

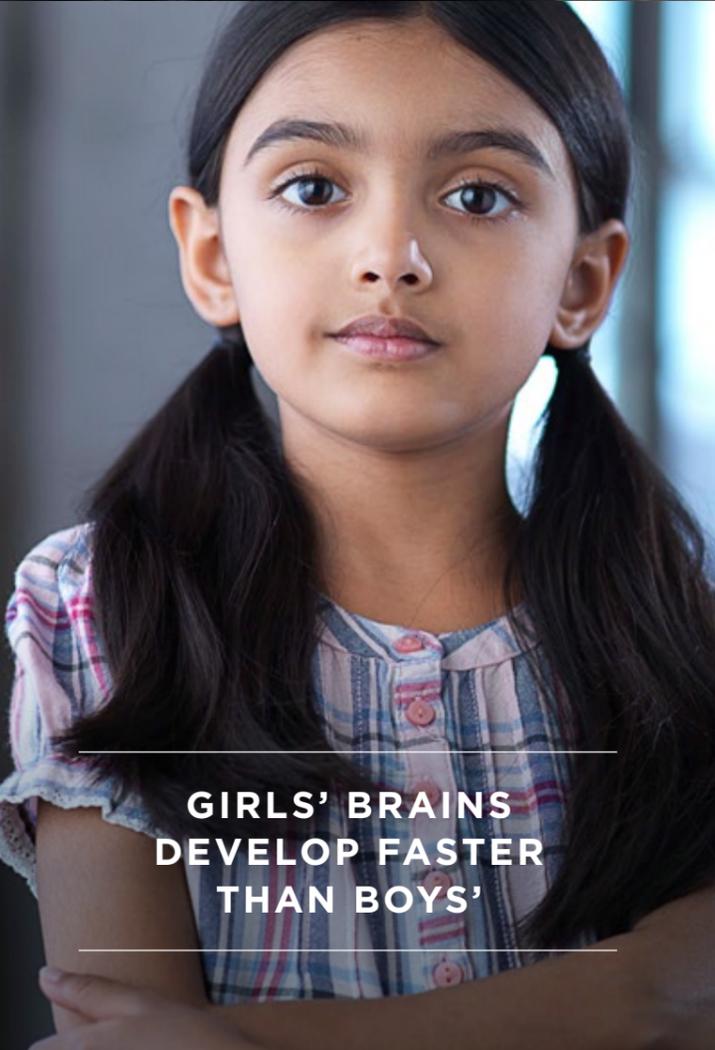


**ANZ
WOMEN'S REPORT**

BARRIERS TO ACHIEVING
FINANCIAL GENDER EQUITY



COMPARED TO
30 YEARS AGO MEN
ARE WORKING LESS
WHILE WOMEN ARE
WORKING MORE



GIRLS' BRAINS
DEVELOP FASTER
THAN BOYS'



CONTENTS

- FOREWORD
—
04
- INTRODUCTION
—
06
- EXECUTIVE SUMMARY
—
08
- KEY STATISTICS
—
10
- EDUCATION
—
18
- EMPLOYMENT AND
EARNING POTENTIAL
—
42
- CAREER BREAKS AND
UNPAID WORK
—
56
- LEADERSHIP
—
64
- RETIREMENT INCOME
—

FOREWORD

SENATOR THE HON MICHAELIA CASH

ANZ's report provides a 'line in the sand' for measures on gender equality in the home, in the workplace and in leadership roles.



SENATOR THE HON. MICHAELIA CASH
MINISTER ASSISTING THE PRIME MINISTER FOR WOMEN
ASSISTANT MINISTER FOR IMMIGRATION AND BORDER PROTECTION
SENATOR FOR WESTERN AUSTRALIA

It is with great pleasure that I endorse the ANZ Women's Report: Barriers to Achieving Gender Equity.

Our values as Australians are that women and men are equal. However, disappointingly, this is not borne out by the facts. Structural and cultural barriers still exist that negatively impact on a woman's life choices. These barriers are effectively sabotaging our national productivity and prosperity.

Clear differences exist between men and women's wealth, financial status and retirement incomes. ANZ Women's Report: Barriers to Achieving Gender Equity highlights these differences and provides a 'line in the sand' for measures on gender equality in the home, in the workplace and in leadership roles.

The Australian Government is acting to lift women's workplace participation and improve the financial security of women and their families. Ensuring more women are able to contribute through business and community organisations, including as leaders, is critical to advancing the status of women and to achieving gender equality. It is also, quite simply, the smart thing to do for the nation's ongoing productivity and economic growth.

Under Australia's leadership, G20 leaders agreed to reduce the gender participation gap by 25 per cent by 2025. The Australian Government is implementing a range of initiatives to achieve this.

We are ensuring that families can access affordable childcare and we are building a workplace relations framework that supports flexible work. We are supporting women to pursue careers in growth industries and we are working to make the tax and social security systems encourage rather than discourage participation.

We are committed to increasing the number of women in leadership. We have a target of

at least 40 per cent of women on government boards, and we are supporting 195 women to complete board training scholarships with the Australian Institute of Company Directors to increase the gender balance on company boards across Australia.

The Government is also resolute in its commitment to end the scourge of domestic and family violence – because we cannot even begin to think about a woman's future if she is not safe in her home or community.

Yet, as the ANZ report shows, actions taken by governments are only part of the solution.

The barriers to women's financial security are underpinned by deep-seated cultural norms which exist in our boardrooms and around our kitchen tables. This report shines a light on many of these complex issues, such as the gender pay gap and the gendered nature of caring responsibilities.

Gender equality and the empowerment of women and girls is an achievable goal. However the cultural change we need requires everyone to show leadership and take action – men and women, business and government.

This report by ANZ is an example of this leadership. It is my hope that it inspires further action by business and broader community to unlock the economic potential of Australian women and the nation as a whole.

One we will achieve by insisting that women and men are equal in their homes, their workplaces and societies.

I applaud ANZ for its research and ongoing commitment to gender equality.

SENATOR THE HON MICHAELIA CASH
Minister Assisting the Prime Minister for Women

ELIZABETH BRODERICK

There are complex issues at play in the persistence of inequality in Australia. It is a fight that men and women must take on together.



ELIZABETH BRODERICK
SEX DISCRIMINATION COMMISSIONER
AUSTRALIAN HUMAN RIGHTS COMMISSION

Women's lack of economic security and financial inclusion is a critical issue for Australia, and indeed, for our world. This comprehensive report draws on a wide variety of government, academic and private sector studies to tell an important story about gender inequality in our nation.

In many ways, you could argue that girls start out ahead, but when it comes to work and finances, women end up behind. The report shows that there are many deep-seated and complex issues at play in the persistence of inequality. It illustrates how the gendered nature of career choices and caring responsibilities work against women's economic potential. It also brings to life the discrimination and structural bias that advantages men in our workplaces and in retirement savings.

Over the last eight years in my role as Australia's Sex Discrimination Commissioner I have seen these forces at play. From Launceston to Arnhem Land, from Canberra to the Kimberley, and from board rooms to the factory floor, I have seen first-hand the lived experience of gender inequality.

Among all the stories I've heard from women, I have also heard about the impact of gender stereotypes on men. I have heard about the pressure they experience to conform to gender norms, and the barriers they face when requesting flexible work are told that "caring is women's work". I have heard how men too have been impacted by the inequality that still exists for women.

Gender equality is not a battle of the sexes or a zero sum game; it is a fight for equality – a fight that men and women must wage side by side.

As this report acknowledges, women's lack of economic security is impacted by the gender pay gap but also time spent out of the paid workforce caring for others. I have often asked myself "Is poverty to be the reward for a lifetime spent caring?" This is where many women in Australia are at.

Every one of us can do something in our sphere of influence to shift systems that constrain our nation's potential. In my experience, change needs to start with identifying these systems and challenging gender stereotypes and social norms.

Often times, this needs to start in our own families. It starts when leaders make the change personal and decide to take action to reform the flawed systems of which they find themselves a part. It starts when we take small actions to challenge the status quo. After all, progress will not come in one giant leap but rather countless small intentional steps. The release of ANZ Women's Report: Barriers to Achieving Gender Equity is one such step.

I hope this report motivates all leaders to consider how they can work towards a more gender equal world. I congratulate ANZ on its publication and the contribution it will make towards progress in our nation.

LIZ BRODERICK
Sex Discrimination Commissioner,
Australian Human Rights Commission

DIANE SMITH-GANDER

The biggest productivity lever we can pull in Australia is gender diversity and improved female workforce participation – to the benefit of all.



DIANE SMITH-GANDER
PRESIDENT,
CHIEF EXECUTIVE WOMEN

ANZ Women's Report: Barriers to Achieving Gender Equity is a landmark contribution to the national debate about how we achieve genuine equality between men and women in Australia.

This paper provides unmistakable evidence about how women need the same access to career opportunities that men have always taken for granted.

The biggest productivity lever we can pull in Australia is gender diversity and improved female workforce participation.

This will benefit us all.

We need to get more women working. Then as women move through their careers, having a workplace that is friendly to a diverse workforce while also having more female leaders becomes increasingly important.

We need to set the vision, communicate it and be able to create an environment where that plan can be executed.

One thing I've found is that if you want something, it's good to tell people and ask for their support.

Chief Executive Women represents about 300 of Australia's most senior professional women who are increasingly active in advocacy, government lobbying, harnessing the talent of younger women and making companies more female friendly.

This debate has been a long time coming.

I applaud ANZ for taking such a leadership role in releasing this report. More Australian companies and employers should follow its lead.

DIANE SMITH-GANDER
President,
Chief Executive Women



INTRODUCTION

Over the next 15 years almost one billion women are likely to enter the global labour force for the first time, providing a surge in wealth creation and creativity across the world.



JOYCE PHILLIPS
CHIEF EXECUTIVE OFFICER,
ANZ GLOBAL WEALTH

In recent decades, enormous improvements have been made to the workplace and the legal and social systems that have previously restricted the role of women in global economies. However, many of the inequalities of the past remain.

In Australia today, women are pursuing education at a greater rate than men. Sixty three per cent of working age women hold Year 12 qualifications, compared to fifty eight per cent of men.

Women are helping to drive the knowledge economy in the 21st century, but from the time they start their first jobs, survey analysis reveals the starting salaries for female graduates are four per cent lower than the starting salaries for menⁱ, which grows to the national gender pay gap of 18.8 per cent.ⁱⁱ

This means that over their lifetime Australian women earn an average of \$700,000 less than men – the equivalent to the cost of a home in most of our capital cities.

In addition to this, almost half of all mothers report some form of workplace discrimination either during pregnancy, while on parental leave or on their return to work. Of these, a third resign and look for another job or drop out of the workforce altogether.

How do we improve this? We need to redesign *systems* within business, community and society to remove the inequalities that exist today.

This means we need to change the way our workplaces function; we need to look at the structures and expectations that exist around caring for children and families, and to address the conscious and unconscious biases that hold women back from promotion. We need to redesign financial systems so they provide greater support to women through their various life stages.

To achieve equality, we must build true meritocracies, challenge leadership stereotypes, and redesign systems so that women and men have the same opportunities to succeed.

This will require urgent leadership.

Women are playing an increasingly important role in the global economy, so it is important that the issue of equality is seen as a human rights issue and we take steps to find solutions.

This report highlights opportunities for achieving greater equality and sets the benchmark from which we can measure our progress. It is critical that our business, community and government leaders start to think differently, innovate and agitate for change so that we shift the status quo and address the inequities that continue to hold many women back.

If we have learned anything from history, we can clearly see that when we empower women by giving them equal access to

education, skills, resources and financial opportunity we build communities that provide opportunity and security for younger generations and our economies grow stronger and more diverse.

Solutions to gender equality can be found. There are many opportunities for us to make a difference.

We can all play a part. I'd like to invite you to join us on this journey.

JOYCE PHILLIPS
Chief Executive Officer,
ANZ Global Wealth

THE SECRET OF CHANGE
IS TO FOCUS ALL OF
YOUR ENERGY NOT ON
FIGHTING THE OLD BUT
ON BUILDING THE NEW
SOCRATES

Girls start off so far ahead, but the system is not designed for women to succeed. Let's create one that is. #equalfuture

ⁱ Graduate Careers Australia, 2014. GradStats – Employment and salary outcomes of recent higher education graduates p7
ⁱⁱ Workplace Gender Equality Agency, 2015. Gender pay gap statistics p2

EXECUTIVE SUMMARY

Australian girls excel at primary school, high school and university, but as they enter the workforce, systems that were established over the last 100 years begin to work against them.

THIS REPORT EXAMINES THE FUNDAMENTAL CAUSES OF FINANCIAL INEQUITY BETWEEN MEN AND WOMEN TODAY

Full-time working Australian women earn on average \$295 per week less than men, or \$15,000 a year¹. Extended over a typical 45-year career, the gap equates to about \$700,000.

Figures such as these demonstrate some of the many reasons why women are more likely to retire in poverty than men.

ANZ Women's Report: Barriers to Achieving Gender Equity looks at the financial lifecycle of Australians, including:

- educational performance
- employment choices and pay rates
- salary levels and pay gaps
- the impact of career breaks for family responsibilities
- the burden of unpaid work
- the relative absence of female leaders in society
- the Australian retirement savings system.

Drawing on multiple sources from the Australian Government, academic papers, the OECD, other international agencies and corporate data, this report examines the fundamental causes of financial inequity between men and women today.

The report acknowledges that government policy and guidance from independent agencies has made a difference to equal opportunities for women. However, to achieve true financial gender equity there is more that needs to be done.

THREE KEY DRIVERS OF FINANCIAL GENDER INEQUALITY:

1. Fields of study, career choices and pay gaps

The subjects that women and men choose to study at high school and university fundamentally influence the careers they enter and the incomes they achieve. As men and women enter the workforce, some occupations remain skewed by gender due to lingering stereotypes about the types of roles women and men should follow and the flexibility offered in those roles. The result is that women become over-represented in lower-paid sectors of the economy, which has implications for their financial security, independence and vulnerability.

Moreover, women doing the same work as men, regardless of industry, tend to earn a lower salary, including lower penalty rates, overtime, performance payments, bonuses and superannuation contributions. The interrelationship between occupation and pay gap is hard to ignore and goes to the heart of financial gender inequity in Australia.

2. The gendered nature of caring responsibilities

Men spend more time in the paid workforce than women, while women spend more time in unpaid work, typically raising children or taking on other family responsibilities. Both contribute to the economy, but in different ways.

Despite increased availability of flexible work arrangements in Australia, many women continue to face significant barriers returning to work, because of societal pressure on men to remain in the full-time paid work environment or the fact that men may earn more. Having these social and structural norms in place around breadwinning and caregiving roles means women and men are forced to prioritise between them.

For women who remain out of the paid workforce, the human capital and earnings disadvantages they incur at this point in their lives seriously jeopardise their ability to recover earnings over the long term and has adverse implications for their ability to prepare for retirement.

3. Discrimination and structural bias

The single most important reason many women in Australia continue to earn lower wages than men for similar work is because of their gender. Women entering their first paid job after university graduation earn on average four per cent less than men, for no obvious reason.

This gender pay gap progressively widens throughout their careers, and is most prominent in senior leadership positions. Important gains have been made in raising awareness about conscious and unconscious bias in Australia today, and in the movement to challenge leadership stereotypes and adopt flexible workplace arrangements.

However, discrimination still exists by employers against women who are mothers

or carers, and against both men and women who take parental leave or seek flexible work arrangements. Men are increasingly taking on more primary carer responsibilities in the home, but remain under-represented in this traditional home maker role. Penalties are harsher for women who suffer loss of income, missed development opportunities and lack of career advancement, perpetuating low levels of female representation in senior leadership positions.

CONCLUSION

These factors combine to prevent women from contributing to their superannuation and growing their savings in the same way as men.

This gender inequity means that 90 per cent of Australian women will have inadequate savings in retirement.

THE GENDER PAY GAP PROGRESSIVELY WIDENS

throughout women's careers, and is most prominent in senior leadership positions

¹ Australian Bureau of Statistics, 2014, 6302.0 Average Weekly Earnings, Australia

KEY STATISTICS

EDUCATION

-  Traditionally, women outnumber men in higher education
-  42 per cent of women aged 25-29 hold a university degree, compared to 31 per cent of men

EMPLOYMENT AND EARNING POTENTIAL

-  Women make up only 35 per cent of the full-time work force, compared to 70 per cent of the part-time work force
-  The workforce participation rate for women is 59 per cent, compared to 71 per cent for men
-  Women earn an average of 18.8 per cent less than men (based on full-time average weekly earnings)
-  Women earn less than men in the majority of industries in Australia

CAREER BREAKS AND UNPAID WORK

-  In Australia, 84 per cent of women with a child under two years of age work part time
-  49 per cent of mothers report experiencing discrimination in the workplace at some point during pregnancy, parental leave or on return to work
-  15 per cent of women cite financial considerations as the reason they return to work
-  Australian women returning to work after 12 months' parental leave are subject to an average 7 per cent wage penalty (known as the 'motherhood penalty'), increasing to 12 per cent over the subsequent year
-  Australian women spend almost twice as much time on unpaid work than men

LEADERSHIP

-  Women account for 20.4 per cent of ASX 200 boards
-  Women represent 31 per cent of all federal, state and territory parliamentarians

RETIREMENT INCOME

-  Women retire, on average, with around half as much in their superannuation as men
-  37 per cent of women report having no personal income at the age of retirement
-  About 90 per cent of women will retire with inadequate savings to fund a comfortable lifestyle in retirement
-  One in five women yet to retire has no superannuation

The primary focus of this report is inequity between men and women rather than on issues concerning race, disability, sexuality or socio-economic status.

Each chapter in this report reaches conclusions that provide insights and challenges for policy makers, employers, educators and parents alike.

CHAPTER 1

EDUCATION

MORE AUSTRALIAN GIRLS THAN BOYS FOLLOW A PATHWAY TO 'WHITE COLLAR' UNIVERSITY PROFESSIONAL COURSES

CHAPTER HIGHLIGHTS

- 

Since the 1970s, women around the world have made important gains in education
- 

In Australia, girls perform similarly to, or better than, boys and more girls than boys complete a high school (Year 12) education
- 

More Australian girls than boys follow a pathway to 'white collar' university professional courses
- 

Today, there are more women university graduates than men
- 

More men go on to study post-graduate degrees and are also over-represented in 'blue-collar' certificate III or IV courses (previously trade programs)

A United Nations Educational, Scientific and Cultural Organisation (UNESCO) study found that since the 1970s women have made substantial, and most likely irreversible, gains in education.

The 2007 study found that progress toward numerical equality (parity) in access to schooling has been made at all levels of education and in most countries.²

In the 1980s substantial efforts were made to eliminate sexual stereotypes in textbooks and to promote coeducation. That decade saw a focus on sexual discrimination in schools, and a focus on girls' (as opposed to boys') education.³

In the 1990s two major concerns emerged: the first related to women's access to education in developing countries; the second related to the unfavourable position of women in scientific and technological fields and the examination of gendered practices in school settings in industrialised countries.

Since 2000 the trend has swung back. Female academic performance at primary and secondary level has moved forward so well that industrialised countries, including Australia, have moved their focus back to the academic underperformance of male students in recent years.⁴

THE AUSTRALIAN CONTEXT

Literacy skills are considered important predictors of longer-term educational outcomes and personal economic wellbeing and are assessed regularly during a child's schooling in Australia.

According to the most recent social trends data from the Australian Bureau of Statistics (ABS 2006), girls generally outperform boys in reading and writing (though there is very little or no difference in the proportions of boys and girls achieving numeracy benchmarks⁵).

Results based on tests conducted by the National Assessment Program – Literacy and Numeracy (NAPLAN) in May 2014 show that the trend has continued. Year 3 reading, persuasive writing, spelling, grammar and punctuation results show that slightly more girls achieved at or above the national minimum standards compared to boys. There were virtually no national differences in numeracy benchmarks.⁶

The Year 9 results showed that the gap had broadened significantly with girls performing at considerably higher at or above national minimal standards compared to boys, particularly in the writing, spelling, grammar and punctuation tests. Bucking the trend again were the numeracy results which showed no significant differences in the national minimum standard.⁷

Young women (aged 20–24 years) have been consistently more likely than young men to have attained Year 12, although both have shown improvement. In 2001, around two-thirds of young men (67 per cent) and three-quarters of young women (74 per cent) had attained Year 12. By 2010, this had increased to 73 per cent of young men and 83 per cent of young women.⁸

The Council of Australian Governments National Education Agreement aims to lift the proportion of 20–24 year olds with Year 12 or Certificate II to 90 per cent by 2015.⁹

From secondary school, girls go on to enrol in university in greater numbers than boys.

