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Western Australian
Council of Social Service Inc

Close the Gender Pay Gap: Value Community Services

Research Paper

March 2009

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WACOSS and the Community Services Sector

The Western Australian Council of Social Service (WACOSS), the leading peak organisation for the community, represents three hundred member organisations and affiliates, and 810 organisations involved in the provision of services to the community.

WACOSS is part of a national network consisting of the Australian Council of Social Service (ACOSS) and state and territory councils of social service. Our national coverage strengthens our capacity to represent state interests.

We speak with and for the 400 000 West Australians who use community services each year, whose voice and interests need to be brought to the attention of government, decision makers, media and the wider community.

About this Research Paper

In recognition of International Women's Day, WACOSS has chosen to focus attention on the issue of gender pay inequity. The undervaluation of the community services sector is a key pay equity issue.

This paper argues for a fair valuation of work in the sector, and funding that reflects that valuation. Inequality within the sector itself is also examined.

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WACOSS Pay Equity Research Paper Executive Summary

This paper examines two key forms of pay inequity, focused on the community services sector:

- The primary focus of the paper is the undervaluation of the community services sector relative to other sectors as a significant contributor to the gender pay gap.
- The secondary focus of the paper is the significant gender pay gap within the community services sector itself.

The main finding of this research is that increasing funding for the community services sector would significantly reduce the gender pay gap in WA. Without increased funding, employees (most of whom are women) will continue to receive unequal pay for work of equal or comparable value to that performed in other sectors.

WA has by far the highest gender pay gap in the country (27.4%), much larger than the national average (17%). The Health and Community Services industry is the second largest employer of WA women, and is the most female-dominated industry in WA.

To reduce the gender pay gap in WA, the wage gap between the community services sector and comparable sectors must be reduced, and the gaps within the sector must be addressed.

This paper proposes the following strategies to reduce the undervaluation of the community services sector relative to other sectors:

1. *Government funding to the sector should increase to reflect the true cost of delivering services.*
2. *A re-evaluation of appropriate wages through the industrial relations system.*
3. *Increasing collective bargaining in the sector.*

This paper proposes the following strategies to reduce inequity within the sector itself:

1. *Increasing professional development opportunities in the sector, including opportunities tailored specifically for women in areas such as negotiation and interview skills.*
2. *Large organisations should consider undertaking a pay equity audit.*
3. *Increasing the range of flexible work options where possible, and enabling employees who use these arrangements to progress in their careers.*
4. *Providing training to managers whose employees use flexible working arrangements.*

Defining the Community Services Sector

WACOSS represents organisations in a diverse range of areas including:

- health;
- community services and development;
- disability;
- employment and training;
- aged and community care;
- family support;
- children and youth services;
- drug and alcohol assistance;
- indigenous affairs;
- support for culturally and linguistically diverse people;
- safety and justice;
- housing; and
- advocacy.

Collectively, these areas of operation are referred to as the community services sector. For further discussion of the definition of the community services sector used in this paper, please refer to Appendix A.

This paper examines pay equity in connection with the community services sector.

Defining Pay Equity and the Gender Pay Gap

Pay equity is a situation in which men and women receive equal remuneration for work of equal or comparable value. The gender pay gap is a key measure of the degree of pay equity.

The gender pay gap (GPG) is the difference in average earnings between men and women¹. In order to accurately measure the gender pay gap, it's often measured using average weekly ordinary time earnings for full time employees. Using this measure means that large, non-salary bonuses and the low total earnings of part time employees are not included in the data. If those things are included, the gap appears larger. The gender pay gaps referred to in this paper are derived using full time ordinary time earnings.

The Gender Pay Gap in Western Australia and Australia

WA has the largest gender pay gap of any State in Australia, a gap much larger than the national average. The GPG in WA is 27.4%, which means that on average for every dollar earned by a full time male employee, a full time female employee earns only 72.6 cents. The national GPG is 17%².

¹ Pay Equity Unit 2006, *The Gender Pay Gap in Western Australia*, Department of Commerce. Available online:
<http://www.commerce.wa.gov.au/LabourRelations/PDF/Work%20Life%20Balance/PayEquityFactSheet1GenderPayGap28pc.pdf>

² ABS, *Average Weekly Earnings*, 6302.0, November 2008.

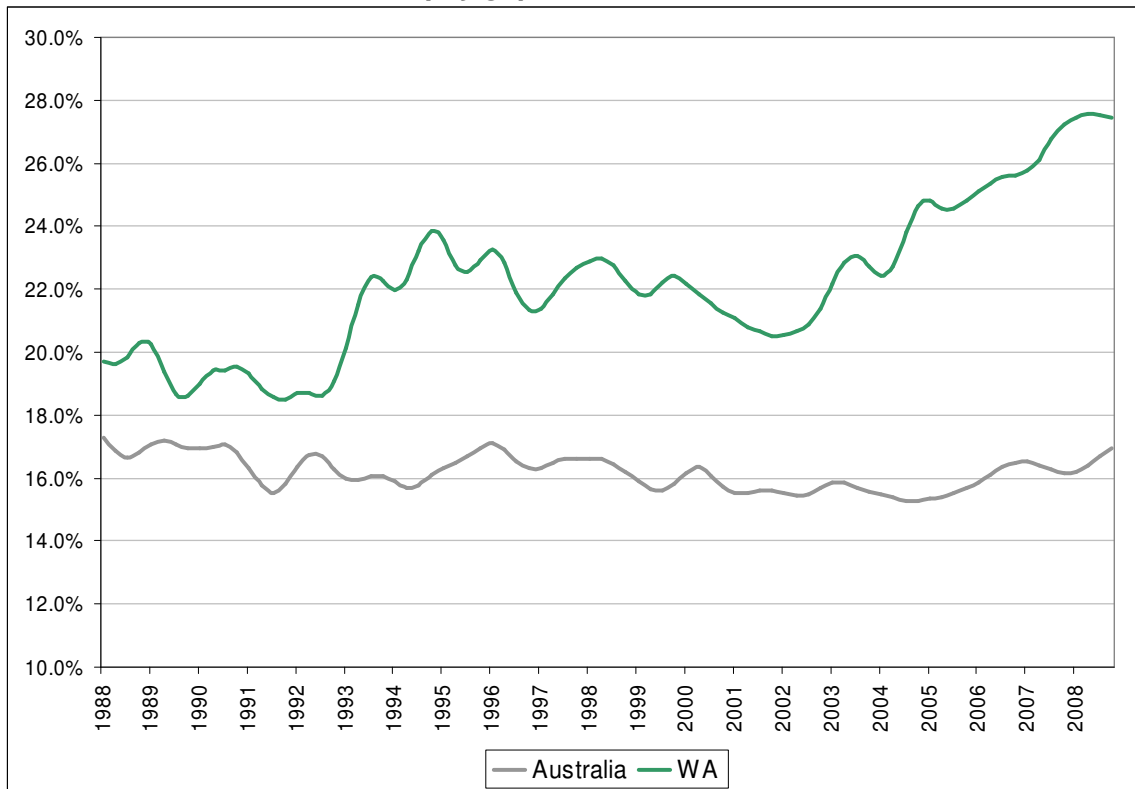
WA has had a larger GPG than the national average since the late-1980s, and the difference between the State gap and the national gap increased considerably in the early 1990s. Several studies³ have failed to fully explain why the GPG in WA is so much bigger than in the rest of Australia. Some commonly cited factors include the industrial relations changes in WA in the mid-1990s, which undermined wages in low-paid, female-dominated sectors, and the mining boom, which has significantly increased wages in high-paid, male-dominated sectors. These two factors have certainly contributed towards the widening gap in WA, but they do not fully explain WA's large and persistent gender pay gap.

For example, Crockett and Preston (1999) found that the GPG in WA began to increase significantly in 1992, before the introduction of the industrial relations changes in 1993. Also, mining only directly accounts for around 5% of the WA labour force, and the industry has a smaller GPG than the WA industry average. It's not clear why WA has such a large gender pay gap, but it is clear that it's a significant problem. WA women not only earn less than WA men, but for most of the past two decades have earned less than Australian women, too. An examination of female wages relative to male wages in WA and Australia can be found at Appendix B.

The chart below compares the gender pay gaps for WA and for Australia. The chart shows that the national gender pay gap has remained relatively constant for the last two decades, fluctuating between 15% and 17%, whereas the gap in WA has increased significantly.

³ eg. Crockett and Preston 1999 and Todd and Eveline 2004

CHART 1: Gender pay gaps in WA and Australia over time⁴



It's clear that WA has a significant gender pay gap, much bigger than the Australian gap, and that the gap in WA has widened over the past two decades.

The Causes of Pay Inequity

The gender pay gap is caused by a multitude of different factors. Individual characteristics of employees (such as educational qualifications and demographic characteristics) are relatively unimportant factors contributing to the gender pay gap⁵. Instead, a major factor, possibly the main factor, underpinning the gender pay gap is the undervaluation of women's work⁶.

The factors underpinning the gender pay gap include:

⁴ ABS, *Average Weekly Earnings*, 6302.0, November 2008.

⁵ Baron, J. D. and Cobb-Clark, D.A. 2008, *Occupational Segregation and the Gender Wage Gap in Private- and Public-Sector Employment: A Distributional Analysis*, Discussion Paper No. 3562, Institute for the Study of Labor, Bonn, Germany.

