

Speech to the Women in Economics Network

The Case for Gender Equality

I acknowledge the traditional owners of the land in which we meet, Gadigal People of the Eora Nation and acknowledge elders past, present and emerging.

Over the course of the last twelve months, I've made a series of speeches about matters important to me as alternative Treasurer, as I go about thinking about and laying out the economic plans of the next Labor Government.

Things that will be important to me as Treasurer.

"The Case for Opportunity", "The Case for Openness", "The Case for The Middle Class", "The Case for Innovation", "The Case for Australia and Indonesia", "The Case for Financial Stability" "The Case for Action on Inequality".

Today, I want to make the "The Case for Gender Equality".

Perhaps more accurately; the case for the role of women having a bigger place in our economic debate.

The case for acting on gender wage inequality.

The case for policies to improve female participation in the workforce.

The case for more women in senior roles in business and in economic policy making.

Why should the alternative Treasurer be making such a speech?

Well, in short, to paraphrase Justin Trudeau, because it's 2017.

Because there is still far too much gender inequality in Australia and we are making far too little progress in dealing with it.

But tackling some of these issues is actually not just important in improving fairness and social justice, but in improving economic growth as well.

Because when we are thinking about how to improve economic outcomes for all Australians, the Australian Treasurer should be thinking about ways of improving economic outcomes for more than half of the population who are very clearly not getting fair treatment in the workplace, not getting fair reward for effort.

Because a Treasurer who cares about economic growth cares about women in the economy. More women in the workforce means higher economic growth.

Today, I want to do a number of things.

Firstly, argue that progress in closing the gender pay gap in Australia is far too slow.

The gender pay gap not only robs women of a reasonable reward for effort, but compounds through life leaving women without adequate retirement income.

Government policy needs to be much more proactive in fixing the problem. Not because it is easy, but precisely because it is hard.

Things that are hard, but important, need extra effort. And we are not expending enough effort as a country to fix this problem.

Secondly, I want to point out that gender equality is about fairness but it is not just about fairness. Improving participation in the workforce lifts the economy.

Thirdly, I want to make the case for more women at senior levels of the economy: in government and in business and again, the case for not just talking about it, but being proactive about it.

And finally I want to talk about women and the budget, and the approach I'll take as Treasurer.

The Pay Gap

Firstly, the unacceptable reality of the pay gap in Australia.

Of course, it used to be the law of the land that men be paid more than women.

From the famous harvester judgement one hundred and ten years ago, which set the minimum wage at a level which allowed a male to support a wife and three children in "frugal comfort", through to the equal pay cases of 1969 and 1972, it was regarded as appropriate for the law to mandate that men be paid more than women.

Of course, plenty of people warned that equal pay would be the end of the world.

The old arguments were trotted out, as they still are.

We were told if you pay women more, fewer women would be employed.

But of course, it didn't work out like that. As wages increased, female participation increased.

At least in part this was because the fairer remuneration attracted more women into the workforce, together with the sweeping societal changes impacting on the roles available to women.

But as we all know, while the law changed in far too many cases the reality did not.

The effort to reduce the gender pay gap has been in neutral for twenty years.

The gap has hovered at the same level and at this pace will take decades, indeed perhaps a century to remedy.

And let's deal with one straw man argument up front. It's not because women are less educated or have fewer skills than men.

Women on average in Australia have more tertiary qualifications than men.

While Australian women's educational attainment has steadily increased over the past two decades, the gender pay gap hasn't budged.

But women tend to work in sectors of the economy with lower pay and since women remain responsible for the majority of unpaid care, are more likely to have to take career breaks affecting their progression.

Research by KPMG shows that simple gender discrimination is still the largest contributor to the gender pay gap.

The most recent Workplace Gender Equality Agency scorecard shows that full time working women earn around \$27,000 less per annum than the average full time male, with the salary difference rising to \$94,000 at the top levels of management.

It's one of the reasons why tackling inequality more broadly is so important for Labor.

As my colleague Andrew Leigh put it recently, "if we let the pay gap between child care workers and surgeons grow, the gender pay gap will grow too".

A Parliamentary Committee recently examined the impact of gender segregation in the workforce and did a very good job.

I want to congratulate them for their work, particularly the Chair Senator Jenny McAllister, who is here with us today.