In fact between 1987 and 2011, 57 per cent of higher education students aged 15–64 years were women. A number of reasons for this have been proposed, including the improved social position of women.¹³

Another reason is that entry into some occupations in which women have traditionally had high levels of participation (for example teaching and nursing) now require a university degree.¹⁴

In fact, according to the ABS,¹⁵ growing demand for further education through an apprenticeship, Vocational Education and Training (VET) or a higher education qualification is becoming increasingly important – for men and women – in order to be employable in Australia, and is reflected in the growing demand from employers for tertiary educated applicants.

In 2014, 42 per cent of women and 31 per cent of men aged between 25 and 29 years of age had a bachelor degree or above, a 12 per cent difference in attainment (See Table 1.3).¹⁶

Similarly, 90 per cent of women and 83 per cent of men between 20 and 24 years of age had attained a Year 12 or formal qualification at Certificate II or above.¹⁷

2 United Nations Educational Scientific and Cultural Organisation, 2007, The Gender Socialization Process in Schools: A Cross-National Comparison page 4
 3 United Nations Educational Scientific and Cultural Organisation, 2007, The Gender Socialization Process in Schools: A Cross-National Comparison page 5
 4 United Nations Educational Scientific and Cultural Organisation, 2007 The Gender Socialization Process in Schools: A Cross-National Comparison page 5

5 Australian Bureau of Statistics, 2006, 4102.0 Australian Social Trends
 6 National Assessment Program, 2014. Literacy and Numeracy national report: Achievement in Reading, Persuasive Writing, Language Conventions and Numeracy
 7 National Assessment Program, 2014. Literacy and Numeracy national report: Achievement in Reading, Persuasive Writing, Language Conventions and Numeracy
 8 Australian Bureau of Statistics, 2011, 4102.0 Australian Social Trends
 9 Australian Bureau of Statistics, 2013, 2071.0 Reflecting a Nation: Stories from the 2011 Census, 2012–2013.
 13 Norton, A., 2012. Mapping Australian higher education, Grattan Institute, <www.grattan.edu.au>
 14 Norton, A., 2012. Mapping Australian higher education, Grattan Institute, <www.grattan.edu.au>
 15 Australian Bureau of Statistics, 2012, 4102.0 – Australian Social Trends, Sep 2012
 16 Australian Bureau of Statistics, 2015, 4125.0 – Gender Indicators, Australia, Feb 2015
 17 Australian Bureau of Statistics, 2015, 4125.0 – Gender Indicators, Australia, Feb 2015



HOW GIRLS AND BOYS LEARN AND BEHAVE

Education and training are important means by which individuals can improve their level of wellbeing. UNESCO defines education as a way to empower children and adults to become active members of society so they can transform those societies for the benefit of all.¹⁰

Education also has wider implications than for individuals; it impacts industry and governments, with significant health, welfare and national productivity implications.¹¹

With this in mind, it is interesting to examine the way boys and girls learn and behave in the classroom. A report commissioned by UNESCO, which drew on several international studies, suggested that self-confidence and self-respect, which come from recognition and visibility in the classroom, are associated with competent performance.

The report found that in most countries, boys tend to be assertive, aggressive, competitive and outspoken in the classroom. They command more attention – including praise and criticism – from both male and female teachers.

The reduced teacher interaction with girls affects learning structures, because it renders girls less visible and worthy of attention. This, in turn, can affect girls' self-esteem and self-efficacy¹² and works to naturalise the differences between men and women.

¹⁰ United Nations Educational Scientific and Cultural Organisation, Learning to Live Together: The Role of Education, accessed on 7 May 2014

¹¹ Australian Bureau of Statistics, 2006, 4102.0 Australian Social Trends

¹² United Nations Educational Scientific and Cultural Organisation, 2007, The Gender Socialization Process in Schools: A Cross-National Comparison pages 11 and 30

**ALL THAT IS VALUABLE
IN HUMAN SOCIETY**

depends upon the opportunity
for development accorded to
the individual

ALBERT EINSTEIN

WHAT DO MEN AND WOMEN STUDY?

When it comes to fields of study, there are significant gender divisions in enrolment rates in the Australian tertiary education system. These differences often give rise to occupational and industrial segregation, which can in turn contribute to gender pay gaps – an issue which will be explored in the next chapter.¹⁸

A report based on the 2011 ABS Survey of Education and Work¹⁹ found that information technology, engineering, architecture and building courses are heavily skewed towards male student enrolments, while women are more likely to be enrolled in fields such as health, education, society and cultures, hospitality and creative arts. For engineering, a degree that will return on average \$3 million over a lifetime, more than 91 per cent of enrolments are men. Health, on the other hand, has 73 per cent female enrolment, and for education 80 per cent of enrolments are women.²⁰

Future careers and work patterns are also determined outside of schools and universities.

In 2012, the ABS found that since the 1970s, strategies have been developed and implemented to establish gender balance in the Vocational Education and Training (VET) system.

The historical emphasis on male-dominated trade training has gradually dissipated, with overall participation in contemporary VET courses now almost even between men and women. However, in 2012 some differences by field of study remained.²¹

In 2011, 1.9 million students were enrolled in VET programs, more or less evenly split between men (52 per cent) and women (48 per cent).

For women, and to a lesser extent men, 'Management and commerce' was a popular field of study, with nearly a third (29 per cent) of women and 15 per cent of men studying in this field, a ratio of women to men of about two to one. Examples of courses within the 'Management and commerce' field include a Diploma of Accounting and Certificate IV in Business Administration.

In addition to 'Management and commerce', women were focused on the service sector, with one fifth (19 per cent) studying 'Society and culture' and 13 per cent studying 'Food, hospitality and personal services'. Examples within these fields include the Diploma of Children's Services and the Diploma of Hospitality.

For men, the most popular field of study was 'Engineering and related technologies', which almost a third (30 per cent) elected to study, due in part to the sustained resources and mining boom at the time.

As discussed in the next chapter, the choice of career can have a critical impact on an individual's earnings and whether they live in financial security, dependence or vulnerability.

PISA concluded that "the underachievement of boys in reading and writing, and in completing secondary and tertiary education, and the underachievement of girls in STEM subjects are particularly worrying because they are likely to have long-lasting consequences for young people's participation in the labour market and on countries' economic growth."²²

Table 1.1: Attainment of year 12 or formal qualification at certificate II or above 20-24 years²³

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Males %	78.3	78.1	81.1	81.3	81.4	82.4	81.6	84.1	84.7	83.4
Females %	84.1	85.9	86.1	87.3	87.7	88.9	86.7	87.8	89.5	89.5

Table 1.2: Non-school qualification Attainment of formal qualification at certificate III or above 25-29 years²⁴

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Males %	55.1	56.1	57.9	59.1	60.8	62.1	59.8	65.4	63.1	63.9
Females %	56.4	55.3	60.2	61.0	65.2	63.2	67.2	66.5	69.2	66.0

Table 1.3: Attainment of bachelor degree or above 25-29 years²⁵

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Males %	26.5	26.0	27.7	28.5	30.3	29.9	29.8	31.8	28.7	30.6
Females %	33.0	32.7	35.7	36.0	40.5	38.1	41.0	39.2	41.1	42.0

Table 1.4: Attainment of a non-school qualification 15-64 years²⁶

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Males %	54.2	54.5	54.5	55.3	56.4	56.9	57.4	59.6	57.8	60.0
Females %	48.9	50.4	50.6	52.6	53.6	54.6	55.7	58.0	58.0	58.8

**HOW AUSTRALIA COMPARES TO THE WORLD:
FIELDS OF STUDY**

A report prepared by the OECD Programme for International Student Assessment (PISA)²⁷ found that over the past century, OECD countries have made significant progress in narrowing or closing long-standing gender gaps in many areas of education, including educational attainment.

The report also revealed that the Australian experience of gender differences in fields of study is reflected

internationally. In higher education and beyond, young women across OECD countries are under-represented in the fields of mathematics, physical science and computing. In 2012, 14 per cent of young women who entered university for the first time chose science-related fields of study, including engineering, manufacturing and construction. In contrast, 39 per cent of young men who entered university that year chose to pursue one of those fields of study.²⁸



**80 PER CENT OF
EDUCATION ENROLMENTS
ARE WOMEN**

18 AMPNATSEM, 2012. Income and Wealth Report: Smart Australians Education and Innovation in Australia p14
19 AMPNATSEM, 2012. Income and Wealth Report: Smart Australians Education and Innovation in Australia
20 AMPNATSEM, 2012. Income and Wealth Report: Smart Australians Education and Innovation in Australia p14
21 Australian Bureau of Statistics, 2012, 4102.0 Australian Social Trends
22 OECD, 2015. The ABC of Gender Equality in Education: Aptitude, Behaviour, Confidence, PISA, OECD Publishing p32

23 Australian Bureau of Statistics, 2015, 4125.0 – Gender Indicators, Australia, Feb 2015
24 Australian Bureau of Statistics, 2015, 4125.0 – Gender Indicators, Australia, Feb 2015
25 Australian Bureau of Statistics, 2015, 4125.0 – Gender Indicators, Australia, Feb 2015
26 Australian Bureau of Statistics, 2015, 4125.0 – Gender Indicators, Australia, Feb 2015
27 OECD, 2015. The ABC of Gender Equality in Education: Aptitude, Behaviour, Confidence, PISA, OECD Publishing
28 OECD, 2015. The ABC of Gender Equality in Education: Aptitude, Behaviour, Confidence, PISA, OECD Publishing



THE SUBJECTS WOMEN AND MEN

choose to study at university and in VET programs lead to career choices that in the past have fallen along gender lines

FINANCIAL LITERACY EDUCATION

The Global Financial Crisis spurred a renewed focus on financial literacy in Australia and led to the formal introduction of financial literacy education into the national school curriculum in 2011.

Since 2002, ANZ has conducted a long-running time series survey of more than 3,000 Australians which looks at financial attitudes, knowledge and behaviours to find out how these have changed over time.

Over the years, the surveys have shown that Australian adults are generally financially literate, yet there are certain groups who face particular challenges.²⁹

In the most recent report, released in May 2015,³⁰ the financial attitudes, knowledge and literacy of Australian women were explored in detail. The survey revealed that there were many similarities between men and women on money management but also some important differences.

It found that women, on average, were more careful managers of money – they keep track of their finances and fewer women than men were 'impulsive' in their attitudes. Yet, women were less likely to have identified a retirement income figure and had lower levels of savings, investments and super. Women also had lower levels of 'financial control'.³¹

Attitudinal differences, especially that women find dealing with money stressful – even when things are going well financially – may provide insight into how to better tailor financial education to women and girls in the future.

CONCLUSION

On average, Australian girls perform at similar levels to – and, in many cases outperform and outstay – boys in primary, secondary and tertiary education. The majority of undergraduate students today are women.³³

The subjects women and men choose to study at university and in VET programs lead to career choices that in the past have fallen along gender lines.

These choices can perhaps be explained by a legacy of social stereotypes about careers and gender roles. It is encouraging to note, however, that these stereotypes have weakened in recent decades, and universities are now seeing a rise in the number of women enrolling in typically male-dominated fields of study. This is important, because career choices ultimately determine earning potential and future wealth creation.

There are notable differences in financial literacy between women and men, particularly around the financial aspiration of women in their prime earning years. There are also important differences in the way women think about money and their personal finances – and links have been made between these attitudes and financial position.

The inter-relationship between fields of study, professional occupation and income are further explored in the next chapter.



According to ANZ research³², women in their middle years (ages 28 to 59) had lower scores on average than men on 'financial aspiration'. Among women of this age, lower scores on financial aspiration were associated with fewer assets, lower participation in paid work and lower levels of post-secondary education. Women with higher scores on this attitude were more likely to have set a target income figure for retirement and to have higher levels of investment in high-interest cash accounts, term deposits and property.

²⁹ The Social Research Centre, 2008, ANZ Survey of Financial Literacy in Australia p1
³⁰ The Social Research Centre, 2015, ANZ Survey of Financial Literacy in Australia p6-7
³¹ The Social Research Centre, 2015, ANZ Survey of Financial Literacy in Australia

³³ Australian Bureau of Statistics, 2014, 6227.0 Education and Work, Australia, May 2014

³² The Social Research Centre, 2015, ANZ Survey of Financial Literacy in Australia

CHAPTER 2 EMPLOYMENT AND EARNING POTENTIAL

CHAPTER HIGHLIGHTS

 There are more women in the Australian labour force than ever before

35% Women make up 35 per cent of full-time workers and 70 per cent of part-time workers, while men make up 65 per cent and 30 per cent, respectively

 Women tend to work in 'white collar' industries, while men are over-represented in 'blue-collar' sectors

 Starting salaries for bachelor degree graduates and postgraduates are higher for men than for women with the same qualification

 Gender pay gaps exist in every state and across every industry in Australia

 The national pay gap, when extended over a typical career, means women earn on average \$700,000 less than men over their lifetime

Today, women and men who are actively seeking work are generally able to find it.

As at March 2015, the Australian unemployment rate for men and women was identical 6.1 per cent, representing 348,900 women and 415,700 men.³⁴

Women's participation in the paid workforce has been one of the most powerful sources of social and economic change in Australian society over the past 20 years, helping strengthen and diversify the economy.

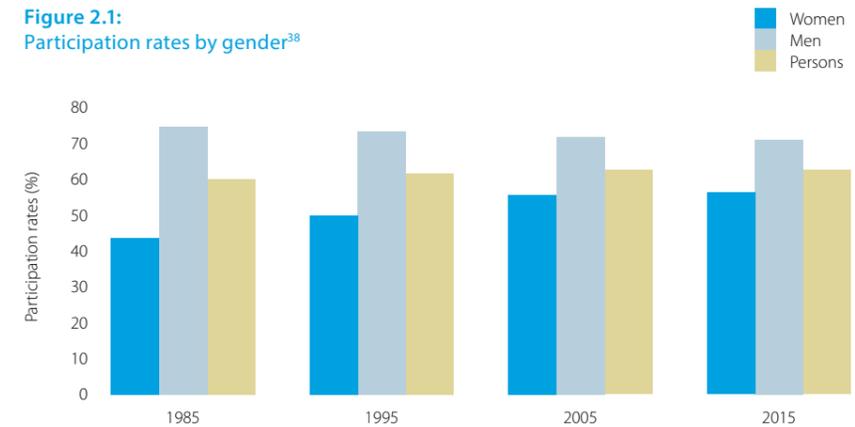
Female workplace participation has risen from 46.6 in 1985 to 58.5 today,³⁵ helping sustain one of the longest periods of almost continuous economic growth in the nation's history. The rise in female participation may be attributed to greater educational attainment, changing social attitudes, better access to childcare services and growth in service sector jobs (where women are highly represented).

Having more women in the paid workforce has helped make Australia internationally progressive on employment of women compared with other advanced industrial countries, with Australia's female workforce participation rate eight per cent higher than the OECD average of 63 per cent.³⁶

While the improvement in female participation is encouraging, the proportion of women with paid jobs in Australia today continues to be 12 per cent lower than for men. The participation gap is widest in a woman's child bearing and child rearing years, from about 25-44 years old (see Figure 2.2).

On a state-by-state basis, female participation is highest in the Northern Territory and the Australian Capital Territory and lowest in South Australia, Tasmania and NSW. Nationally, the female participation rate has largely plateaued in the last 10 years.

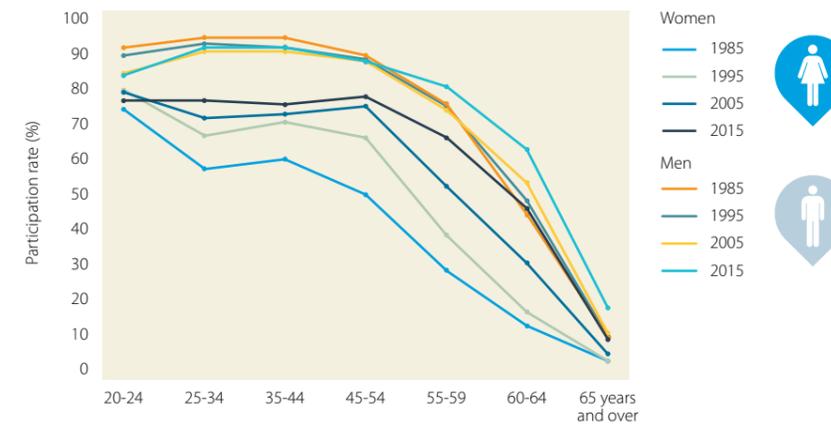
Figure 2.1: Participation rates by gender³⁸



WOMEN'S PARTICIPATION

in the Australian workforce has increased by over 25 per cent over the last 30 years

Figure 2.2: Participation rates by age and gender. 2015, 2005, 1995 and 1985, %³⁷



³⁴ Australian Bureau of Statistics, 2015, Labour Force, Mar 2015, 6202.0, as at March 2015
³⁵ Australian Bureau of Statistics, 2015, Labour Force, Mar 2015, 6202.0, as at March 2015
³⁶ Organisation for Economic Co-operation and Development, 2012, Social Protection and Well-Being. Labour force participation rate by sex

³⁷ Australian Bureau of Statistics, 2015, Labour Force Australia Detailed. 6291.0.55.001
³⁸ Australian Bureau of Statistics, 2015, Labour Force, Mar 2015, 6202.0



HOW AUSTRALIA COMPARES TO THE WORLD - WORKFORCE PARTICIPATION

On the following page, Figure 2.3 shows the employment participation levels for OECD countries.³⁹ Australia's female participation rate is 13 per cent lower than men, which is just below the OECD average of a 15 per cent gap. The participation gap ranges between six (Italy) and 42 per cent (Turkey). It should be noted that the women's employment rate is still relatively low in many OECD countries.

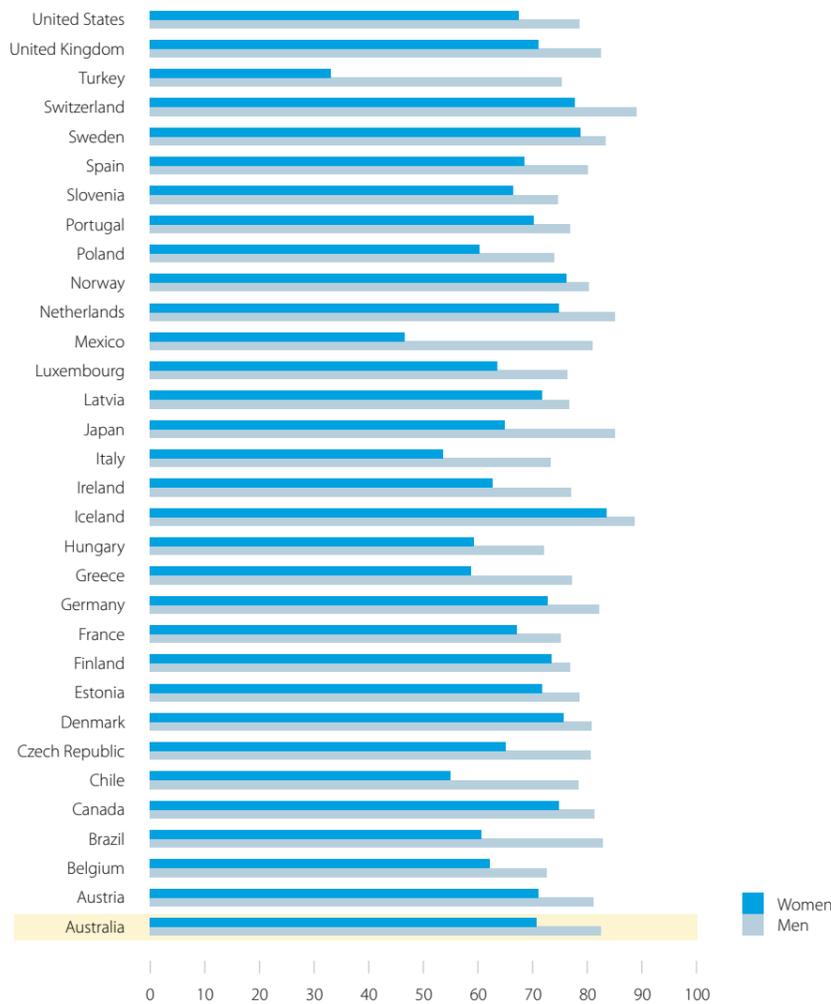
Australia's female participation rate is around four percentage points lower than that in New Zealand and Canada. If Australia's female participation rate reached that of Canada, the Grattan Institute estimates that Australia's GDP would be a permanent \$25 billion higher.⁴⁰

³⁹ Organisation for Economic Co-operation and Development, 2013, Social Protection and Wellbeing Survey, Participation rate by sex Social Protection and Well-Being>Gender>Employment>Labour Force Participation Rate by Sex
⁴⁰ Australian Treasury, 2015, Intergenerational Report – Australia in 2055, Page 20 and 21

THE GROWING AVAILABILITY

of part-time work and the casualisation of the workforce has positively influenced women's employment in Australia

Figure 2.3: Participation rates by OECD country and gender, 2013, %⁴¹



⁴¹ Organisation for Economic Co-operation and Development, 2013, Social Protection and Wellbeing Survey, Participation rate by sex Social Protection and Well-Being>Gender>Employment>Labour Force Participation Rate by Sex

PART-TIME WORK

One of the most significant social and economic changes in Australia in recent years has been the popularity of part-time jobs for both women and men (Figure 2.4).