⁶ Department of Consumer and Employment Protection Pay Equity Unit 2008, *Submission to the House of Representatives Standing Committee on Employment and Workplace Relations Inquiry into Pay Equity and Associated Issues Related to Increasing Female Participation in the Workforce*, p. 7. Available online: <http://www.commerce.wa.gov.au/LabourRelations/PDF/Work%20Life%20Balance/PayEcSub.pdf>

- a significant degree of gender segregation of the labour market along industry lines, with female-dominated work areas earnings significantly less than male-dominated areas⁷;
- inequity in the division of unpaid caring responsibilities⁸;
- institutionalised undervaluation of skills and qualifications typically identified with women ('women's work')⁹;
- low levels of access to collective bargaining in female-dominated work areas¹⁰;
- low levels of unionisation;
- a lesser propensity for women to engage in individual salary negotiations, and poorer returns to negotiation when it is carried out;
- overrepresentation of women among industries and occupations in which deregulation of the labour market (for example, the *WA Workplace Agreements Act 1993* and the *Commonwealth Workplace Relations Amendment (WorkChoice) Act 2005*) has undermined wages and conditions of work¹¹; and
- disproportionate employment of women in Government employment or Government-funded positions, which can lead to the exercise of monopsonistic power in the labour market (this concept is discussed further below).

Most of the factors underpinning the gender pay gap are found in the community services sector.

The industry:

- is female-dominated;
- has occupations that tend to involve skills regarded as intrinsically "female";
- has a low level of collective bargaining;
- has a low level of unionisation;
- has funding arrangements mean that the sector's labour market is effectively monopsonistic; and
- is lowly paid.

Crockett and Preston, in their review of the gender pay gap in WA, found that "wage structure effects" related to differences in such things as occupation and industry of employment were the "main discriminatory factors causing the pay gap"¹². There is a high degree of segregation between occupations and industries dominated by men and those dominated by women. Occupations and industries that are disproportionately female are, on average, less well paid than those dominated by men. The community services sector is disproportionately female, as are key occupations within the sector.

⁷ Pocock, B. and Alexander, M. 1999, 'The Price of Feminised Jobs: New Evidence on the Gender Pay Gap in Australia', *Labour and Industry*, 10(2), pp.75-100.

⁸ HREOC submission to the AFPC Minimum Wage Review, 2008.

⁹ see Todd, T. and Eveline, J. 2004, *Review of the Gender Pay Gap in Western Australia*, WA Government.

¹⁰ ACTU and Joint State Union Peak Councils 2008, *Submission to the House Standing Committee on Employment and Workplace Relations Inquiry into Pay Equity and Female Workforce Participation*.

¹¹ see Jefferson, T., et al. 2007, *A Study of Low Paid Work and Low Paid Workers in Western Australia*, Women in Social and Economic Research, Curtin University, and Elton, J., et al. 2007, *Women and WorkChoices: Impacts on the Minimum Wage Sector*, Centre for Work + Life, University of South Australia.

¹² Crockett, G. and Preston, A. 1999, *Pay Equity for Women in Western Australia: Research Report*, Department of Productivity and Labour Relations, Western Australia, cited in DOCEP PEU, op cit.

The industrial relations framework in Australia continues to reflect historical undervaluation of female dominated occupations and industries. Judgements about the relative worth of occupations that were made in the pre-equal pay era still, in many cases, underpin relative wage levels in the current labour market. For example, there has been a view that the skills required for care work (and other female-dominated areas of work) are “intrinsic” or “natural” to women, rather than having been developed through training and experience. As a result, occupations that used skills regarded as “natural” were considered unworthy of monetary recognition.

In most cases there has been no re-evaluation of the rates of pay for such occupations in subsequent decades. Instead, salary increases and adjustments have merely been added to the original rates, reproducing the inequity of the original undervaluation. The capacity to seek a re-evaluation of the value of female-dominated areas of work has been limited by the narrow legislation. In Western Australia, claims can be pursued on the basis that the value of particular work has changed over time, but not on the basis that the value of particular work was undervalued in the first instance. This is particularly pertinent to industries with a high degree of reliance on Awards, which is true of the community services sector.

Employees covered by a collective agreement earn the highest wages, on average¹³, but female dominated areas of employment are less likely to be covered by collective agreements¹⁴. The gap between collective agreements and award rates of pay has widened over time, as award ‘safety net’ increases tend to be a fixed dollar amount, whereas employees covered by a collective agreement typically negotiate wage increases as a percentage. Furthermore, women are disproportionately employed in occupations in which they lack bargaining power and are often less likely to negotiate wage increases¹⁵.

Women’s bargaining power is further undermined by their overrepresentation in industries characterised by monopsonistic demand for labour. Monopsony is a condition in which there is only one buyer, as opposed to monopoly in which there is only one seller. A monopsonistic labour market might have more than one buyer of labour, but is dominated by a single employer. An example might be the market for teachers, or for nurses, in which several buyers exist (private schools and hospitals), but the market is dominated by a single purchaser of labour (the Departments of Health and Education). The community services sector operates as a defacto monopsonistic labour market, as the bulk of funding is controlled by one funder (the State Government), which can indirectly exercise control of the wage level in the sector.

These main factors of the gender pay gap are all found in the community services sector. The fact that the industry is large (the second-largest employer of women in WA), female-dominated (80.8% female) and lowly paid means that more equitable wages for the sector would have a significant effect on the gender pay gap in Western Australia.

The community services sector should therefore be the focal point of efforts to reduce the gender pay gap. If workers in the sector were valued appropriately, the earnings gap

¹³ ABS, *Employee Earnings, Hours, Benefits and Trade Union Membership*.

¹⁴ Short, C. 2001, cited in Todd & Eveline 2004, p.46.

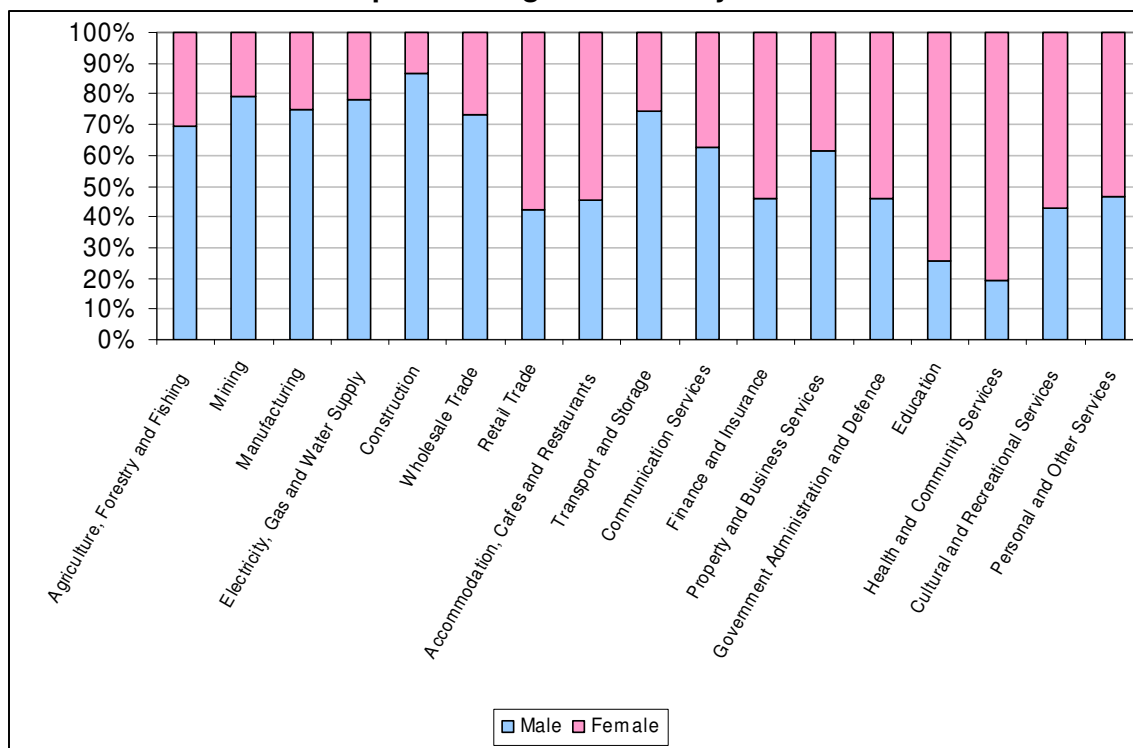
¹⁵ URCOT 2005, *Pay Equity: How to Address the Gender Pay Gap – A Report for Industrial Relations Victoria*, IRV, p.7, cited in DOCEP PEU, op cit.

between the industry and other industries would be reduced and the overall gender pay gap in WA would be much smaller than it is. Workers in the sector must receive equal remuneration for work of equal or comparable value performed in other sectors (for example, in the public sector). Some facts about the community services sector are explored in the following section.

The Community Services Workforce

A key factor underpinning the gender pay gap is the undervaluation of female-dominated industries. There is no WA industry more female-dominated than Health and Community Services. The chart below shows the proportion of each WA industry's workforce that is female, and the proportion that is male. This is known as the industries' gender density.

CHART 2: Comparison of gender density of WA industries¹⁶



The Health and Community Services Industry is 80.8% female. The WA labour force as a whole is only 43.7% female¹⁷. The chart above shows the total industry figures, which combine health and community services into one. The table below shows that when you separate health services and community services, the community services sector is even more female-dominated.

¹⁶ Derived from ABS, *Labour Force, Detailed Quarterly*, E06_Aug94 – Employed Persons by Industry Group, Sex, State, Status in Employment, Cat. No.: 6291.0.55.003.

¹⁷ ABS, *Labour Force*, 6202.0, January 2009.

