

The Times They Aren't A-Changin (enough)

*It is past time to value women's work
equally.*

**By Eliza Littleton and Greg Jericho
The Centre for Future Work at the Australia Institute**

March 2023

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Summary

The 2023 International Women's Day is a day to celebrate the achievements of women across the world and in Australia, but also to acknowledge the journey that still needs to be taken to embrace full equality, especially in the economy. This is especially pertinent when it comes to the gender pay gap, which sees Australian women each week paid over \$3 billion less wages than men despite making up 48% of the workforce.

While gender equality under the law has largely been achieved, this has not ended the lower monetary value given to work traditionally undertaken by women, nor how women are valued within all occupations and industries.

Women now have a legal equality of opportunity to work in the same jobs as men and to earn the same amount, but historical or societal norms that created different circumstances and barriers to work, continue to prevent an equality of outcomes. These differences have meant men are not only more likely to be paid more for doing work mostly done by men, but also are more likely to be given greater responsibility, hours, security, and pay in all occupations.

While the strong increase in women's participation in most industries and occupations since the 1980s has meant the gender pay gap has narrowed, the pace of change has stalled. So slowly is the gender pay gap closing that if men's and women's average earnings increase at the same pace each has over the past decade, the gap will not close for another 30 years.

The impact however is not limited to annual income. Because incomes are directly linked to superannuation and retirement incomes, the gender pay gap has a cumulative impact on how much a woman can expect to retire on compared to a man. Because the gender balance also increases with age, a woman who earns the median incomes throughout her life will retire with \$136,041 less in today's dollars in superannuation than a man who had spent their entire working life on the male median earnings at each age group.

Even more stunning a woman on median earnings throughout her working life will earn \$1 million less in today's dollars than her male counterpart.

This report examines the barriers to closing the gender gap by reviewing Australia's position within the industrial countries of the OECD. The report also uses data from the ABS and the ATO to highlight gender disparities across all levels of income, ranges of

occupation and ages, as well as disparities regarding who undertakes the greater share of unpaid work.

One clear concern is gender segregation, where either men or women dominate an occupation or industry. Men have higher average salaries than women in 95% of all occupations, including those where women dominate the workforce. For example, women account for 99% of all midwives, and yet are paid on average 19% less.

We identify 80 occupations in which men make up 80% or more of the workforce; these occupations have an average salary above \$100,000. In contrast, no occupation where women make up that share of the workforce has such a high average salary. This highlights how segregation has reinforced massive differences in pay.

The report recommends policies to promote greater access to childcare and parental leave for both parents, family-friendly work practices, and the lifting of wages for industries dominated by women – most urgently in the care sector.

Introduction

On February 8th 2023, the Commonwealth Government introduced new legislation to improve pay transparency in the hope that it will help close the gender pay gap in Australia (Parliament of Australia, 2023). If passed, the bill will compel employers of 100 or more workers to share gender wage data so the information can be openly published. This is certainly a welcome step in the right direction on gendered economic inequality. Exposing pay differences between men and women within and between organisations can give workers and their representatives more information to address gendered pay discrimination and can help governments identify how to target gender pay gaps (OECD, 2021a). However, there are many drivers of the gender pay gap, and few simple policy solutions.

The introduction of this legislation begs the question: What are the biggest drivers of the pay gap, and what policy solutions would make a difference to enable women in Australia to participate in the labour market on the same terms as men.

Addressing the gender pay gap with the lens of equality was an early achievement of feminism in Australia. The principle of 'equal pay for equal work' was introduced in 1969, and discrimination on the basis of sex was made unlawful in 1984 (Australian Human Rights Commission, 2014). The gender pay gap has been shrinking since 1984, however in recent years this progress has stalled. Strategies aimed at providing equal opportunities to women under the law are not enough to achieve equality in outcomes.

The modern gender pay gap reflects deeper problems within our labour market. Women face different circumstances and structural barriers compared to men when it comes to participating in the labour market. Labour market and tax data confirm the huge imbalance in the distribution of women and men across the labour market, with women concentrated in low pay industries and occupations, and in insecure work. Addressing the gender pay gap requires policies that allocate resources and opportunities to correct for these barriers and produce equal outcomes. This paper examines the gender pay gap, how it is measured, the reasons for it, and solutions to it.

The Gender Pay Gap

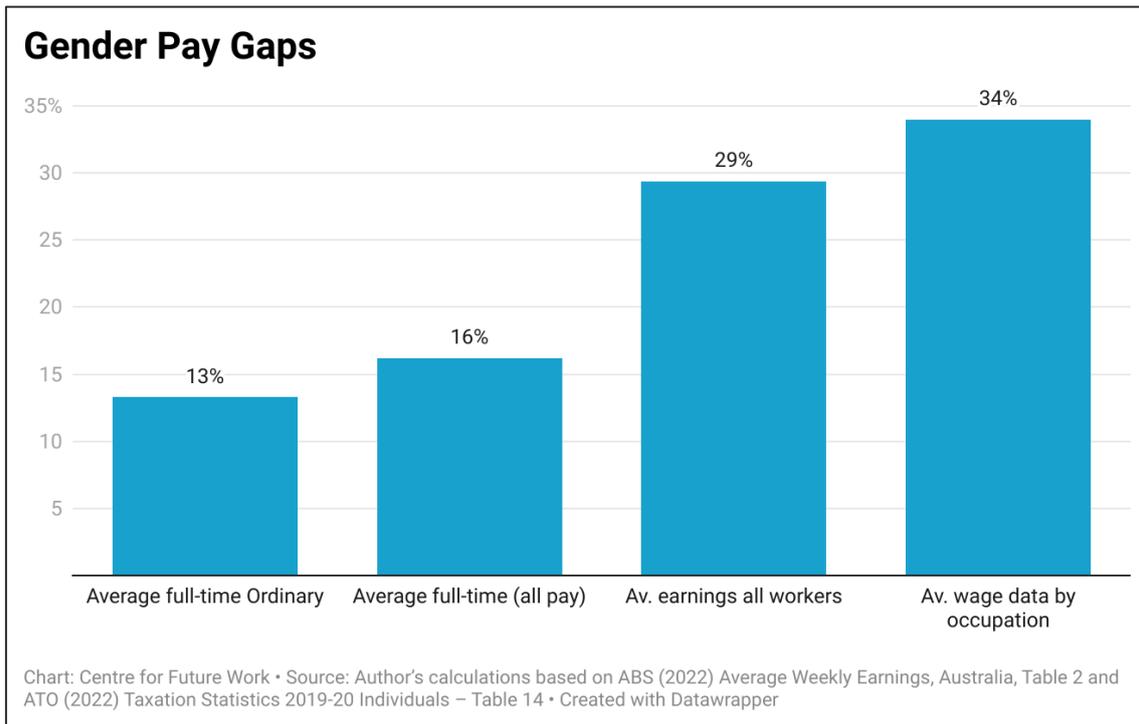
The gender pay gap is a measure of pay disparity between men and women.¹ It measures women's overall position in the paid workforce, rather than just comparing pay differences between men and women for similar roles. While the gap can be measured in different ways, the data shows women continue to be paid much less than men in Australia. The gender pay gap has been narrowing over time, but progress has been stalling – indicating persistent gendered – based inequality in the Australian labour market.

MORE THAN ONE WAY TO MEASURE THE GAP

The most-often cited measure of the gender pay gap in Australia suggests the gap is currently 13.3%, according to the latest ABS data from November 2022. For example, the Workplace Gender Equality Agency said “[the 13.3% gap] is the lowest on record and a return to where we were at three years ago” (WGEA, 2023). But this measure is just one of several ways to calculate the differences between the wages of male and female workers. It measures the gap between the average ordinary-time weekly earnings of men and women working full-time in the workforce. By this measure, women earn \$253.5 less than men on average every week, or 87 cents per dollar earned by men (ABS, 2022a). This represents a loss of about 5 hours of work per week in wages (Figure 1). However, other ways to measure the gap must also be considered.

¹ We understand that statistics based on conventional binary gender definitions (men and women) exclude non-binary persons. Unfortunately, at present statistical data on non-binary employment and pay is extremely limited. It should not be assumed that when we write of men's and women's wages that we are suggesting this is the only gender pay gap that exists.

Figure 1.



Note: the first three bars refer to the earnings gap in November 2022, the occupations data is from 2019-20 tax data.

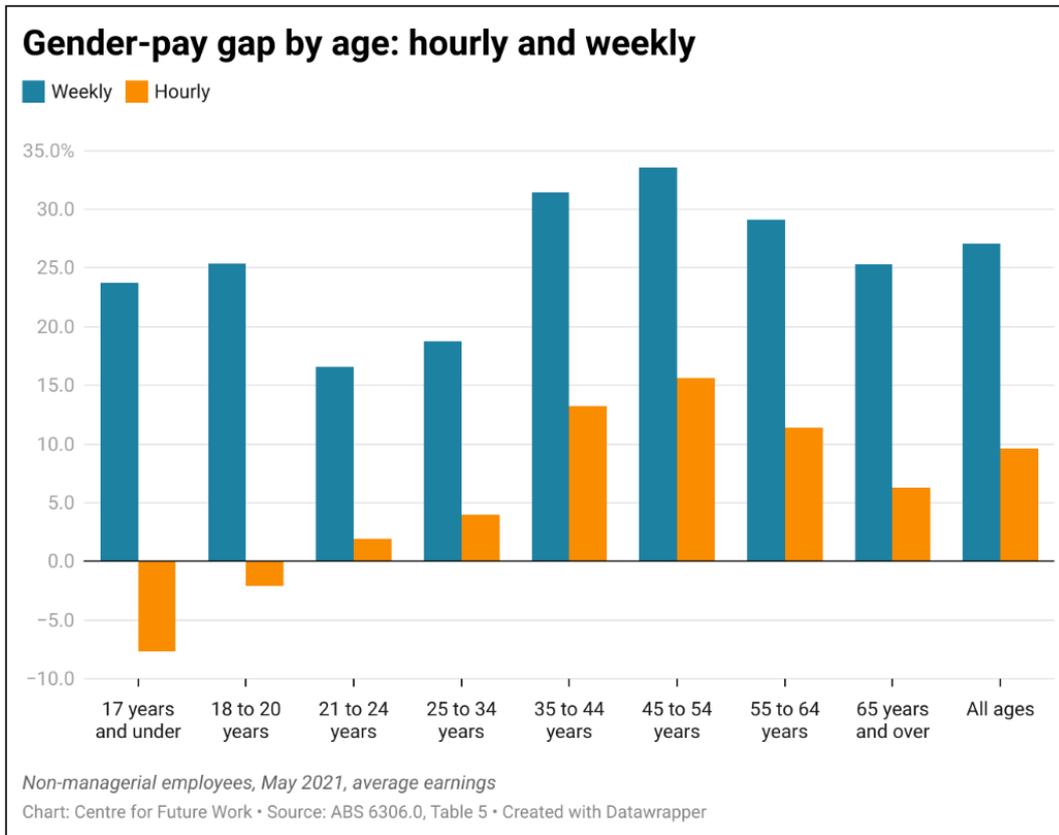
Calculating the gender pay gap using average full-time ordinary weekly earnings data excludes overtime earnings, bonuses, and part-time workers who make up around 30% of the workforce (or around 4 million workers). This obscures the reality of the pay gap, since women are disproportionately represented in part-time jobs (ABS, 2022c), and are less likely than men to earn overtime and bonus income.

Once overtime pay and bonuses are incorporated, the gender pay gap rises to 16%, or \$324.3 per week (in November 2022). It climbs a further 13 percentage points when all workers and all pay (including part-time work) is considered. The gender pay gap across all employment and pay types was 29% in November 2022, with women earning \$476.3 less than men per week. This means that women earn 71% of a male weekly wage. Alternative sources of data produce different estimates of the pay gap. According to the Australian Taxation Office's (2022) taxation data by occupation, the gender pay gap for salary or wage incomes (for all types of jobs) in the 2019-20 financial year was 34%.

Similarly, the gender pay gap also depends on whether it is measured by hourly rate of pay or weekly earnings. In May 2021 across all ages, the hourly pay gap was 7.9%, but the weekly gap was 27.1%. (ABS, 2022d) (Figure 2). This is because in addition to earning a lower hourly wage, women also on average work fewer hours than men –

amplifying the pay gap. Female teenagers on average earn a higher hourly rate than do men, but male teenagers nevertheless earn more on a weekly basis.

Figure 2.



In simple terms, no matter how the difference between male and female earnings is measured, the gender pay gap is substantial.