The ABS defines part-time as any work less than 35 hours per week and full-time work as anything more than 35 hours a week.⁴²

Over the last three decades Australia's part-time workforce has increased by nearly 10 per cent, as seen in Figure 2.4, and is among the highest in the OECD.⁴³ Reasons for the

rise could be a move away from centralised wage fixing towards more flexible work arrangements, combined with a more open and diverse economy and the rise in the number of university students.

Flexibility in the labour market has encouraged more women, in particular, to enter the workforce in a part-time capacity to the point where 70 per cent of all part-time workers in Australia today are women.⁴⁴



70 PER CENT OF ALL PART-TIME WORKERS IN AUSTRALIA TODAY ARE WOMEN

Figure 2.4: Part-time workforce by gender, 2015, 2005, 1995 and 1985, %⁴⁵

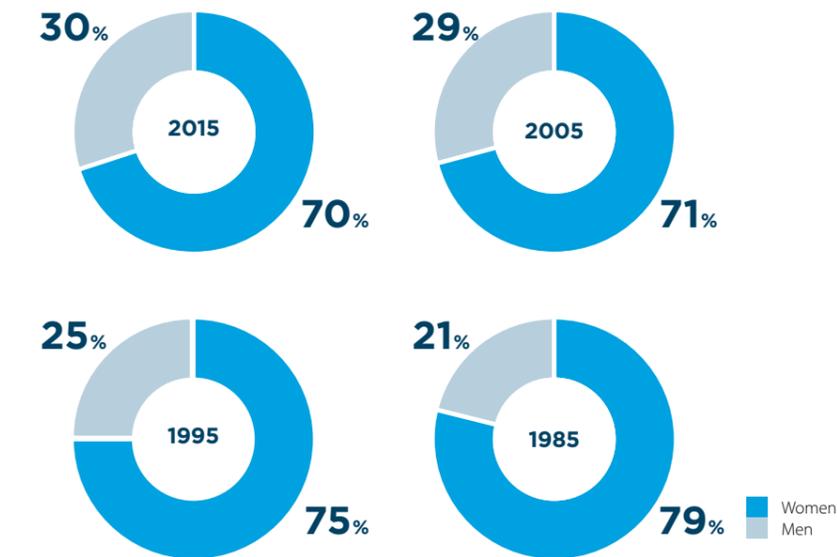


Figure 2.4 shows the rise in the number of men and women working part-time in Australia over the last 30 years.

⁴² Australian Bureau of Statistics, 2014 Australian Labour Market Statistics, 6105.0

⁴³ Organisation for Economic Co-operation and Development, 2013, Social Protection and Wellbeing Survey, Incidence of Part-time work by sex Social Protection and Well-Being>Gender>Employment>Incidence of Part-time work by Sex

⁴⁴ Australian Bureau of Statistics 2015 6202.0 Labour Force, Australia

⁴⁵ Australian Bureau of Statistics, 2015, Labour Force Australia, 6291.055.001

WOMEN MAKE UP 35 PER CENT OF FULL-TIME WORKERS⁴⁶ AND 70 PER CENT OF PART-TIME WORKERS IN AUSTRALIA⁴⁷

According to the most recent ABS social trends data,⁴⁸ a woman's decision to work part-time may be due to a number of reasons, including the availability and affordability of childcare for those with family responsibilities, the often long and inflexible hours associated with full-time work, a partner's long working hours, a lack of available or appropriate flexible arrangements in the workplace, and social expectations about women's roles in work and in society.

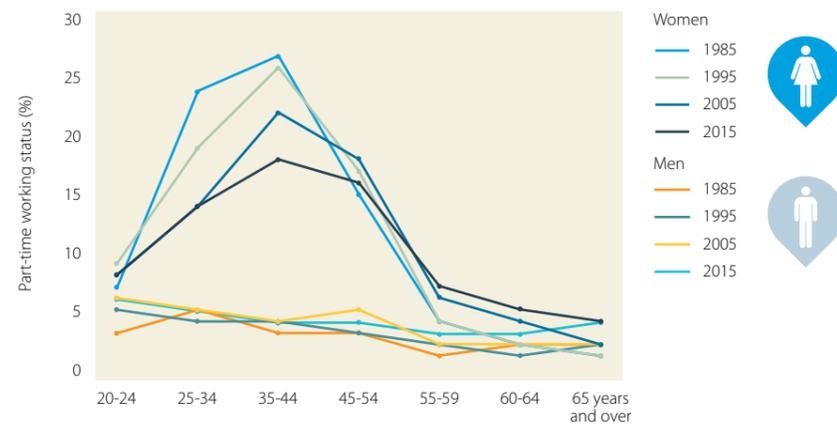
Figure 2.5 shows the breakdown of part-time work by each age-group and gender. The most popular age group among the part-

time workforce over the past 30 years has consistently been women in child-rearing years of 35-44.

It is reasonable to suggest that this is due to part-time work being a more viable way for women and families to balance work and children. In comparison, the most popular age for part-time male workers is 20-24 years.

However, on a trend basis, the age cohort to show the highest growth in part-time employment for both sexes has been the over 65s, suggesting Baby Boomers are preferring to stay in the workforce in some capacity well into retirement.

Figure 2.5: Part-time working status by age and gender. 2015, 2005, 1995 and 1985, %⁴⁹



46 Australian Bureau of Statistics, 2015, 6202.0 Labour Force Australia
 47 Australian Bureau of Statistics 2015 6202.0 Labour Force, Australia
 48 Australian Bureau of Statistics, 2013 Australian Social Trends, Nov 2013, 4102.0
 49 Australian Bureau of Statistics, 2015, Labour Force Australia Detailed, 6291.0.55.001

WHERE WOMEN WORK

As Australians have become better educated and the economy has diversified, there has been an overall shift in the occupations and industries in which men and women work.

Although more women are graduating from university across many disciplines and looking for work in greater numbers, gender segregation (where women and men work in industries with an overwhelming majority of just one sex) remains pronounced. A clear majority of all women employed in Australia work in white-collar industries,⁵⁰ while men continue to dominate blue-collar sectors.⁵¹

One possible reason could be the greater availability of part-time work in certain industries and occupations over others.

As we saw in the previous chapter, industries in which men and women work are often a direct consequence of their field of study at university or in vocational education.

As Figure 2.7 shows, nearly half of all women employed in Australia work in only three sectors: healthcare, retail and education. The healthcare sector alone employs 20 per cent of the female workforce.



THE HIGHEST GENDER PARTICIPATION GAP

is in the construction industry, where men account for 90 per cent of workers

Figure 2.6: Ratio of gender employed in each industry, Nov 2014, %⁵²

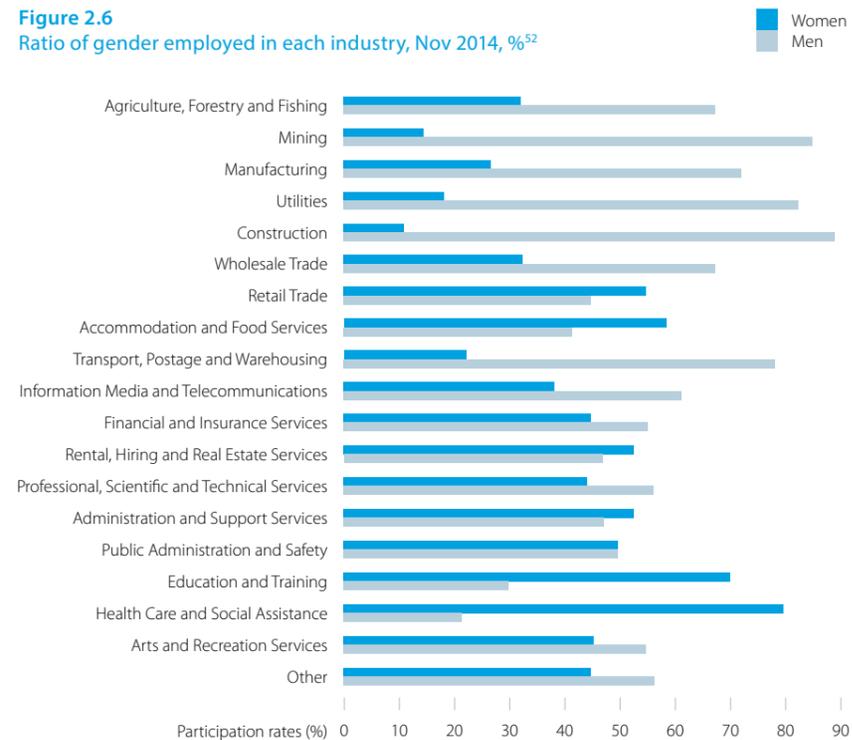


Figure 2.6 shows the distribution of men and women by industry, as a percentage of each industry.

50 Australian Bureau of Statistics, 2014, Labour Force Australia Detailed, cat no. 6291.0.55.003
 51 Australian Bureau of Statistics, 2014, Labour Force Australia Detailed, cat no. 6291.0.55.003
 52 Australian Bureau of Statistics, 2014, Labour Force Australia Detailed, cat no. 6291.0.55.003



THERE IS SIGNIFICANT OVER-REPRESENTATION

by one gender or the other in six of the eight occupational categories in Australia

Figure 2.7

Employment numbers by industry and gender, Nov 2014, %⁵³

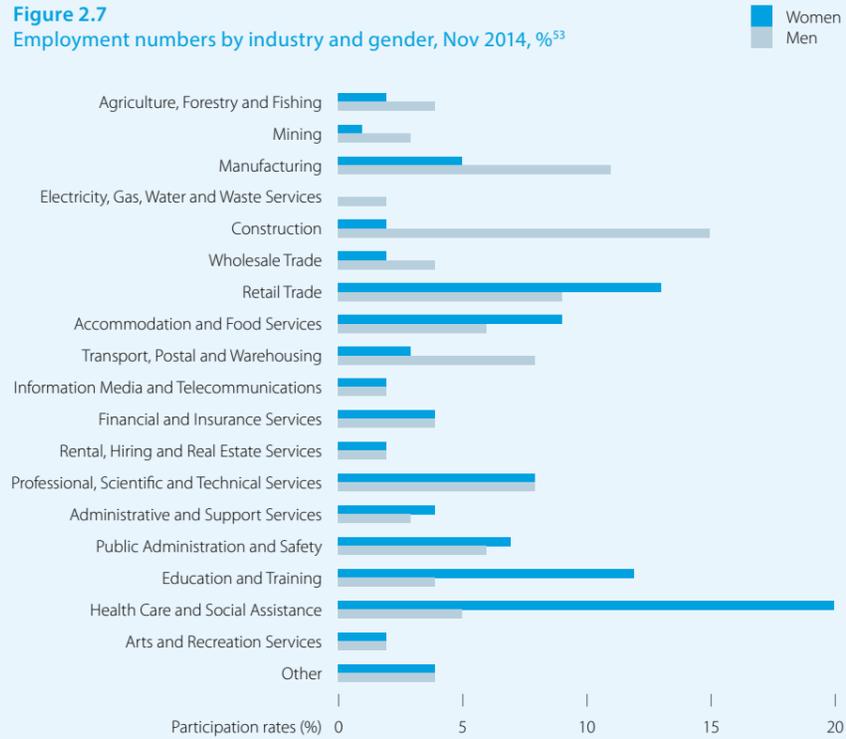


Figure 2.7 shows a gender breakdown by industry as a percentage of the total workforce.

When it comes to occupations within industries, nearly half of all women employed in Australia work in either clerical, administrative or professional occupational roles. These occupations, along with sales (13 per cent) and community and personal service workers (15 per cent) account for over three quarters of women's employment. (Figure 2.8)

Technical and trade roles remain predominantly male vocations, making up 86 per cent of all employed in these occupations, compared to only 14 per cent of women. Men are also overrepresented as labourers (64 per cent) and managers (65 per cent).

Figure 2.9 compares the occupational distribution of men and women in Australia. It highlights the disparity within occupations, particularly clerical and administration roles, 75 per cent of which are held by women, and machinery operator and driver roles, 90 per cent of which are held by men.

Figure 2.8

Employment number by occupation and gender, Nov 2014, %⁵⁴

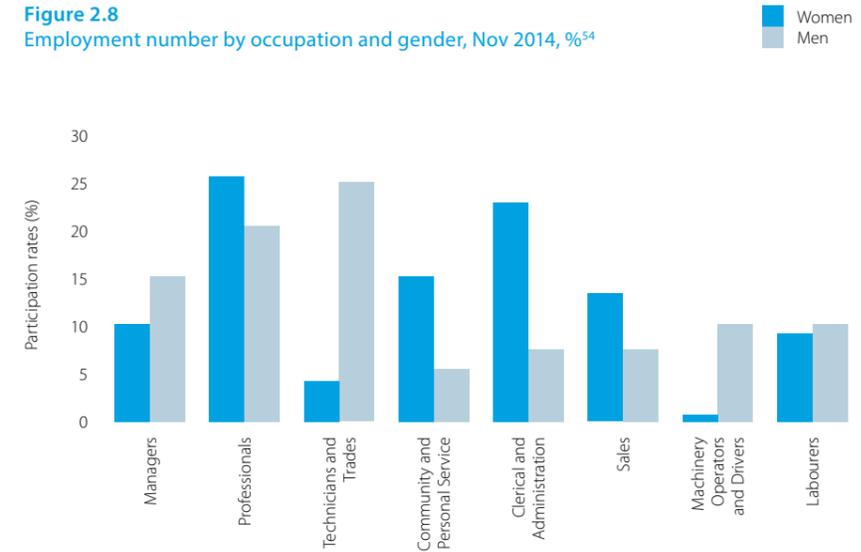


Figure 2.8 shows the proportion of all men and women employed in the eight occupational categories in Australia.

Figure 2.9

Employment rates (occupation and gender ratio), Nov 2014, %⁵⁵

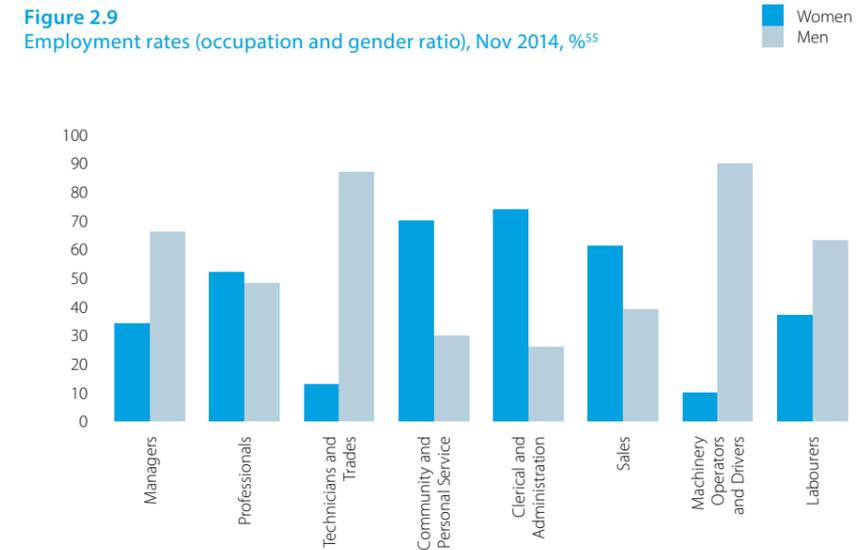


Figure 2.9 shows the gender breakdown in each industry (adding up to 100 per cent).

53 Australian Bureau of Statistics, 2014, Labour Force Australia Detailed, cat no. 6291.0.55.003

54 Australian Bureau of Statistics, 2014, Labour Force Australia Detailed, cat no. 6291.0.55.003
55 Australian Bureau of Statistics, 2014, Labour Force Australia Detailed, cat no. 6291.0.55.003

INCOME DISPARITY

The effects of industrial and occupational segregation are evident in the wages paid to women and men.

Historically, female-dominated industries and jobs have attracted lower wages than male-dominated industries and jobs. Moreover, women doing the same work as men tend to earn a lower salary, including lower penalty rates, overtime, performance payments, bonuses and superannuation contributions.

INCOME BY INDUSTRY AT A GLANCE:

- **Men** – the highest-paid industries across full-time and part-time work for men are mining (with average weekly earnings of \$2,623.70), financial and insurance services (\$1,836.70), utilities (\$1,813.60) and professional, scientific and technical services (\$1,807).
- **Women** – the highest-paid industries across full-time and part-time work for women are mining (\$1,892), utilities (\$1,374.90), public administration and safety (\$1,226.90) and information media and telecommunications (1,190.40).
- The lowest-paid industries for both women and men are retail trade, accommodation and food services, and arts and recreation services.

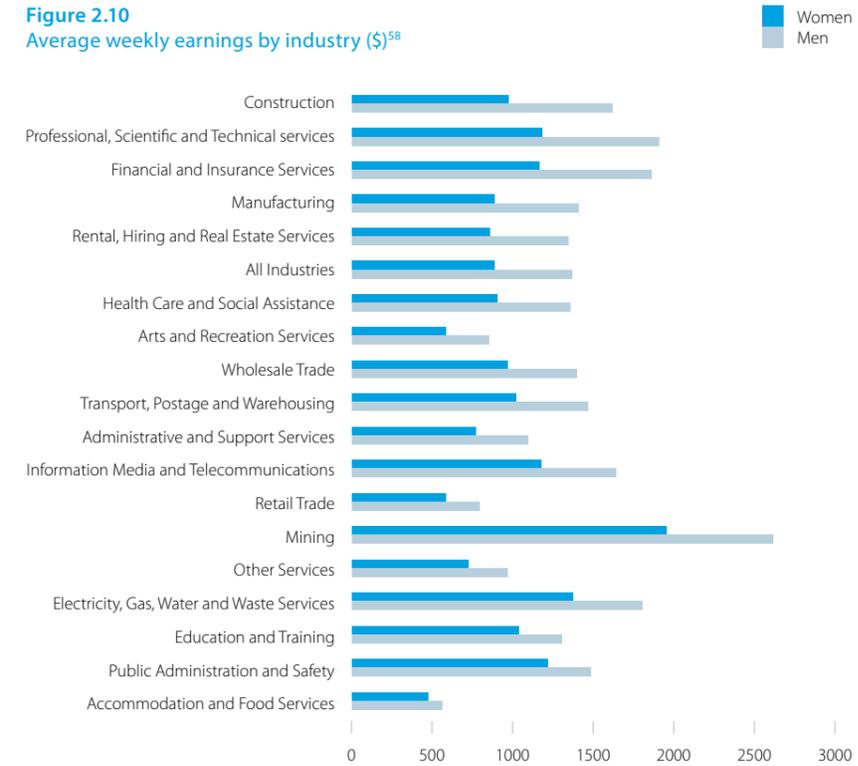
The representation of women and the occupational structure of the industries they work in have a significant impact on their overall earning potential. While mining is the highest-paid industry for both men and women, for example, 86 per cent of workers are male.⁵⁶ The second highest paid sector, utilities, has an 81 per cent male workforce.⁵⁷

Similarly, women are over-represented in clerical and administration roles (see Figure 2.9) which suggests that while industries may be high-paying, in many cases women are represented in the lower-paying roles within those industries.



