

Discussion Paper

The Gendered Labour Market November 2020

Outlining the issues associated with the gender differences in the labour market has revealed a range of factors that underpin the persistent gaps in gender pay and superannuation. This paper acknowledges those factors but focuses the analysis and recommendations on specific economic policy changes that can close the gap on the imbalances in the labour market.

In looking at the gendered labour market, we start with a simple question: Why is a miner who helps to dig out iron ore or copper from the ground and transport it to a ship paid substantially more than an early education teacher who uses their skills and expertise to nurture Australian children as they start their journey through life?

Both jobs are vitally important and essential for Australia's economic prosperity, both require special skills and training to achieve success, yet society values the role of an average miner significantly more than it does someone looking after and teaching our children.

Data shows that the miner has an 83.7 per cent chance of being a male, while the teacher has a 73.2 per cent chance of being a female.

A lot of the differentials in pay levels and gender participation in various sectors of the economy are due to issues going back many generations – men as the sole breadwinner needed to be paid a wage sufficient to look after a family, while it was only unmarried and single women who were teachers.

It has always been thus, as the saying goes.

Of course, this is an over-simplification of a complex problem. But as advocates of gender equality point out and policy makers look to address the gender pay and superannuation gaps, addressing such thinking which leads to unbalanced outcomes can form the background into what can and should be done to ensure that women and men are paid the same during their paid work-life.

When successfully implemented, this will enhance the economic security of all women living in Australia and see them retire with superannuation balances equal to men.

It would also be a vital element in increasing overall productivity in Australia which would act to boost economic growth.

In large part, the persistent and wide differentials in the pay and superannuation balances of men and women is linked to the differences in full-time equivalent wages paid to different industries.

At one extreme, the average weekly full-time pay of workers in the Mining sector is 66 per cent higher than in the Health Care and Social Assistance sector. ⁱ

Given that females make up 79.0 per cent of employees in Health Care and Social Assistance and just 16.3 per cent in Mining, the overall gender pay and therefore superannuation gaps have at their core the remunerated value of work for different sectors of the economy.

The Workplace Agenda Equality Agency (WGEA) prepared a comprehensive report and analysis which aggregated sectors by the gender of workers.ⁱⁱ

Those sectors with a 'dominant' gender were judged to have 60 per cent or more of one gender in that sector, while the mixed sectors had a broad 41 to 59 per cent female / male split.

According to WGEA calculations, the total average remuneration in female-dominated sectors for all employees was 15.0 per cent lower than male remuneration. In sectors with a mixed gender balance, this rose to a difference of 23.4 per cent while the 'pay gap' was 19.1 per cent in male dominated sectors.ⁱ

This pay gap is little changed over several decades and WGEA estimate that on current trends, the pay gap will not be eliminated until at least the middle of the 21st century.

It is difficult, if not impossible, to force broad gender workforce balance across all industries, although the opportunity for men and women to work in any sector they have the skills for and wish to participate in should be a given.

This is where the broad equality in education outcomes and schemes including those encouraging women to study STEM subjects are welcome.

Achieving greater economic security for women is therefore more likely if the pay differentials between sectors is closed. This will not always be achievable given the current flexibility in the workplace, but it can be influenced by pay settings set by various agencies, including the Fair Work Commission. Public sector wages can be directly influenced by Federal and State governments and this is one of the recommendations of this Report.

Many generations of societal stereotypes mean work done in mining is valued more than in health care and teaching. This is reflected in overall pay rates. There is little evidence of these pay gaps and female / male participation rates materially changing in structural terms in recent years. In other words, sectors that were male dominated and highly paid two decades ago are still male dominated and highly paid today.

This is despite success in closing the gender education gap, which means as many females and males are completing Year 12 and tertiary education studies. There was a large education gap between boys and girls as recently as the late 1990s.

Eliminating the gender education gap was seen as a fundamental requirement to give females the opportunity to work in high paying jobs. While this has largely been achieved, this skill equalisation on a gender basis is not showing up in an equalisation of pay on a gender basis.