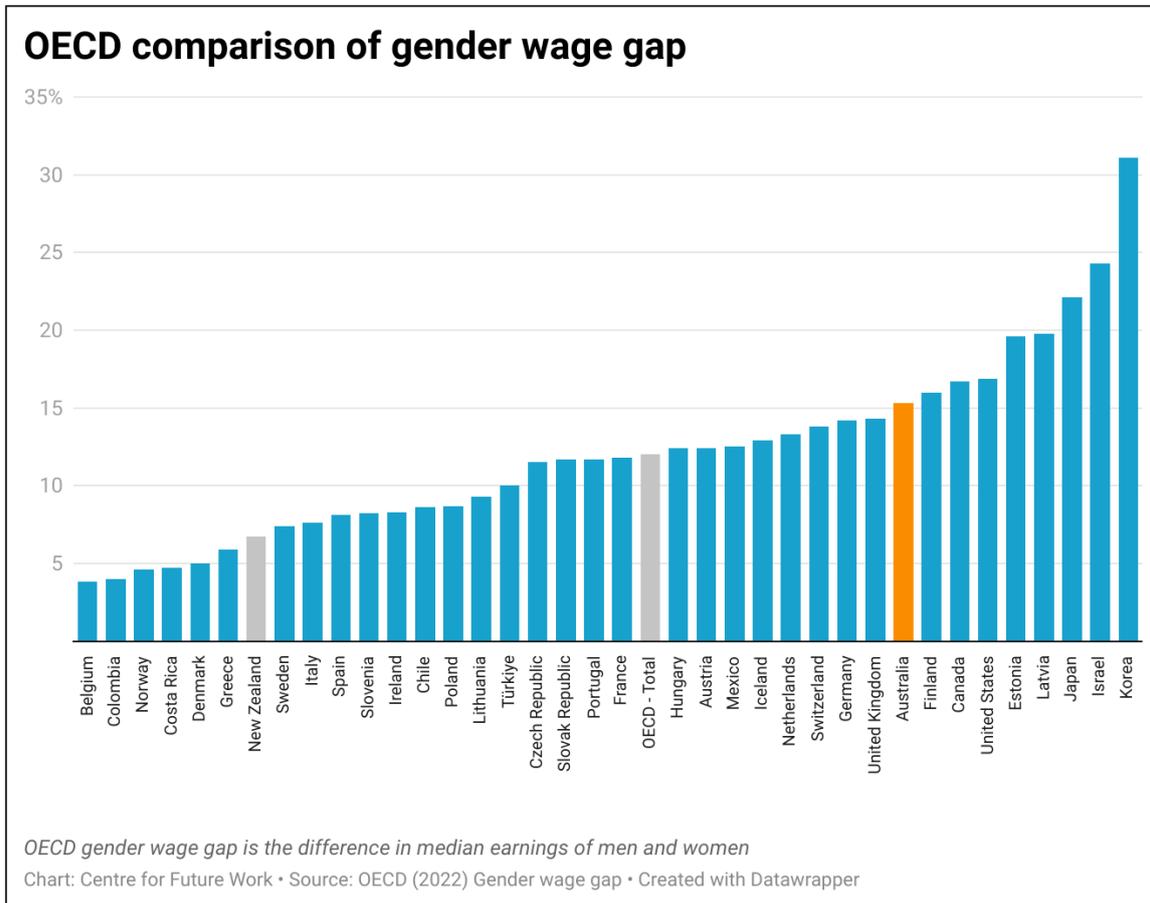
HOW DOES AUSTRALIA MEASURE UP?

Australia is not unique in having a gender pay gap; in countries around the world, men on average earn more than women. However, gender disparity in pay is not equally bad in all economies. The OECD reports wage gaps across member countries based on differences in median earnings of men and women working full-time.² Among OECD countries with comparable data, the lowest gender wage gap is in Belgium (at 3.8%), and the highest in Korea (at 31%). The average gap across all OECD countries is 12%. By this measure, Australia’s gender wage gap is significantly higher than the average for other OECD countries (Figure 3). In fact, Australia’s gender wage gap is 3.3 percentage

² The ABS and ATO data presented above is calculated on the basis of average earnings, not median, thus Australia’s estimated pay gap is somewhat larger in the OECD data.

points wider than the OECD average, and Australia ranked 9th worst out of the 38 OECD countries.

Figure 3.



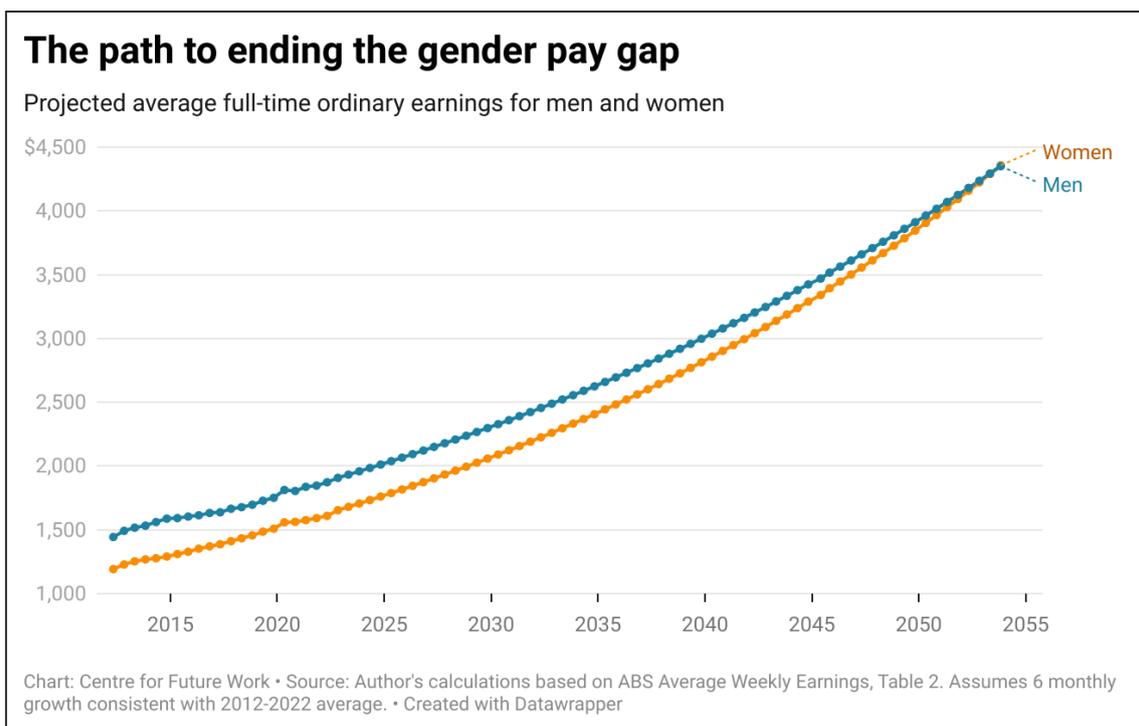
Across the world, different legal, institutional, economic, and social factors determine the size and shape of the gender pay gap. For example, in Greece, Italy, and Turkey, smaller gender wage gaps result from low female participation in the official labour force (OECD, 2021a). In these countries more highly educated and earning female workers tend to remain in the official labour force, inflating median earnings. In countries like Norway and Denmark, in contrast, minimum wage regulations, affordable childcare, and reduced labour market segregation between men and women result in a smaller gender pay gaps. It is important to consider these structural factors determining pay gaps, because too often gender pay gaps and participation are simply ascribed to ‘societal’ factors. While clearly some societies are more patriarchal than others, the experience across the OECD is that public policy plays a vital role in both affecting societal views of gender and other aspects, but in turn shaping the labour market.

CLOSING THE GAP

Within Australia, the evolution of the labour market and the gender pay gap is clearly observed. The gender pay gap between full-time working men and women has been slowly closing, as more Australian women have entered the labour force. In May 2012 the gap was 17.2%, dropping by 4.2 percentage points to 13.3% by November 2022. However, this progress has not been linear. The gap has remained relatively stable since 2018. This highlights that improvement in the gap is not a 'natural' result that will automatically occur over time. Even were this to be the case, the pace is painstakingly slow. Over the past decade, women's average fulltime ordinary earnings have risen at a slightly faster pace than have men's – around 1.6% every 6 months compared to 1.3% for men. However, were this trend of the past decade to continue at the same pace, it would take another 30 years for the full-time gender pay gap for ordinary earnings to close (see Figure 4).

Thus, under business-as-usual conditions it will take until the second half of this century to fully close the gap, reaching zero by 2053. That means around 60% of people currently in the labour force will not see the gender pay gap close before they retire. It is clear that while there have been improvements over recent decades, the current business-as-usual situation is not adequate to address the pressing need for fairness for women workers. We need to address more urgently and pro-actively the many structural issues that contribute to the gender pay gap.

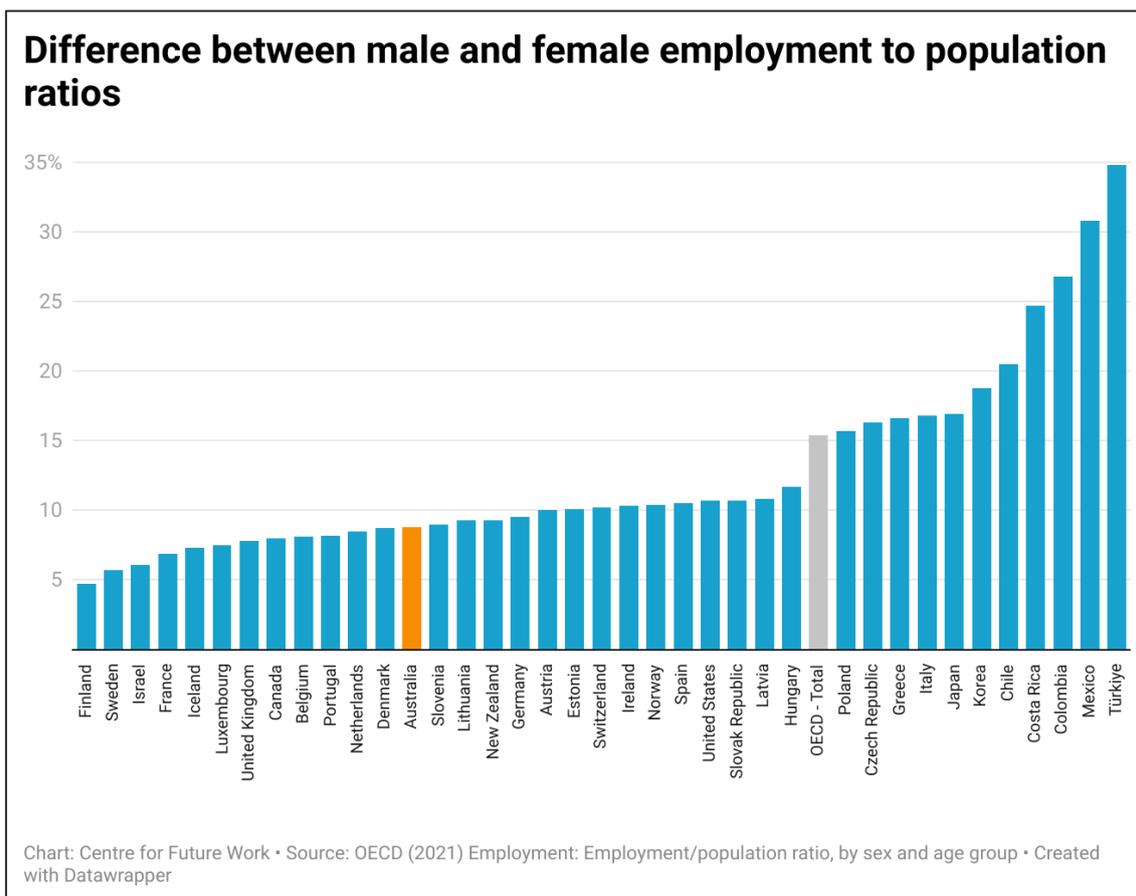
Figure 4.



Reasons for the Gender Pay Gap

Many factors drive the gender pay gap around the world and not all, such as low female employment and educational levels, are as significant in Australia as in other countries. The share of women employed in Australia is relatively high by international standards, although still significantly lower than for men – with 60% of women aged 15 and over holding jobs, compared to 68% of men in December 2022 (ABS, 2022c). This is a relatively low difference between male and female employment to population ratios by OECD standards (Figure 5). This suggests the women’s overall employment opportunities may have less of a role in explaining the gap in Australia, compared to other countries. Similarly, education levels have limited capacity to explain the wage gap, as Australian women are amongst the most educated in the world (World Economic Forum, 2021).

Figure 5.