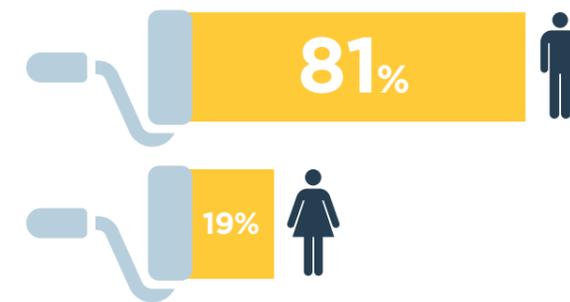
EVEN IN HIGH-PAYING INDUSTRIES, WOMEN ARE GENERALLY REPRESENTED IN ITS LOWER-PAYING ROLES

Figure 2.10 Average weekly earnings by industry (\$) ⁵⁸



EARNING POTENTIAL FOR WOMEN
is the highest in the mining, utilities, public administration and safety, and information media and telecommunications sectors

Figure 2.10 shows the average weekly earnings for men and women by industry.



THE SECOND HIGHEST PAID SECTOR, UTILITIES, HAS AN 81 PER CENT MALE WORKFORCE

⁵⁶ Australian Bureau of Statistics, 2014, 6291.0.55.003 Labour Force Australia Detailed, Quarterly, Table 6
⁵⁷ Australian Bureau of Statistics, 2014, 6291.0.55.003 Labour Force Australia Detailed, Quarterly, Table 6

⁵⁸ Australian Bureau of Statistics, 2014, 6302.0 Average Weekly Earnings, Australia

**ON AVERAGE,
MEN EARN MORE**

than women in all states and territories, with the exception of the ACT, which favours women who work part-time

INCOME BY STATE

In addition to pay discrepancies by industry and occupation, there are geographical differences when it comes to what people earn in Australia.

Workers in the Australian Capital Territory earn the most per week (\$1,401), followed by the Northern Territory (\$1,336) and then Western Australia (\$1,309). Tasmanians earn the least, at \$946 per week on average.⁵⁹

Nationwide, men earn an average \$1,380 per week, compared to \$908 for women.⁶⁰

The highest earnings areas for men were in the mining and resource-rich state of Western Australia (\$1,595), followed by the Australian Capital Territory (\$1,576) and the Northern Territory (\$1,554). Men earned the least in Tasmania (\$1,120).⁶¹

In comparison, the highest earnings for women were in the white collar-centric Australian Capital Territory (\$1,215), followed by the Northern Territory (\$1,092) and Western Australia (\$950).⁶²

For both men and women and across full-time and part-time employment, the highest wages were earned in the Australian Capital Territory, Northern Territory and Western Australia.

This is likely because employment is concentrated in the public sector in the Australian Capital Territory, and the mining and construction industries in the Northern Territory and Western Australia – industries which tend to attract higher wages.

Men earned more than women in all states for full-time employment, while women had higher mean weekly earnings in all states (except for Western Australia).

THE GENDER PAY GAP

According to the OECD,⁶⁴ the gender pay gap is the difference between the median weekly full-time equivalent earnings of men and women, expressed as a percentage of men's earnings.

Lower wage rates mean lower lifetime earnings for women, based on full-time employment. It is unrelated to equal working hours.

The national gender pay gap has hovered between 15 per cent and 19 per cent for the past two decades.⁶⁵ As at February 2015, the national gender pay gap stood at 18.8 per cent.

NATIONWIDE, MEN EARN AN AVERAGE \$1,380 PER WEEK, COMPARED TO \$908 FOR WOMEN



Figure 2.11: Mean weekly earnings for full-time or part-time employment by gender⁶³

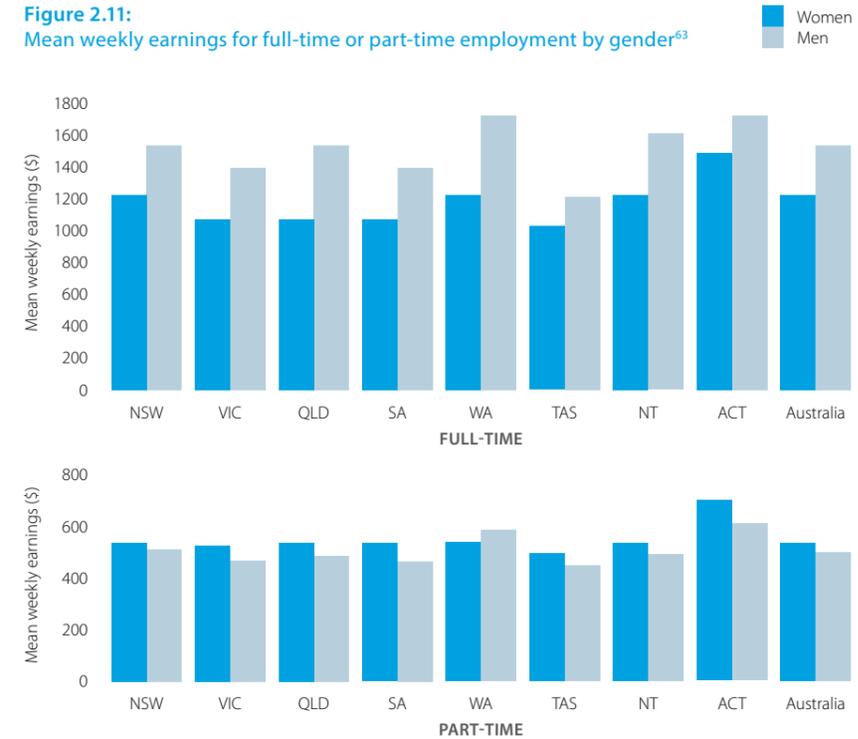


Figure 2.11 shows the distribution of income for men and women who work full-time and part-time.

Figure 2.12: Gender Pay Gap, Australia, May 1995 – November 2014⁶⁸

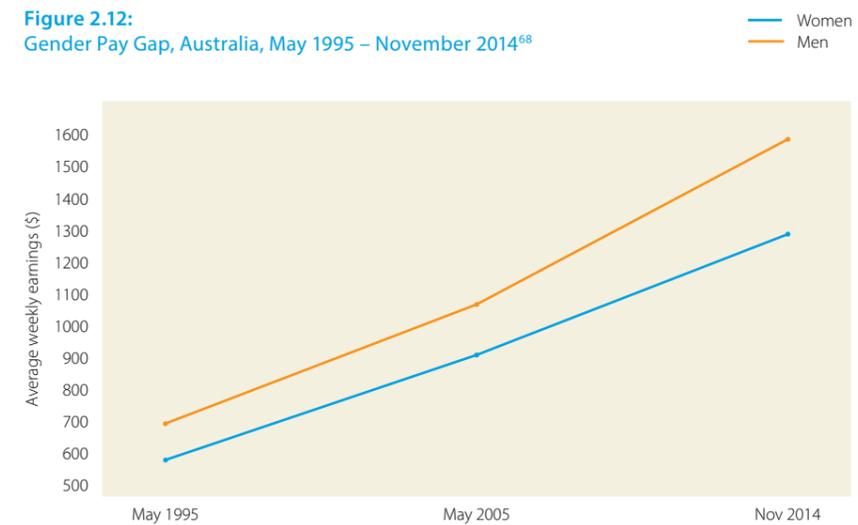


Figure 2.12 shows the trend in the gender pay gap over the last 20 years.

59 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 60 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 61 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 62 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 64 OECD, 2015 Gender Wage Gap (indicator)
 65 Workplace Gender Equality Agency, 2015. Gender pay gap statistics p2

63 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 68 Australian Bureau of Statistics, 2014. 6302.0 Average Weekly Earnings, Australia

GENDER PAY GAP AT A GLANCE:⁶⁶

- For people aged 15-19 the pay gap is 0.3 per cent, rising to 21.8 per cent for 35-44 year olds and 24 per cent for those aged 45-54
- The average weekly ordinary time earnings of women working full-time are \$1,293 per week, compared to men who earn an average weekly wage of \$1,588 per week, making women's average earnings \$295 per week less than men
- Based on full-time total remuneration the pay gap is widest for key management personnel (28.9 per cent), followed by other executives/general managers (27.5 per cent), then other managers (24.6 per cent) and senior managers (23.5 per cent)⁶⁷
- The pay gap has been rising since 2008. It was at its lowest in 2005, at 15.0 per cent



⁶⁶ Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
⁶⁷ Workplace Gender Equality Agency, 2015. Gender pay gap biggest in manager ranks

INDUSTRIES THAT HAVE THE WIDEST

gender pay gap are not necessarily those with a higher proportion of male representation

GENDER PAY GAP BY STATE AND TERRITORY

In 2014 Western Australia had the widest gender pay gap, at 40.4 per cent, while the Australian Capital Territory had the lowest gender pay gap, at 22.9 per cent.

There are a few possible reasons for the gender pay gap across states and territories. In Western Australia, where the gap is largest,⁷⁰ employment is concentrated in construction, health care, retail, professional services, education and then mining. In the construction and mining industries men represent 85 and 79 per cent of workers, respectively.⁷¹

In the Australian Capital Territory, where the gap is lowest, the dominant industry is public administration and safety,⁷² where male/female representation is equal. The following section discusses the pay gap by industry in more detail.

GENDER PAY GAP BY INDUSTRY

A pay gap favours men in every industry in Australia.

Interestingly, some of the highest gender pay gaps are found in female-dominated industries. Table 2.1 shows the gender pay gap by industry as at November 2014.

Key statistics based on Average Weekly Total Earnings for Males and Females in Australia:⁷⁴

- The construction industry had the widest gender pay gap (39.9 per cent), followed by professional, scientific and technical services (38.1 per cent) and financial and insurance services (37.5 per cent)
- The lowest gender pay gaps were in the accommodation and food services (16.1 per cent), public administration and safety (17.9 per cent) and education and training (20.4 per cent)

Several factors can affect the gender pay gap by industry, including occupational structure.

Figure 2.13: Total Mean Weekly Income per State and Territory, Nov 2014⁶⁹

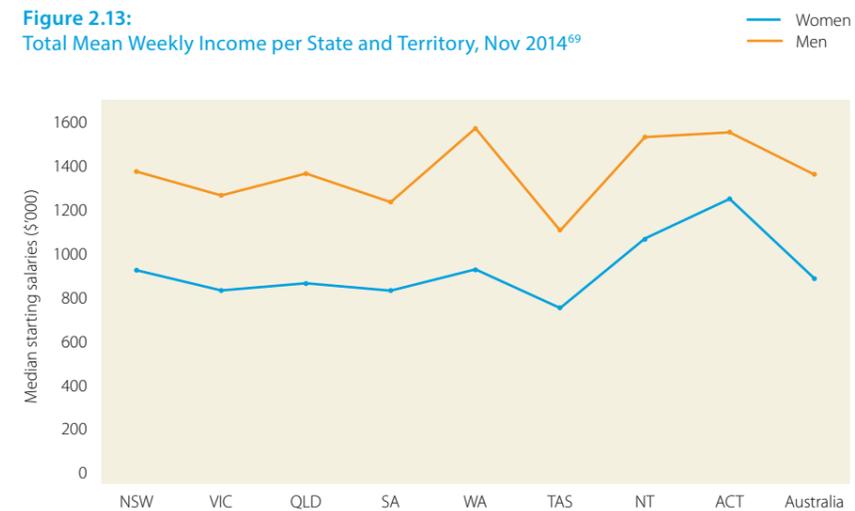
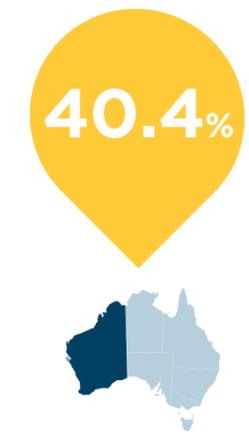


Table 2.1: Average weekly total earnings for male and females in Australia, Nov 2014⁷⁵

Industry	Women	Men	Gender pay gap
Construction	972	1,618	39.93%
Professional, scientific and technical services	1,182	1,909	38.08%
Financial and insurance services	1,167	1,865	37.45%
Manufacturing	885	1,410	37.24%
Rental, hiring and real estate services	857	1,344	36.18%
All industries	888	1,372	35.26%
Health care and social assistance	906	1,357	33.22%
Arts and recreation services	586	850	31.05%
Wholesale trade	967	1,396	30.75%
Transport, postal and warehousing	1,018	1,466	30.57%
Administrative and support services	768	1,097	30.00%
Information media and telecommunications	1,177	1,642	28.29%
Retail trade	582	793	26.68%
Mining	1,954	2,618	25.37%
Other services	726	967	24.96%
Electricity, gas, water and waste services	1,377	1,807	23.76%
Education and training	1,039	1,306	20.42%
Public administration and safety	1,217	1,483	17.90%
Accommodation and food services	473	563	16.12%



IN 2014 WESTERN AUSTRALIA HAD THE WIDEST GENDER PAY GAP, AT 40.4 PER CENT



THE CONSTRUCTION INDUSTRY HAD THE WIDEST GENDER PAY GAP (39.9 PER CENT)

70 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 71 Australian Bureau of Statistics, 2014. 6227 Labour Force Detailed
 72 Australian Bureau of Statistics, 2014. 6227 Labour Force Detailed
 74 Australian Bureau of Statistics, 2014. 6302.0 Average Weekly Earnings, Australia

69 Australian Bureau of Statistics, 2014. 6302.0 Average Weekly Earnings, Australia
 75 Australian Bureau of Statistics, 2014. 6302.0 Average Weekly Earnings, Australia

“Employers who are committed to creating equal access to opportunities for women and men need to work harder to remove barriers that inhibit women from entering these higher paying roles. A lack of quality flexible work, the legacy of workplace cultures built on the male breadwinner model and gender bias are likely to be among the barriers that need to be tackled.”

HELEN CONWAY

Former Director, Australian Workplace Gender Equality Agency (2014)



GENDER PAY GAP BY AGE GROUP

Figure 2.14 based on ABS 2013 data shows that the average gender pay gap between women and men working full-time generally increases with age. This means that women will earn, on average, less than men over the course of their working life.⁷⁸

Between the ages of 15 and 19, the gender pay gap is 0.3 per cent. Between the ages of 35 and 44, the gap widens considerably with men earning 21.8 per cent more than women, and grows to 24 per cent between the ages of 45 and 54.⁷⁹

Interestingly, between the ages of 50 and 59, the gender pay gap dips to 20 per cent, before jumping to 26.6 per cent for the over 60s,⁸⁰ likely due to the fact that a high proportion of the over-60 age group are employed part-time.

UNIVERSITY GRADUATE SALARIES BY GENDER

As we saw in Chapter 1, education is an important route to higher earnings and economic opportunity. But while young women significantly outnumber young men in Australian universities, there has not been much movement in the gap in starting salaries between women and men.

Research undertaken in 2014 suggested that the earnings gap can be partly explained by the field of study men and women often made prior to university enrolment.⁸¹

The analysis also suggested that when the field of education, personal, enrolment and occupational characteristics of male and female graduates were taken into account, men's starting salaries were 4.4 per cent higher than those for women.

It highlighted the overall wage gap favouring men as being due, in part, to an over-representation of men in fields of education that typically had higher starting salaries, such as engineering. Alternatively, women outnumbered men when it came to humanities, which was ranked at the lower end of the salary distribution.⁸²

IN 2014 THERE WAS A 5.5 PER CENT

gender pay gap in median starting salaries overall. That is, women's earnings were 94.5 per cent of men's earnings

Figure 2.14:
Gender gap by age group

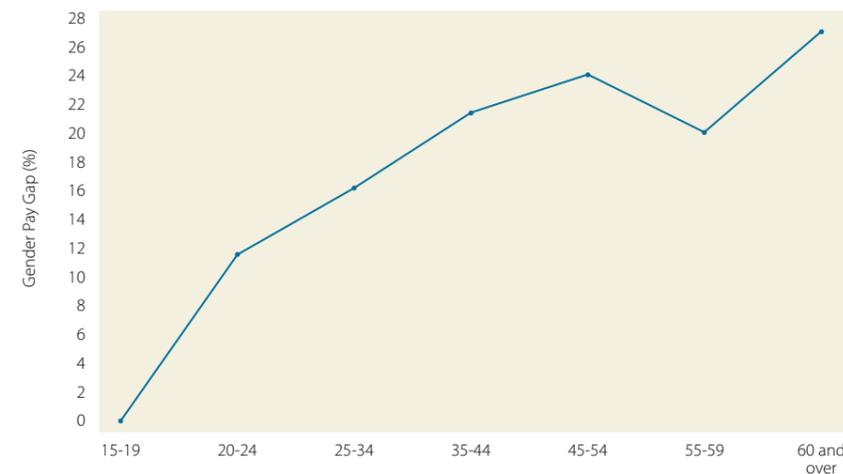


Figure 2.15:
2014 median starting salaries of bachelor degree graduates in first full-time employment and aged less than 25, by field of study (\$,000) (per survey conducted by GCA)⁸⁴

Field of study	Women	Men	Gender pay gap
Social Sciences	48.0	56.0	14.3%
Agricultural Science	48.0	54.5	11.9%
Architecture	44.5	50.0	11.0%
Economics, Business	46.0	50.0	8.0%
Humanities	45.0	48.5	7.2%
Paramedical Studies	54.0	56.0	3.6%
Computer Science	53.5	55.0	2.7%
Education	59.0	59.7	1.2%
Biological Sciences	48.0	48.5	1.0%
Medicine	60.0	60.3	0.5%
Accounting	50.0	50.0	0.0%
Art and Design	40.0	40.0	0.0%
Dentistry	75.0	75.0	0.0%
Mathematics	60.0	60.0	0.0%
Pharmacy	40.0	40.0	0.0%
Earth Sciences	61.0	60.0	-1.7% [^]
Law	54.0	52.5	-2.9% [^]
Physical Sciences	57.0	55.0	-3.6% [^]
Psychology	50.0	48.0	-4.2% [^]
Societal Work	55.5	52.0	-6.7% [^]
Engineering	65.0	60.0	-8.3% [^]
Optometry	70.0	*	*
Veterinary Science	45.0	*	*

* Statistically invalid sample.

[^]A minus sign indicates women earned more than men in that field of study



BETWEEN THE AGES OF 35 AND 44 MEN EARN 21.8 PER CENT MORE THAN WOMEN

78 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 79 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 80 Australian Bureau of Statistics, 2013. 6310.0 Employee Earnings, Benefits and Trade Union Membership, Australia
 81 Graduate Careers Australia, 2014. GradStats – Employment and salary outcomes of recent higher education graduates p7
 82 Graduate Careers Australia, 2014. GradStats – Employment and salary outcomes of recent higher education graduates p7

84 Graduate Careers Australia, 2014. GradStats – Employment and salary outcomes of recent higher education graduates p8

IN 2013 THE DIFFERENCE BETWEEN

postgraduate starting salaries for women and men in full-time employment was 15.3 per cent

GENDER DIFFERENCES IN MEDIAN STARTING SALARIES AND FIELDS OF EDUCATION

Key statistics⁸⁵ from a Graduate Careers Australia 2014 survey show that men's median starting salaries were greater than women's in 10 fields of education:

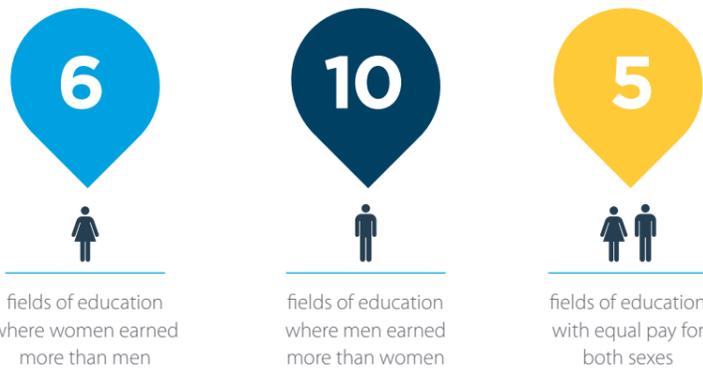
- Social sciences and agricultural science had the largest differences in starting salaries, with men respectively earning 14.3 per cent and 11.9 per cent more than women.
- The smallest differences in starting salaries were in biological sciences and medicine, with men earning 1.0 per cent and 0.5 per cent more than women respectively.
- Women's median starting salaries exceeded men's in six fields of education:
 - Engineering had the greatest difference in favour of women, with starting salaries of 8.3 per cent more than men.
 - Earth sciences had the smallest difference, with women earning 1.7 per cent more than men.