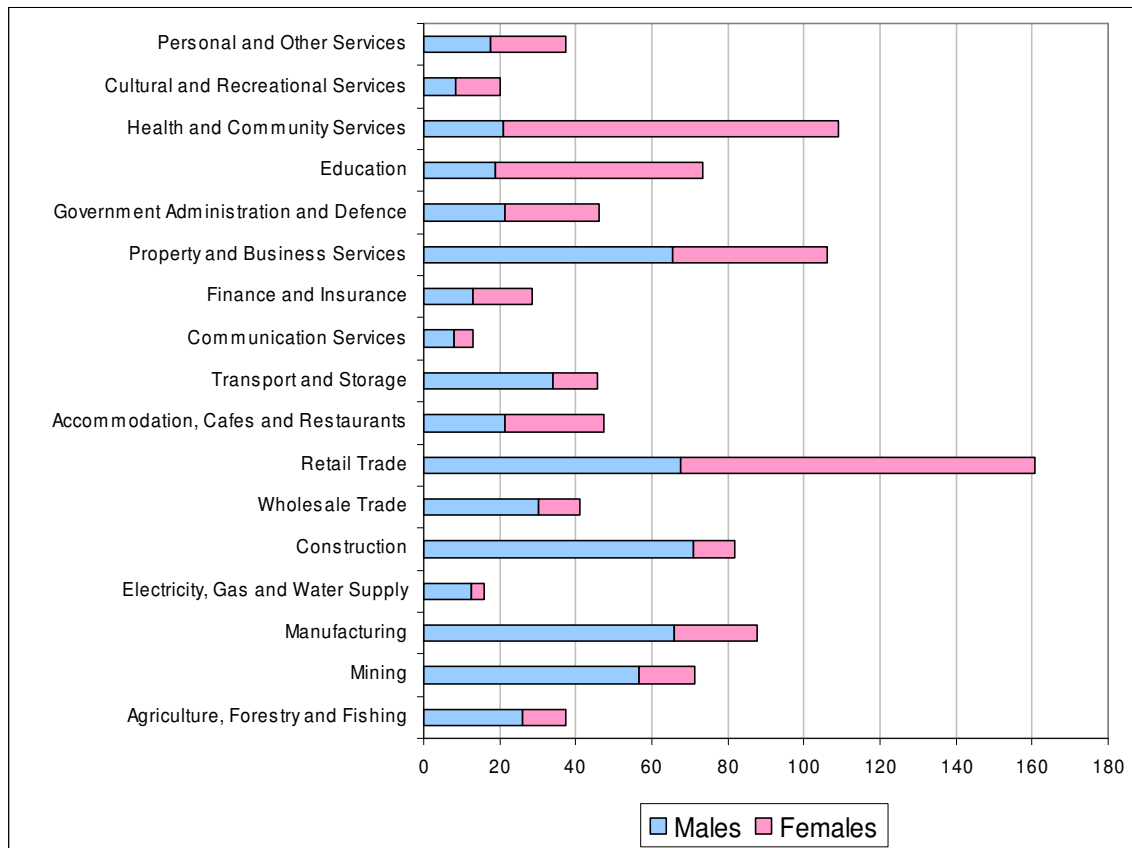
TABLE 1: Gender density in the WA Health and Community Services Industry¹⁸

	Employed Total		Female Density
	Males	Females	%
Western Australia			
Health and Community Services	20.9	88.0	80.8%
Health Services	15.0	59.2	79.8%
Community Services	6.0	27.6	82.1%

It is clear that the Health and Community Services Industry is the most female-dominated industry in WA, and furthermore that the community services sector is the most female-dominated section of the industry.

As well as being the most female-dominated industry in WA, the Health and Community Services Industry is also the second largest total employer of WA women. The chart below shows total employment in each industry in WA, and shows the total employment of each gender.

CHART 3: Total employment by industry and gender - WA¹⁹



¹⁸ Derived from ABS, *Labour Force, Detailed Quarterly*, E06_Aug94 – Employed Persons by Industry Group, Sex, State, Status in Employment, Cat. No.: 6291.0.55.003

¹⁹ Derived from ABS, *Labour Force, Detailed Quarterly*, E06_Aug94 – Employed Persons by Industry Group, Sex, State, Status in Employment, Cat. No.: 6291.0.55.003

The Health and Community Services Industry employs 88 000 Western Australian women, second only to Retail as an employer of WA women (93 100). It's clear that there are far more women than men in the Health and Community Services Industry, especially the community services industry subdivision, and that there are more women in the industry than in any other bar retail. These facts alone would make the industry a key area of interest with regards to pay equity.

However, the importance of the sector with regard to pay equity is highlighted upon examination of wages in the sector.

Wages in the Community Services Sector

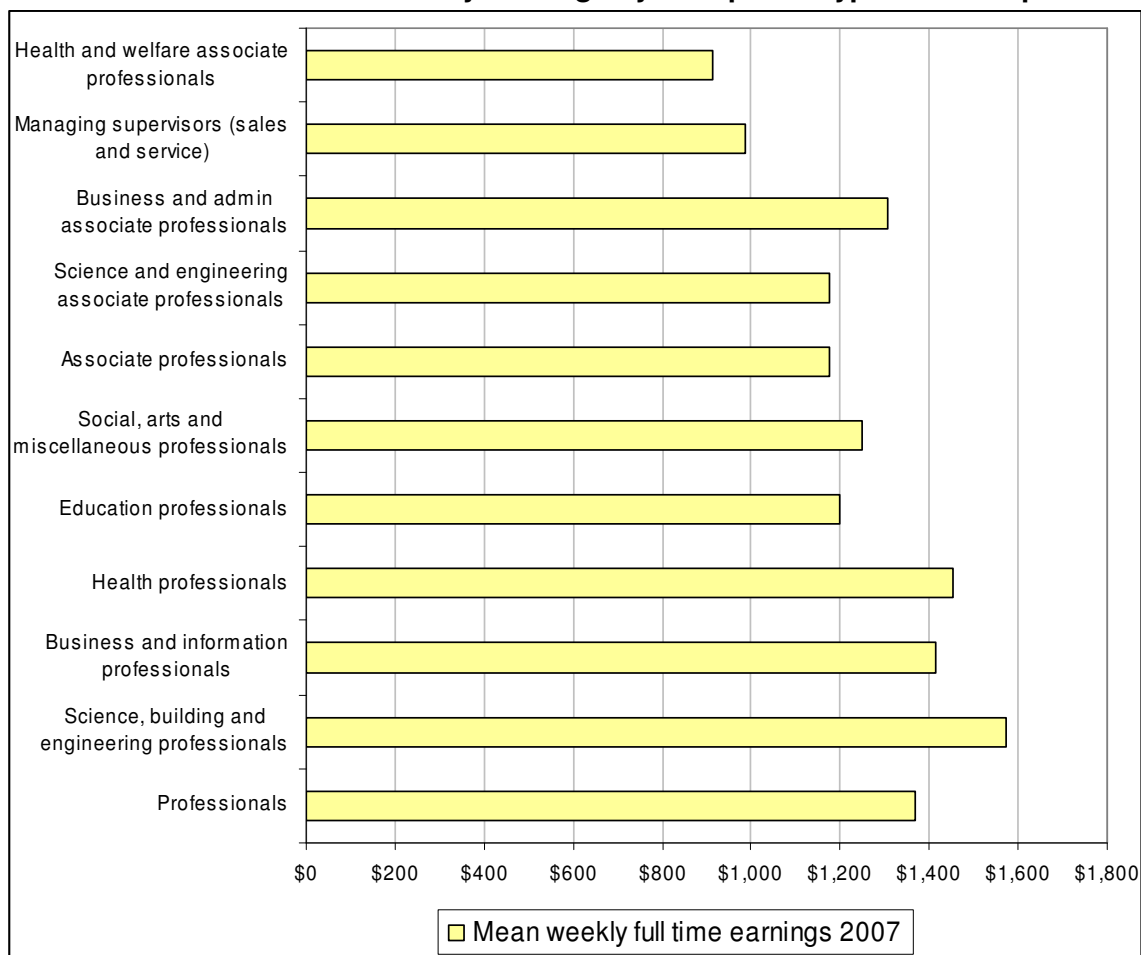
Pay inequity is, in large part, caused by the undervaluation of female-dominated industries and occupations. It has been established that the health and community services industry is female-dominated. The data below demonstrate that the sector is undervalued.

Of all professional and associate professional occupations, defined as per the Australian Standard Classification of Occupations (ASCO), health and welfare employees receive the lowest average wages. Average earnings for all professionals is \$1368. The mean for associate professionals is \$1175 per week. The mean for health and welfare associate professionals is \$915 per week²⁰. No other professional or associate professional occupation group receives lower wages, on average. These figures include salary sacrificing entitlements²¹. The chart below clearly shows that full time health and welfare associate professionals receive lower weekly earnings, on average, than any other class of professional or associate professional.

²⁰ ABS, *EEBTUM*, 6310.0, Aug 07

²¹ See para 12-13 of *EEBTUM* explanatory notes

CHART 4: Full time mean weekly earnings by occupation type and occupation²²



As can be seen in Chart 4 (above), health and welfare associate professionals earn \$260 less per week than the average for all associate professionals. Employees in the same occupation class (such as associate professionals) are likely to have a similar level of qualifications and skill.

It's clear that a key occupational group that comprises the community services sector workforce is paid less than comparable occupational groups. The data below show that when wages are examined at the industry, rather than occupation level, the wage gaps are just as glaring.

Examined in aggregate, average wages in the health care and social assistance industry²³ are not significantly below those in other industries (see Table 2 below). However, examination of the industry sub-divisions reveals the true inequity. The earnings figures for the industry in aggregate are distorted upwards by relatively high wages for males in the Hospitals and Medical and Other Health Care Services industry subdivisions.