As the Committee pointed out “By international standards, we have a highly gender segregated workforce” and it operates in a way which doesn’t engender pay equity.

The higher the proportion of men in a particular industry, the higher the average wages.

We have glass walls, holding up a glass ceiling.

Now, as I have said, no-one pretends this is an easy issue to fix.

But I know that if we aren’t trying, we won’t succeed.

And we certainly shouldn’t be making the situation worse.

And as a nation, on July 1, this Saturday, we will be making the situation worse.

On 1 July, people who work on Sundays will be receiving a pay cut.

There are many reasons to oppose this cut to penalty rates.

And one of them is that it will worsen pay equity in Australia.

Women are more likely to work in the sectors affected by penalty rate cuts. 56% of retail workers are women. 54% of workers in accommodation and hospitality are women.

And within these sectors, the majority of people working on weekends are women.

Seventy per cent of women in food and beverage services, and 60% in retail, worked part-time, compared to only 52 and 35%, respectively, for men Dr Jim Stanford has found.

So this is another powerful reason for the Federal Government to step in and overturn the Fair Work Commission decision on penalty rates.

Let us not have the nonsense that an independent tribunal cannot and should not be overturned.

Recently, the Parliament overturned a Federal Court decision on native title, because it didn’t like it.

Likewise, when the Turnbull Government didn’t like a decision of the Road Safety Remuneration Tribunal, it overturned the ruling and then abolished the whole body.

But on this occasion, when low paid women are adversely affected, the Turnbull Government sits on its hands, claiming to be powerless.

If we are meant to be closing the gender pay gap, how can we be allowing a decision to stand which actively makes it worse?

But of course we need to be doing more than simply protecting the status quo.

The Senate Committee made a number of recommendations that are worthy of serious consideration, introducing pay equity as an explicit objective of the Fair Work Act, for example.

This would require the Commission to consider how it is meeting this objective when making its decisions.

The Committee's recommendation to restore the Pay Equity Unit and establish a Pay Equity Panel are also worthy of serious consideration, and I look forward to working on this with my colleagues Brendan O'Connor as Shadow Minister for Workplace Relations and Tanya Plibersek as Shadow Minister for Women.

The Retirement Income Gap

The pay gap multiplies through a woman's working life to mean that far too many women are denied the retirement they deserve.

We need to make genuine progress in giving women a fairer go in the workforce but we also need to be improving our superannuation system to make up for at least some of this inequity while it continues to exist.

Women retire with around half the retirement savings of their male counterparts.

\$154,000 less than men.

This despite women retiring earlier, having longer periods in retirement than men, and being more likely to be single.

This is no doubt contributing to the unacceptable situation where a third of all women retire in poverty. Older women are the fastest growing group of people needing to access homelessness services.

Perhaps most compellingly, only 2 in 10 single women retiring today have enough savings for a comfortable retirement. Just 20%.

Compare this to men, where around 5 in 10 men meet this benchmark. Not enough, but better than for women.

The system simply needs to perform better when it comes to women.

One of the Abbott-Turnbull Government's first moves was to abolish the Low Income Superannuation Contribution, which was in effect the only tax concession for low income earners and its abolition was a blow to the retirement incomes of women.

This when two thirds of the recipients of the LISC were women.

Labor fought the contribution's removal which ultimately led to its re-instatement twelve months later.

It underlined the motives and values of the government that thought it was OK to rip away a tax concession that went some of the way in providing low income women with a more dignified retirement.

Superannuation concessions are already skewed towards men who receive two thirds of all superannuation tax concessions.

But while the Government is inactive at best, many companies in the private sector get it and are acting.

In the last couple of years, ANZ has provided top-up superannuation contributions of \$500 a year for female staff in Australia.

They will also pay super contributions on parental leave for up to 24 months.

This is a worthy move.

Imagine how much more powerful their actions would be, however if they were matched by interest and activity by the Federal Government.

A number of companies have decided to make greater contributions to the superannuation accounts of their female employees in a contribution to closing the gender gap.

But at the moment, getting permission to this involves a bureaucratic process of approval, getting permission from the Australian Human Rights Commission before making top up payments to females to make a contribution to getting rid of the retirement income gap.

We should remove any red tape which goes with obliging employers and simply make the process easier.

