



Equality Rights Alliance

Women's Voices for Gender Equality

**Submission of the Equality Rights Alliance
to the Joint Select Committee's inquiry into
Commonwealth procurement processes**

13 April 2017

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Equality Rights Alliance (ERA) is one of six National Women's Alliances funded by the Commonwealth Office for Women. We are led by YWCA Australia and our 61 members are non-government organisations and social enterprises with a focus on the impact of policy or service delivery on women.

ERA believes the advancement of women and the achievement of equality are matters of fundamental human rights and advocates for gender equality, women's leadership and government policy responses that support women's diversity. Using a range of methods to consult and engage with women in Australia, ERA works to bring the voices of women from diverse life situations to policy makers.

Commonwealth Procurement – An Opportunity to Promote Gender Equality

ERA welcomes the opportunity to make a submission to the Joint Select Committee's inquiry into Commonwealth procurement processes, as this inquiry provides opportunities to consider how to use a key Commonwealth lever to improve gender equality in Australia.

Recommendation:

The guidance note for paragraph 10.30 of the Commonwealth Procurement Rules be amended to extend the definition of '*economic benefit...to the Australian economy*' to include consideration of whether potential suppliers are recognised as Employers of Choice by the Workplace Gender Equality Agency.

Workplace Gender Equality and the '*Broader Economic Benefits to Australia*'

Paragraph 10.30 of the Commonwealth Procurement Guidelines requires that Commonwealth Officials considering tenders for procurements above \$4 million '*consider the economic benefit of the procurement to the Australian economy.*' However, the Guidelines do not define the factors to be considered under this paragraph and the guidance note prepared by the Department of Finance does not mention the importance to the Australian economy of addressing gender inequality in the workplace. In our view, the guidance note should be amended to include consideration of the contribution made by potential suppliers to addressing gender inequality in their own workforces and within their supplier chains.

It is well established both within Australia and internationally that prioritising gender equality brings direct benefits to national economies. When the McKinsey Global Institute examined gender equality across 95

countries in a range of areas including work, they found that if women and men participated equally in the global economy, global GDP would increase by 26%, or US\$28 trillion between 2014 and 2025ⁱ.

In the Australian context, persistent gender pay gaps have been shown to affect economic growth negatively by discouraging women's labour force participation.ⁱⁱ In 2016 KPMG noted that:

'...a stronger focus on driving the value of human capital, while simultaneously addressing labour market rigidities will boost productivity, participation, and ultimately drive greater economic activity and prosperity for all Australians. As a result, it is imperative that there is coordinated and sustained effort in reducing the size of the gender pay gap...'ⁱⁱⁱ

Australia's female workforce participation rate is 13% lower than for men, which is just below the OECD average of a 15% gap.^{iv} Bringing Australia's female workforce participation up to the relatively modest level of New Zealand and Canada (at roughly 17%), would contribute a further \$25 billion to Australia's GDP.^v The economic benefit of eliminating the gender wage gap in Australia has been estimated as worth around \$93 billion or 8.5% of Australia's GDP.^{vi}

Despite the obvious economic benefits of addressing the gendered wage gap, the most recent quarterly data from the Workplace Gender Equality Agency (WGEA) indicates that we are a long way from fully utilizing the potential of Australia's female workforce. As at February 2017^{vii}:

- Women comprise 46.4% of all employees in Australia and are more likely than men to be working in casualised or part time employment; as a proportion of all employees, 24.8% are women working full-time and 21.6% are women working part-time. Women constitute 68.4% of all part-time employees, 36.2% of all full-time employees and 54.4% of all casual employees.
- The full-time average weekly ordinary earnings for women are 16% less than for men, but more relevantly to the Commonwealth tender context, the gender pay gap for full-time annualised base salary rises to 17.7% (or 23.1% for full-time annualised total remuneration) when public service entities are removed from the calculation.
- The adult full-time average hourly earnings for non-managerial women are 11.1% less than men's full-time average hourly earnings and the gender pay gap in ASX 200 organisations is 28.7%.

Beyond the issue of women's contribution to Australia's GDP, there are secondary economic benefits to be derived from improvements to gender equality in Australia. Women in Australia are significantly more likely to experience poverty than men as a result of a range of factors, including the gendered wage gap, the gendered retirement income gap, social expectations about women's role in providing unpaid care and workplace discrimination.^{viii} The resulting effects on women's health, retirement incomes, housing options, capacity to escape violence and public and community participation have further financial implications for Commonwealth and State government expenditure. For example, women are the main beneficiaries of housing support systems in Australia, being the majority of public housing tenants,^{ix} Commonwealth Rent Assistance (CRA) recipients^x and specialist homelessness services clients.^{xi} 77.5% of women in receipt of CRA are eligible for the maximum rate, compared with 67.8% of men receiving CRA. More women receive the age pension than men and are more likely than men to receive the maximum rate of pension: 60.48% compared to 57%^{xii}

Although this submission primarily focuses on the economic benefits of an equitable workforce, we note that the benefits of increased gender equality in Australian workplaces obviously extend far beyond simple economic benefits to encompass the realization of a wide range of women's human rights, which is a compelling argument in itself for using every tool available to us to promote gender equality.