²² Derived from EEBTUM - Mean Weekly Earnings in Main Job – TABLE 6. Mean weekly earnings in main job by full-time/part-time status in main job, sex, occupation major/sub-major group (ASCO), 1997–2007

²³ Defined by the ANZSIC 2006

Employees of the not-for-profit community services sector are concentrated in the Social Assistance Services and Residential Care Services industry subdivisions. The mean weekly earnings in the Social Assistance Services subdivision is \$867, \$259 per week less than mean weekly earnings for all industries. This is demonstrated in Table 2 (below).

TABLE 2: Full time mean weekly earnings by industry²⁴

Industry	Mean weekly full time earnings 2007 (Persons)
Agriculture, Forestry and Fishing	\$817
Mining	\$1,772
Manufacturing	\$1,055
Electricity, Gas, Water and Waste Services	\$1,408
Construction	\$1,107
Wholesale Trade	\$1,082
Retail Trade	\$898
Accommodation and Food Services	\$781
Transport, Postal and Warehousing	\$1,135
Information Media and Telecommunications	\$1,293
Financial and Insurance Services	\$1,420
Rental, Hiring and Real Estate Services	\$1,163
Professional, Scientific and Technical Services	\$1,435
Administrative and Support Services	\$962
Public Administration and Safety	\$1,202
Education and Training	\$1,165
Health Care and Social Assistance	\$1,087
Hospitals	\$1,106
Medical and Other Health Care Services	\$1,353
Residential Care Services	\$898
Social Assistance Services	\$867
Arts and Recreation Services	\$920
Other Services	\$882
TOTAL	\$1,126

As can be seen in table 2 above, remuneration in the community services sector is significantly below the average for all other industries. Only workers in Accommodation and Food Services and Agriculture, Forestry and Fishing earn less, on average, than those in the community services sector.

The pay discrepancy persists whether the data is analysed by industry or by occupation. The data for earnings by occupation (Chart 4, above) show that health and welfare

²⁴ Derived from EEBTUM – Mean weekly earnings in main job – Table 5a. Mean weekly earnings in main job by full-time/part-time status in main job, sex, industry division/subdivision (ANZSIC 2006), 2006– 2007

associate professionals earn 22% less than the average for all associate professionals. The data for earnings by industry (Table 2, above) show that workers in the social assistance services sector²⁵ earn 23% less than the average for all industries. The magnitude of the gap between earnings in the community services sector and those in other sectors is significant.

Pocock and Alexander (1999) have found that women employed in female-dominated industries earned 32 per cent less than women with identical job characteristics who were employed in industries that are male-dominated²⁶. This examination of wages in the sector clearly accords with the Pocock and Alexander's findings. However, some may find the conclusions unconvincing, as it can not be proven that the occupational and industry comparisons above are 'like for like'; the work performed in the sector or by occupations common to the sector may not be of equal or comparable value to work performed in other sectors, and therefore the gap between wages in the sector and wages in other industries could be justified.

This argument is best countered by comparing the rates of pay for specific occupations contained in the *Social and Community Services (Western Australia) Award 2002* with those found in the *Public Service General Agreement 2008*.

An entry-level social worker employed in the WA public sector is paid approximately \$12 450 more than an equivalent employee in the community services sector. A senior social worker in the public sector is paid up to \$28 752 more than his or her counterpart in the community services sector. Expressed in percentage terms, the gap between salaries for social workers in the two sectors ranges from 24% for a Level One PSGA Social Worker to 37.1% for a Level 2.3 PSGA Senior Social Worker when compared with their equivalent classifications in the *Social And Community Services (Western Australia) Award 2002* (as updated).

The table below compares the salaries paid to social workers in the community services sector with those paid in the WA public service.

²⁵ Defined by the ANZSIC 2006

²⁶ Pocock, B. and Alexander, M. 1999, 'The Price of Feminised Jobs: New Evidence on the Gender Pay Gap in Australia', *Labour and Industry*, 10(2), pp.75-100.

TABLE 3: Social Workers' Wages in the Community Services and Public Sectors²⁷

PSGA levels	PSGA 2009 salaries	Job title	SACS Award levels	SACS Award 2009 salaries	Job title	Percentage gap	Dollar gap
LEVEL 1			LEVEL 4				
1st Year	\$51,601	Social Worker	4.2	\$39,151	Social Worker	24.1%	\$12,450
2nd Year	\$54,319	Social Worker	4.3	\$40,241	Social Worker	25.9%	\$14,078
3rd Year	\$57,334	Social Worker	4.4	\$42,402		26.0%	\$14,932
			LEVEL 5				
4th Year	\$61,102	Social Worker	Year 1	\$43,393	Graduate Social Worker	29.0%	\$17,709
5th Year	\$66,943	Social Worker	Year 2	\$44,484	Graduate Social Worker	33.6%	\$22,460
6th Year	\$70,748	Social Worker	Year 3	\$45,475	Graduate Social Worker	35.7%	\$25,273
			LEVEL 6				
LEVEL 2.1	\$72,492	Senior Social Worker	Year 1	\$46,565	Graduate Social Worker	35.8%	\$25,927
2.2	\$74,936	Senior Social Worker	Year 2	\$47,635	Senior Social Worker	36.4%	\$27,301
2.3	\$77,478	Senior Social Worker	Year 3	\$48,726	Senior Social Worker	37.1%	\$28,752

The table above compares two groups of workers who clearly perform work that is of equal or comparable value, yet receive vastly different rates of pay.

When confronted with such stark evidence of unequal pay for work that is clearly of equal or comparable value, some observers might suppose that employers in the community services sector are able to offer non-salary benefits that offset the shortfall in salaries. Specifically, it is claimed that community service organisations (particularly those with charitable status for tax purposes) are able to offer more extensive salary sacrificing arrangements and that these compensate for lower gross salaries. However, significant gaps persist between the community and public sectors even when salary sacrificing is taken into account.

The table below shows the gaps in earnings between social workers in the community and public sectors when salary sacrificing is taken into account.

²⁷ Salaries are derived from *Public Service General Agreement 2008* Schedule 3 – Specified Calling Salaries and *Social and Community Services (Western Australia) Award* clause 14, as updated.

TABLE 4: Comparison of Social Workers' Wages with Salary Sacrificing

PSGA levels	PSGA 2009 salaries	Job title	SACS Award levels	SACS Award 2009 salaries with salary sacrificing	Job title	Percentage gap	Dollar gap
LEVEL 1			LEVEL 4				
1st Year	\$51,601	Social Worker	4.2	\$43,831	Social Worker	15.1%	\$7,770
2nd Year	\$54,319	Social Worker	4.3	\$45,160	Social Worker	16.9%	\$9,159
3rd Year	\$57,334	Social Worker	4.4	\$47,791		16.6%	\$9,543
			LEVEL 5				
4th Year	\$61,102	Social Worker	Year 1	\$49,002	Graduate Social Worker	19.8%	\$12,100
5th Year	\$66,943	Social Worker	Year 2	\$50,332	Graduate Social Worker	24.8%	\$16,611
6th Year	\$70,748	Social Worker	Year 3	\$51,543	Graduate Social Worker	27.1%	\$19,205
			LEVEL 6				
LEVEL 2.1	\$72,492	Senior Social Worker	Year 1	\$46,565	Graduate Social Worker	35.8%	\$25,927
2.2	\$74,936	Senior Social Worker	Year 2	\$47,635	Senior Social Worker	36.4%	\$27,301
2.3	\$77,478	Senior Social Worker	Year 3	\$48,726	Senior Social Worker	37.1%	\$28,752

Table 4 (above) confirms that even when salary sacrificing arrangements are taken into account, significant gaps of between 15% and 37% exist between the remuneration of social workers in the public and community sectors. Social workers are not an isolated case; workers in the community service sector are fundamentally undervalued, and this undervaluation is most obvious when their wages are compared with those of workers in the public sector.

A recent examination of wages in the alcohol and other drugs, family and domestic violence, mental health and women's health sectors shows that the pay disparity for similar positions in their areas of the community services sector can be up to \$22 000²⁸. Table 5 (below) is derived from this research, carried out by the Western Australian Association for Mental Health (WAAMH), Western Australian Network of Alcohol and

²⁸ WANADA, WAAMH, PWH, WCFDV, *Workforce in Crisis: Value Our Community Services, Value our Workforce, A report on remuneration, retention and recruitment challenges facing the non government AOD, FDV, MH and WH sectors in Western Australia*, September 2008.

Other Drug Agencies (WANADA), the Peak of Women’s Health (PWH) and the Women’s Council for Family and Domestic Violence (WCFDV).

Table 5 (below) demonstrates the growth in wage disparity between drug service team counsellors in the community sector compared and public sector:

TABLE 5: Comparison of drug counsellors’ wages in the community and public sectors²⁹

	Sally – Community Drug Service Team Counsellor – Community Sector			Julie – Community Drug Service Team Counsellor – Public Sector		
	Level	% increase	Salary	Level	% increase	Salary
2003	SACS 5.1	2% safety net review	\$38 960	HSOA Level 3/5.2	2%	\$41 740
2004	SACS 5.2	2.47% safety net review	\$41 039	HSOA Level 3/5.2	3.4%	\$43 232
2005	SACS 5.3	2.11% safety net review	\$42 910	HSOA Level 3/5.3	3.5%	\$47 406
2006	SACS 5.3	2.4% AFPC review	\$43 926	HSU Level 4/6.3	1.6% (from 1/1/06), then 4.5% (from 1/7/06)	\$51 238, then \$56 585
2007	SACS 5.3	0.6% AFPC review	\$44 203	HSU Level 4/6.5	4%	\$63 679

Over a five year period, the gap between the two workers widens considerably. Over this period, “Julie” has earned \$38 930 more than “Sally”, and has been paid \$3504 additional superannuation. By 2008 their salaries differ by \$19 476, despite working the same number of hours per week, with similar responsibilities and using similar skills. The gap between their salaries at the entry level is 6.7%, and it rises to 30.6% within four years³⁰. The study also finds that 85% of employees in the surveyed segments of the sector hold post school qualifications, yet only 4% of employees in the sectors earn above average adult full time weekly earnings³¹.

