




no limits

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From Susan Heron, CEO, the Australian Institute of Management (Vic/Tas)

25 August 2008

Mr Glenn Worthington  
The Secretary  
Standing Committee on Employment and Workplace Relations  
House of Representatives  
PO Box 6021  
Parliament House  
Canberra ACT 2600

Submission No: ..... 104 .....
Date Received: ..... 28/8/08 .....
Secretary: .....  .....

Dear Mr Worthington

**Pay Equity and associated issues related to increasing female participation in the workforce**

The Australian Institute of Management (Victoria/Tasmania) is acutely concerned about the need to stop the female 'brain drain' from the Australian workforce.

Australia's ageing workforce and low birth rate paint a gloomy picture of entrenched, long term skills shortage. The significant loss of women from the ranks of the full time employed is simply not sustainable. Indeed, the nation's demand for skilled people, which is already a major impediment on business performance, is set to escalate. In the next few years the first wave of Baby Boomers retires en masse from the workforce.

As you would be aware, just over half of the graduates from Australia's tertiary institutes are women. Yet, analysis of the executive ranks of the nation's major companies reveals that only some ten per cent of these executives are women. Research also consistently shows that women executives earn significantly less than their male counterparts - in some cases they are paid just half what a man would earn. ABS data tells us that across the workforce women earn 16 per cent less than men. This pay inequality has led to a shocking imbalance in the superannuation payouts of men and women.

It is clear that Australia is getting an extremely poor return on its investment in tertiary education for women. Looking at that inadequate investment return from a business perspective, corrective action is needed to dramatically alter what has become the 'norm.' Such a dilemma provides an ideal environment for Government to take corrective action in the nation's best interests in a way that will boost productivity and living standards.

I believe the growing crisis that is Australia's shortage of skilled people will eventually force all employers to actively pursue new ways of attracting and retaining women in the workforce. Already, we are seeing 'pacesetter' organisations offer flexible working hours, paid maternity leave, improved career options for women and equal pay.

I think a key challenge for our nation is to speed up this process of marketplace adjustment to increase female participation in the workforce. The Australian Government has an opportunity to play a vital leadership role in accelerating this adjustment process.

It is my view that Government needs to get much better input and commitment from the private sector on how to solve the problems confronting the pay equity and participation crisis. It is apparent that existing organisations within Government such as the Equal Opportunity for Women in the Workplace Agency (EOWA) and the Sex Discrimination office within the Human Rights and Equal Opportunity Commission provide valuable insights on the problems facing women in the workplace. However, there appears to be scope to provide Government with ongoing, high quality input on ways for organisations to attract and retain women in the workforce – not just identify the issues that need to be addressed.

I recommend the Government give serious consideration to the establishment of an independent, government owned organisation charged with engaging with industry to cultivate new approaches to overcome the problems preventing pay equity and higher participation rates. This organisation, small in scale, would be at arms length from the day to day operations of Government and would be structured as a company with a mix of government and business people on its Board. It would provide a key forum for the development and implementation of reform initiatives and elevate the importance of pay equity and participation on the business agenda. The organisation would require Government funding commitment for the first three to five years of its operations but thereafter the funding model could be transformed to see the private sector contribute the lion's share of the organisation's costs.

It is apparent, that despite genuine efforts by Government to achieve pay equity and maximise female workforce participation that the current operational 'model' imposed on government organisations such as EOWA is not providing them with the scope to help solve the problems identified. I think my proposal will lead to a much better 'connect' with industry and significantly hasten the process of female pay equity and greater workforce participation as we face the growing, critical skills shortage.

The work of the Standing Committee on Employment and Workplace Relations will provide an important impetus for change in pay equity and female workforce participation. I strongly urge it to achieve an outcome that will see our nation put an end to the woefully poor returns on our investment in tertiary education for women. From the perspective of the business sector, such inadequate returns on investment are not sustainable. It is time we took meaningful action to end the female 'brain drain' and do more than just identify the problems we face.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Susan Heron", written over a large, loopy flourish that extends to the right.

Ms Susan Heron