Women and the economy

I now want to turn to women in the economy.

If women are not participating and flourishing at work, we are simply paying lip service to Australia being an inclusive society.

Supporting women to participate in the workforce is critical to ensuring women's economic security and independence.

But getting better outcomes for women in the economy isn't just good for individual women. It's about more than fairness and social justice. It's as much about hard and dry economics.

Viewed purely through an economic lens, as the Australian population ages, it's now more important than ever we get as many women participating in the economy.

Under Australia's G20 presidency, leaders agreed to work towards reducing the gender gap in workforce participation by 25 per cent, a commitment which would result in up to 200,000 additional women in Australia's labour force.

Female participation rates have increased over the years. This is a good thing.

But female participation remains well below comparable OECD economies like Canada, New Zealand and the United Kingdom.

Work by the Grattan Institute a number of years ago showed if Australian women did as much paid work as women in Canada Australia's GDP would be about \$25 billion higher by 2021.

If we really cared about jobs and growth, we must care about the role of women in our economy.

If we lift female participation we would also get better return on our investment in tertiary education.

Women currently make up around 56% of all students attending university. In some universities it's as high as 70%.¹

¹ <http://www.universityrankings.com.au/gender-balance-ratio.html>

But after taking career breaks to care for children, many women find it hard to return to their careers. When this happens, the Australian economy loses.

Again, the gender pay gap is a key issue here. Given women earn less, much of the time women are the ones who end up sacrificing their career lowering levels of female participation.

Of course, just because women aren't participating in the *formal* economy doesn't mean they aren't contributing to Australia's prosperity.

Household production is economically important – caring and educating young children at home for instance – yet we don't collect enough information about carrying the load as it's not regularly measured.

It's why the cancelling of the ABS Time Use Survey was a backward step, a national survey which delved into how people use their time, importantly measuring the volume of unpaid work and who undertakes it.

But of course we need to give women the flexibility and incentives to contribute in a way which maximises benefit for them and the wider economy.

This is why good child care is so important.

Outside school hours care is a particularly big problem for women who want to increase their hours at work.

When the child care system doesn't work for parents, parents simply aren't working.

The Government treats child care as some kind of reward for working women. They just don't get it – it is a prerequisite for working women.

Women at Senior Ranks

I now want to briefly discuss the lack of women in upper echelons of business and Government.

Any discussion about the role of women in our economy needs to deal with the challenges for women at the senior ranks of government and business.

If women are at more decision making tables, women will be more likely to be considered in the decision making discussions.

Let me deal with senior government economic appointments first.

The recent appointment of Susan Kiefel as Chief Justice of the High Court was the latest smashing of glass ceiling.

The appointment of Australia's extremely accomplished first female Chief Justice was a very welcome addition to the list of offices which have finally been filled by a female for the first time.

But the senior ranks of our economic regulation and policy space have remained quite closed to women.

Australia has now had a female Prime Minister, a female Governor-General.

Every state bar one has had a female Premier. We now have a female Chief Justice.

We have a female Foreign Minister and female Shadow Foreign Minister. And while Penny Wong served ably as Finance Minister, there is a dearth of senior women in appointed economic roles.

We have never had a female secretary to the Treasury. Or a female Reserve Bank governor. Or deputy governor. Or female chair of the ACCC. Or APRA. Or ASIC. Or the Future Fund. Or the Productivity Commission. I think you get the gist.

We also lag behind plenty of other countries in this regard. Of course, the US has a female chair of the Fed and has had a woman lead the securities commission.

Closer to home, Indonesia's highly respected finance minister is Sri Mulyani. And for sixteen years Malaysia's central bank, Bank Negara, was headed by the highly respected Dr Zeti Akhtar Aziz.

In international institutions, Christine Lagarde is of course a role model for many.

And yet, here in Australia no female has headed a national economic institution. This needs to change soon.

This is not about symbolism or tokenism. I am not suggesting that a woman be appointed to the next vacancy as a matter of principle.

But I am saying Australia has a problem in that its many highly accomplished female economists have not been able to break through to the leadership roles they deserve and our nation is accordingly missing out on the potential contribution they have to make as our most senior economic policy makers.

I acknowledge the appointment last week of Jenny Wilkinson as the Parliamentary Budget Officer by the Speaker and the President of the Senate. I know Jenny. She will do a great job.