Whichever data are examined, it’s clear that there is a large gap between work performed in the community services sector and work of equal or comparable value performed elsewhere. If data for average earnings by occupation are examined, the gap is 22%. If data for average earnings by industry and industry subdivision are examined, the gap is 23%. If data for social workers is examined, the gap is between 24% and 37% at various points of the earnings scale. If data for drug counsellors is examined, the gap is between 6.7% and 30.6% at various points of the earnings scale. Recall that Pocock and Alexander (1999) found that women employed in female-dominated industries earned 32 per cent less than women with identical job characteristics who were employed in industries that are male-dominated³². It is clear that the researchers’ findings are substantiated by examination of various data regarding earnings in the WA community services sector.

²⁹ This table is reproduced from WANADA, et al., op cit, Table 8, p. 50. Note that apparent anomalies in the classification level of HSOA workers is due to the reclassification of health professionals in the public service in 2005.

³⁰ This scenario is reproduced from the work of WANADA, et al., op cit.

³¹ WANADA, et al., op cit.

³² Pocock, B. and Alexander, M. 1999, ‘The Price of Feminised Jobs: New Evidence on the Gender Pay Gap in Australia’, *Labour and Industry*, 10(2), pp.75-100.

The sector is significantly undervalued, and overwhelmingly female. Workers in the sector receive unequal pay for work that is of equal or comparable value to work performed in other sectors. This is a profound inequity, among the most egregious in Western Australia.

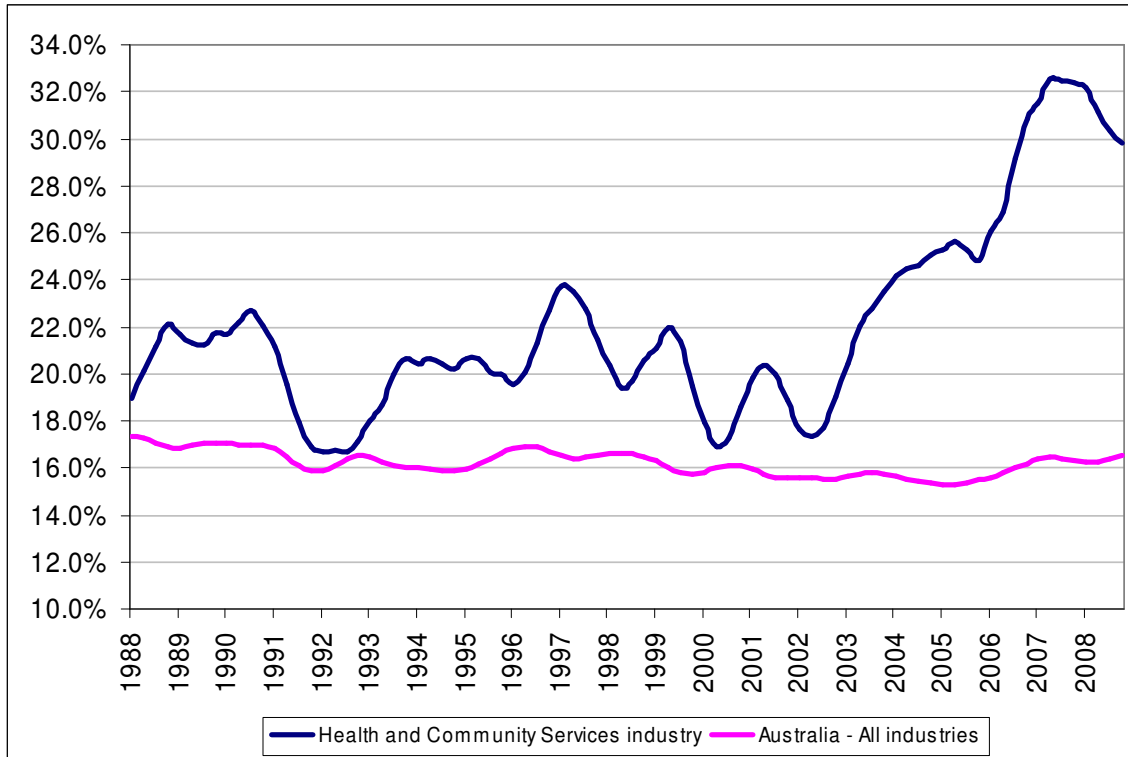
There is a clear gap between wages in the sector and wages for work of comparable value in other sectors. However, there is also a significant gap between workers within the community services sector. The next section examines the gap within the sector itself.

Pay Equity within the Community Services Sector

The section above clearly demonstrates that there is a gap between the wages in the community sector and wages in comparable sectors. However, there is also a considerable gap in wages for men and women within the community services sector itself. Men in the sector earn more, on average, than women in the sector, and men are overrepresented among upper tiers of management.

The chart below illustrates the gender pay gap for the Health and Community Services Industry (in blue) and the total Australian gender pay gap (in pink). Note that this chart depicts national data, as time-series earnings data is not available by industry for particular states.

CHART 5: Comparison of GPGs – Health and Community Services industry (Aus) and All industries (Aus)³³



The chart above shows that the gender pay gap within the national Health and Community Services Industry is 30%, compared with an overall national gap of 17%. The chart also shows that the GPG within the industry has widened over the past decade, while the national GPG has remained roughly stable.

The situation is even worse if we examine data for the industry in WA. The chart below shows the gender pay gap for each industry in WA as at November 2008.

³³ ABS, *Average Weekly Earnings*, 6302.0, November 2008. Note: This chart depicts a four-quarter moving average derived from the AWE data. This was done to minimise volatility. Note that the graph of the gender pay gap in the Health and Community Services Industry remains relatively volatile; this volatility is partly explained by the smaller sample sizes (and therefore larger standard errors) for earnings data at the industry level.

CHART 6: Gender Pay Gap by Industry - WA³⁴



This chart shows that the Health and Community Services industry (third bar from the right in Chart 6, above) has the largest gender pay gap of any industry in WA, at 40.3%. Note that this gap only refers to the difference between men and women within the industry; it is separate from the gap between the industry and other industries. Note that this data has large standard errors, and must therefore be used as a guide rather than a precise estimate of the industries' gender pay gaps. Nevertheless, it is useful as a guide, and is the most accurate data available.

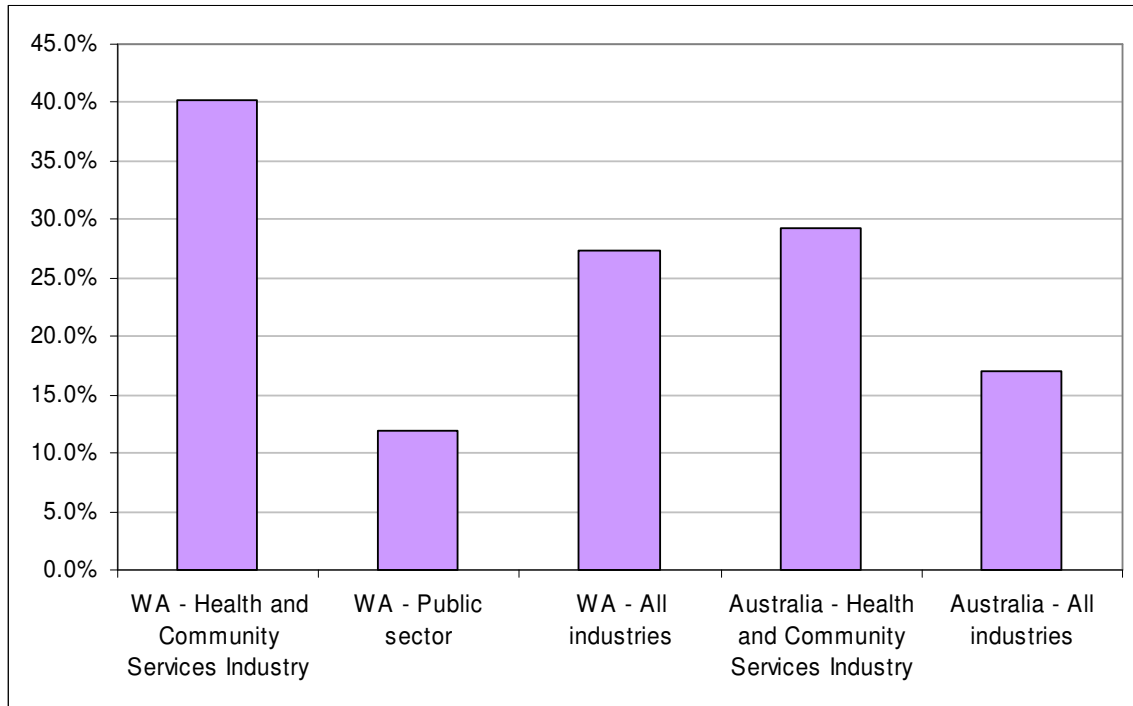
The chart below compares the GPG in the WA Health and Community Services industry with other gaps. It shows that the GPG for the industry in WA (40.3%³⁵) compared with the GPG in the WA public sector (12%³⁶), the total gap in WA (27.4%³⁷), the gap for the industry nationwide (29.3%³⁸) and the total gap in Australia (17%³⁹).