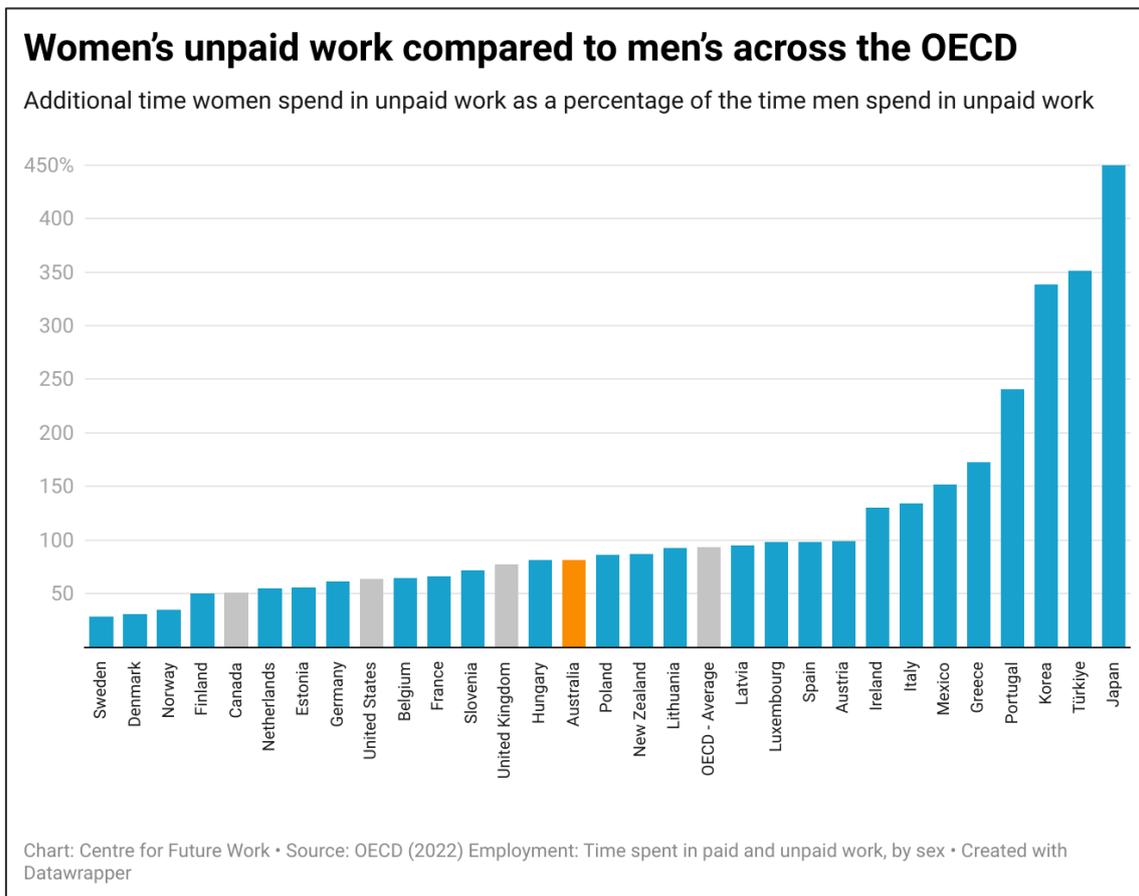


Even when women are able to enter the labour market, they face greater challenges than men in finding stable, well-paid work. This brings us to a major reason for the

gender pay gap in Australia: the strong gender segregation of employment across industry, occupations, and job quality. Women in Australia are considerably overrepresented in low-paid sectors and insecure jobs (such as in the care sector and casual work) and underrepresented in high-paid sectors and jobs (such as science fields and management roles).

Another major barrier to higher-quality employment for women is the inequality that exists in the distribution of unpaid work hours among women and men. Australian women spent 81% more time doing unpaid domestic and care work than men, more than in similar English speaking nations of Canada, the USA and UK. (Figure 6).

Figure 6



EMPLOYMENT CONCENTRATION

Gender segregation exists when the mix of men and women in certain jobs does not match the gender balance of the overall labour force. It can occur across occupations and industries, working hours, types of employment, and job hierarchies.

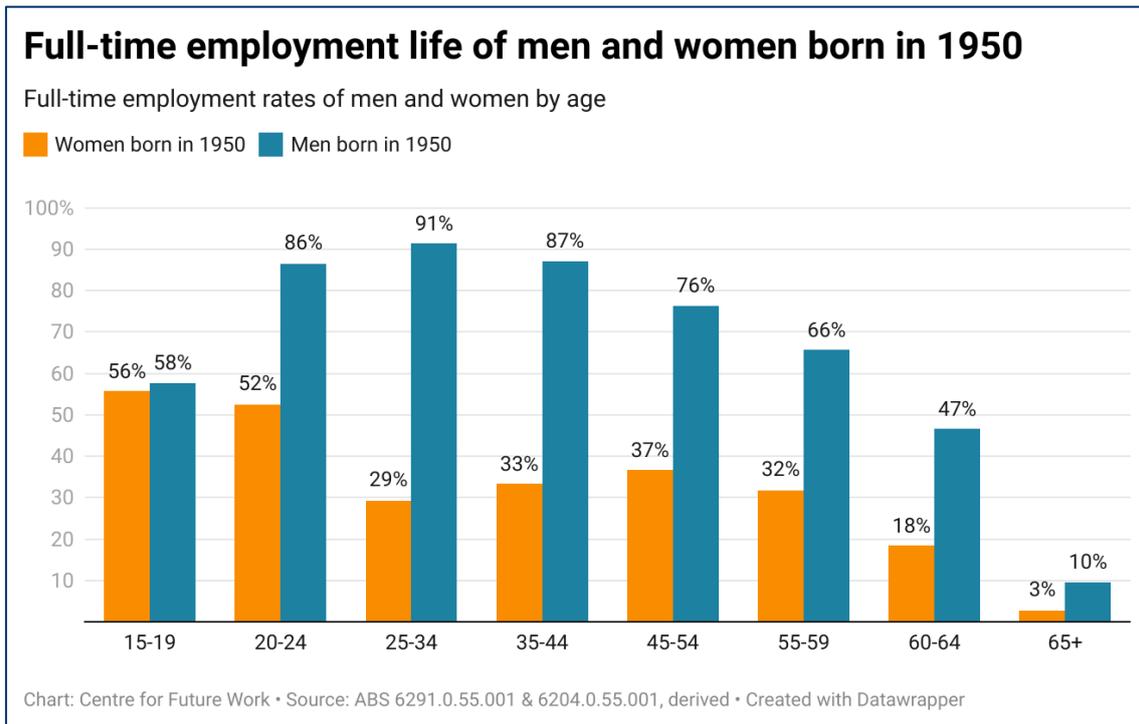
Gendered segregation is one of the largest barriers to improving equity in the labour market because it comes in two types: typically referred to as horizontal and vertical segregation. Both are the result of historical norms that were not only codified in social viewpoints and attitudes, but at times were even incorporated within employee contracts.

Horizontal segregation occurs when one gender dominates³ the employment share of an occupation or an industry. This is usually a result of historical norms within society that saw women excluded from certain types of labour because it was not seen as “women’s work”. Gender segregation, however, also applies to those situations where men have been conditioned to be excluded from types of labour. This is most obvious with respect to care work – including occupations like nursing and pre-school and early childhood education.

Vertical segregation occurs when there is an imbalance of one gender in senior (or conversely) junior roles within an occupation or industry. While this is also the result of historical norms that have long been discarded (such as prejudice regarding the ability of women to manage men), it is also a hangover from actual employment conditions such as the “marriage bar” that existed until 1966 in the Australian public service (whereby women had to resign once they married). Similarly, until the signing of the *Sexual Discrimination Act 1984*, women could be sacked or refused a promotion due to pregnancy. This resulted in fewer women being able to be employed in their 20s and 30s, reinforcing what is often referred to as the “motherhood penalty”. This is most visible when comparing full-time employment rates over the course of a working life. Men and women born in 1950 (in the baby boomer generation) both entered the workforce in their teens at around the same rate. But through their 20s and 30s (thus during the 1970s and 1980s), these men were close to universally working full-time, while less than a third of women were doing the same (Figure 7).

³ Throughout this paper, dominance will be defined as industries or occupations where men or women make up at least 60% of all workers.

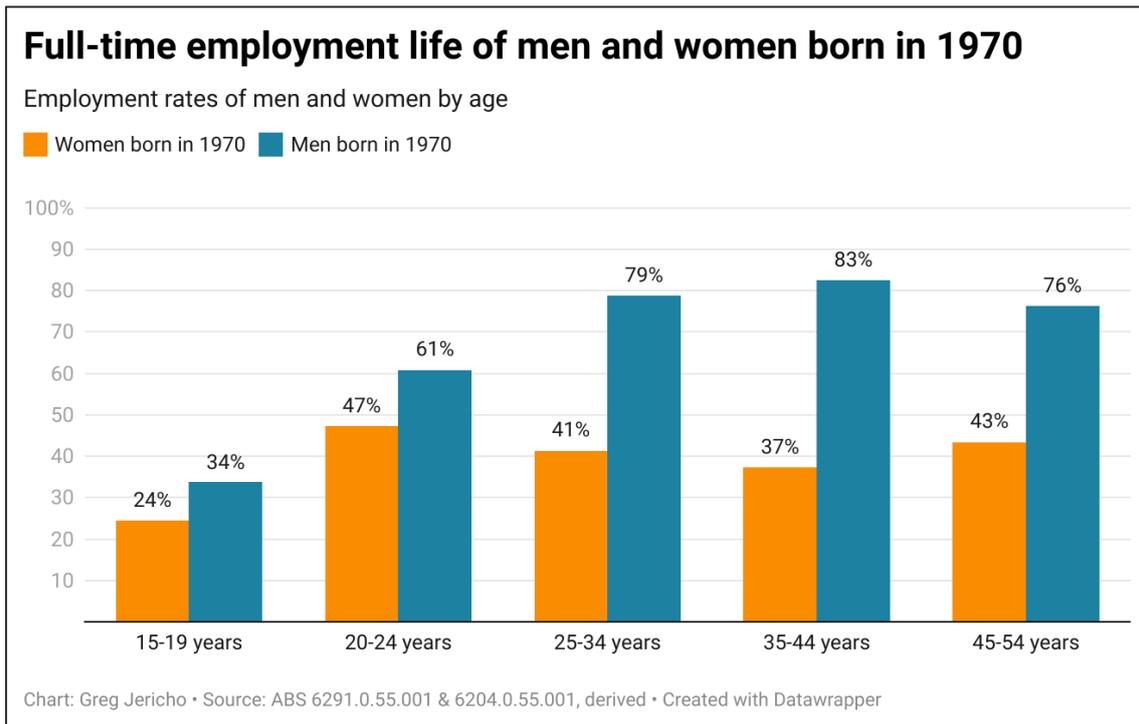
Figure 7.



Not only does this deprive women from opportunities to earn during what for men are their prime-earning ages, it also denies them opportunities, especially in their 20s and early 30s, to gain experience and expertise that will lead to promotions and higher paying work.

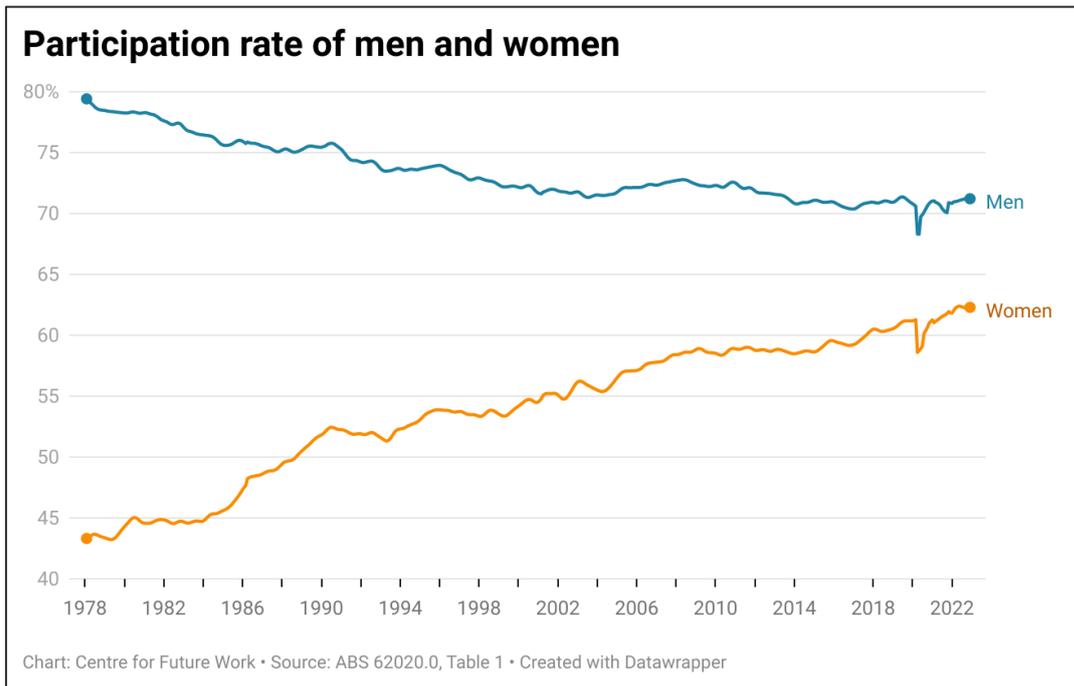
This however is not an unchangeable situation. The “Generation X” children of the Baby Boomers have faced a much different work life cycle. Not only were men less likely to work full-time, but women in their 20s and 30s (ie in the 1990s and 2000s) were more likely to work full-time than did women born twenty years earlier (Figure 8).

Figure 8.



Despite explicit employment discrimination against women now being illegal, by 2014, the Australia Human Rights Commission (2014) still found that 49% of mothers reported experiencing discrimination in the workplace at some point during pregnancy, parental leave or on return to work. The incidence and impacts of gender segregation in employment is important to observe, because the improvement in women’s overall labour force participation might suggest a more equitable picture than actually exists.

Figure 9.



While the increased participation and employment of women is to be celebrated, when the breakdown of employment in industries by gender is considered, the structural segregation of Australia’s labour market is clear. For example, over the past 20 years, only one industry (Other Services) that was male dominated has become gender-balanced. Meanwhile, both the health and social care and the education and training industries have become more female-dominated (Table 1).

Table 1.