Pay parity between women and men exists in five fields of education:

- The greatest earnings for women and men were in dentistry, where they respectively earned \$75,000.
- The lowest earnings for women and men were in art and design, and pharmacy, where they earned \$40,000 in both areas.

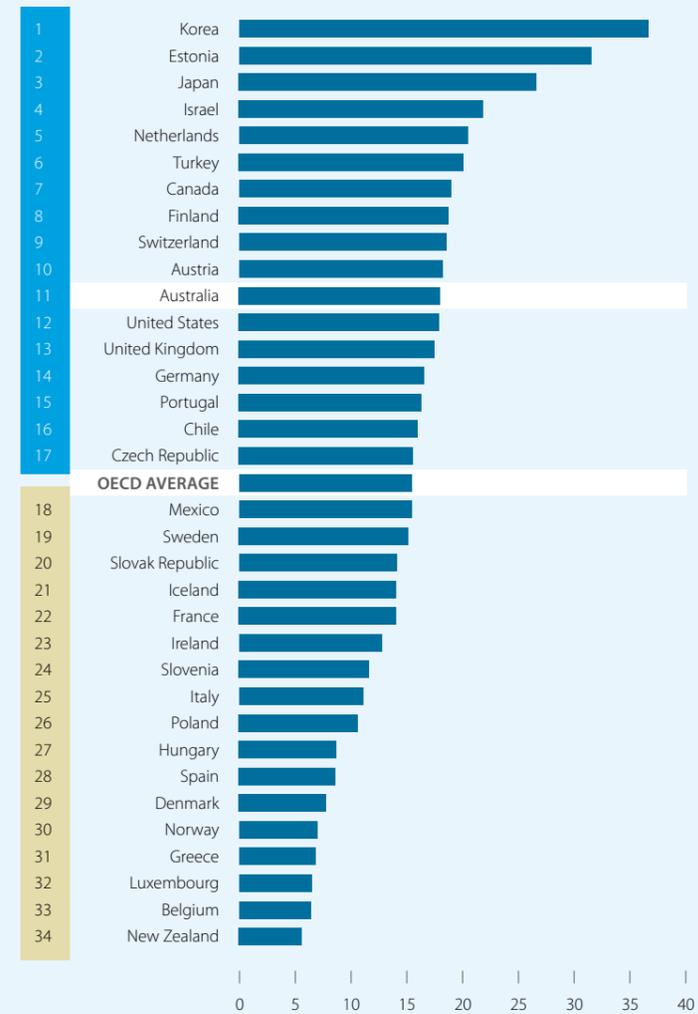
Gender differences in median salaries and levels of postgraduate qualifications are even more pronounced. Latest figures from 2013 show the difference between postgraduate starting salaries for women and men in full-time employment at 15.3 per cent.⁸⁶ This, despite the fact women hold nearly half of all postgraduate degrees.

IN 2014, THERE WERE:



⁸⁵ Graduate Careers Australia, 2014. GradStats – Employment and salary outcomes of recent higher education graduates p8
⁸⁶ Graduate Careers Australia, 2013. Postgraduate Destinations – A report on the work and study outcomes of recent higher education postgraduates p15

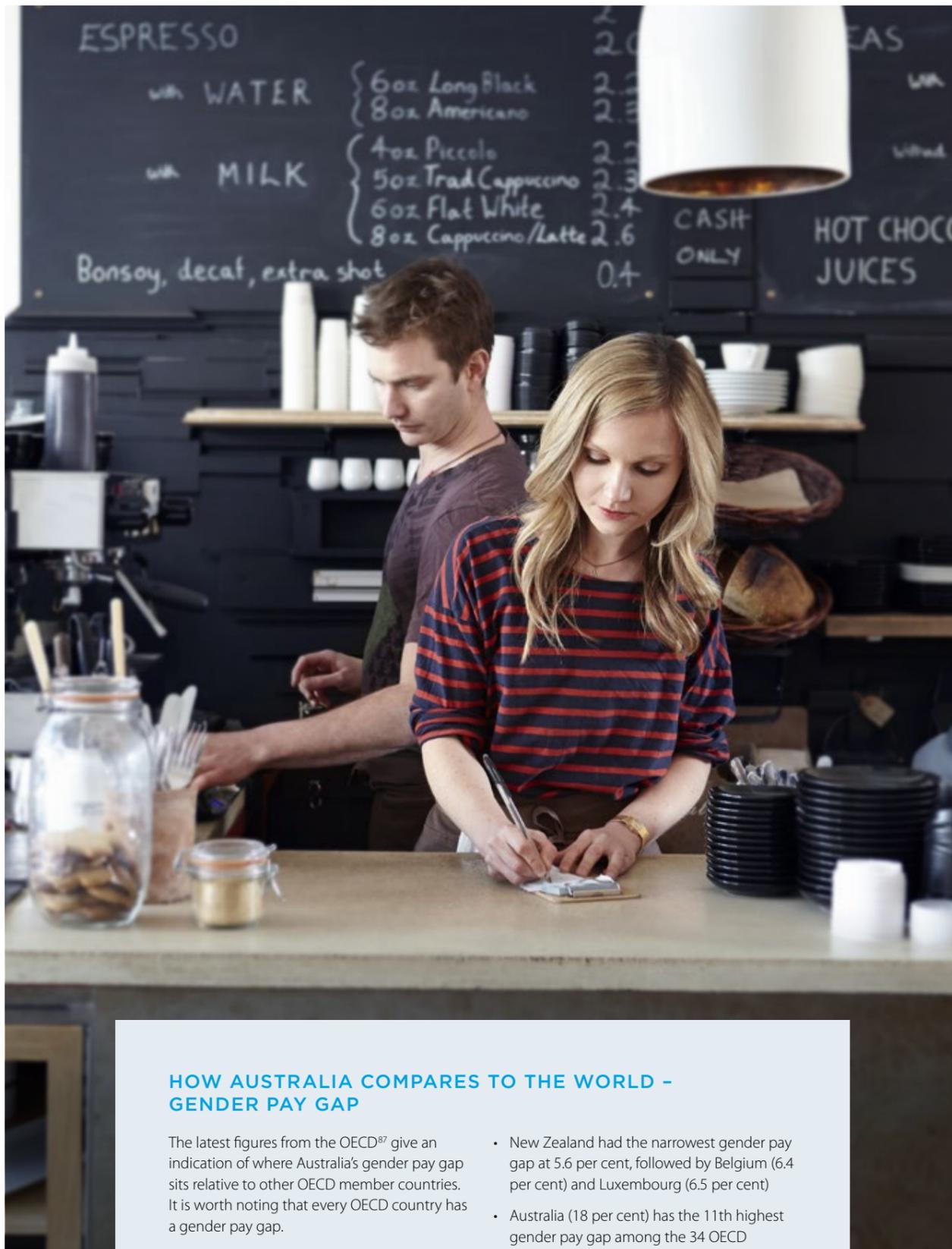
Figure 2.16: Gender pay gap by OECD country⁸⁹



AUSTRALIA HAS THE 11TH HIGHEST GENDER PAY GAP AMONG THE 34 OECD MEMBER COUNTRIES

Full Time Employees – The Gender Wage gap is unadjusted and defined as the difference between male and female median wages divided by the male median wage.

⁸⁹ OECD, 2014, Gender Wage Gap: Employment Database



HOW AUSTRALIA COMPARES TO THE WORLD - GENDER PAY GAP

The latest figures from the OECD⁸⁷ give an indication of where Australia's gender pay gap sits relative to other OECD member countries. It is worth noting that every OECD country has a gender pay gap.

Key statistics:⁸⁸

- Korea had the widest gender pay gap in 2014 at 36.6 per cent, followed by Estonia (31.5 per cent) and Japan (26.6 per cent)

- New Zealand had the narrowest gender pay gap at 5.6 per cent, followed by Belgium (6.4 per cent) and Luxembourg (6.5 per cent)
- Australia (18 per cent) has the 11th highest gender pay gap among the 34 OECD member countries, and sits above the OECD average of 15.5 per cent

CONCLUSION

Increased female participation in the paid workforce has had undeniable social and economic benefits in Australia over the past 20 years.

Despite clear progress, the female participation rate has largely plateaued in the last 10 years, and the proportion of women with paid jobs in Australia continues to be significantly lower than for men – especially for women in child-bearing and child-rearing years. While this is not necessarily a negative trend, the gap suggests there may be women out of the workforce who are not able to secure the employment opportunities they are looking for.

In addition, the gender pay gap in Australia is 18.8 per cent – the 11th highest gap in the OECD. The average weekly shortfall is \$295 per week. Extended over a typical 40-year career, this gender pay gap equates to about \$700,000.

The growing gender disparity in pay exists despite a long-term rise in female workforce participation and strong growth in the proportion of women with tertiary qualifications.

Some of the shortfall can be explained by the greater proportion of women employed in part-time or casual roles, as well as lower-paid industries, and lower-paid jobs within those industries (for example clerical or administrative roles versus senior management roles).

Other contributing factors have been explored by the Workplace Gender Equality Agency (WGEA) and include interrelated work, family and societal issues, such as stereotypes about the gender-based working roles, the way women and men 'should' conduct themselves in the workplace.⁹⁰

The WGEA has published guidance for employers⁹¹ about how to address the gender pay gap. It outlines a number of steps, including: undertaking a payroll analysis, examining human resources practices, increasing the proportion of women in senior roles, eliminating gender bias in job evaluation, providing transparency in salary bands and improving access to flexible working arrangements.

The pay gap widens if women interrupt their careers. The impact of career breaks is explored in the next chapter.

87 OECD Employment Database, 2014

88 OECD Employment Database, 2014

90 Workplace Gender Equality Agency, 2015. Gender pay gap statistics

91 Workplace Gender Equality Agency, Address the gender pay gap in your organisation

CHAPTER 3 CAREER BREAKS AND UNPAID WORK

CHAPTER HIGHLIGHTS

-  Two in three employees in Australia are entitled to paid parental leave

-  The average length of maternity leave is 32 weeks

-  Both women and men face parental discrimination in the workplace

-  Mothers returning to work from maternity leave face a 'wage penalty'

-  Women spend twice as much time in unpaid work than men

As we have seen in the previous chapter on income, the gender pay gap in Australia for full-time working men and women sits at 18.8 per cent.

Evidence shows the gap worsens considerably if women interrupt their careers – especially in order to have children.

The consequences if and when women return to work include being paid less than their female and male colleagues who have stayed in their careers without a break, and falling further behind in workplace experience, skills and training.

The impact is even greater if a woman returns to work on a casual, part-time, freelance or consulting basis.

The human capital and earnings disadvantages that women incur at this point in their lives seriously jeopardise their ability to recover earnings over the long term and have adverse implications for their ability to prepare for retirement. The impact of the gender pay gap and the 'motherhood' gap on superannuation balances is discussed in Chapter 5.

TRENDS ON MATERNITY LEAVE PROVISIONS

Over the past decade, the take-up of paid parental leave in Australia increased until, in 2013 – the most recent data available – the ABS reported that 66 per cent of the female workforce, and 65 per cent of the male workforce, had access to paid parental leave.

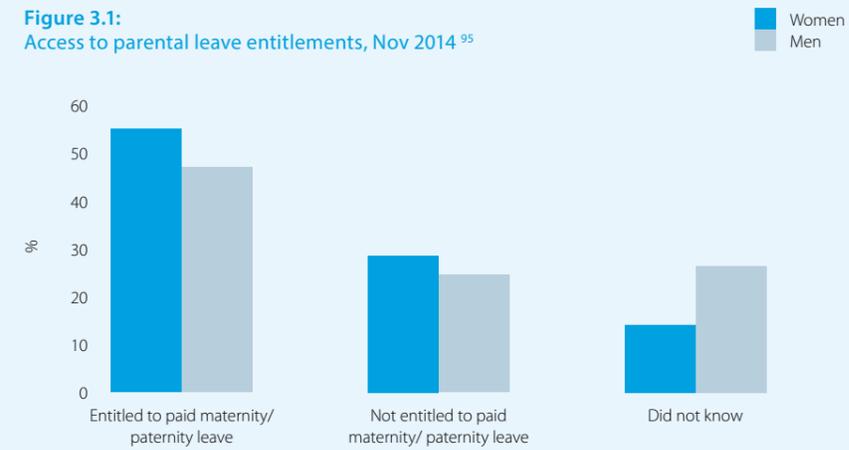
However, this meant that 34 per cent of working women were still denied paid parental leave.⁹²

The introduction of the Australian Government's Paid Parental Leave (PPL) scheme in 2010 ensured that women who were previously not entitled to receive such leave (casual, self employed) were eligible to do so, although not necessarily at full pay.

The scheme provides eligible employees, who are the primary carer of a newborn or adopted child, up to 18 weeks' paid leave at the national minimum wage. Employees are eligible for the PPL if they have completed at least 12 months of continuous service with their employer.⁹³

This entitlement includes a guarantee that the employee will return to their pre-parental leave position (or, if the position no longer exists, an alternative position that is suitable, and which is nearest in status and pay to their pre-parental leave position). For pregnant employees, this leave can start up to six weeks before the expected date of birth, or earlier if both employee and employer agree.⁹⁴

Figure 3.1:
Access to parental leave entitlements, Nov 2014⁹⁵



34 PER CENT OF WORKING WOMEN WERE STILL DENIED PAID PARENTAL LEAVE

PAID LEAVE

In 2011 the ABS conducted a Pregnancy and Employment Transitions Survey (PaETS)⁹⁶ throughout Australia as a supplement to the Australian Bureau of Statistics (ABS) monthly Labour Force Survey (LFS). It found there were 151,200 female employees who had a job while pregnant and were entitled to paid maternity leave. Of these, 131,900 (87 per cent) took paid maternity leave either on full pay, half pay or a combination of both full pay and half pay for the birth of their child.

The mean number of weeks of paid maternity leave taken by women entitled to paid maternity leave was 16.7 weeks.

Of the 185,500 women who had a full-time job while pregnant:

- 68 per cent were entitled to paid holiday leave, of whom 50 per cent took holiday leave at full-pay following the birth of their child
- 19 per cent permanently left their job before the birth of their child.

⁹² Australian Bureau of Statistics, 2013. 6359.0 – Forms of Employment, Australia
⁹³ Fair Work Ombudsman, 2015 Paid parental leave
⁹⁴ Fair Work Ombudsman, 2015 Paid parental leave

⁹⁵ Australian Bureau of Statistics, 2013. 6359.0 – Forms of Employment, Australia
⁹⁶ Australian Bureau of Statistics, 2011. 4913.0 Pregnancy and Employment Transitions Survey



23 PER CENT OF WOMEN WHO HAD A JOB WHILE PREGNANT, DID NOT TAKE ANY UNPAID MATERNITY LEAVE

UNPAID LEAVE

According to the ABS12, about 159,800 women took unpaid maternity leave following the birth of their child. Of these women:

- 29 per cent took 14-26 weeks of unpaid maternity leave
- 17 per cent took 27-39 weeks of unpaid maternity leave.

Almost one-quarter (23 per cent) of women who had a job while pregnant, did not take any unpaid maternity leave.

There were 171,000 women who took some unpaid leave for the birth of their child and of these, 30 per cent took between 14 and 26 weeks.

The mean number of weeks of unpaid leave taken by women for the birth of the child was 25.3 weeks.



THE MEAN NUMBER OF WEEKS OF UNPAID LEAVE TAKEN BY WOMEN FOR THE BIRTH OF THE CHILD WAS 25.3 WEEKS

SUPPORTING WORKING PARENTS¹⁰⁰

The Australian Human Rights Commission issued a report in 2014 called Supporting Working Parents: Pregnancy and Return to Work National Review, which found that parental discrimination in the workplace was not only experienced by women, but also men.

The review found that pregnant employees and working parents experience many different types of discrimination at work. These range from negative attitudes and comments from colleagues and managers, through to loss of opportunities for further training and career advancement, reduction in pay and conditions, as well as redundancy and job loss.

The review also identified the structural barriers that women and men face. These include the limited availability, affordability and accessibility of early childhood education and care services, as well as the underlying stereotypes and assumptions about childbearing, parenting and the roles of women and men in the home and in the workplace.

These findings suggests the way employers treat parents has a negative impact on men embracing a broader role than 'traditional breadwinner' to take pressure off mothers, while also providing a disincentive for mothers to return to work, or seek promotion in their own right.



¹⁰⁰ Sex Discrimination Commissioner, Supporting Working Parents: Pregnancy and Return to Work National Review – Report, Australia Human Rights Commission, 2014

PART-TIME WORK IS THE MOST COMMONLY REPORTED FLEXIBLE WORK ARRANGEMENT

THE IMPACT OF LEAVE ENTITLEMENTS

The financial impact of parental leave, of course, depends on the length of leave taken.

According to the 2011 ABS study, the average length of leave mothers took from their job for the birth of the child (for both paid and unpaid leave) was 32 weeks. For women aged 35 years and over, the mean number of weeks of paid and unpaid leave taken for the birth of their child was 35 weeks; 33.8 weeks for those aged 30-34 years and 27.2 weeks for those aged 15-29 years.⁹⁷

In addition, when mothers took unpaid leave only, there was little difference in the duration of leave by age, with an average of 25 weeks of leave.⁹⁸



86 PER CENT USE FLEXIBLE WORKING ARRANGEMENTS IN THEIR FIRST ROLE

RETURNING TO WORK AND FLEXIBLE WORKING ARRANGEMENTS

According to 2011 ABS statistics¹⁰³ most mothers (86 per cent) use flexible working arrangements in their first role (either starting a job or returning to work) following the birth of their child.

Flexible arrangements include part-time work, flexible work hours, working from home, shift work, job share or leave arrangements.

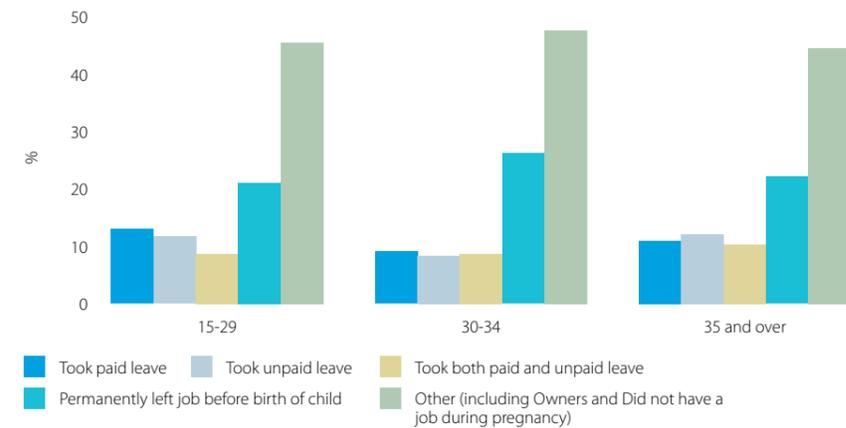
Part-time work is the most commonly reported flexible work arrangement (65 per cent), followed by flexible work hours (35 per cent) and working from home (26 per cent).

Women who worked in part-time roles were almost twice as likely to use flexible arrangements (93 per cent) than those working full-time (48 per cent).

Of the 15 per cent of mothers who did not use flexible arrangements after giving birth, around half (49 per cent) did not have access to these arrangements.

