022

^[6] https://aifs.gov.au/sites/default/files/7_fathers_and_parental_leave_1905.pdf

^[7] Respondent to FSU Work and Family Survey 2018

^[8] "Why Paid Leave is Good Business" Stroman, T., Woods, W., Fitzgerald, G., Unnikrishnan, S., and Bird, L. BCG February 2017

^[9] "Fathers and Parental Leave" Emma Walsh available at https://aifs.gov.au/sites/default/files/7_fathers_and_parental_leave_1905.pdf

^[10] https://awardviewer.fwo.gov.au/award/show/MA000019#P323_24581 (Banking and Insurance Award Rates) compared to the minimum wage <https://www.fairwork.gov.au/pay-and-wages/minimum-wages#national>

^[11] <https://data.wgea.gov.au/industries/27>

^[12] https://data.wgea.gov.au/industries/27#carers_content

^[13] <https://parentsandcarersatwork.com/aplen/>

^[14] https://parentsandcarersatwork.com/wp-content/uploads/2018/08/PAW_White-Paper-Parental-Leave-Equality.pdf

^[15] https://data.wgea.gov.au/industries/27#summary_content

^[16] See Appendix 1

^[17] See Appendix 1

^[18] The Price of Silence. A Worker perspective on pay secrecy at CBA will be available from 7 March 2022 at www.fsunion.org.au

^[19] https://data.wgea.gov.au/industries/27#employer_action_content

^[20] Ibid

^[21] https://data.wgea.gov.au/industries/27#summary_content

^[22] Ibid

^[23] Ibid

^[24] Ibid

^[25] https://data.wgea.gov.au/industries/27#employer_action_content

^[26] <https://theconversation.com/how-finance-workers-are-paying-the-price-for-the-industrys-profit-83747>

Appendix 1

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