³⁴ Derived from ABS, *Average Weekly Earnings*, 1 Digit Industry 1993 Full-time Adult Ordinary Time Earnings by Sex, All Sectors, WA and Australia, November 2008, unpublished data. Note that some AWE data disaggregated to this level have high standard errors, meaning that gender pay gaps derived from the data should be used as a guide and with caution.

³⁵ ABS, *Average Weekly Earnings*, 1 Digit Industry 1993 Full-time Adult Ordinary Time Earnings by Sex, All Sectors, WA and Australia, November 2008, unpublished data.

³⁶ Pay Equity Unit, *Pay Equity Fact Sheet: The gender pay gap in the WA public sector*, Department of Commerce. Available online: <http://www.commerce.wa.gov.au/LabourRelations/PDF/Work%20Life%20Balance/PayEquityFactSheet5WAPSSStatistics.pdf>

CHART 7: Comparison of Gender Pay Gaps



The chart above shows that the Health and Community Services industry in WA has a higher gap than the industry nationally, or the average for WA, or the WA public sector. There is clearly inequity within the Health and Community Services industry in WA. This finding is substantiated by examination of the subdivisions of the Health and Community Service industry.

While the charts above clearly show that there is profound inequity within the WA Health and Community Services industry, some observers might suppose that this inequity is due to distortions in the 'health' portion of the industry rather than the community services sector. However, the data available show that there are large gaps within the industry subdivisions that comprise the community services sector.

While it's not possible to disaggregate the *Average Weekly Earnings* figures used above to show the community services sector with Health removed, it is possible to examine some separate ABS figures. These disaggregated figures show that the gap within the Residential Care Services subdivision is 47.3%, and the gap within the Social Assistance Services subdivision is 20.8%. The table below shows the disaggregated data.

³⁷ ABS, *Average Weekly Earnings*, 6302.0

³⁸ *ibid.*

³⁹ *ibid.*

TABLE 6: Gender pay gaps for industry subdivisions within the Health Care and Social Assistance industry⁴⁰

Industry	Mean weekly full time earnings 2007		Gender pay gap	
	Males	Females	\$	%
Health Care and Social Assistance	\$1,496	\$933	\$563	60.3% ⁴¹
Hospitals	\$1,305	\$1,030	\$275	26.7%
Medical and Other Health Care Services	\$2,077	\$952	\$1,125	118.2%
Residential Care Services	\$1,214	\$824	\$390	47.3%
Social Assistance Services	\$1,000	\$828	\$172	20.8%

The analysis above shows that there is considerable inequity within the Health and Community Services industry, and that this inequity is not limited to the 'health' portion of the industry. The data below confirm this finding.

The survey by WANADA (et al) of parts of the community services sector shows that 83.3% of employees in the sector are female⁴². However, only 68% of employees earnings more than \$60000 per annum are female⁴³, showing that male employees are disproportionately employed at higher salary levels. This is the case despite women in the sector being slightly overrepresented among employees with a Certificate 4 or greater qualification in a field related to the sector, and significantly overrepresented among employees with a Masters degree⁴⁴. Female employees are underrepresented in the upper salary levels, despite being slightly overrepresented at the upper education levels.

Analysis of WACOSS membership records show that, although the sector is only 19% male, 30% of member organisations' Chief Executive Officers⁴⁵ (CEOs) are male. This shows that males are disproportionately represented at the top echelon of community service organisations. The finding is even starker when the data are broken down according to the size of the organisation.

The chart below shows that there is a correlation between the size of a community service organisation and the likelihood that its CEO is a male. While 30% of all WACOSS member organisations' CEOs are men, 67% of the largest member organisations have male CEOs.

⁴⁰ ABS, *Employee Earnings, Hours, Benefits and Trade Union Membership*, 6310.0.

⁴¹ Note that this gap is even larger than the 40.3% cited in previous charts; the EEBTUM data is a household, rather than business, survey and the industry definition differs slightly from that used in the AWE data. This paper follows the convention in using the AWE data to measure the gender pay gap, and uses EEBTUM in this instance only for the ability to disaggregate industries into their subdivisions at State level.

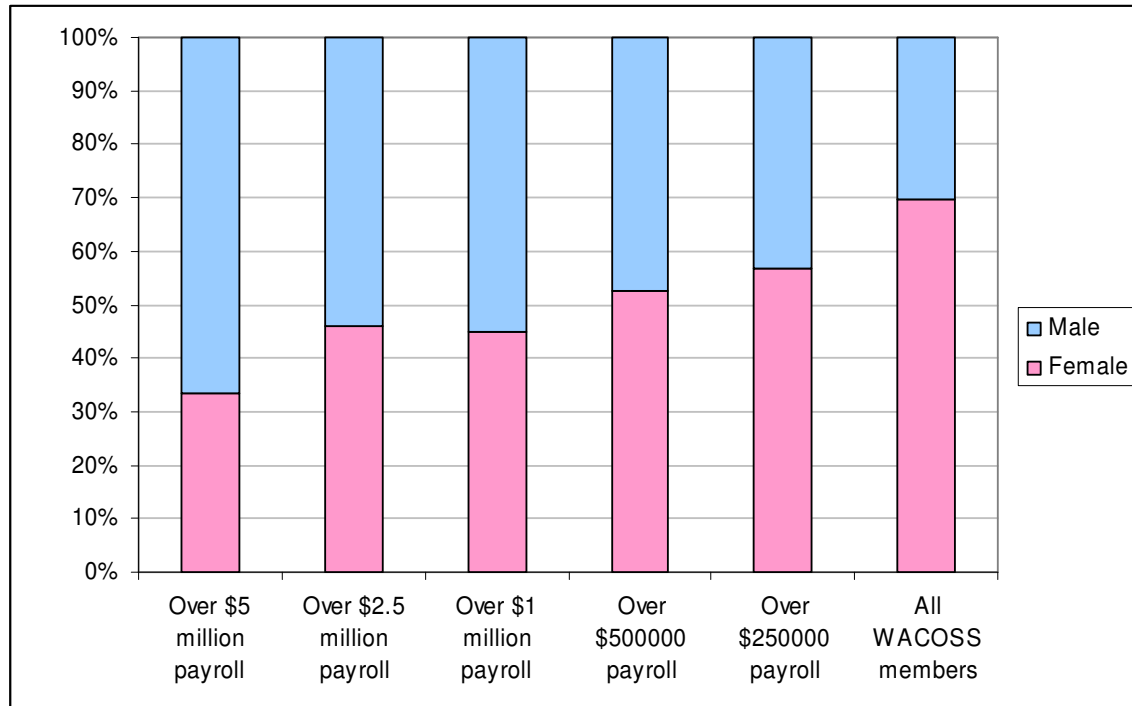
⁴² WANADA/WAAMH, p.8.

⁴³ WACOSS analysis of WANADA/WAAMH data. Analysis may be produced upon request.

⁴⁴ WACOSS analysis of WANADA/WAAMH data. Analysis may be produced upon request.

⁴⁵ The title differs among membership organisations; some common titles are 'Executive Director' and 'Executive Officer'. They are referred to generically in this paper as CEOs.

CHART 8: Gender of WACOSS member organisations' CEOs, by organisation size⁴⁶



This chart clearly shows that men are disproportionately represented at CEO level among community service organisations in WA and larger organisations are more likely to have male CEOs. The survey results from WANADA (et al) show that men are disproportionately represented among the upper salary levels, despite women being slightly overrepresented among the upper education levels. Inequity within the sector itself is clearly a problem.

Why Pay Inequity is a Problem

Pay inequity is a significant problem for individuals, organisations, and society as a whole. Pay inequity is unfair, impairs organisations' ability to attract and retain staff, and undermines female participation in the labour force.

Why Pay Inequity is a Problem for the Individual

A situation in which workers receiving unequal pay for work of equal or comparable value is fundamentally unfair. Despite decades of a formal commitment to 'equal pay', women continue to earn less than their male counterparts for performing work of comparable value. The low wages in the sector mean that many employees struggle to meet the cost of living; there have been reports that employees in the community services sector are increasingly becoming eligible to receive the services that they're administering.

⁴⁶ Derived from WACOSS membership records. Membership fees are tiered according to the size of the member organisation, measured by their annual payroll.

Pay inequity also undermines women's retirement incomes. Income disparities among working Australians are magnified in retirement due to the nature of the superannuation system. The larger compulsory superannuation contribution for high-wage employees compounds over time, widening the gap between high-income and low-income retirees. Given the magnitude of the gender pay gap, women are over-represented among low-income retirees. As a result, "the average superannuation account balance for women is just over half the average balance for men"⁴⁷.

Why Pay Inequity is a Problem for Australia and Western Australia

Pay inequity is a problem as it creates disincentives for women to participate in the labour market⁴⁸. This increases the quality of the Australian labour market, eases capacity constraints that are likely to be encountered once again when the economy recovers, and provides taxation revenue to support the increasing demands of an ageing population. Federal Treasury modelling shows that a 2.5% increase in labour participation rates would increase economic output by 9% by 2022⁴⁹.

A key implication of the ageing of the Australian population is that demand for services from the 'caring professions' (including the community services sector) is likely to increase. However, inequity between the community services sector and other sectors means that employees or potential employees are less likely to seek work in the sector.