Share of employees who are women by industry		
Industry	2002	2022
Construction	12.9%	13.4%
Mining	11.9%	19.2%
Electricity, Gas, Water and Waste Services	22.5%	22.7%
Transport, Postal and Warehousing	22.0%	23.9%
Manufacturing	25.8%	28.4%
Agriculture, Forestry and Fishing	30.9%	29.6%
Wholesale Trade	32.2%	31.9%
Information Media and Telecommunications	40.5%	41.2%
Professional, Scientific and Technical Services	43.8%	43.5%
Other Services	38.0%	44.4%
Arts and Recreation Services	48.6%	47.3%
Employed total	44.5%	47.6%
Public Administration and Safety	42.3%	48.3%
Financial and Insurance Services	53.9%	49.5%
Rental, Hiring and Real Estate Services	47.7%	49.8%
Administrative and Support Services	51.4%	51.9%
Retail Trade	54.9%	54.1%
Accommodation and Food Services	56.2%	55.7%
Education and Training	68.2%	72.6%
Health Care and Social Assistance	78.0%	76.1%

Based on 4 quarter average
 Table: Centre for Future Work • Source: ABS E06, derived • Created with Datawrapper

From November 2002 to November 2022, 51% of the 2.4 million extra women employed were in just two sectors: health and education. While this reflects the strong growth of those industries (compared to some traditionally male-dominated sectors such as manufacturing), it also means that a greater share of women than in the past are working in female-dominated sectors. Perversely, then, what is regarded as “women’s work” is becoming even more entrenched than in the past.

SOCIAL VALUE OF LABOUR

If wages generally were more equal, it would not matter so much (from the perspective of pay equity) whether women and men work in different industries and occupations. However, Australia's labour market is decidedly not equal. Gender segregation – both horizontal and vertical – thus becomes a major contributor to the gender pay gap, because the historical segregation of work has led to differing values attached to men's and women's labour.

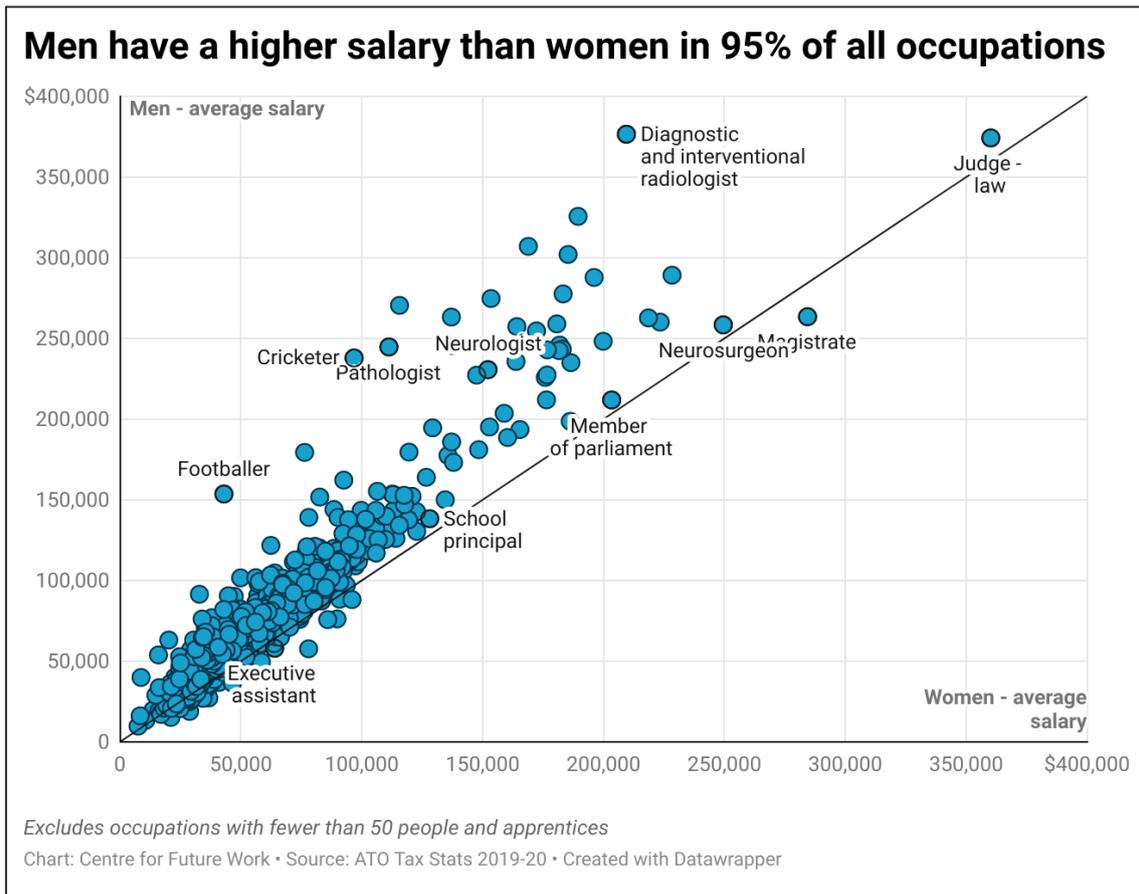
As noted earlier, we most commonly discuss gender pay gap by comparing average earnings by men and women, either for full-time employees or all employment. And while this measure is useful to track over time and compare with other economies, it hides somewhat the structural problems that gender segregation causes – both across the economy and within occupations. Average earnings data, especially when using only full-time earnings, diminishes the problem because earnings in any particular week can be unrepresentative of ongoing income and earnings (especially for workers in part-time, irregular, or seasonal jobs).

For this reason, annual incomes are also important for evaluating income gaps. This data is available through the annual taxation statistics released by the ATO. These statistics help to reveal the realities of gender segregation, both across and within industries and occupations. The taxation statistics reveal what men and women actually earn in a year, and thus gives a more representative indicator of income than average hourly rates of pay or weekly earnings.

The taxation statistics also allow us to investigate the gender pay and segregation in more detail than is possible from ABS industry or occupation data. The tax data is very clear about the link between gender and pay. In 95% of the 1,034 occupations listed with more than 50 workers in the 2019-20 tax statistics, men have a higher average salary.⁴ (Figure 10)

⁴ Excludes apprentices and occupations with only one gender recorded.

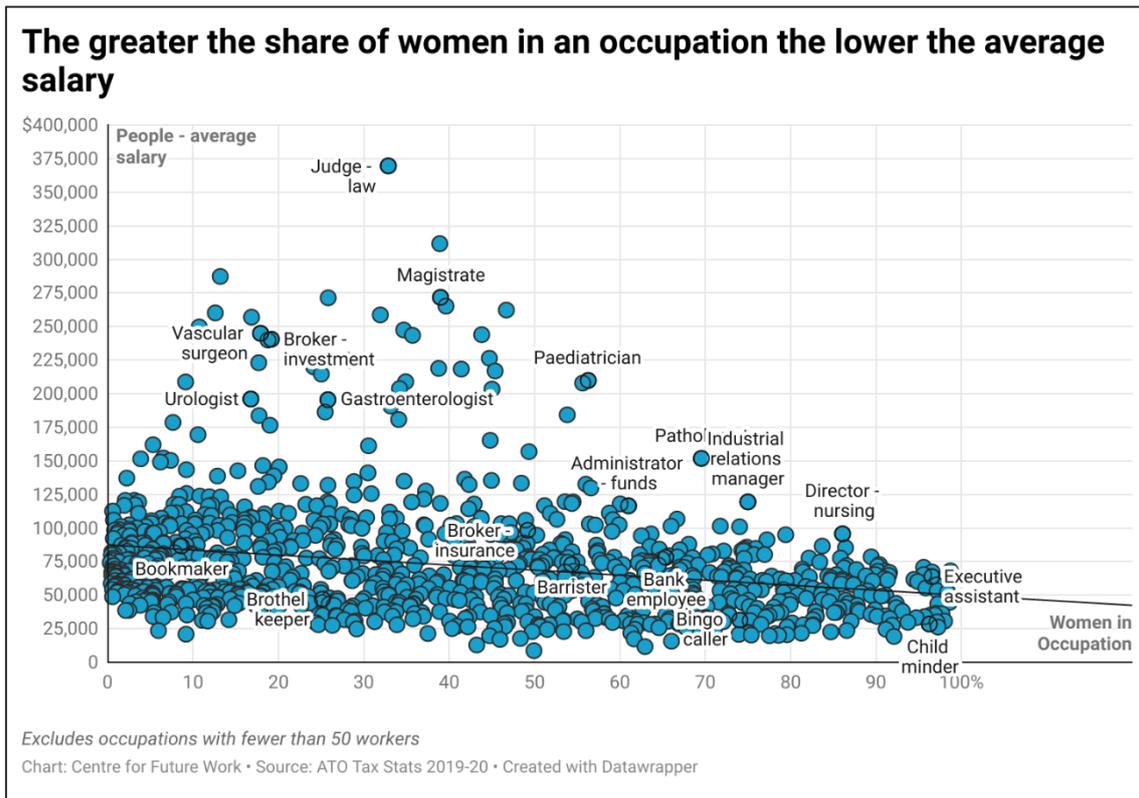
Figure 10.



All occupations represented by a circle above the 45-degree line are those where men have a higher average salary in that occupation than women. For example, the average salary of male pathologists in 2019-20 was \$218,336, while the average salary for women pathologists was \$111,250 (for a pay gap of 54.6%). The average salary of male footballers was \$153,627 compared to \$43,002 for women footballers. This results in a 72% pay gap for footballers. By contrast, executive assistance is one of the 5% of occupations where women have a higher average salary and are thus below the 45-degree line. Women executive assistants in 2019-20 had an average salary of \$63,976 compared to \$57,979 for men.

The taxation statistics also show that there is a solid correlation between the average salary of the occupation and women as a share of those employed (Figure 11).

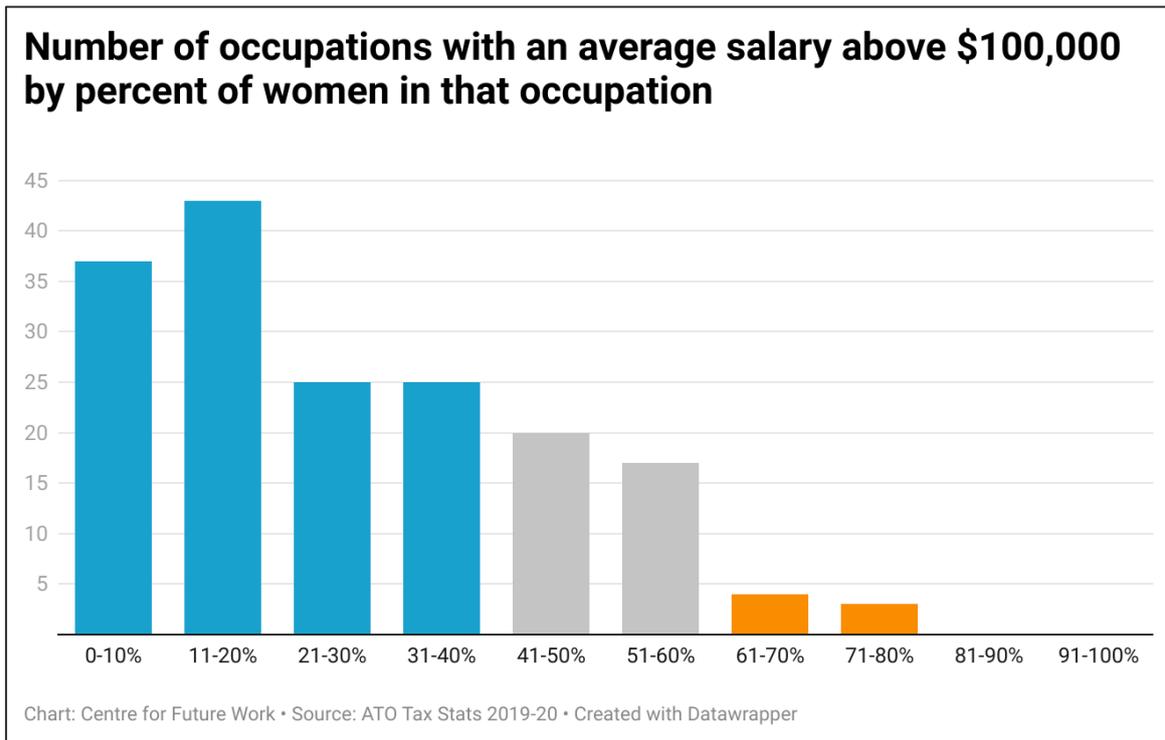
Figure 11.



The tendency for male-dominated labour to be valued higher than women is especially dramatic in occupations which have an average salary above \$100,000 – a figure just above average full-time earnings in 2020. In 2019-20, 80 of the occupations in which men made up more than 80% of the share of workers had an average salary above \$100,000. By contrast, of those occupations where women made up more than 80% of employment, there were no occupations with average salaries over \$100,000.

If we broadened the scope to include all male dominated occupations (by our measure, those composed of at least 60% men), the number of occupations with an average salary over \$100,000 rises to 130; by contrast, just 7 occupations that are dominated by women had such an average salary (Figure 12).