One reason, which is argued in many eS4W reports, is because of a lack of affordable and accessible childcare. Difficulties, including the cost, of childcare has discouraged many women from achieving management positions across all sectors and as such has been a critical factor in perpetuating the gender pay gap.

As many women gain expertise and experience and, like their male counterparts, are starting to gain promotions to management and executive roles, parenting often begins. A lack of affordable and accessible childcare opportunities means that many mothers do not return to paid work and have the opportunity to be promoted to senior, high paying, roles.

As previous eS4W papers have shown, there is a strong and undeniable correlation between access to childcare and the workforce participation of mothers.

This is why accessible and affordable childcare remains a simple yet effective reform that will boost the economic security of women.

In terms of the gendered labour market issues, Table 1, below, shows the latest average weekly earnings data by industry and by gender. Males are paid 16.2 per cent more than females for a full-time role. This is the case in every sector except for “other services” which includes non-wage income and equates to \$253.60 a week or over \$13,000 per annum.

The fact that the pay gap is evident across the board, including in sectors with a high ratio of women, suggests that there is a structural component to the gender wage gap as workers gain experience and are promoted to management roles.

Table 1: Average Weekly full-time earnings: by industry and by gender – May 2020ⁱⁱⁱ

	Total \$	Males \$	Females \$	Difference \$
Mining	2,697.50	2,764.20	2,325.50	438.70
Manufacturing	1,526.80	1,557.70	1,414.10	143.60
Electricity, gas & water	1,907.70	1,950.70	1,753.30	197.40
Construction	1,683.00	1,719.80	1,450.00	269.80
Wholesale trade	1,591.50	1,656.90	1,437.00	219.90
Retail trade	1,259.80	1,307.30	1,188.30	119.00
Accommodation & food services	1,139.30	1,190.80	1,076.00	114.80
Transport, postal & warehousing	1,662.10	1,718.40	1,451.70	266.70
Information media & telecommunications	2,033.40	2,163.30	1,784.70	378.60
Finance & insurance services	2,105.80	2,248.50	1,739.80	508.70
Rental, hiring & real estate services	1,561.30	1,693.70	1,372.00	321.70
Professional, scientific & technical services	1,965.70	2,157.00	1,638.00	519.00
Administrative & support services	1,537.90	1,644.20	1,372.50	271.70
Public administration & Safety	1,801.90	1,846.90	1,740.20	106.70
Education & training	1,825.70	1,987.00	1,743.50	243.50
Health care & social assistance	1,624.60	1,913.00	1,505.00	408.00
Arts & recreation services	1,523.80	1,590.50	1,420.80	169.70
Other Services	1,339.30	1,336.30	1,344.20	-7.90
Total All Industries	1,713.90	1,812.00	1,558.40	253.60

Table 2 below orders industries by the level of average weekly earnings and then indicates the proportion of females in each industry. Industries with more than 45 per cent female employees are highlighted by bolding.

Only one on the top five earnings sectors (over \$1,900 a week) has more than 45 per cent female employment, this moves to 3 in the top 10 paying sectors but concerningly, moves to 6 of the bottom 9 paying industries (under \$1,625 a week) having more than 45 per cent female employment.

The two lowest income sectors, retail trade (\$1,259.80 a week) and accommodation and food services (\$1,139.30 a week) have a 55 per cent representation for female workers.

This analysis is helpful when it comes to judging the policy action needed to address the gender pay gap. One policy recommendation is to have the government advocating for higher wage increases for the lowly paid and female dominated industries. These are mainly public service jobs which makes such reforms easier to implement. Granting a pay rise that is 0.5 per cent per annum above the aggregate pay increase will, for example, narrow the overall gender pay gap by approximately 4 percentage points over a decade.

While this is predominantly in public sector occupations, it will impact private sector wages, albeit with a lag.