Employers of Choice for Gender Equality

There are clear economic benefits in improving gender equality in Australian workplaces. Consequently, when decision makers consider the potential economic benefits of a range of tenders, promoting those applicants who have demonstrated a commitment to gender equality in the workplace makes good economic sense.

However, in the interests of ensuring that tender processes are not overly complex and time consuming, it makes sense to focus on using existing measurements for levels of commitment to gender equality. For this reason, we are not currently suggesting that all organisations seeking to tender for Commonwealth contracts should demonstrate sophisticated gender equity policies. Instead, we suggest that where an official is considering the relative economic benefits of a range of tenders, one of the factors that should be considered is whether any of the tendering organisations have been cited by WGEA as an Employer of Choice for Gender Equality.

WGEA is charged with promoting and improving gender equality in Australian workplaces. It works collaboratively with employers to help them improve their gender performance and oversees the workplace reporting framework under the *Workplace Gender Equality Act 2012*. This reporting framework aims to encourage measures that improve gender equality outcomes and has been designed to minimize the regulatory burden on business. Only non-public sector employers who have had 100 or more employees for any six months of a reporting period are required to report on their compliance with the gender benchmarks.

WGEA began identifying Employers of Choice for Gender Equality in 2014. The Employers of Choice program is a leading practice recognition program that aims to encourage, recognize and promote active commitment to achieving gender equality in Australian workplaces. Criteria for the citation cover leadership, learning and development, gender remuneration gaps, flexible working and other initiatives to support family responsibilities, employee consultation, preventing sex-based harassment and discrimination and targets for improving gender equality outcomes. The criteria are strengthened each year to reflect best practice.

There is already limited provision in the Commonwealth procurement process for considering the role played by contractors is promoting workplace gender equality. Under the *Workplace Gender Equality Procurement Principles*, potential contractors who are required to report to WGEA under the *Workplace Gender Equality Act 2012* must provide evidence that they are compliant with the reporting process in the form of a letter of compliance issued by WGEA. Employers who are not required to report to WGEA can obtain a letter confirming their exemption.

However, this process ensures only a base level of effort in relation to gender equality. Compliance with the reporting system may mean anything from 'the employer has recently registered with WGEA and will be required to report at a future date' to 'the employer has provided their most recent report and has met the minimum standards or if the minimum standard has not been met, has made improvements since their last report.' This system is a useful one for promoting active participation in the reporting process and the eventual attainment of the minimum standards. However, it does not provide decision makers with sufficient information to differentiate between two applicants who are both WGEA compliant, even though one of the applicants might have significantly more effective workplace measures to address gender inequality.

We suggest that tenderers for Commonwealth contracts who have been named as WGEA Employers of Choice should be invited to include this information in their tender documents and decision makers should be directed to include this information in their overall analysis of benefit to the Australian economy. Utilizing the existing WGEA Employer of Choice program will ensure that the requirement to consider gender does

not introduce excessive red tape or cost for tenderers, as the necessary assessment and certification will have been provided by WGEA in the course of their normal reporting cycle.

Appendix

ⁱ *How advancing women's equality can add \$12 trillion to global growth* Woetzel J, et al McKinsey Global Institute September 2015 www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth Accessed 14 April 2017

ⁱⁱ KPMG (2009) *Understanding the Economic Implications of the Gender Pay Gap in Australia*, Report prepared for the Diversity Council Australia and KPMG (2016) *She's Price(d)less: The economics of the gender pay gap* Update report prepared for the Diversity Council Australia and the Workplace Gender Equality Agency <https://home.kpmg.com/content/dam/kpmg/au/pdf/2016/gender-pay-gap-economics-full-report.pdf> accessed on 14 April 2017

ⁱⁱⁱ KPMG (2016) *ibid.*

^{iv} Organisation for Economic Co-operation and Development (2013) *Social Protection and Wellbeing Survey, Participation rate by sex*

^v Australian Treasury (2015) *Intergenerational Report – Australia in 2055*, Page 20 and 21

^{vi} *The impact of a sustained gender wage gap on the Australian economy* Cassells, R., Vidyattama, Y., Miranti R., and McNamara, J. (2009) Report to the Office for Women, FaHCSIA

^{vii} *Gender workplace statistics at a glance* WGEA February 2017 www.wgea.gov.au/sites/default/files/Stats%20at%20a%20Glance%20FEB2017.pdf Accessed on 13/4/17

^{viii} ACOSS *Poverty In Australia* 2016 www.acoss.org.au/wp-content/uploads/2016/10/Poverty-in-Australia-2016.pdf Accessed on 13 April 2017

^{ix} Australian Institute of Health and Welfare, *Housing Assistance in Australia 2016 Supplementary Data* Table 6: Number of tenants in social housing by age, sex and program, at 30 June 2015, Canberra, 2016

^x Data on rent assistance income units by sex provided by Department of Social Services January 2017

^{xi} Australian Institute of Health and Welfare, *Specialist homelessness services 2015-16 supplementary data* National Table CLIENTS 1, 15 December 2016, Canberra

^{xii} WGEA *Women's Economic Security In Retirement :Perspectives Paper* www.wgea.gov.au/sites/default/files/PP_womens_economic_security_in_retirement.pdf Accessed 13 April 2017