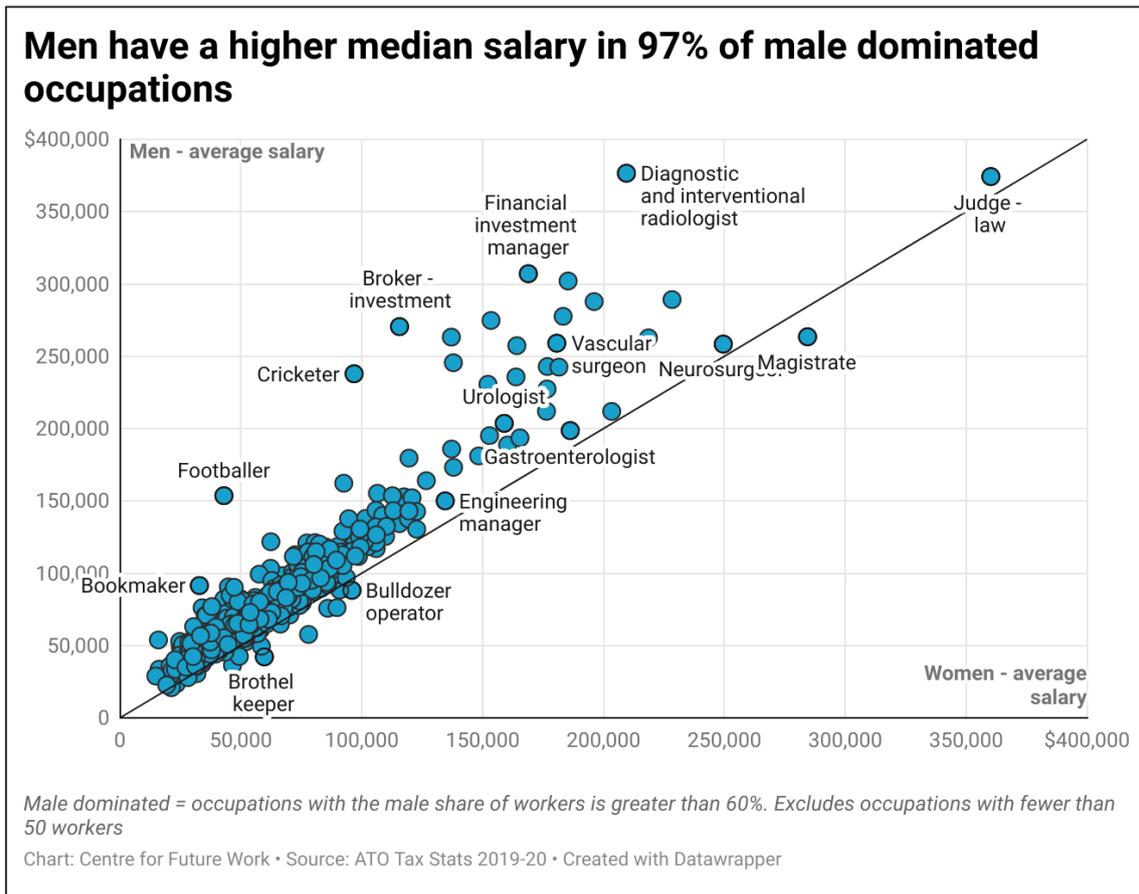
Figure 12.



Even this analysis understates the true extent of the gender pay gap. While there are seven occupations in which women make up more than 60% of workers with an average salary above \$100,000, in only two of those occupations – pathologists (69.5% women in occupation) and industrial relations managers (75%) – do *women* have an average salary above \$100,000. This is because in the other five occupations the average salaries of men is so high that it lifts the overall average above \$100,000. For example, the 949 men employed as funds administrators have an average salary of \$179,402 compared to the average salary for the 1,485 women employed in that occupation of \$76,380. Combined this makes for an average salary of all in the occupation of \$116,494.

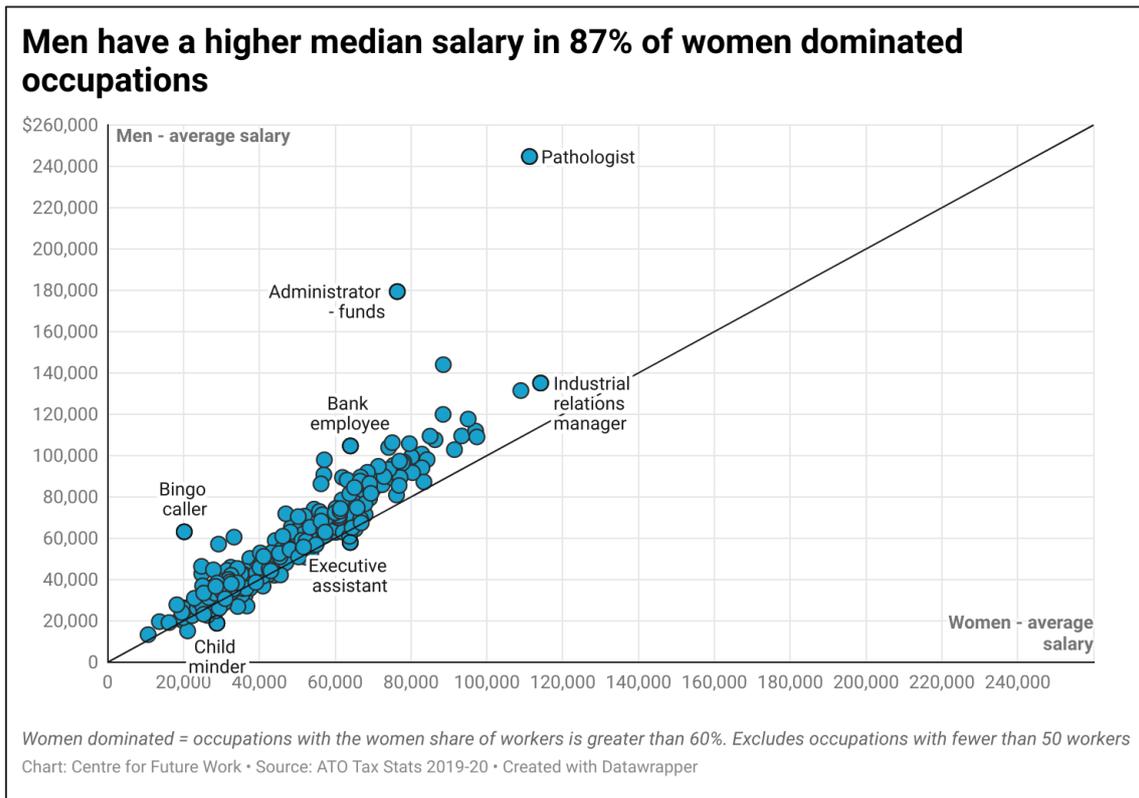
We see this pay gap not just at the high end of incomes. But the gap is certainly more pronounced in occupations where men dominate the workforce. In 97% of the 545 occupations where men dominate men have a higher average salary (Figure 13).

Figure 13.



While this is expected, the taxation data also reveal that even among occupations where women make up more than 60% of the workers, in most cases men still have higher average salaries. In 87% of the 276 female-dominated occupations, men’s average earnings are higher (Figure 14).

Figure 14.



Two extreme examples highlight this disparity.

Men make up 99.7% of all plumbers⁵. The 2019-20 tax statistics listed 40,263 men working in the occupation and just 130 women. As expected, the average salary for men that year was higher than for women: \$74,301 compared to \$56,077. But at the other end of the spectrum, there is no converse result. Women make up 98.7% of all midwives, and yet the 257 men working in the occupation nevertheless have a higher average salary than do the 19,753 women: \$83,713 compared to \$67,857.

⁵ Listed precisely in the taxation statistics as “Construction worker - plumber – general”

Table 2: A comparison of the most male and female-dominated occupations

Occupation	Women workers	Women - average salary	Men workers	Men - average salary	Pay gap
Midwife	19,753	\$67,857	257	\$83,713	18.9%
Plumber	130	\$56,077	40,263	\$74,301	24.5%

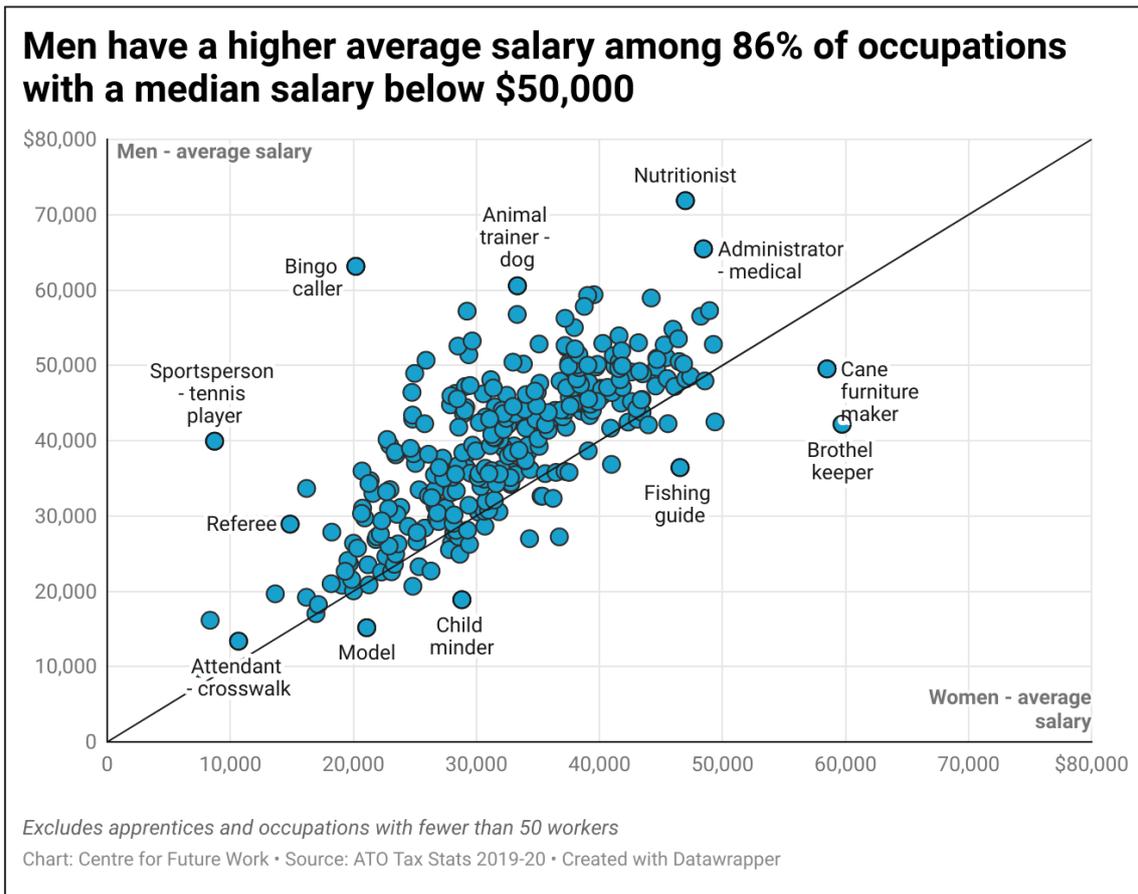
Table: Centre for Future Work • Source: ATO Tax Stats 2019-20 • Created with Datawrapper

It could be argued that perhaps a few men with very high salaries in an occupation skew the average, but the pay gap in median salaries is actually higher than it is for average salaries. Among midwives the average pay gap is 18.9%, while the median pay gap is 20%.

The taxation statistics reveal that women earn less than men at virtually every level of the labour market – high-wage or low-wage. In only one of the 174 occupations with an average salary above \$100,000 do women have a higher average salary: magistrates, which pointedly is a public office.

If the problem was only horizontal gender segregation, the obvious solution would be to increase the numbers of women in higher-paying occupations. However, at other levels of income the same imbalance applies. For example, among lower-paying occupations – those with an annual average salary below \$50,000 – men are again more likely to have the higher average salary (Figure 15).

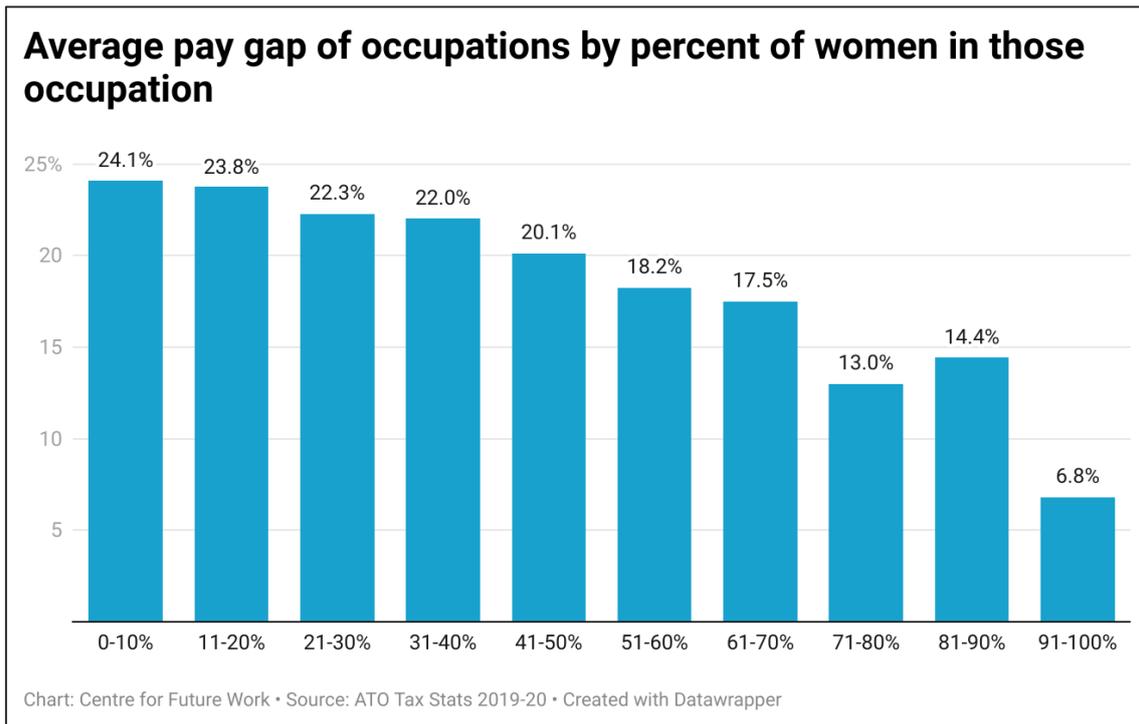
Figure 15.