And after a bleak period of no female representation at the top levels in Treasury, I also welcome the recent appointment of two female Deputy Secretaries.

But we need to get more female Economics graduates into the pipeline for future promotions.

I recognise the good work of the Reserve Bank here, particularly the leadership shown by Luci Ellis.

When it comes to senior economic appointments within the purview of the Treasurer, I will continue to make appointments on merit.

But I refuse to accept that a so called merit based selection will continue to throw up exclusively male appointments.

I will be asking for suitably qualified female candidates to be considered alongside male candidates for senior appointments.

And I am confident we can make progress towards more gender parity when it comes to senior appointments at both at the senior executive level and on Government boards.

When Labor was last in Government we set a target for representation of women on boards of 40 per cent. We met that target two years ahead of schedule in 2013. Unfortunately, representation slipped backwards when we left government. We are now committed to a target of 50 per cent.

The most recent report for 2015-16 showed as at 30 June 2016 women held 40.5 per cent of board positions, so there is some way to go to reach the 50% target.

This brings me to appointments to corporate boards.

Yet this is another area where progress is stalled.

This despite recent KPMG working showing that ASX companies with women on their boards achieved higher revenue growth, profitability and shareholder returns in 2016.

Just in the last couple of weeks we have a disheartening update from the Australian Institute of Company Directors.

The rate of appointment for female board directors has fallen from 44% in 2016 to just 30% so far in 2017.

Amazingly, in 2017, there are 13 ASX 200 companies with no women at board level.

And another 64 companies have a solitary female board member.

Achieving the AICD's goal of 30% female board members by the end of 2018 appears to be out of reach, it certainly is out of reach on a business as usual basis.

And of course, we shouldn't be satisfied with just 30% of company directors being women.

As former US President Barack Obama has said, 'it's time to do away with workplace policies that belong in a Mad Men episode'.

This matters for a number of reasons. I won't belabour the point, but a lack of women on boards is symptomatic of broader gender inequality, means that women lack role models and that women lack a voice in decision making at the most senior levels of our economy.

I simply make this point.

It would be better if gender parity on boards is reached without quotas. Quotas do work, but it would be better the private sector got its act together of its own volition.

But plenty of people and organisations like the AICD have made good and strong efforts with not enough progress.

If not enough progress is made in the next couple of years to get more suitably qualified women on boards, quotas should be considered by the Federal Government.

Women and the Budget

The final matter I will deal with today is women and the Budget.

Federal budgets matter. They impact on people, and they impact on people in different ways.

And understanding how budget decisions impact on different groups in the economy is an important element in bringing down a good budget.

You have to understand and be able to report on the impact of your decisions.

In Australia, we used to be good at this.

From 1983 to 2013, the federal government produced a Women's Budget Statement.

We were one of the first countries to do so. Bob Hawke and Paul Keating started it. John Howard and Peter Costello kept it going. Now the Liberals have abolished it.

And we've fallen behind. A 2014 OECD study found that Australia compared poorly on gender analysis.

The study found that, apart from the occasional specific programs, Australia had no systematic process to assess the impact of government decisions on women either before or after the government changes policy

In the last Federal Election campaign, we committed to bring back a Women's Budget Statement.

And if we win the next Federal Election, as Treasurer, I will bring back the Women's Budget Statement. It will be thorough and comprehensive. It won't simply be a 'glossy'.

This is important.

If a Treasurer and a Government know that the impact of their budget decisions on women will be there for all to see and examine transparently, they will be careful about those decisions.

If there was a Women's Budget Statement, maybe the Liberals would have thought twice about abolishing the LISC, attacking paid parental leave, and this year, introducing effective marginal tax rates of 100% for women trying to get back into the workforce.

Conclusion

It should be a matter of course for a Treasurer or Shadow Treasurer to give a speech about women in the economy.

When our economy is not dealing fairly with more than 50% of the population, our economy is missing out on growth potential because women aren't fully engaged and participating.

This needs to be dealt with.

Bill Shorten, Tanya Plibersek, Brendan O'Connor and the entire Labor Shadow Cabinet understand the importance of putting the issues I have talked about today, and other issues of importance to women, on the agenda.

And I look forward to progressing reforms and improvements for women in our economy as Australia's Treasurer.