Why Pay Inequity is a Problem for Community Service Organisations

Inequity between the community services sector and other sectors is a problem, as it means that organisations will struggle to attract and retain staff. Women with skills needed in the community services sector may opt to remain outside the labour force. Demand for labour in the community services sector is, to some extent, counter-cyclical; it is not likely to ease as the economy enters a downturn.

Inequity within the sector itself also undermines organisations' ability to retain staff. If women in the sector feel unable to progress in their careers within the sector then they are likely to seek employment where the prospects for women are more positive and the gender pay gap is lower (for example, the public sector). Moving towards pay equity (both within the sector and relative to other sectors) can improve not-for-profit organisations' ability to retain staff.

The gap between wages in the community sector and the public sector is lowest for entry level positions. The gap substantially widens for staff with more experience and qualifications. This generates a strong incentive for employees to leave community service organisations for better paid positions in the public sector. The 'churn' that results from high rates of turnover means that organisations face high costs of replacing staff, and the loss of skills, experience and corporate knowledge. The low wages in the

⁴⁷ Office for Women, *Improving Women's Economic Wellbeing*, Department of Families, Housing, Community Services and Indigenous Affairs, Available online:
http://www.ofw.facsia.gov.au/publications/womens_issues/facts3.htm

⁴⁸ Rubery, et al. 2003, cited in Todd, P. and Eveline, P. 2007, *The Gender Pay Gap in Western Australia: Gross inequality, women still 'counting for nothing'?*, University of Western Australia.

⁴⁹ Gruen, D. and Garbutt, M. 2003, 'The Output Implications of Tighter Labour Force Participation', Treasury Working Paper, 2003-02.

sector and inequities within the sector must be addressed if community service organisations are to reduce their rates of turnover.

There is also an argument that perceptions of the professionalism of the sector are undermined by its employees' low wages. Government agencies may be less willing to work closely with community service organisations if they perceive them to be unprofessional or unable to be trusted with confidential information. Low wages in the sector are likely to contribute to this misguided reticence.

Low wages in the sector can also present management problems for organisations, as some employees may qualify for government transfer payments. The low pay for staff, combined with high withdrawal rates for some benefits, can lead to a situation in which employees are unwilling to jeopardise their government benefit by taking on additional hours. This presents difficulties for organisations who manage a number of casual and part time staff, and in the long term is likely to impair the employee's ability to advance her own career.

The gap between wages in the sector and wages in the other sector undermines organisations' ability to attract and retain sufficient staff, as does the gap within the sector itself. The easing of labour market pressures experienced in other sectors is unlikely to be experienced to the same degree by the community services sector. Indeed, the labour market may tighten as demand for community services increases. If community service organisations are to meet the demand for their services, then the two dimensions of inequity (between the sector and other sectors, and within the sector itself) must be addressed.

Achieving Pay Equity

The OECD has found that 'market forces', the 'effluxion of time' or 'improvements in women's human capital' are not enough to reduce inequity in the labour market⁵⁰. The community services sector cannot just wait for equality to happen; it must be actively pursued.

As outlined in the sections above, there are two key dimensions of inequity with regards to the community service sector. Firstly, there is inequity between wages in the sector and wages for work of comparable value in other sectors. Secondly, there is a substantial gap in earnings for men and women within the sector itself. Addressing each of these dimensions of inequity will require different strategies.

Strategies to Reduce Undervaluation of the Community Services Sector

The undervaluation of the community services sector is a long-standing, deeply-embedded problem. A variety of strategies will be required to address this problem.

These include:

⁵⁰ Organisation for Economic Cooperation and Development 2008, 'The Price of Prejudice: Labour Market Discrimination on the Grounds of Gender and Ethnicity' in *OECD Employment Outlook*, OECD, cited in ACTU 2008, op cit.

1. *Government funding to the sector should increase to reflect the true cost of delivering services.*
2. *A re-evaluation of appropriate wages through the industrial relations system.*
3. *Increasing collective bargaining in the sector.*

These strategies are examined in more detail below.

1. Government funding to the sector should increase to reflect the true cost of delivering services

The first strategy is relatively straightforward. There will need to be an increase in the level of funding per employee, or organisations will be unable to pay fair wages and attract and retain sufficient staff. Notwithstanding the current economic downturn, long term demographic change means that the market for skilled and semi skilled employees in the sector will increase in the coming years and decade. Failure to rectify the undervaluation of work in the sector will result in an undersupply of labour, and a subsequent inability of organisations to meet community demand for services. Enduring undervaluation of the sector will also entrench the gender pay gap in WA for future generations.

2. A re-evaluation of appropriate wages through the industrial relations system

The second strategy is slightly more complicated. Pursuing a re-evaluation of appropriate wages through the industrial relations system involves establishing that workers in the sector receive lower wages than other workers who perform work of equal or comparable value. Once an Industrial Relations Commission is convinced of this undervaluation, an adjustment of centrally arbitrated rates of pay can be secured for workers covered by an award⁵¹.

This process is usually achieved through an 'equal remuneration principle'. An equal remuneration principle is a section of the industrial relations legislation that enables a Commission to re-evaluate the wages paid under a particular award as a result of gender-based undervaluation of work. Such principles have enabled successful cases to be brought which achieved some remedy of undervaluation of female-dominated work areas. For example, librarians were able to prove that their work had been undervalued, and that this undervaluation was due to incorrect, gendered assumptions about the nature of their work. The community services sector could pursue such a case for specific occupations within it.

However, the sector does not need to wait for such reforms in order to pursue fairer wage outcomes through the industrial relations system. The community services sector in Queensland currently has a case before the Queensland Industrial Relations Commission (QIRC) in which employers and unions in the sector are jointly seeking to establish an award for the sector in the State jurisdiction. This would have the joint benefit of setting minimum conditions for employers not covered by the federal IR system, and also providing a guide as to 'fair' wages for the sector. This guide can then

⁵¹ This obligation to rectify undervaluation is underpinned by provisions contained in international conventions to which Australia is a signatory, and to which the *Workplace Relations Act 1996* gives effect, including: ILO Equal Remuneration Convention (C100), the Discrimination (Employment and Occupation) Convention (C111) and the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).

be used to underpin funding applications. Such a strategy should be pursued in Western Australia.

3. Increasing collective bargaining in the sector.

Employees on collective agreements record the highest average wages of any industrial instrument (including awards, statutory individual agreements, non-statutory individual agreements and collective agreements). Employees on awards receive the lowest average wages. Increasing the rate of collective bargaining in the sector can improve average wages in the sector (thereby reducing the gap between the sector and other sectors) and also reduce gaps within the sector.

Award rates of pay are generally only increased by small amounts, underpinned by the annual Fair Pay Commission decision or State wage case. These amounts seldom keep pace with inflation. In contrast, collective agreements typically provide for annual increases to the wage level of 3 per cent or more. Collective agreements also are more likely to be tailored to the nature of a particular organisation and the work its employees carry out. Awards tend to cover entire industries or occupations and may not provide clear career progression or appropriate classification guidelines.

The sector should work together to increase the incidence of collective bargaining. Organisations in the sector have generally been precluded from collective bargaining by virtue of their small size. However, the new federal industrial relations system to take effect from 1 January 2010 includes the potential for multi-employer bargaining in low-paid industries. Such an approach may be appropriate for the community services sector, perhaps with multi-employer agreements covering several employers within discrete segments of the sector. This option should be explored.

Strategies to Reduce Inequity within the Sector

It's clear that there is inequality not just between the community services sector and other sectors, but within the sector itself. Community service organisations and the sector collectively must begin to address this problem.

Strategies to address inequality within the sector include:

- 1. Increasing professional development opportunities in the sector, including opportunities tailored specifically for women in areas such as negotiation and interview skills.*
- 2. Large organisations should consider undertaking a pay equity audit.*
- 3. Increasing the range of flexible work options where possible, and enabling employees who use these arrangements to progress in their careers.*
- 4. Providing training to managers whose employees use flexible working arrangements.*

Strategies such as increasing collective bargaining and pursuing re-evaluation of wages through the industrial relations system also have the potential to reduce inequity within the sector itself, as well as between the sector and other sectors.

The strategies to address inequality within the sector are discussed in more detail below.

1. Increasing professional development opportunities in the sector, including opportunities tailored specifically for women in areas such as negotiation and interview skills.

Organisations in the community services sector must ensure that women have a sense of potential career progression, that they are encouraged to further their careers, and assisted to do so. Where appropriate, organisations should ensure that women have the ability to engage in professional development activities that will increase their ability to advance their careers. This is likely to be more practical for larger organisations.

2. Large organisations should consider undertaking a pay equity audit.

A pay equity audit is a voluntary process by which an organisation examines its payroll data to highlight gender disparities throughout the organisation. The WA Pay Equity Unit at the Department of Commerce has developed a suite of resources to assist organisations to undergo a pay equity audit, analyse the findings, and develop post-audit strategies to improve gender equity. These resources include a semi-automated 'Pay Equity Audit Tool', which streamlines the process of payroll analysis. These resources are available online⁵², and the Pay Equity Unit may be able to assist and advise organisations who wish to undertake an audit.

3. Increasing the range of flexible work options where possible, and enabling employees who use these arrangements to progress in their careers.

A key pay equity problem within organisations is women's diminished ability to progress in their careers if they have unpaid caring responsibilities. Women with young children, for example, may need to work part time or with another form of flexibility in order to balance their paid and unpaid work responsibilities. This can impede their ability to advance in their careers, as some organisations may see part time workers as less serious about their jobs, or view some positions as unable to be performed flexibly.