However, the data does suggest however that the pay gap is reduced among lower-occupations when more women are employed (Figure 16). While women-dominated industries are generally lower paid this in itself does not mean the pay gap should be lower – given the pay gap is a percentage difference between wages. This suggests that as women make up a greater share of the workforce, pay issues that affect the ability for women to work more hours and to be in higher paying roles are less likely to be a factor. This is as a result of women being more likely to work in industries where family-friendly hours and ability for advancement is greater, but also because workers in those industries are more conscious of the needed for such aspects when engaging in bargaining.

Thus, the benefits work both ways. Women-dominated industries will naturally contain working arrangements that cater more for women, but as more women enter an occupation and industry the workers as a whole in that industry become more aware of the need to consider such issues as part of the bargaining process, which in turn attracts more women to the occupations and industries.

Figure 16.

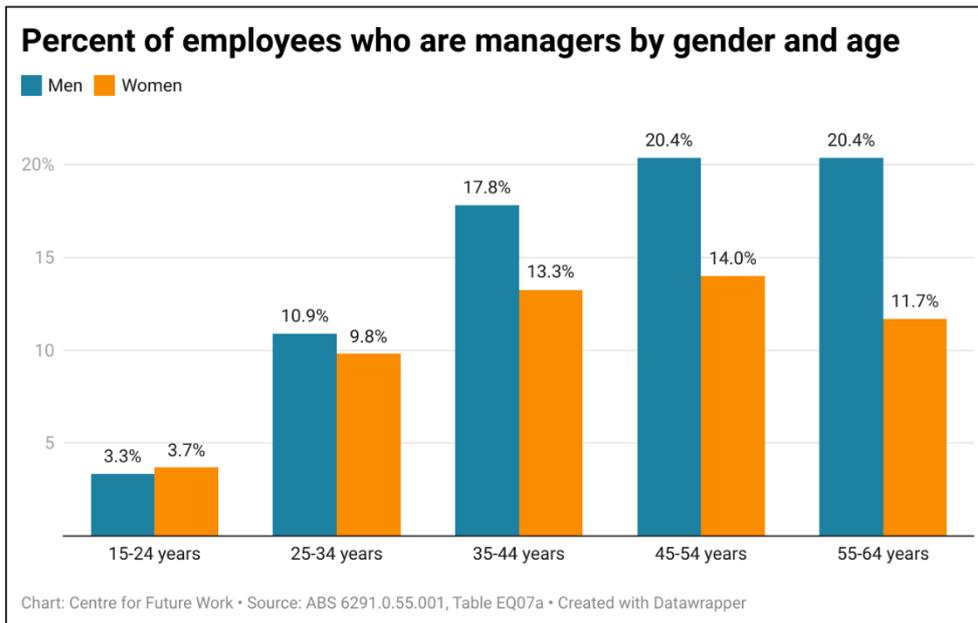


The taxation statistics reveal that women’s labour is valued less than men within industries, regardless of whether they are high- or low-paid, and whether industries are dominated by men or women.

This highlights that it is not enough merely to encourage more women to move into higher paying work such as medicine or engineering, but that work in traditionally women-dominated occupations (such as the care sector) need to be better valued. Crucially, however, the vertical segregation within industries and occupations also needs to be addressed, or we are only solving half of the problem. Women are less likely to be employed in more senior, supervisory, or managerial positions, and they work less hours. These two factors produce a compounded effect on the gender wage gap.

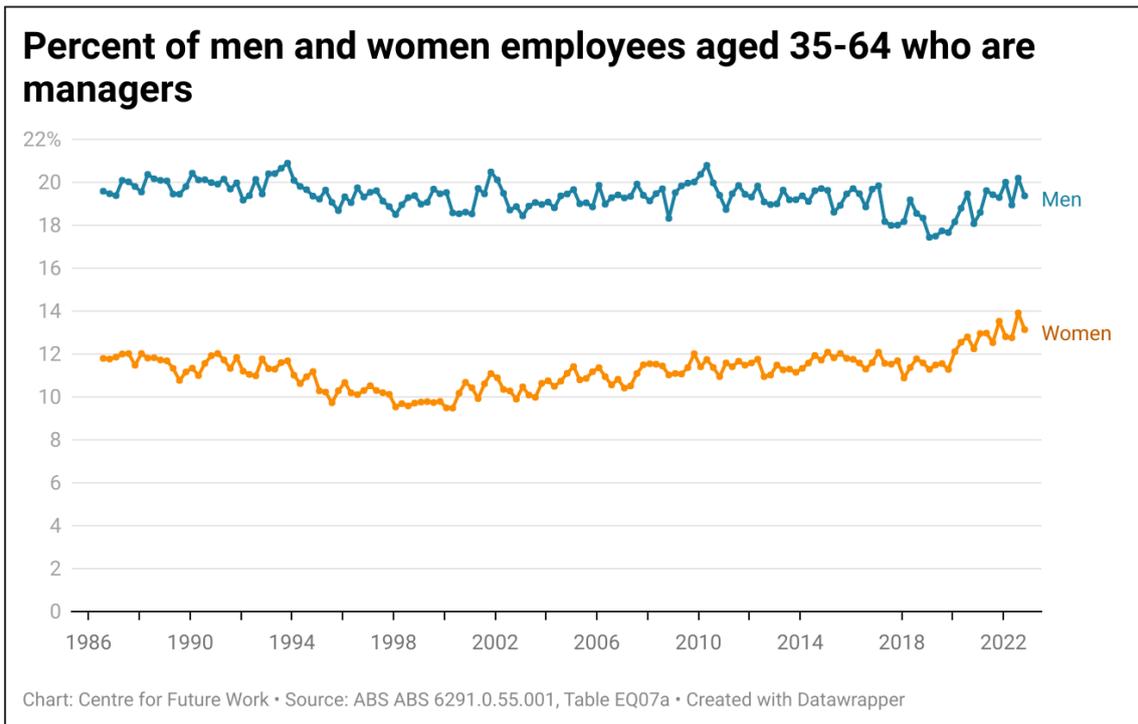
ABS employment and earnings data starkly reveals the extent of vertical gender segregation. Across all ages, for example, men are much more likely to work as a manager. More worryingly, this gap widens with age, and women in their final years before retirement are almost only half as likely to be a manager as men (Figure 17).

Figure 17.



Even worse is that over time that gap in management employment has barely changed. Since the mid-1980s, the percent of males employed in the prime-managerial ages of 35 to 64 has remained steady, between 19% to 20%. Despite a large increase in the participation rate of women since 1985, there has not been a significant increase in the share of women working as managers. The current level of 13.1% is just 1 percentage point higher than it was in 1985 (Figure 18).

Figure 18.



Just as concerning is that in only two industries -- transportation and construction -- do women make up a greater share of managers than they do overall employment. In all other sectors, women are underrepresented in managerial positions, relative to their share of overall industry employment.

Table 3.

Women's managerial share across industries, 2022			
Industries	Women's share of employees	Women's share of managers	Difference (% pts)
Agriculture etc	29.6%	25.1%	-4.5
Mining	19.2%	16.6%	-2.6
Manufacturing	28.4%	24.3%	-4.2
Utilities	22.7%	21.5%	-1.2
Construction	13.4%	16.1%	2.6
Wholesale Trade	31.9%	26.2%	-5.7
Retail Trade	54.1%	45.9%	-8.1
Accommodation & Food	55.7%	50.7%	-5.0
Transport, Warehousing etc	23.9%	29.6%	5.8
Info Media and Telecommunications	41.2%	37.1%	-4.0
Finance	49.5%	41.2%	-8.2
Real Estate Services etc	49.8%	36.8%	-13.0
Professional, Scientific and Technical Services	43.5%	37.0%	-6.5
Admin and Support	51.9%	48.3%	-3.6
Public Admin and Safety	48.3%	46.0%	-2.3
Education and Training	72.6%	65.7%	-7.0
Health Care and Social Assistance	76.1%	69.4%	-6.7
Arts and Recreation Services	47.3%	42.7%	-4.6
Other Services	44.4%	41.5%	-3.0

Rolling 4 quarter average of original data
 Table: Centre for Future Work • Source: ABS 6291.0.55.001, Table EQ09 • Created with Datawrapper

Even in the women-dominated industries of education and health care and social assistance, women are underrepresented in managerial roles (Table 3).

This demonstrates the multidimensional challenge of attempting to reduce the gender pay gap. Women are less likely to have higher-paying roles within any given occupation or industry. This may partly reflect that women in the past have been less likely to have these roles and thus, need to break the “glass ceiling” of perception that they are equally able to manage and supervise. Since women have traditionally been denied higher-paying roles, they are more likely to take leave to raise children, and more likely to work part-time in order to raise children or care for family members.

UNPAID WORK AND TYPE OF WORK

The labour market is also segregated in terms of how and how much men and women work. Across the OECD, women spend less time in paid work and more time in unpaid work than men. Australia is no exception, with women spending 43.4% less time in paid work every day compared to men, but 81% more time doing unpaid work compared with men (see Figure 6 earlier). This skewed distribution of unpaid work between men and women significantly limits the number of hours available for women to do paid work, which in turn reduces the earning potential of women. This reinforces women's underutilisation in the labour market, as many households will decide it is beneficial for a woman to reduce working hours to care for family members, since she is paid much less anyway.

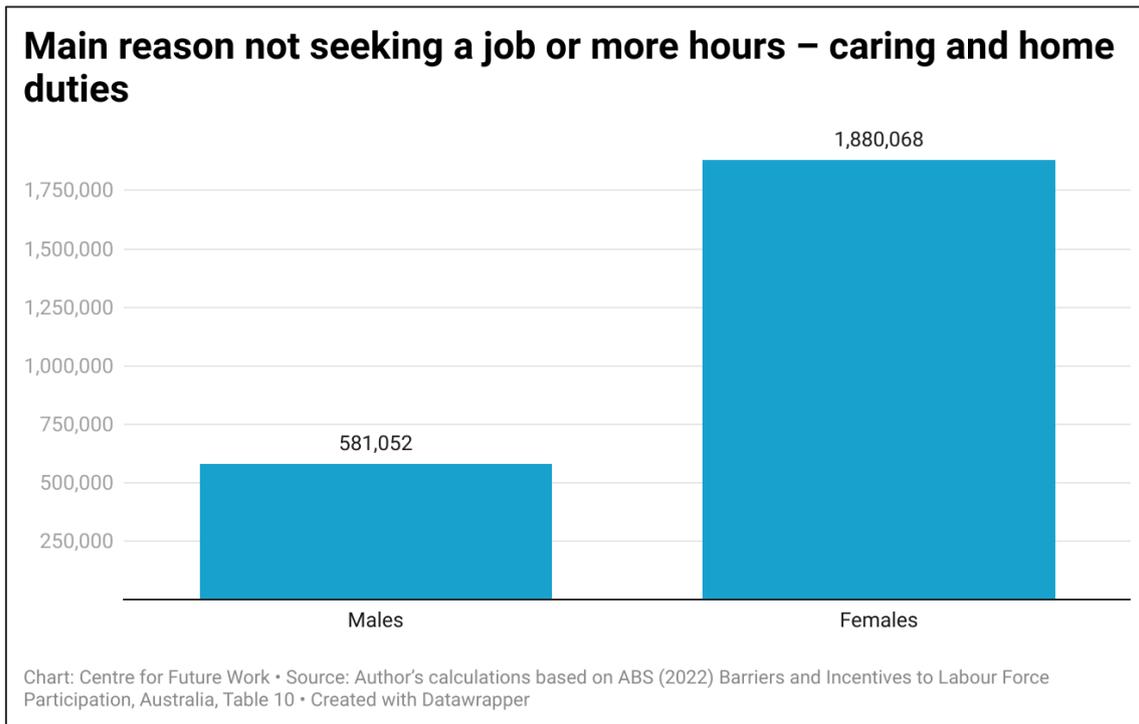
The maldistribution of unpaid work between men and women is worse in Australia than in similar OECD countries. Women, for example, do 77.4% more unpaid work than men in the United Kingdom, 63.6% more in the United States, and 51% more in Canada. Unsurprisingly, the distribution of unpaid work between men and women is more even in Nordic countries. In Norway, women do 35% more unpaid work than men, in Denmark 30.5%, and in Sweden 28.8% more. This is not some accident of culture: these countries also have lower inequality, affordable childcare, and generous paid parental leave schemes, all of which facilitate a fairer distribution of unpaid work.

According to a recent ABS (2022b) survey, more females (94%) than males (86%) participate in unpaid work activities (including domestic, childcare, adult care, and voluntary work activities). Women who participated in unpaid work spend on average 4 hours and 31 minutes a day on unpaid work, while males spend 3 hours and 12 minutes. This works out to be 31 hours and 36 minutes a week for women, compared to 22 hours and 24 minutes for men.⁶ The difference in the distribution of unpaid work is particularly pronounced when it comes to child caring duties, with women doing 54% more childcaring than men.

The burden of unpaid work presents a much bigger barrier to paid employment and gaining more hours of employment for women compared to men in Australia. Over 3 times more women, compared with men, cite commitments to caring and home duties as the main reason not wanting a job (Figure 19).

⁶ Note: the ABS and OECD data includes different activities in the category of unpaid work and the data refers to different periods of time.