Table 2: Average weekly earnings and proportion of female workers^{iv}

	Total pay 2020	% of workforce female 2018
Mining	2,697.50	16.3
Finance & insurance services	2,105.80	48.1
Information media & telecommunications	2,033.40	42.0
Professional, scientific & technical services	1,965.70	43.3
Electricity, gas & water	1,907.70	23.8
Education & training	1,825.70	73.2
Public administration & Safety	1,801.90	48.8
Construction	1,683.00	12.0
Transport, postal & warehousing	1,662.10	20.9
Health care & social assistance	1,624.60	79.0
Wholesale trade	1,591.50	34.7
Rental, hiring & real estate services	1,561.30	48.5
Administrative & support services	1,537.90	51.5
Manufacturing	1,526.80	29.5
Arts & recreation services	1,523.80	46.4
Other Services	1,339.30	43.6
Retail trade	1,259.80	55.0
Accommodation & food services	1,139.30	54.9

Analysis of the labour market through a gendered lens is important. The divergences in pay needs to enter further into decisions of pay decisions and rulings by the Commonwealth and State and Territory governments and the Fair Work Commission when pay issues and rates are negotiated

The slow pace of progress over the past few decades in closing the gender pay and superannuation gaps suggests that past policy reforms have been too timid and short of what is required to achieve financial equality on a gender basis in a reasonable time frame. This is the end goal of the work of economic Security4Women.

The COVID-19 recession has muddied the waters on progress in gender equality with an initial hit to female employment, hours worked and wages in March, April and May 2020. Since then, there is tentative evidence that the recovery in employment has been more favourable for women.

In the COVID-19 crisis, it was female dominated sectors that provided much of the support for society especially in areas of health and age care, education and accommodation and food services.

This achievement and undoubted good-will towards these workers should provide an additional impetus for policy makers to implement some future focused changes to address the pay gap.

Those recommendations are outlined below and are part of a bigger picture reform requirement that is needed to deliver genuine economic security for all Australian women.

Recommendations:

Childcare that is affordable and accessible to all parents via direct subsidies to childcare centres and making more places available in the cities and in regional centres. This will ensure there is a rise in female workforce participation and will, among other issues, provide greater opportunities for women to advance to managerial positions across all sectors of the economy. A lift in workforce participation has the added benefit of raising the potential economic growth rate of the Australian economy.

Ensure gender equality in education, skill development and training are maintained. This is to facilitate opportunities for both men and women to engage in all sectors and professions equally. There is a vast array of academic analysis that confirms a strong correlation between a country's education and skills and its economic growth potential.

Through the awards system and Fair Work Commission, deliver larger wage increases in female dominated sectors. Previous work from eS4W^v found that a 0.5 per cent per annum additional wage increases above the average in those sectors will reduce the overall gender pay gap by 4 percentage points within a decade.

economic Security4Women

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Contact:

Sharen Page, Finance & Project Officer / Public Officer

P: 1300 918 273

E: coordinator@security4women.org.au

W: www.security4women.org.au

ⁱ Australian Bureau of Statistics (ABS) Average Weekly Earnings, Australia , released 13/08/2020
<https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release>

ⁱⁱ Workplace Gender Equality Agency (WGEA) Gender Segregation in Australia's Workforce, 17 April 2019
<https://www.wgea.gov.au/data/fact-sheets/gender-segregation-in-australias-workforce>

ⁱⁱⁱ Australian Bureau of Statistics (ABS) Average Weekly Earnings, Australia , released 13/08/2020
<https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release>

^{iv} Workplace Gender Equality Agency (WGEA) Australia's Gender Pay Gap Statistics 2020, 17 August 2020
<https://www.wgea.gov.au/data/fact-sheets/australias-gender-pay-gap-statistics-2020>

^v Economic Security4Women Issues relating to the economic security for all Australian women – a White Paper (June 2018) update, August 2020 <https://www.security4women.org.au/boosting-womens-economic-security/issues-post-covid/>