If the considerable inequity within the sector is to be reduced, all strategies to maximise women's ability to progress in their careers must be examined. Increasing the range of flexible work options, and enabling employees who use these arrangements to progress in their careers, is a key strategy to reduce inequity within the sector. Increasing employees' access to flexible working arrangements at all levels of an organisation's hierarchy can increase morale and reduce staff turnover⁵³

4. Providing training to managers whose employees use flexible working arrangements.

A key impediment to flexible workers' career advancement can be a lack of understanding on the part of managers and co-workers. Organisations may consider, as part of their efforts to increase flexible work options, providing training to managers on the topic of managing flexible workers.

⁵² Available at:

http://www.commerce.wa.gov.au/LabourRelations/Content/Work%20Life%20Balance/Pay%20Equity/Conducting_a_pay_equity_audit.html

⁵³ Pay Equity Unit 2007, *Pay Equity is a Business Imperative*, Department of Commerce, Available online: http://www.commerce.wa.gov.au/LabourRelations/PDF/Work%20Life%20Balance/Pay_Equity_is_a_Busi.pdf

APPENDIX A – Defining the Community Services Sector

WACOSS represents organisations in a diverse range of areas including:

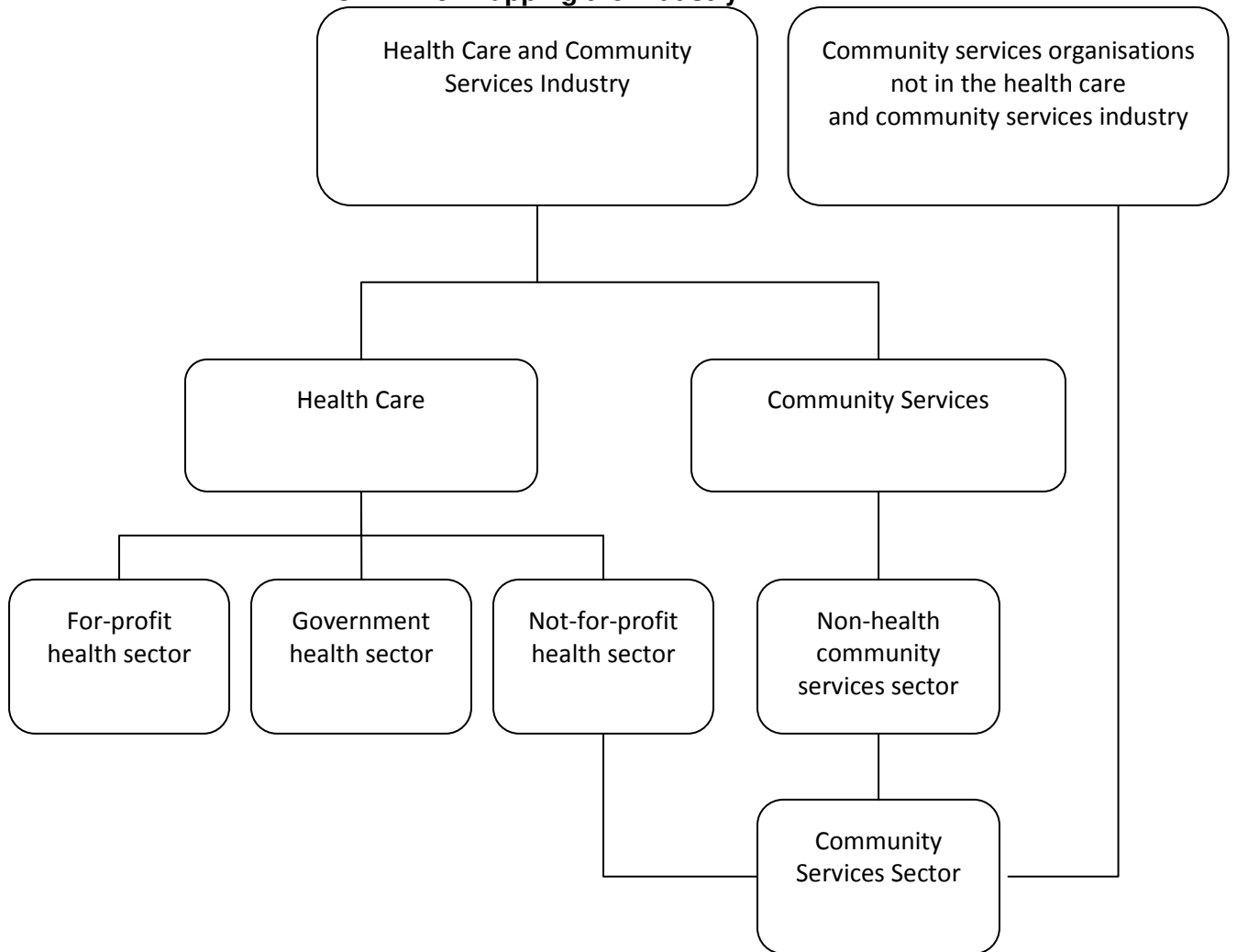
- health;
- community services and development;
- disability;
- employment and training;
- aged and community care;
- family support;
- children and youth services;
- drug and alcohol assistance;
- indigenous affairs;
- support for culturally and linguistically diverse people;
- safety and justice;
- housing; and
- advocacy.

Collectively, these areas of operation are referred to as the community services sector. The community services sector consists of both charities and other not-for-profit organisations.

This paper occasionally refers to the Health and Community Services industry, and occasionally the Health Care and Social Assistance industry. These terms are used to reflect the ABS sources from which data about them is derived. These industry-level terms are not wholly analogous to the community services sector. There are organisations within the Health and Community Services industry that are not in the community services sector, and there are community service organisations that are not in the Health and Community Services industry.

The chart below shows how the Health Care and Community Services Industry and community services sector relate to one another.

CHART 9: Mapping the Industry

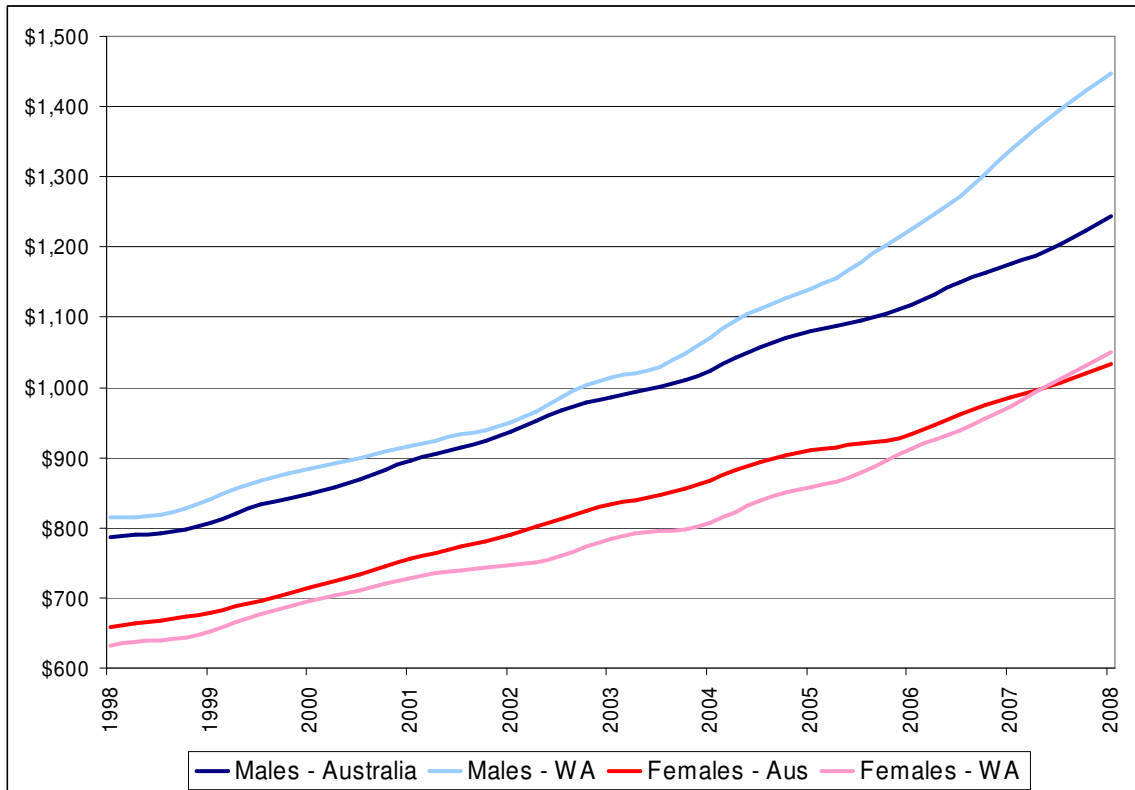


It's clear from the diagram above that the Health Care and Community Services Industry is broader than the community services sector, and that the sector includes some organisations that are not in the industry. Nevertheless, when using ABS data, this industry is the closest fit for the community services sector. In some cases, the data is able to be disaggregated to industry sub-division level to separate Health from Community Services. This has been done where possible in this paper.

APPENDIX B: Male and female earnings in WA and Australia over time

The chart below shows male and female full time earnings in WA and Australia for the past 10 years. It can be seen that male average earnings in WA have increased significantly since 2003, and this has widened the gap between males in WA and males in Australia. However, for much of the same period, women in Australia have earned more, on average, than women in WA. WA women not only earn less than WA men, but less than Australian women, too.

CHART 10: Male and Female Full Time Earnings, WA and Australia, 1998-2008⁵⁴



⁵⁴ ABS, *Average Weekly Earnings*, 6302.0, November 2008.