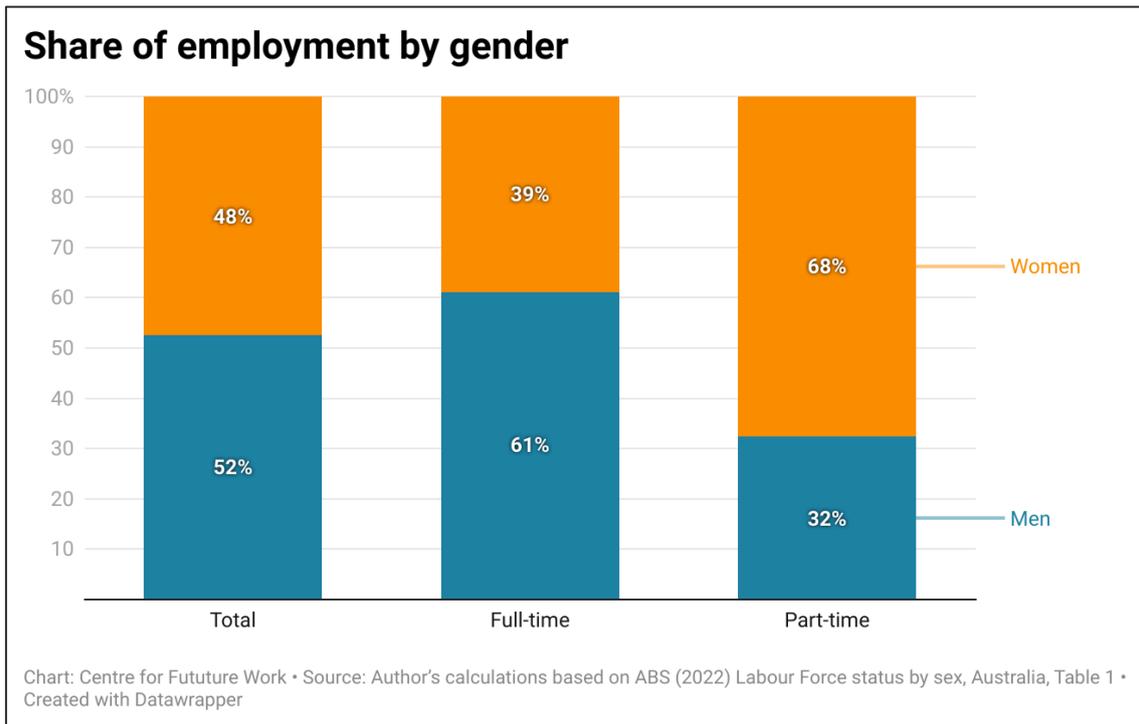
Figure 19.



The scale of unpaid work women perform limits the type of employment available to some women. This plays a significant role in the overrepresentation of women in part-time and flexible work. Women are more likely to be employed part-time and in flexible work arrangements. Around 43% of women with paid jobs worked part-time in 2022, compared with 18% of men. Figure 20 shows that women also make up a much larger share of part-time workers – 68% of part-time workers are women compared to 32% who are men (ABS, 2022c). Women also make up 54% of people employed in casual jobs without leave entitlements (ABS, 2023). As a result, women work less paid hours than men across the whole labour force, performing 41% of total monthly hours worked even though they make up 48% of total employed people (ABS, 2022c).

The high share of part-time and casual work contributes to the gender pay gap as women with less time in the labour market are less likely to advance to higher status positions.

Figure 20.

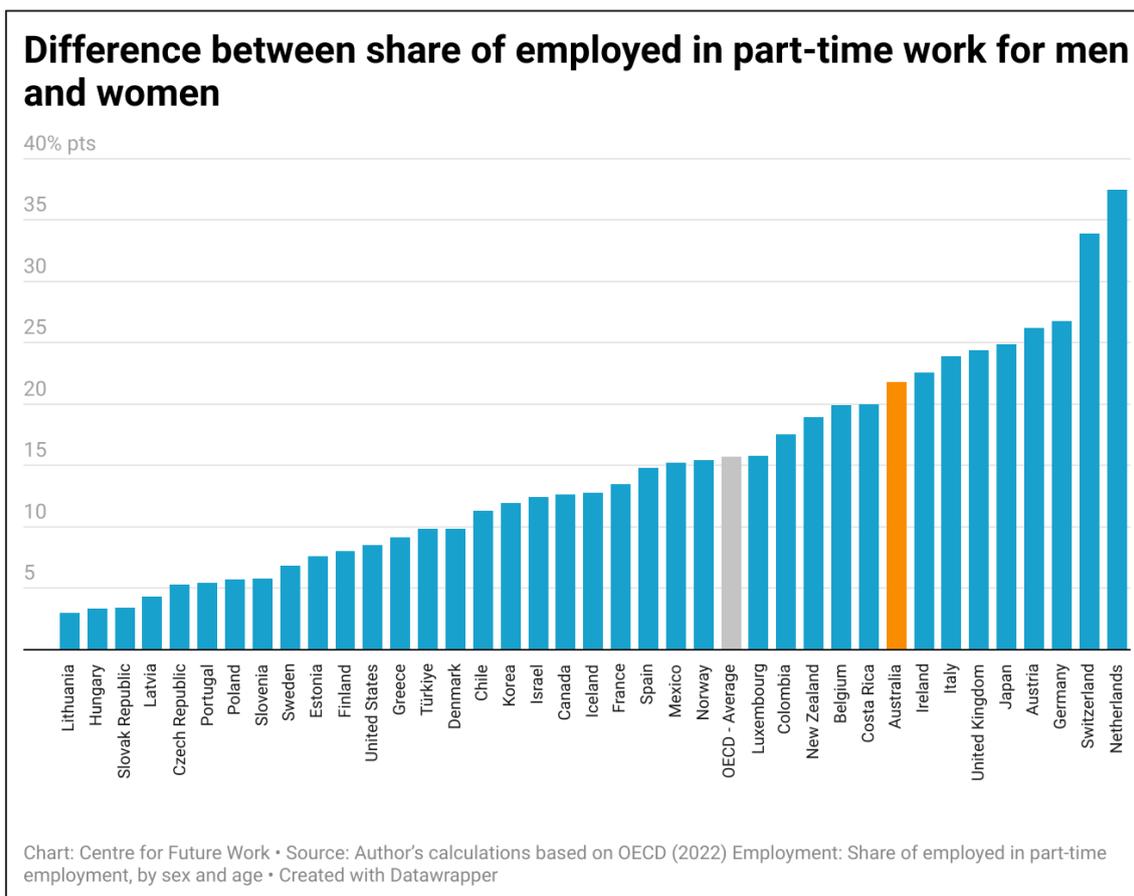


Source: Author's calculations based on ABS (2022) *Labour Force status by sex, Australia, Table 1*

Australia has the fourth highest share of women working part-time in the OECD, just below Japan, Switzerland, and the Netherlands (OECD, 2021b).⁷ High part-time employment could, in part, be explained if a country also had high part-time employment as a share of total employment. However, once the share of male part-time employment is subtracted, Australia still ranks 9th in the OECD for women working in part-time jobs, with a 21.8 percentage point difference between male and female share of part-time employment (Figure 21). This is well above the OECD average of 15.7 percentage point difference.

⁷ Note: this refers to part-time employment as a proportion of total employment, by sex. The OECD defines part-time as people who usually work less than 30 hours per week in their main job.

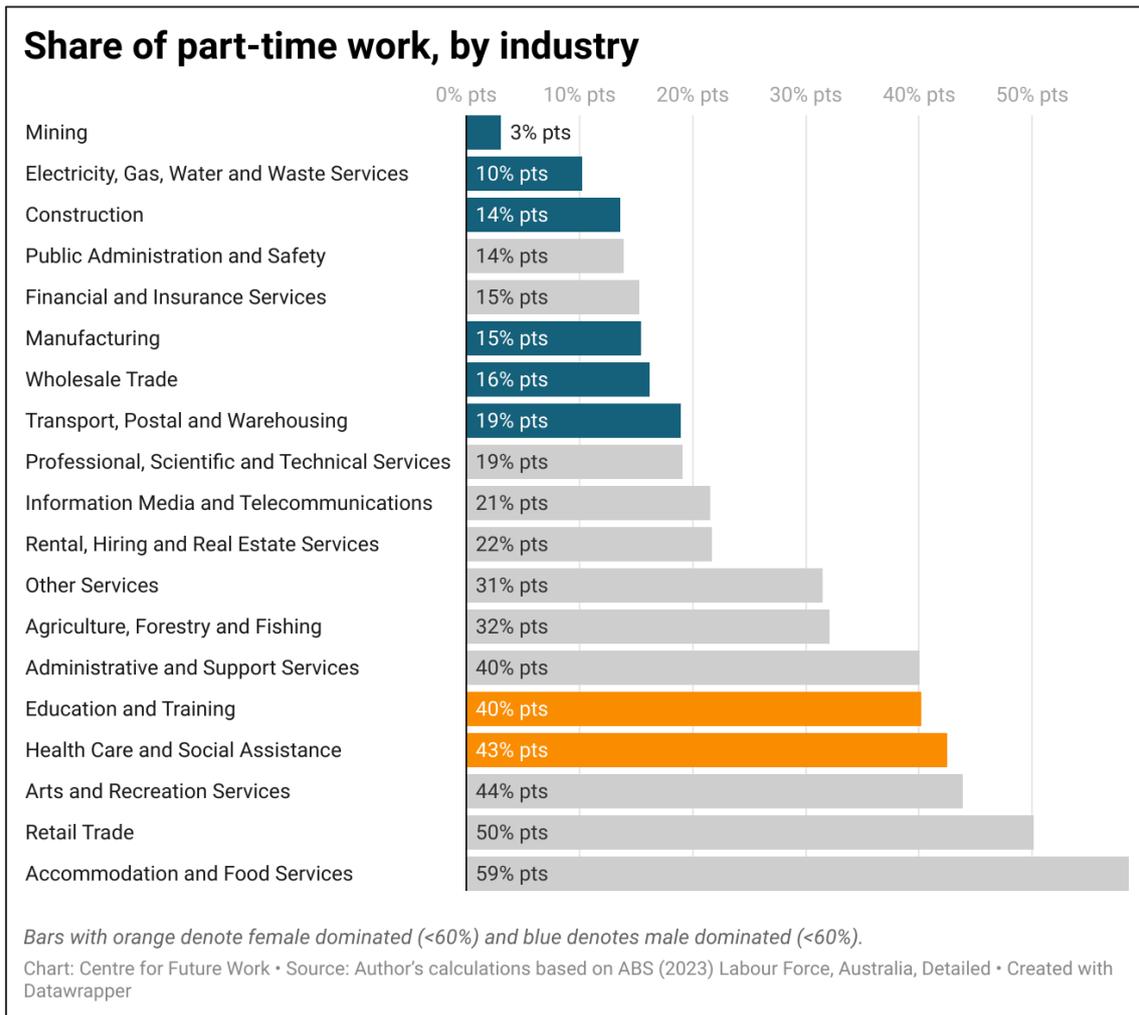
Figure 21.



The overrepresentation of women in part-time and flexible work arrangements also limits job opportunities and is related to the concentration of women in certain industries and occupations. Figure 22 shows that the industries with the highest portions of part-time employment are also more likely to be dominated by female workers – health care and social assistance, and education and training.⁸ Whereas, industries with less part-time employment are more likely to be male dominated: including mining, utilities, construction, and manufacturing. The concentration of part-time work in certain industries narrows the employment opportunities for women who are balancing their jobs with high unpaid work commitments. The limited availability of part-time work in selected occupations and industries can thus reinforce patterns of gender segregation.

⁸ As noted above, female dominated in this context refers to over 60% female employment, and male dominated refers to over 60% male employment. Industries with each gender between 40% and 60% are considered mixed.

Figure 22.



Women face persistent barriers to participating in the labour force on the same terms as men. The availability and affordability of early childhood education and care (ECEC) is an important factor in decisions by parents about the distribution of paid and unpaid work after the birth of a child. Australian parents face some of the highest out-of-pocket early childhood education and care costs in the OECD (Grudnoff, 2022). Insufficient access to quality, affordable childcare presents another critical barrier to women’s paid work opportunities in Australia. Long-term structural inequality in women’s lower pay and pervasive job insecurity mean women face significant pressures to further reduce their paid work hours to care for their families.

Costs

The gender pay gap and underlying labour market segregation substantially undermine equitable societal outcomes in Australia. Broadly, limited mobility between industries and occupations for men and women creates less flexibility in the workforce, which can contribute to higher unemployment and skill gaps (Colquhoun, 2021). It also constrains job opportunities for women by limiting the range of jobs that are realistically available, in turn constraining the earning potential and economic independence of women.

The gender pay gap also costs women, households, governments, and the economy – through lower income, tax revenue, and growth. As with the gender pay gap, there are many ways to estimate the cost of the gender pay gap. A recent estimate claimed that the gap was holding the economy back by \$966 million a week or \$51.8 billion a year in lost women’s pay (KPMG, 2022). This measure is based on the gap between male and female average hourly wages at different income quintiles. This approach calculates the value of closing the gap between men and women in the same income quintiles but as discussed this is not the only force contributing to Australia’s gender pay gap. Men and women are very unevenly distributed among income quintiles in Australia because of labour market segregation, the division of paid and unpaid work, and the concentration of women in part-time work – meaning that women are overrepresented in low-income quintiles.