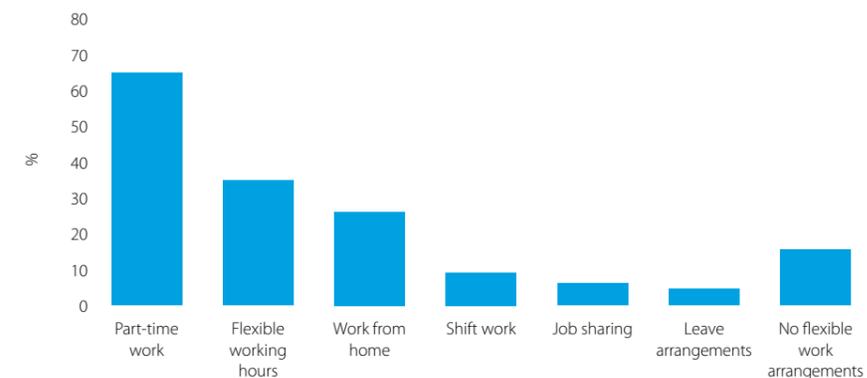
As for fathers, for those who returned to work as an employee (99 per cent), 22 per cent requested adjustments to their working arrangements. The most common types of adjustments to working arrangements requested were flexible hours (34 per cent), a change in starting and finishing times (24 per cent), part-time work or job-sharing (14 per cent) and a change in shift/roster (14 per cent).

Figure 3.2: Women with child under 2 years who started or returned to work after birth of child. Leave type taken (Nov11 Data)⁹⁹



PART-TIME WORK IS THE MOST COMMONLY REPORTED FLEXIBLE WORK ARRANGEMENT

Figure 3.3: Types of flexible work arrangements used to assist with care of child¹⁰⁴



⁹⁷ Australian Bureau of Statistics, 2011. 4913.0 – Pregnancy and Employment Transitions, Australia
⁹⁸ Australian Bureau of Statistics, 2011. 4913.0 – Pregnancy and Employment Transitions, Australia
¹⁰³ Australian Bureau of Statistics, 2013. 4102.0 – Australian Social Trends

⁹⁹ Australian Bureau of Statistics, 2011. 4913.0 – Pregnancy and Employment Transitions, Australia
¹⁰⁴ Australian Bureau of Statistics, 2013. 4102.0 – Australian Social Trends

DISCRIMINATION STATISTICS¹⁰¹

Mothers

- 49 per cent of mothers reported experiencing discrimination in the workplace at some point during pregnancy, parental leave or on return to work
- 32 per cent of mothers who were discriminated against at some point resigned, or went to look for another job
- 22 per cent of mothers who reported experiencing discrimination at work during their pregnancy did not return to the workforce as an employee, compared to 14 per cent who reported that they did not experience discrimination and did not return to work
- 18 per cent of mothers reported that they were made redundant, restructured, dismissed or their contract was not renewed either during their pregnancy, when they requested or took parental leave or when they returned to work
- When requesting or taking parental leave and upon return to work however, mothers employed as 'managers' or 'professionals' were more likely to experience discrimination

Fathers/Partners

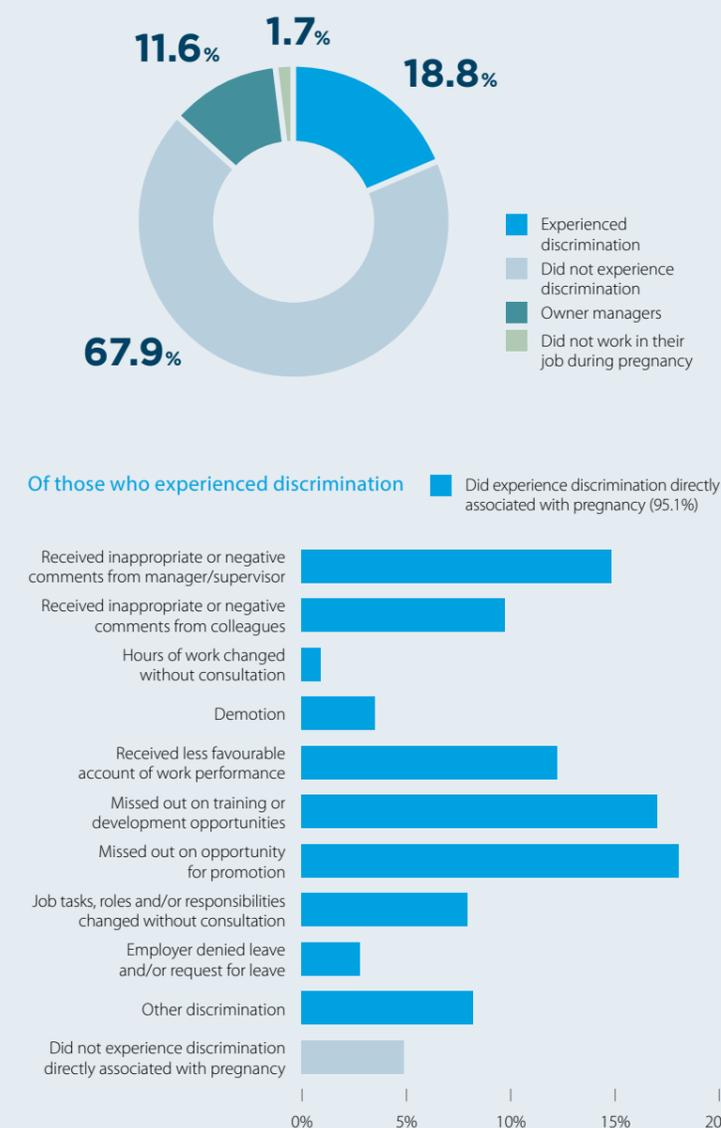
- 27 per cent of the fathers and partners reported experiencing discrimination in the workplace related to parental leave and return to work
- 20 per cent of fathers and partners reported experiencing discrimination when requesting or taking parental leave
- 17 per cent of fathers and partners reported experiencing discrimination when they returned to work as an employee

Of the fathers and partners who experienced discrimination on at least one occasion (27 per cent):

- Half (49 per cent) reported receiving negative comments and attitudes from colleagues or manager/employer
- Nearly half (47 per cent) reported discrimination related to pay, conditions and duties
- A third (35 per cent) experienced discrimination related to flexible work
- A quarter (23 per cent) of fathers and partners who reported experiencing discrimination at some point went to look for another job and one in 10 (10 per cent) resigned.



Figure 3.4: Types of perceived discrimination in the workplace while pregnant, November 2011¹⁰²



¹⁰¹ Sex Discrimination Commissioner, Supporting Working Parents: Pregnancy and Return to Work National Review – Report, Australia Human Rights Commission, 2014

¹⁰² Australian Bureau of Statistics, 2011. 4913.0 – Pregnancy and Employment Transitions, Australia



LABOUR FORCE PARTICIPATION

rates tell us that in Australia it is much more common for women to be in part-time work than men

WORKING PART-TIME

Australian employers are beginning to acknowledge the benefit women bring to the workplace by providing flexible working arrangements for mothers returning from maternity leave.

According to Workplace Gender Equality Agency data,¹⁰⁵ 84 per cent of mothers who started or returned to work following the birth of their child worked part-time, while 86 per cent of their partners worked full-time.

Labour force participation rates tell us that in Australia it is much more common for women to be in part-time work than men (see chapter 2, Employment and earning potential). Latest data shows that many women work part-time before the birth of their child; but after the birth, the number of hours worked changes considerably.

The 2011 ABS study showed that only 10 per cent of women with a child under two, who worked during their pregnancy, usually worked fewer than 15 hours per week immediately before stopping work. In contrast, 39 per cent of mothers returning to or starting work after the birth worked these hours when they first returned to work, with 45 per cent working between 15 and 34 hours per week on average.¹⁰⁶

The proportion of women working fewer than 15 hours per week reduces as children get older. In 2011, almost half (48 per cent) of mothers of a child aged 0-6 months who had started or returned to work usually worked less than 15 hours per week in their job. This decreased to 22 per cent for mothers of children aged 19-24 months.¹⁰⁷

REASONS FOR RETURNING TO WORK

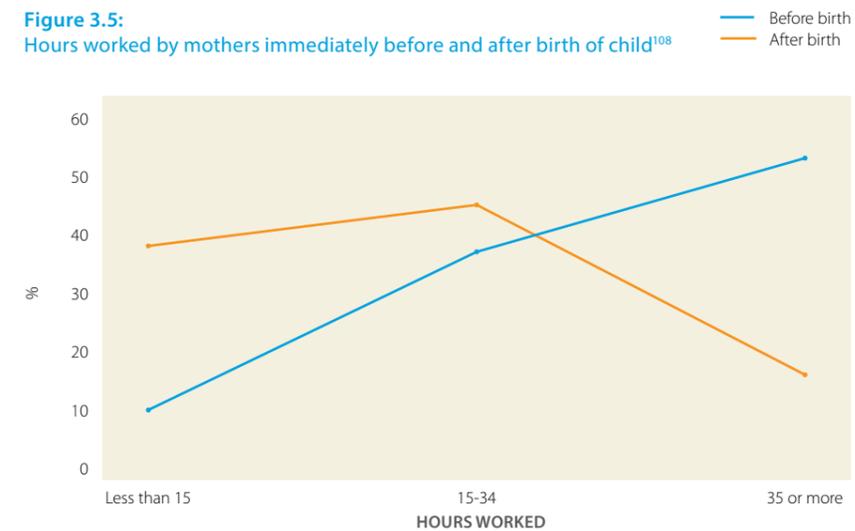
Although family considerations do play a part in decisions related to returning to work, the most commonly reported main reason given by mothers in 2011 who started or returned to work was¹⁰⁹ 'to keep their job or their employer had requested their return' (26 per cent), followed by 'financial considerations' (15 per cent) and 'maintaining self-esteem' (15 per cent).

PERMANENTLY LEFT JOB HELD DURING PREGNANCY

Based on 2011 data from the ABS, while the majority of women (71 per cent) return to work in some capacity, some women choose to permanently leave the jobs they had during pregnancy. Of these, almost half (49 per cent) left 'to care for the child'.¹¹⁰

105 Workplace Gender Equality Agency, 2014. Parenting, work and the gender pay gap p3
 106 Australian Bureau of Statistics, 2013. 4102.0 – Australian Social Trends
 107 Australian Bureau of Statistics, 2013. 4102.0 – Australian Social Trends
 109 Australian Bureau of Statistics, 2013. 4102.0 – Australian Social Trends
 110 Australian Bureau of Statistics, 2011. 4913.0 – Pregnancy and Employment Transitions, Australia

Figure 3.5: Hours worked by mothers immediately before and after birth of child¹⁰⁸



THE PROPORTION OF WOMEN WORKING FEWER THAN 15 HOURS PER WEEK REDUCES AS CHILDREN GET OLDER

STEREOTYPES

The Australian Human Rights Commission addressed social norms relating to the gender roles of women and men and how they operate inside workplaces in its 2014 Supporting Working Parents Report. The report found that perceptions about pregnant women and mothers in the workplace, as well as assumptions about their competency while pregnant and on return to work, result from a historical view of women as nurturers and primary caregivers. Due to perceptions that pregnant women are in a certain 'state' or 'condition', they are thought of as being forgetful, less rational and disordered in their thinking and behaviour. Similarly, mothers returning to work face harmful stereotypes around the perceived incompatibility of being an effective caregiver and committed worker.¹¹¹

Fathers were also subjected to stereotyping from their managers and colleagues in relation

to their caring responsibilities and requesting flexible work.

Whereas stereotypes about women's role as caregivers operate in such a way that women can never meet the requirements of the 'ideal worker', these same stereotypes operate in harmful ways on men who step outside of the traditional role of 'breadwinner' and 'the ideal worker' by having visible caring responsibilities and seeking to work flexibly. In other words, the 'flexibility stigma' can affect men as well as women.¹¹²

These stereotypes are holding both women and men back, in different ways.

For women these attitudes are discouraging them from actively contributing to the paid workforce and enhancing their careers, while for men they are held back from a more active role in their child's upbringing.

108 Australian Bureau of Statistics, 2013. 4102.0 – Australian Social Trends
 111 Sex Discrimination Commissioner, Supporting Working Parents: Pregnancy and Return to Work National Review – Report, Australia Human Rights Commission, 2014
 112 Sex Discrimination Commissioner, Supporting Working Parents: Pregnancy and Return to Work National Review – Report, Australia Human Rights Commission, 2014



HOW AUSTRALIA COMPARES TO THE WORLD - UNPAID WORK

Across the OECD over the last 50 years, women decreased their hours of unpaid work as they increased the hours of paid work. While men have been doing more housework and child care, there are still significant gender inequalities in a number of countries.

Part of the reason for women's higher share of unpaid work is their shorter time in paid work. If we look at the OECD average, women perform almost two and a half more hours of unpaid work a week compared to men.¹¹⁸

The OECD points out that some studies suggest that government policies, such as working-time regulations, family policies and gender equality initiatives, can influence women's role as caregiver and therefore counter the egalitarian trend in the division of housework.¹¹⁹

¹¹⁸ OECD Social Employment and Migration Working Papers, 2011 Unpaid Work Around the World
¹¹⁹ OECD Social Employment and Migration Working Papers, 2011 Unpaid Work Around the World



ON AVERAGE, WOMEN WHO RETURN TO WORK

following maternity leave experience a decrease in their hourly rate of pay, which is sustained for at least three years

THE WAGE-PENALTY EFFECT

Many mothers returning from parental leave will incur a 'wage penalty' whether they return to work part-time or full-time. This penalty often comes in the form of lower wage growth,¹¹³ while reduced promotional opportunities and career plateaus could also be factors that impact a mother returning to work.

While the immediate wage-penalty effect following childbirth can be explained in part because of the large number of women – 84 per cent in Australia – who work part-time when their child is under two, the effect persists with analysis suggesting that the wage penalty emerges over time through reduced wage growth.¹¹⁴

UNPAID WORK

As we saw in the previous chapter, men spend considerably more time in the paid workforce than women, with men making up more than 80 per cent of those who work more than 60 hours per week.

However, women spend almost twice as much time in unpaid work as men – equivalent to more than 30 days per year. Unpaid work includes formal arrangements (such as vocational placements, unpaid internships,

unpaid work experience and unpaid trials¹¹⁵) as well as informal, or social, work arrangements that don't involve a financial reward (for example, household, community and volunteer work).

It is by this latter definition that Australian women, similar to their counterparts in other countries, make a larger contribution.

According to the most recent gender indicator data¹¹⁶ Australian women work an extra nine minutes each day on employment-related and unpaid work. This equates to one hour extra a week and over two extra days a year.

Breaking these statistics down further reveals the specific activities Australian women are working longer in:

- Women spend almost twice as much time on unpaid work than men (five hours and 13 minutes versus two hours and 52 minutes). This equates to women working more than 16 hours extra a week or more than a full 30-day month extra on unpaid work per year, compared to men.
- The disparity lies mainly in the domestic activities and childcare categories.

This skewing of responsibility between paid and unpaid work has a profound impact on a woman's ability to manage the competing demands of domestic and professional life.

CONCLUSION

The gender pay gap in Australia widens when women interrupt their careers – in particular to have children. The consequences if and when they return to work include being paid less than colleagues who have stayed in their careers without a break, and falling further behind in workplace experience, skills and training.

The disadvantages women incur at this point in their lives seriously impact their lifetime earnings and have adverse implications for their ability to save for retirement.

In addition, social and structural biases continue in the form of society's expectations around family caring responsibilities, and discrimination by employers against parents taking parental leave or seeking flexible work arrangements.

For women, these stereotypes discourage them from actively contributing to the paid workforce, enhancing their careers and accumulating personal wealth; for men, the impacts are felt in their ability to engage with their family and life outside of work in a more meaningful way.



AUSTRALIAN WOMEN WORK ONE EXTRA HOUR

per week and more than two extra weeks per year in paid and unpaid employment, compared to men

¹¹³ Australian Institute of Family Studies, Family Matters No.89, 2011. Maternity leave and reduced future earning capacity.

¹¹⁴ Workplace Gender Equality Agency, 2014. Parenting, work and the gender pay gap p2

¹¹⁵ Australian Fair Work Ombudsman Unpaid Work page accessed 20 April 2015

¹¹⁶ Australian Bureau of Statistics, 2014, Gender Indicators, Work and Family Balance 4125.0

CHAPTER 4 LEADERSHIP

WOMEN IN AUSTRALIA ARE BETTER EDUCATED

and have more employment opportunities than ever before

CHAPTER HIGHLIGHTS



Overwhelmingly, men hold the positions of power and influence in Australia



Women make up 20.4 per cent of ASX 200 board positions



Women represent 31 per cent of all federal, state and territory parliamentarians



In 2010 the Commonwealth Government set a minimum target of 40 per cent women on its board positions by 2015, and reached it in 2013



Drivers of low female representation include unconscious bias in the workplace, and lack of flexibility in senior management roles

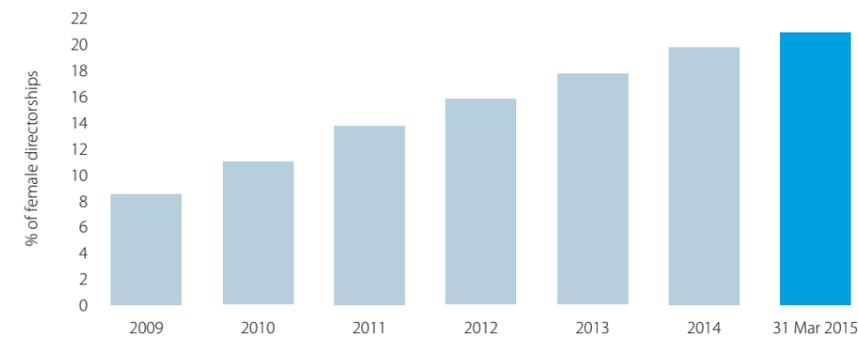
Women in Australia are better educated and have more employment opportunities than ever before. However, women remain under-represented in senior leadership roles in both the corporate and public sectors. Overwhelmingly, men hold the positions of power and influence.

WOMEN IN BUSINESS

Despite notable progress in recent years, women are underrepresented within the top echelon of business leaders in Australia. According to the Workplace Gender Equality Agency:¹²⁰

- Women hold 12 per cent of chair positions, and 23.7 per cent of directorships in Agency reporting organisations
- Women represent 17.3 per cent of CEOs, 26.1 per cent of key management personnel, 27.8 per cent of other executives/general managers, 31.7 per cent of senior managers and 39.8 per cent of other managers
- One-third (33.5 per cent) of Agency reporting organisations have no key management personnel who are women, and 31.3 per cent of organisations have no other executives/general managers who are women
- 30 boards (15 per cent) of ASX 200 companies have zero female representation (this is despite important progress in appointing more women to boards in recent years. Between 2009 and 2015, female representation on ASX 200 boards increased from 8.3 per cent to 20.4 per cent).

Figure 4.1:
Women serving on ASX 200 Company Boards^{121, *}



* A total of 34 boards in the ASX 200 still do not have any women.



WOMEN REPRESENT
17.3 PER CENT OF CEOs

PAY GAPS AT SENIOR MANAGEMENT LEVEL

As we saw in Chapter 2, gender pay gaps exist in all states and across all industries in Australia. The gap widens considerably for women in management roles.

A survey of 3.9 million employees across Australia conducted by the WGEA¹²² has found that the largest gender pay gap occurs at key management personnel level (28.9 per cent), followed by other executives/general managers (27.5 per cent), then other managers (24.6 per cent) and senior managers (23.5 per cent).

This clearly shows women in leadership positions are not accessing the same earning opportunities as men. This can be partly explained, as we saw in Chapter 1, by the fact that women gravitate to lower-paid roles in the market. As the WGEA notes, for example, female key management personnel are more likely to be in support roles such as human resources than line roles such as heads of finance.¹²³

IS GENDER DIVERSITY BETTER FOR BUSINESS?

In 2005, Credit Suisse Research¹²⁴ conducted a ground-breaking six-year research project into 2,360 companies globally, to determine whether gender diversity in corporate management improves performance.

The analysis revealed that on average, it would have been better to invest in corporates with women on their management boards than in those without. The findings also highlighted that companies with one or more women on the board have delivered higher average returns on equity, lower gearing, better average growth and higher price/book value multiples over the course of the six years (to 2011).

Additional research reveals further advantages of gender diversity in senior leadership:

1. Women bring new ideas, and different decision-making and communication styles that can have positive effects on board function and company management.¹²⁵
2. Female board directors can provide insights into consumer behaviour for women, and their presence improves company and brand reputations – especially for the female market.¹²⁶
3. Companies and organisations miss half the talent pool by not investing in gender diversity.¹²⁷
4. Women in management positions serve as role models for others; they encourage the career development of women and ensure the pipeline of qualified and experienced women remains open.¹²⁸
5. Companies with female CEOs, female board membership and a higher proportion of women in senior management are more profitable.¹²⁹
6. Equal representation of women and men in leadership roles allows quality outcomes for all Australians by ensuring the issues, perspectives and needs of women and men are equally represented in decision-making processes.¹³⁰



UNCONSCIOUS BIAS

The 'glass ceiling' is a term that is often used to describe the invisible barriers women face in their progression from middle to senior management. One of the drivers of the 'glass ceiling' is unconscious bias.

While the majority of organisations today would be unlikely to consciously discriminate and block women's progress into executive positions, there is evidence that unconscious bias exists as a barrier.¹³¹

Put simply, unconscious bias refers to decision-making in a manner in which the individual is unaware. In other words, day-to-day decisions are informed by a range of automated interpretations, including stereotypes, that an individual is not aware of having.¹³² These mindsets and responses are rarely acknowledged, but often block the way for women to progress into senior leadership roles.

The danger is that unconscious bias enables people managers to be drawn towards candidates who are similar to themselves, which serves to perpetuate the 'boys club' which is seen in so many boardrooms and leadership teams.¹³³ Within a work context this bias can become a problem if people (unconsciously) recruit and promote people like themselves rather than strictly applying a merit selection process.

¹²⁴ Credit Suisse Research, 2012, Does Gender Diversity Improve Performance

¹²⁵ Australian Bureau of Statistics Australian Social Trends, December 2012, Women in Leadership cat no. 41020

¹²⁶ Australian Bureau of Statistics Australian Social Trends, December 2012, Women in Leadership cat no. 41020

¹²⁷ Australian Bureau of Statistics Australian Social Trends, December 2012, Women in Leadership cat no. 41020

¹²⁸ Australian Bureau of Statistics Australian Social Trends, December 2012, Women in Leadership cat no. 41020

¹²⁹ Australian Bureau of Statistics Australian Social Trends, December 2012, Women in Leadership cat no. 41020

¹³⁰ Australian Bureau of Statistics Australian Social Trends, December 2012, Women in Leadership cat no. 41020

¹³¹ Australian Bureau of Statistics, Australian Social Trends, Women in Leadership, Dec 2012 cat. no. 6224.0.55.001

¹³² AIM Insights, 2012, Gender Diversity in Management: Targeting untapped talent – first steps

¹³³ Edwards, M, Burmester, B, Evans, M, May, 2013, Not yet 50/50: Barriers to the Progress of Senior Women in the Australian Public Service



MEN AND WOMEN EXECUTIVES

consider the tension between work and family to be primarily a women's problem

CAREER PROGRESSION AND WORK-LIFE BALANCE

Multiple studies have been published on the causes of low female representation in leadership, revealing several drivers, including stereotypes about women as mothers and carers. These stereotypes mean that women with young children are less likely than fathers to be nominated for promotion or put forward for leadership programs.¹³⁴

A 2014 Harvard Business Review study into Work Life Balance also found that men still think of their family responsibilities in terms of breadwinning, whereas women often see theirs as role modelling for their children. Furthermore, it revealed that both male and female business leaders around the world consider the tension between work and family to be primarily a woman's problem.¹³⁵

The pull of child rearing has long been a dominant explanation for the small proportion of women in corporate boardrooms, C-suites, partnerships and other seats of power. But while this thinking may persist today, another Harvard Business Review study reveals that the gender gap in senior management cannot be attributed to 'opting out to care for children'.¹³⁶

In fact, only 11 per cent of more than 25,000 Harvard Business School graduates surveyed were out of the workforce to care for children full-time.¹³⁷

The study found that even for women who were currently out of the workforce to care for children, 'opting out' was not an accurate description of their experience. Rather, the research suggested that when high-achieving, highly educated professional women leave their jobs after becoming mothers, only a small number do so because they prefer to devote themselves exclusively to motherhood; the vast majority left reluctantly and as a last resort, because they found themselves in unfulfilling roles with dim prospects for advancement.¹³⁸

Furthermore, a 2008 report found that while highly skilled women in full-time employment were more likely to have access to flexible work opportunities, resistance to flexibility increased at the senior end of the organisational hierarchy. Women in management, therefore, were less inclined to take up flexibility options than women at general staff level.¹³⁹

"We need to move beyond the idea that girls can be leaders and create the expectation that they should be leaders."

CONDOLEEZZA RICE
Former US Secretary of State (2014)

134 Workplace Gender Equality Agency, 2013, Different Genders Different Lives
135 Harvard Business Review, 2014, Manage your work, manage your life
136 Harvard Business Review, 2014, Rethink what you "know" about high-achieving women
137 Harvard Business Review, 2014, Rethink what you "know" about high-achieving women
138 Harvard Business Review, 2014, Rethink what you "know" about high-achieving women
139 Hannah Pitman, 2008, The Leadership Challenge: Women in Management

WOMEN IN GOVERNMENT

Women were first elected to the Australian Parliament in 1943, when Dorothy Tangney won a Senate position to represent Western Australia and Enid Lyons was elected to the House of Representatives in the seat of Darwin, Tasmania.¹⁴⁰

Since that time, the number of female Members of Parliament has been growing steadily. However, women still remain in the minority.

As of March 2015, fewer than one third (31 per cent) of all national, state and territory parliamentarians across Australia were women (248 out of 805). Federally, two cabinet ministers are women, compared with 17 male cabinet ministers.¹⁴¹

In the Federal Parliament, there is a higher proportion of women in the Senate or upper house (38 per cent) than in the House of Representatives or lower house (27 per cent). The Senate has traditionally had a higher proportion of women than the House of Representatives.¹⁴²

In 2015, the proportion of Australian parliamentarians who are women is 29 per

cent – less than one-third of all Australian politicians, with variations between jurisdictions and chambers slightly higher than the proportion of Federal Parliamentarians, but still just less than a third.¹⁴³

The Australian Capital Territory and the Northern Territory currently have the highest proportion of women members (50 per cent), while Queensland has the lowest (20 per cent). Overall, women have the highest level of representation in the two smallest parliaments: the Northern Territory and the ACT.

It took Australia 106 years until it saw its first woman Prime Minister (Julia Gillard) and Governor-General (Quentin Bryce).

As at March 2015 only one of the nine Australian government leaders (six state, two territory and one national) had a female leader, Anastacia Palaszczuk (ALP), Premier of Queensland.

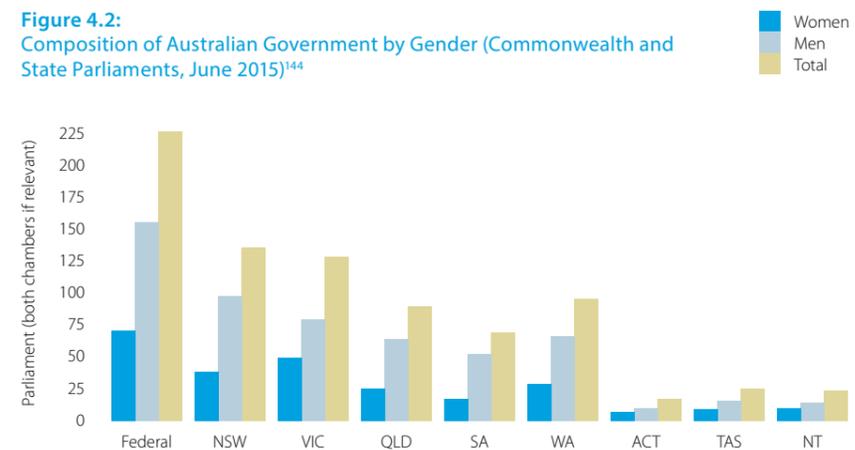
In 2010 the Commonwealth Government set a minimum target of 40 per cent women on Commonwealth Government board positions by 2015, and this target was achieved for the first time in 2013.¹⁴⁵



LESS THAN ONE THIRD OF

all national, state and territory parliamentarians across Australia are women

Figure 4.2: Composition of Australian Government by Gender (Commonwealth and State Parliaments, June 2015)¹⁴⁴



140 Department of Parliamentary Services, Parliamentary Library, 2012, Representation of women in Australian parliaments, Dr Joy McCann and Janet Wilson, 1
141 Australian Parliament House, 2015, Abbott Ministry Viewed on 20 March 2015
142 Department of Parliamentary Services, Parliamentary Library, 2012, Representation of women in Australian parliaments, Dr Joy McCann and Janet Wilson, 1
143 Department of Parliamentary Services, Parliamentary Library, 2012, Representation of women in Australian parliaments, Dr Joy McCann and Janet Wilson, 1
144 Parliaments of Australia, 2015, Federal, NSW, VIC, QLD, SA, WA, ACT, TAS, NT
145 Department of Parliamentary Services, Parliamentary Library, 2012, Representation of women in Australian parliaments, Dr Joy McCann and Janet Wilson, 1



HOW AUSTRALIA COMPARES TO THE WORLD – PARLIAMENTARY REPRESENTATION

Women only represent 31 per cent of Australia's state and national politicians, yet this country is still doing better than most of its peers.

According to the Inter-Parliamentary Union's (IPU) data on 190 countries for January 2015, women comprise 22.1 per cent of all parliamentarians in national parliaments.¹⁴⁶

¹⁴⁶ Inter-Parliamentary Union, 2015, Women in National Parliaments, as at 1st February 2015, accessed on 20 April 2015

CAREER PROGRESSION IN THE PUBLIC SERVICE

A research report prepared by the Australian and New Zealand School of Government's Institute of Governance at the University of Canberra¹⁴⁷ found that under-representation of women in public service leadership positions stems from perceived barriers to career progression, including:

- Competing priorities/family responsibilities
- Negative male perceptions of a woman's ability to lead
- Workplace structures and cultures that afford comparative advantage to men with the requisite leadership attributes.

CONCLUSION

Community agitation for better female representation among leadership ranks has been growing in recent years, and there have been some notable improvements in the number of women in senior roles. Indeed, awareness of the benefits of gender diversity in senior management and corporate boards is gaining traction.

Despite progress, women's representation among senior business and government leaders remains low.

Barriers to women's advancement into these roles include unconscious bias in the workplace, a lack of flexibility in senior positions, and gendered stereotypes about home and caring responsibilities. Contrary to commonly held beliefs, the majority of women are not opting out of career opportunities in order to prioritise family life. For those who do choose to work part-time, they commonly find themselves in less challenging roles or roles with less responsibility.

The impacts are felt both in terms of limited career opportunities, earning potential and the opportunity to increase retirement savings, which is discussed in the next chapter.



DESPITE PROGRESS, WOMEN'S REPRESENTATION

among senior business and government leaders remains low

¹⁴⁷ ANZOG Institute of Governance at the University of Canberra, 2013. Not Yet 50/50: Barriers to the Progress of Senior Women in the Australian Public Service

CHAPTER 5 RETIREMENT INCOME

LIFE EXPECTANCIES IN AUSTRALIA, FOR BOTH MEN AND WOMEN, ARE AMONG THE HIGHEST IN THE WORLD

CHAPTER HIGHLIGHTS



Australian women can expect to live 24.2 years in retirement; men 19.3 years



Around half of Australians nearing retirement expect to rely on superannuation, annuity or allocated pension as their main retirement income stream



Women have just over half as much superannuation as men



Ninety per cent of women will retire with inadequate superannuation savings, and one in five women yet to retire has no superannuation



Single women are most likely to be reliant on the full Age Pension as their sole source of income and are at greatest risk of persistent poverty

AUSTRALIANS ARE LIVING LONGER

According to the Australian Government's 2015 Intergenerational Report¹⁴⁸ there will be around 40,000 centenarians in Australia in 2054-55 – almost nine times the number expected in 2014-15, and well over three hundred times the 120 or so centenarians who were alive in 1974-75.

According to the United Nations, by 2050 there could be 3.2 million centenarians world-wide, an increase of 300,000.¹⁴⁹

Life expectancies in Australia, for both men and women, are among the highest in the world. According to UN data for the period 2010-15, Australia is ranked second to Iceland in male life expectancy, with a difference of 0.2 per cent, while Australian women are ranked 7th behind Japan, Hong Kong, Spain, France, Switzerland and Italy, with only a two per cent difference in expectancy between Australia and Japan.¹⁵⁰

While Australians are living longer, we have yet to understand the impacts on our quality of life, particularly in later years of retirement.

YEARS IN RETIREMENT

In a survey conducted by the ABS in 2013¹⁵¹ almost one in five Australians over the age of 45 plan to retire from the labour force at 70 years or older.

Of the 2.3 million people surveyed, 49 per cent intend to retire between 65 and 69 years and 25 per cent intend to retire between 60 and 64 years.

Once in retirement, Australian women can expect to live an average of 24.2 years, five years longer than their male counterparts, who can expect to live for 19.3 years in retirement.¹⁵²

The difference in years in retirement between men and women is broadly aligned to the OECD average. Within OECD countries, men can typically expect to spend four-and-a-half fewer years in retirement compared to women.¹⁵⁴

AUSTRALIAN WOMEN CAN EXPECT TO LIVE AN AVERAGE OF 24.2 YEARS IN RETIREMENT



148 Australian Treasury, Intergenerational Report 2015 page 5
149 United Nations, World Population Ageing 1950-2050 page 23
150 United Nations, Life expectancy at birth, 2010 – 2015

151 Australian Bureau of Statistics Retirement and Retirement Intentions, July 2012 to June 2013 cat no. 6238.0
152 OECD 2014 Society at a glance 2014 – OECD Social Indicators, March 2014 page 2
153 OECD 2014 Society at a glance 2014 – OECD Social Indicators, March 2014 page 2
154 OECD, 2014, Expected years in retirement

ONE IN FIVE WOMEN IN AUSTRALIA YET TO RETIRE HAS NO SUPERANNUATION

SOURCE OF INCOME AT RETIREMENT

The ABS notes¹⁵⁵ that just under half (49 per cent) of Australians nearing retirement reported their main expected source of personal income at retirement as 'superannuation/ annuity/ allocated pension'. More than half of men who intended to retire reported this (54 per cent), as did 43 per cent of women.

However, the difference between expectations and reality can be profound: 90 per cent of Australian women will retire with inadequate superannuation savings.

According to the ABS, just over 93 per cent of people intending to retire indicated that they had contributed to a superannuation scheme at some time, compared with 61 per cent of people who had already retired.

The Australian Securities and Investment Commission notes that most retirees draw their income from a couple of different sources¹⁵⁶ and apart from superannuation, the ABS found that another commonly reported main expected source of personal income was a 'government pension/allowance' (27 per cent). This was reported by 24 per cent of men and 31 per cent of women.¹⁵⁷

The main expected source of funds for meeting living costs at retirement varied between men and women. Although personal income was a common expected source for both men (76 per cent) and women (63 per cent), 16 per cent of women expected to rely on 'partner's income' in contrast to only four per cent of men.¹⁵⁸

The ABS found that the major differences related to how men and women viewed their personal income at retirement.¹⁵⁹

- Over a third (37 per cent) of women report having no personal income at the age of retirement
- Men reported that their main sources of personal income at retirement were 'government pension/allowance' (51 per cent) and superannuation/annuity/allocated pension' (25 per cent)
- Women reported that their main sources of personal income at retirement were also 'government pension/allowance' (42 per cent) and 'superannuation/annuity/ allocated pension' (10 per cent)
- Under half (44 per cent) of women reported 'partner's income' as their main source of funds for meeting living costs at retirement.

AUSTRALIA'S SUPERANNUATION SYSTEM

Australia has one of the largest private pension markets in the world, through its compulsory Superannuation Guarantee system, introduced in 1992.

The total superannuation pool is now approaching \$2 trillion.¹⁶⁰

Notwithstanding this enormous investment base, Rice Warner¹⁶¹ estimates it is \$700 billion short of what Australians need to live on in retirement – the so-called 'superannuation savings gap'.

Although the superannuation gap exists for both men and women, women are typically in a worse retirement position than men because they contribute too little to their superannuation during their working lives.

This has typically occurred because women often work in lower-paid jobs, work casually or part-time, and often take more time out of the workforce than men to look after children or family members.

As a consequence, 90 per cent will have inadequate retirement savings.¹⁶² Further, research showed that in 2010 one in five women yet to retire has no superannuation.^{162.1}

As discussed in Chapter 4, Australian men spend more time in the paid workforce, including overtime, while women spend more time in the unpaid workforce as volunteers and care providers.

As a result, there is a large, and growing, shortfall between the superannuation savings of Australian men and women.

Data from the ABS shows¹⁶³ that women, on average, have just over half as much superannuation as men – and retire with around the same (dis)proportion.

The ability of women to accumulate wealth is of course further hindered by the gender pay gap, which is at 18.8 per cent (See Chapter 2 – Employment and earning potential).

Having children also has a negative impact on a woman's superannuation savings. According to the Association of Superannuation Funds of Australia (ASFA), working mothers can accumulate a 'super baby debt' of as much as \$50,000 over their working lives.¹⁶⁴

In the 1980s the Government of the day foresaw the challenges associated with the retirement of an entire generation of Baby Boomers, including the unsustainable pressure it would have on the Age Pension. As a result,

superannuation was initially introduced for some workers through their industrial-based awards. This was later broadened to all workers with the introduction of the Compulsory Superannuation Guarantee system in 1992.

Today Australia has a three-pillar retirement system made up of:¹⁶⁵

- a mandatory contribution (made by employers), currently 9.5 per cent until 2021 then eventually rising to 12 per cent by 2025
- voluntary employee contributions, many of which receive tax incentives
- a government means-tested Age Pension commencing at age 65 for men (64 and a half for women) but increasing to age 67 for both men and women from 2017.

Australia only represents about two per cent of the global economy, yet its superannuation pool is one of the largest in the world, and will continue to grow for decades to come.

According to ASFA, Treasury estimates suggest that assets held within superannuation will rise to around \$6 trillion by 2037, or about 145 per cent of Gross Domestic Product.¹⁶⁶

Notwithstanding this investment, it will still be inadequate to meet Australia's retirement needs.

A global survey of people's attitudes to retirement savings shows that while Australians expect to spend 23 years in retirement, their money will run out after only just 10 years, leaving them to rely on just the Age Pension.¹⁶⁷

SINGLE WOMEN ARE MOST LIKELY

to be reliant on the full Age Pension as their sole source of income and are at greater risk of persistent poverty



90 PER CENT OF WOMEN
WILL HAVE INADEQUATE
SAVINGS AT RETIREMENT

155 Australian Bureau of Statistics Retirement and Retirement Intentions, July 2012 to June 2013 cat no. 6238.0

156 Australian Securities and Investment Commission Money Smart – Sources of Income in Retirement

157 Australian Bureau of Statistics Retirement and Retirement Intentions, July 2012 to June 2013 cat no. 6238.0

158 Australian Bureau of Statistics Retirement and Retirement Intentions, July 2012 to June 2013 cat no. 6238.0

159 Australian Bureau of Statistics Retirement and Retirement Intentions, July 2012 to June 2013 cat no. 6238.0

160 The Association of Superannuation Funds of Australia, 2015, Superannuation Statistics

161 Rice Warner, 2013, Retirement Savings Gap

162 The Association of Superannuation Funds of Australia, 2014 New superannuation account balance data shows gender gap still persists

162.1 Super system evolution: Achieving consensus through a shared vision, ASFA White Paper – Part 4, May 2013, ASFA

163 The Association of Superannuation Funds of Australia, 2014 New superannuation account balance data shows gender gap still persists

164 The Association of Superannuation Funds of Australia, 2015, Super Guru: Super Baby Debt, accessed on 19 June 2015

165 Association of Superannuation Funds of Australia Submission to Financial System Inquiry March 2014

166 Association of Superannuation Funds of Australia Submission to Financial System Inquiry March 2014

167 HSBC Future Retirement Report January 2015

TODAY, A 25-YEAR-OLD WOMAN

with a postgraduate qualification is expected to have lower lifetime earnings than a man with a Year 12 qualification

SUPERANNUATION AND WOMEN

As we saw in Chapter 2 (Employment and earning potential), women's participation in the workforce is higher than ever.