Another way to calculate the cost of the gender pay gap is to remove the confounding issue of labour market segregation which plays a big role in the gap. This approach corrects for the average wage gap between men and women within industries by aggregating the difference in average weekly earnings between men and women by industry.⁹ According to this measure, the gender pay gap is worth just over \$3 billion per week in wages across the female workforce, which works out to be over \$156 billion over the year. By this estimate the annual cost of the gap is worth 24% of federal budget expenses in 2022-23 (Australian Government, 2022, pp. 176). This assumes men’s average weekly earnings wouldn’t decline to enable the relative increase in women’s wages. An assumption which is consistent with the fact that growth in men’s wages has not slowed as the gender gap has been closing. The cost of the gap would be even greater if it corrected for the overrepresentation of women in low paying industries and occupations.

⁹ This was calculated using ABS data including average weekly earnings for males and females by industry and employment by industry data.

The gender pay gap cost to women is however not limited to a gap in just a particular year – it compounds throughout their working lives. Using the most recent median earnings by age (ABS, 2022e) we can see that a woman beginning work at the age of 20 and earning the median wage at all stages of her life, will in total earn \$1.01m less in today’s dollars than would a man who earns the median incomes throughout his working life (Table 4).

Table 4. Lifetime median earnings by gender

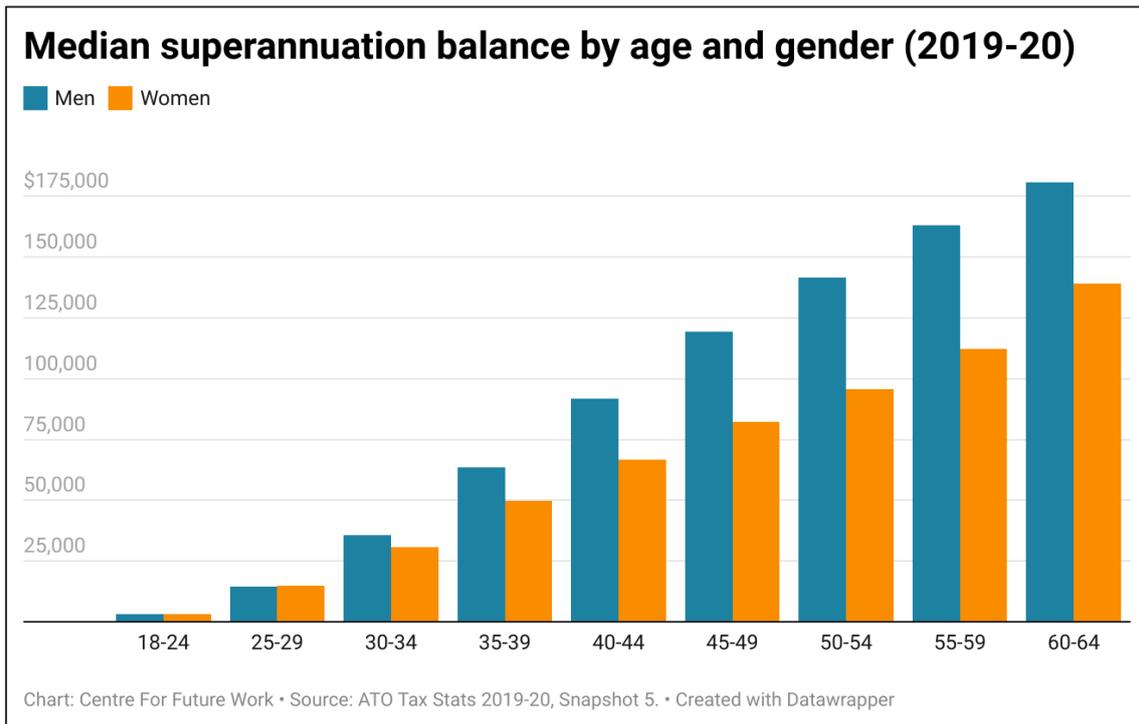
Age	Men median income	Women median income	Men total age period income	Women total age period income	Gender pay gap (%)	Gender pay gap (\$)
20–24	\$46,800	\$43,576	\$234,000	\$217,881	6.9%	\$16,119
25–34	\$72,800	\$62,400	\$728,000	\$624,000	14.3%	\$104,000
35–44	\$91,653	\$65,000	\$916,534	\$650,000	29.1%	\$266,534
45–54	\$93,600	\$64,896	\$936,000	\$648,960	30.7%	\$287,040
55–59	\$89,752	\$60,989	\$448,760	\$304,943	32.1%	\$143,817
60–64	\$77,271	\$52,000	\$386,357	\$260,000	32.7%	\$126,357
65 - 67	\$59,800	\$36,400	\$179,400	\$109,200	39.1%	\$70,200
Lifetime	na	na	\$3,829,051	\$2,814,984	26.5%	\$1,014,067

2023 dollars
 Table: Centre for Future Work • Source: ABS 6337.0, Table 2, Table 2.1 • Created with Datawrapper

This is clearly a conservative estimate given we know women are more likely than men to take time off during their 20s and 30s to raise children. That the lifetime salary gap is still more than \$1m even if we assume, as we have here, that a woman works every year from 20 to 67 highlights just how massive is the problem.

This is bad enough given the reduced living standards such a lower income entails, but the gap goes on past a woman’s working life. Because income is directly linked to wealth and especially the level of superannuation one has when they retire, the income gap produces a superannuation gap.

Figure 23



The current median superannuation balances by age are lower across all ages for women (Figure 23). However, using the median incomes from Table 4 we can also calculate the equivalent impact on superannuation balances for a woman who earns the median income her entire working life.

Assuming a 12% employer contribution and a 7.5% annual return on investments calculated using the ASIC superannuation calculator, we are able to estimate the level of superannuation balances for men and women throughout their working life (Table 5).

Table 5. Income and superannuation by gender and age

Age	Men median income	Women median income	Men super balance at start of age period	Women super balance at start of period	Gender super gap (%)	Gender super gap (\$)
20–24	\$46,800	\$43,576	\$0	\$0	0.0%	\$0
25–34	\$72,800	\$62,400	\$15,576	\$14,444	7.3%	\$1,132
35–44	\$91,653	\$65,000	\$92,677	\$80,400	13.2%	\$12,277
45–54	\$93,600	\$64,896	\$205,907	\$163,080	20.8%	\$42,827
55–59	\$89,752	\$60,989	\$345,208	\$263,197	23.8%	\$82,011
60–64	\$77,271	\$52,000	\$417,813	\$314,856	24.6%	\$102,957
65 - 67	\$59,800	\$36,400	\$491,458	\$367,205	25.3%	\$124,253
At retirement	na	na	\$529,717	\$393,676	25.7%	\$136,041

Super balances for end of each age period. All figures in 2023 dollars, assumes 2.5% CPI + 1.5% cost of living, 12% employer contributions and a 7.5% return on investments and 0.85% fees. Median incomes from ABS 6337.0 Table 2.1
Table: Centre for Future Work • Source: Moneysmart.gov.au • Created with Datawrapper

By the end of their working lives, a woman who has earned the median income for a women would have \$136,041 less in today’s dollars in their superannuation balance than a man who has spent his life earning a median male income.

A man who has earned median income throughout his lifetime will retire with a balance of \$529,717 – slightly below the \$545,000 suggested by ASFA to achieve a “comfortable retirement” (ASFA 2023). A woman who has earned median incomes through her life however will retire some \$151,000 below that comfortable level with a balance of \$393,676.

The cost of the gender pay gap is truly pernicious in that it lives on even after your working life has finished. And while aspects such as including superannuation on paid-parental leave is a necessary policy, without addressing the income gender pay gap, women will continue to have a less secure retirement.

Recommendations

Affordable and accessible early childhood education and care

Unaffordable early childhood education and care (ECEC) is one of the biggest barriers to women working. The prohibitive cost of childcare forces many families to insource care responsibilities contributing to high rates of part-time and low wage work among women (see Figure 20). Over a lifetime this negatively impacts female career progression, work quality, earning potential, superannuation savings, and financial security in retirement.

In the October 2022 budget, the Federal Government increased the Child Care Subsidy rate for an estimated 1.26 million families. While this price relief is an important step, the increase to the subsidy isn't enough. Australian parents face some of the highest out-of-pocket early childhood education and care costs in the OECD (Grudnoff, 2022). Making ECEC free or at least more affordable would boost national wealth and ensure more gender-equal lifetime earnings in turn closing the gender pay gap. In fact, Australia Institute research shows if Australia had the same labour force participation rates as Nordic countries do, then the economy would be \$60 billion, or 3.2% of GDP, larger (Grudnoff and Denniss, 2020).

Expand the duration and non-transferable components of Paid Parental Leave

The Federal Government introduced legislation in November 2022 to increase paid parental leave (PPL) from 20 weeks to 26 weeks by 2026. Importantly it will include two weeks reserved on a 'use it or lose it' basis for each carer to incentivise more fathers to take leave. It will also remove the requirement that the primary claimant of the leave must be the birth parent making the responsibility of caring more gender neutral. These are certainly important changes but more needs to be done to address the disproportionate care responsibility borne by women.

Australia's PPL scheme is well behind international standards. The OECD average PPL scheme is 60 weeks in total, with 24.6 weeks reserved for mothers, 10.4 weeks for fathers and 25.4 weeks that can be flexibly distributed (OECD, 2022). With a 20-week scheme, Australia unsurprisingly ranks low – 30th out of 38 countries for the duration of paid leave entitlements. Minimal leave entitlements place pressure on parents, in particular women, to drop out of the labour force or take on part-time work during the early years of child's life. Further, research shows that countries with a bigger portion of non-transferable leave dedicated to secondary care givers (usually fathers) tends to encourage a more even take up of leave between parents (Nordic Policy Centre, 2022).

Extending leave entitlements and encouraging a more even distribution of childcare would help reduce the career and financial penalty of having children both for all parents, but especially women. Additionally, making it mandatory for superannuation to be paid while a person is taking paid parental leave would help to reduce the gendered super gap.

Expand family-friendly working arrangements across the workforce

Workplace practices have historically been very rigid, particularly in male dominated industries and occupations – they dictate specific working hours in the day, the location of work, and modes of attendance. This has long presented a conflict for people who also have caring responsibilities. The trend towards greater workplace flexibility was accelerated in during the pandemic, including working from home, flexible hours, and acknowledgment of family commitments, which gave parents a chance to balance their commitments. During this period, hours spent on unpaid housework and care increased among men (Risse and Jackson, 2021). While workers may not opt for full flexibility in their hours and working location – the pandemic gave us a chance to witness the benefits of introducing flexibility into working arrangements.

Some workplaces and workers have managed to maintain flexible working arrangements, but this should be standardised, expanded and embedded in employment relations frameworks to make balancing work and care more achievable across the workforce. Breaking down rigid job design in male-dominated jobs could also help with reducing entrenched gendered segregation by industry and occupation.

Improve the bargaining and increase the wages of women-dominated sectors

Women dominated sectors, especially in the care industry are among the lowest paid work. The 2021 Royal Commission into Aged Care Quality and Safety recommended that gig work, independent contracting and other ‘indirect’ employment arrangements be restricted in the publicly-funded aged care sector. This needs to be agreed to. Research by Macdonald et.al (2022) also found that the Government’s proposed dedicated care and community sector and pay equity Fair Work panels, and inclusion of security and pay equity objectives within the Fair Work Act, have great potential to support better jobs in these sectors, as will access to multi-employer bargaining.

Given the importance of the government as the primary funder of the sector, we however also recommend that they are also at the bargaining table.

Address insecure work

Women are much more likely to work part-time, casual and other forms of insecure work. The Federal Government has implementing a number of changes to the industrial relations system to directly address insecure work. Further reforms should

include rights to family-friendly working time arrangements and stable work as minimum standards for all employees in the National Employment Standards.

Conclusion

This report has been produced to coincide with 2023 International Women's Day – a day for celebration but also acknowledgment of the barriers to equality that remain. While many previous discriminatory work practises have been made illegal, suggesting on the surface that there is gender equality within the labour force, the varied empirical data presented above confirm that there is much progress left to go before genuine equality of outcomes is achieved.

We have found that while the gender pay gap has narrowed over time, the pace of closure has slowed in recent years. Current trends suggest average male and female earnings will be equal only in 30 years. Across most industries and occupations, male labour is valued higher than women's, and that this costs women a conservative \$1m in lifetimes earnings.

This report has also used taxation statistics to examine the all-embracing nature of the gender pay gap across all levels of income, industry and occupation. The pay gap tends to decline moderately with a greater share of women in a given occupation, but countering this is that the average salary of occupations declines as the share of women in that occupation increases. This reveals the needs to not only reduce gender segregation across occupation and industries, but also to revalue work currently performed done by women. Without efforts to raise the earnings of occupations such as care work, it will remain a greatly segregated occupation and one which perpetuates notions that women's work is not monetarily valuable.

The report also noted the massive disparity of unpaid labour undertaken by women. This disparity imposes large and ongoing costs on women. Women are much more likely to remain out of the labour force for reasons of care than are men. This in turn encourages a vicious cycle of women doing most unpaid labour, thus being more likely to work part-time. This pays then less jobs done by male partners, putting additional pressure on women to give up paid labour to care for family members.

Government policy can do much to break this cycle. Providing greater access to childcare, and incentives for secondary care-givers to take paid parental leave, and also lifting the share of public sector workers in care and health sectors could all help to reduce the perceived need for women to be the ones to reduce their labour.

The private sector, however, also has a vital role to play – with better family-friendly work practices, and a culture to support more equal outcomes for women.

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