Yet, on average, women have just over half the superannuation savings of men at retirement age, even if they don't have children or care for elderly parents and stay in work full-time. This figure doesn't account for the significant proportion of women who have little or no superannuation.

Single women are most likely to be reliant on the full Age Pension as their sole source of income and are at greatest risk of persistent poverty.¹⁷⁰

The financial disadvantage Australian women face in retirement is caused by the gender pay gap, and the gendered nature of caring for children, aged parents and family members with disabilities, which creates a context in which Australian women continue to experience explicit and implicit financial disadvantage throughout their lives.

We have seen from previous chapters that pay inequality and income gaps between men and women increase over time and become wider in older age. Women fare more poorly than men over the course of their lifetime earnings, irrespective of their level of education.¹⁷¹

Table 5.1 shows the lifetime earnings gap between men and women by level of education. The lifetime earnings gap between men and women with a bachelor's degree was \$1.52 million, with men earning \$3.66 million compared to women's \$2.14 million.¹⁷²

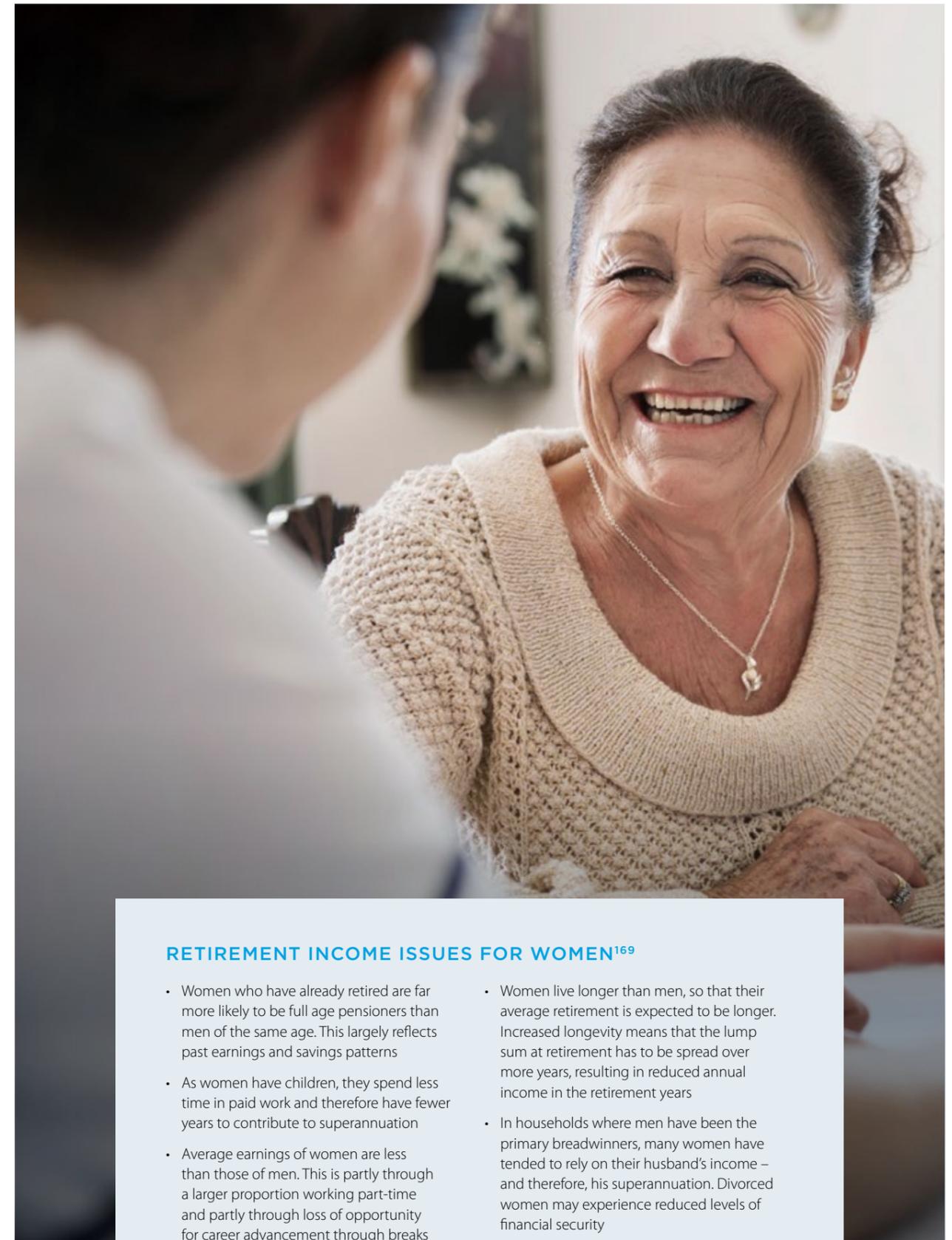
A woman aged 25 years with a postgraduate qualification can expect to earn two-thirds of her male counterpart's lifetime earnings and, on average, she will have lower lifetime earnings than a man with just a Year 12 qualification – \$2.49 million and \$2.55 million, respectively.¹⁷³

The gender pay gap, which persists throughout a woman's working life, is magnified during retirement and, as we have seen in previous chapters, is compounded by any amount of time a woman spends in unpaid or part-time work.

Table 5.1: Lifetime employee income of persons at age 25 years, by gender¹⁷⁴

Education level	Lifetime earnings (\$millions) women	Lifetime earnings (\$millions) men
Year 11 or below	1.26	2.13
Year 12	1.52	2.55
Certificate	1.34	2.49
Diploma	1.70	3.08
Bachelor	2.14	3.66
Postgraduate	2.49	3.78

170 Australian Human Rights Commission, 2009. Accumulating poverty? Women's experiences of inequality over the lifecycle p4
 171 AMPNATSEM, Smart Australians: Education and Innovation in Australia p 30
 172 AMPNATSEM, Smart Australians: Education and Innovation in Australia p 30
 173 AMPNATSEM, Smart Australians: Education and Innovation in Australia
 174 AMPNATSEM, Smart Australians: Education and Innovation in Australia p32.



RETIREMENT INCOME ISSUES FOR WOMEN¹⁶⁹

- Women who have already retired are far more likely to be full age pensioners than men of the same age. This largely reflects past earnings and savings patterns
- As women have children, they spend less time in paid work and therefore have fewer years to contribute to superannuation
- Average earnings of women are less than those of men. This is partly through a larger proportion working part-time and partly through loss of opportunity for career advancement through breaks in employment for child rearing. Lower income means that superannuation contributions are smaller
- Women live longer than men, so that their average retirement is expected to be longer. Increased longevity means that the lump sum at retirement has to be spread over more years, resulting in reduced annual income in the retirement years
- In households where men have been the primary breadwinners, many women have tended to rely on their husband's income – and therefore, his superannuation. Divorced women may experience reduced levels of financial security

169 Rice Warner, 2010. Superannuation Savings Gap for Women

THE SHARE OF TOTAL SUPERANNUATION ASSETS HELD BY WOMEN HAS IMPROVED, BUT REMAINS LOW

DISTRIBUTION OF SUPERANNUATION BY GENDER

Overall, superannuation coverage is improving for both men and women. The share of total superannuation assets held by women has also improved, but it remains low.

In 2011-12 women held 36 per cent of Australia's total superannuation savings (up from 30 per cent in 2003-04 and 23 per cent in 1994).¹⁷⁵

In 2011-12, around 26 per cent of men reported not having any superannuation, compared to 34.6 per cent of women. These figures are down significantly from two years earlier, from around 31.6 per cent of men and 38.5 per cent of women with no superannuation.¹⁷⁶

Between 2005 and 2012, the percentage of men with more than \$100,000 in superannuation increased from 8.4 per cent to 18.2 per cent, while for women the percentage increased from 2.8 per cent to 10.3 per cent. There also were increases in the proportions with balances between \$40,000 and \$100,000, with an increase for men from 10.1 per cent to 19.6 per cent and from 6.4 per cent to 14.4 per cent for women.¹⁷⁷

THE DISTRIBUTION OF SUPERANNUATION BALANCES¹⁷⁸

Average balances in 2011-12 were \$82,615 for men and \$44,866 for women. For both men and women, the average balance increases steadily by age group, up until about age 60, when average balances start to decrease. The decrease can be attributed to two reasons:

first, this is when individuals start to draw down on their superannuation, and second, larger proportions of older Australians – particularly women – have never had superannuation.

THE FAMILY IMPACT

The impact of having children on women and men is different when it comes to lifetime earnings. A 2009 NATSEM report found the lifetime earnings of a man with children are double a woman's earnings and around a quarter (23 per cent) more than a man without children. What's more, a woman without children typically earns 43 per cent more than a woman with children.¹⁸⁰

One of the key reasons for this discrepancy is that, despite women's increasing participation in the paid workforce, there has been little change in the division of caring responsibilities in Australia. Women in Australia continue to bear the primary responsibility for caring for children and other family members, including ageing parents and family members with disabilities.

As a result, women are more likely to work part time – often for a period of years, during the time when their career potential and earning capacity is at its highest – and are also twice as likely as men to take unpaid leave to care for others. Unpaid leave is the second most frequent working arrangement adopted by women when they are required to care for their family, once again at the expense of their long-term financial interests. (For more on the costs and implications of caring and unpaid work see Chapter 3).

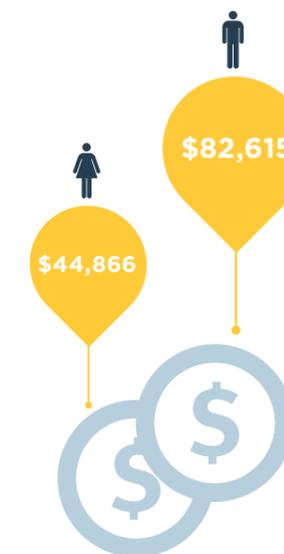
Table 5.2:
Superannuation balances by gender

Year	Super balance	Women (%)	Men (%)
2011-12	0	34.6	26
2011-12	>\$100,000	10.3	18.2
2011-12	\$40,000-\$100,000	14.4	19.6

Table 5.3:
Mean superannuation balances in 2011-12, \$

Age	Women	Men	Persons
15 to 19 years	398	603	503
20 to 24 years	4,403	5,533	4,981
25 to 29 years	13,399	18,899	16,168
30 to 34 years	22,765	32,819	27,772
35 to 39 years	36,142	53,221	44,592
40 to 44 years	43,826	66,503	55,020
45 to 49 years	60,618	102,358	81,231
50 to 54 years	71,661	136,707	103,613
55 to 59 years	91,216	203,909	146,663
60 to 64 years	104,734	197,054	150,321
65 to 69 years	90,185	172,767	130,990
70 to 74 years	65,121	142,790	102,781
75 to 79 years	24,027	55,291	38,708
80 to 84 years	15,536	52,006	31,800
85 years and over	17,544	35,555	24,648
TOTAL	44,866	82,615	63,518

THE IMPACT OF HAVING CHILDREN ON WOMEN AND MEN IS DIFFERENT WHEN IT COMES TO LIFETIME EARNINGS



AVERAGE SUPERANNUATION BALANCES IN 2011-12 WERE \$82,615 FOR MEN AND \$44,866 FOR WOMEN

175 ASFA Research and Resource Centre, 2014. An update on the level and distribution of retirement savings p13
 176 ASFA Research and Resource Centre, 2014. An update on the level and distribution of retirement savings p4
 177 ASFA Research and Resource Centre, 2014. An update on the level and distribution of retirement savings p5
 178 ASFA Research and Resource Centre, 2014. An update on the level and distribution of retirement savings p5
 180 AMPNATSEM, 2009. She works hard for the money: Australian women and the gender divide p32



IN THE YEAR IMMEDIATELY AFTER

divorce, women's incomes declined while men's stayed the same

Table 5.4:
Proportions of the population by account balance bands, 2011-12¹⁷⁹

	SUPERANNUATION BALANCE GROUP				Total
	Nil	Low	Middle	High	
FEMALE	Distribution of population (%)				
15 to 19 years	2.8	1.1	n.p	n.p	3.9
20 to 24 years	0.9	3.4	n.p	n.p	4.4
25 to 29 years	0.9	3.5	0.3	0.0	4.6
30 to 34 years	0.8	2.8	0.8	0.1	4.4
35 to 39 years	0.8	2.2	1.1	0.3	4.4
40 to 44 years	0.9	2.0	1.1	0.5	4.5
45 to 49 years	0.7	1.8	1.2	0.6	4.3
50 to 54 years	0.8	1.7	0.9	0.8	4.2
55 to 59 years	1.0	1.1	0.8	0.9	3.8
60 to 64 years	1.3	0.7	0.6	0.9	3.5
65 to 69 years	1.7	0.2	0.2	0.7	2.7
70 to 74 years	1.5	0.1	0.2	0.3	2.1
75 to 79 years	1.4	0.1	0.1	0.1	1.6
80 to 84 years	1.2	0.0	0.0	0.1	1.3
85 years and over	0.8	0.0	0.1	0.0	0.9
TOTAL	17.5	20.7	7.3	5.2	50.6
MALE	Distribution of population (%)				
15 to 19 years	2.9	1.3	n.p	n.p	4.1
20 to 24 years	1.1	3.4	n.p	n.p	4.6
25 to 29 years	0.6	3.5	0.5	0.1	4.7
30 to 34 years	0.4	2.7	1.0	0.2	4.3
35 to 39 years	0.5	1.7	1.6	0.5	4.3
40 to 44 years	0.5	1.5	1.6	0.8	4.4
45 to 49 years	0.5	1.1	1.4	1.3	4.2
50 to 54 years	0.6	0.8	1.2	1.5	4.1
55 to 59 years	0.6	0.7	0.8	1.6	3.7
60 to 64 years	0.9	0.5	0.8	1.3	3.4
65 to 69 years	1.1	0.3	0.4	0.9	2.7
70 to 74 years	1.1	0.1	0.2	0.5	2.0
75 to 79 years	1.0	0.1	0.1	0.2	1.4
80 to 84 years	0.8	0.1	0.1	0.1	1.1
85 years and over	0.5	0.1	0.0	0.0	0.6
TOTAL	12.9	17.9	9.7	9.0	49.4

MARRIAGE AND DIVORCE

Superannuation has grown significantly in importance as a family asset since the early 1980s. More couples now have superannuation assets and the importance of these assets has grown. Indeed, in some low-asset marriages, superannuation may be close in value to the family home.

Research from the Australian Institute of Family Studies in 2009, which analysed data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, has shown that divorced women are still significantly worse off than both divorced men, and women who never divorced.¹⁸¹

When it comes to income, the study found that in the year immediately after divorce, women's incomes declined while men's stayed the same.

And four years after divorce, women experienced a 2.9 per cent increase in income from pre-divorce levels compared to an increase of 12.3 per cent for non-divorced women. For divorced men, income increased by 12.5 per cent.¹⁸²

The statistics are far bleaker for superannuation. According to a recent study, only one in six divorcees consider their partner's super in a settlement, despite the fact that super is typically the second biggest asset after the family home.

The implications are more pronounced for women, whose super balances are on average much lower than men's. Given that Australians are most likely to divorce in their early to mid-forties, there is a considerable amount of superannuation involved, with a 45-year-old male's average superannuation balance of \$128,000. This is compared to \$42,000 for women at their average age at divorce of 42.¹⁸³



THE MAJORITY OF COUPLES DON'T CONSIDER THEIR SUPER IN THE DIVISION OF PROPERTY DURING A DIVORCE

179 ASFA Research and Resource Centre, 2014. An update on the level and distribution of retirement savings p11

181 The Australian Institute of Family Studies, 2009. The long lasting financial impacts of divorce for women

182 The Australian Institute of Family Studies, 2009. The long lasting financial impacts of divorce for women

183 Suncorp Superannuation, 2013. Untying the knot

RETIREMENT INCOME ADEQUACY

In 2014, the Australian Council of Social Service (ACOSS) conducted a study into poverty in Australia and found that some female sub-groups were at particular risk, including single mothers. Single mothers comprise the majority of sole parents – one of the most at-risk groups, with 33 per cent said to be living in poverty.¹⁸⁶

In Australia, women are more likely to live in poverty than men, with 14.7 per cent of all women compared with 13 per cent of all men experiencing poverty in 2011/12 (using the 50 per cent poverty line). This outcome is due to the fact that women tend to have lower employment outcomes and wages, are more likely to be in unpaid caring roles and have lower investment incomes in retirement.¹⁸⁸

A 2008 Australian Government Pension Review paper found that due to the inequality in the retirement income system, women will continue to be heavily reliant upon the Age Pension. Of all retired households, single women are most likely to be reliant on the full Age Pension as their main source of retirement income.¹⁸⁹

The study assumes that the financial insecurity and poverty, stemming from the gender gap in retirement savings, directly affects an individual's standard of living including their access to shelter, food and clothing, as well as their health status.¹⁹⁰

It is commonly thought that most women will have access to the retirement savings or income of a partner. However, as a 2009 Australian Human Rights Commission paper points out, this belief is flawed, for a number of reasons:¹⁹¹

- A significant proportion of Australian women choose to live without a partner. Many of these women will live the final years of their life in poverty
- It is incorrect to assume that a marriage or de facto relationship will be permanent. Even if a woman finds another partner after divorce and again has access to a partner's retirement income, it is inequitable and impractical to suggest that a woman's expectations of financial security in retirement should fluctuate according to her relationship status

- Dependence on a partner's income makes the significant number of women in violent or abusive relationships financially vulnerable, particularly as they reach retirement age and the possibility of acquiring an independent income diminishes
- Finally, at a time where self-funding of retirement is actively encouraged, and tax and other policy incentives are structured to benefit individuals who do so, it is unfair to set up barriers for women to financially manage their own retirement.

CONCLUSION

Life expectancies in Australia, for both men and women, are among the highest in the world.

We don't yet fully understand what impacts living longer will have on our quality of life, particularly as it relates to later years in retirement.

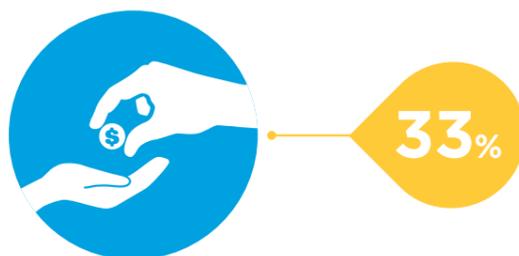
What we do know is that women spend longer in retirement than men, and they have much lower savings. In fact, more than a third of women in Australia report having no personal income when they retire, compared to less than 10 per cent of men.

Unfortunately, Australian women are more likely to retire in poverty than men. As we've seen in previous chapters, this is largely because they are paid less for the same work and they often revert to part-time jobs to assume child rearing or family responsibilities at some point in their lives.

There is a common misconception that women will retire with access to their partner's income or savings. While some will, this is an outdated view of how many Australian women live their lives and fails to account for single women, or women who are single when they retire.

While the superannuation gap affects both men and women, these inequalities prevent women from saving in the same way as men and therefore benefitting in the same way as men from our superannuation system. This goes to the heart of financial gender inequity in Australia.

Ninety per cent of Australian women will have inadequate savings, and one in five women yet to retire has no superannuation.



SINGLE MOTHERS COMPRISE THE MAJORITY OF SOLE PARENTS - ONE OF THE MOST AT-RISK GROUPS, WITH 33 PER CENT SAID TO BE LIVING IN POVERTY

¹⁸⁶ Australian Council of Social Service, 2014, Poverty in Australia
¹⁸⁸ Australian Council of Social Service, 2014, Poverty in Australia
¹⁸⁹ Australian Human Rights Commission, 2009, Accumulating Poverty? Women's experiences of inequality over the lifecycle, September 2009 (access on 24 April 2015)
¹⁹⁰ Australian Human Rights Commission, 2009, Accumulating Poverty? Women's experiences of inequality over the lifecycle, September 2009 (access on 24 April 2015)
¹⁹¹ Australian Human Rights Commission, 2009, Accumulating Poverty? Women's experiences of inequality over the lifecycle, September 2009 (access on 24 April 2015)

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