

Women's employment in the context of the economic downturn

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About WiSER

The Women in Social & Economic Research (WiSER) unit was founded in April 1999 in response to a growing void in the gender analysis of the economic and social policy issues that confront Australian women. As an inter-disciplinary unit WiSER brings together feminist and pro-feminist researchers and doctoral students with backgrounds in economics, industrial relations, law, leadership, management, social policy and social work.

Our high quality quantitative and qualitative research for the purpose of informing policy formulation and business practice, is supported through various research grants and consulting opportunities. Research findings are disseminated through WiSER working papers, WiSER reports, peer reviewed journal publications, conferences and public submissions.

As part of our commitment to engaging our community we also host a regular series of community forums on topical issues. Further details on WiSER events, research programs, reports and papers may be found at our website: www.cbs.curtin.edu.au/wiser

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Foreword from Elizabeth Broderick

It is with great pleasure that I present this research paper setting out key issues related to women's employment in the economic downturn, prepared by the Women in Social & Economic Research (WiSER) unit at Curtin University.

The paper provides a very useful and timely insight into trends in women's employment since the start of the economic downturn in October 2008.

It is clear from the research that Australia must continue efforts to progress gender equality, particularly at this critical time of economic uncertainty.

While significant progress has been made with respect to women's education, it is concerning that women of child bearing age represent one of the most under-utilised talent pools in the country. Women who want to combine caring responsibilities with paid employment are being discouraged by inflexible and family-unfriendly work structures and practices. This means that we are failing to harness the full potential of women's productive power in Australia.

If we are to reap the full rewards that come from being an international leader in women's education and training, we must enable women to achieve their aspirations in both their paid work and caring lives. This is necessary for two key reasons. First, to enhance our international competitiveness as we recover from the economic downturn. Secondly, to meet the challenges of skills shortages and increasing care demands arising from a rapidly ageing population.

The Australian Government's recent commitment to a national Paid Parental Leave scheme is a good start. This should be the foundation of a suite of policies and practices that support all Australians – women and men – to balance their paid work and family responsibilities.

If we do support individuals to balance their paid work and caring responsibilities we all benefit – not only women, but also men, children, business and ultimately the economy.



Elizabeth Broderick
**Sex Discrimination Commissioner and
Commissioner responsible for Age Discrimination**

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Introduction

“A nation’s competitiveness depends significantly on whether and how it educates and utilises its female talent ...In the current global and economic crisis it is more vital than ever that women’s participation does not shrink but is in fact seen as an opportunity to make headway” (Hausmann, Tyson and Zahidi 2009, 24).

The current economic crisis provides Australia with a unique opportunity to develop and implement responsive policies to resolve the tensions and ambiguities of women’s labour market participation and economic well-being. As this report details, women’s employment is fraught with inconsistencies, with barriers to participation and inequities in earnings a major feature of the contemporary experience. Whether women’s economic vulnerability in the current context is due to ongoing gender inequities and/or the effect of the financial crisis is difficult to assess given the available data. However, as Section 2 discusses, it is clear that women’s position in low paid/casualised jobs and in sectors dominated by discretionary household spending increases their vulnerability.

The issue of women’s marginal position in the labour market is linked to a range of social, economic and political inequities in which women and men continue to be treated within a ‘modified male breadwinner model’ of reproduction. This is clearly evident in Australia’s contradictory approach to women’s educational and employment opportunities. As is discussed in Sections 3 and 4, Australia continues to make significant investments in women’s educational opportunities. However, given the barriers to women’s labour market participation, Australia fails to reap the benefits of its investment.

The failure of the labour market to accommodate women’s experiences throughout their life course is no more pronounced than for women aged between 25-44 years whose participation in the workforce significantly decreases due to childbirth and childcare activities. As Sections 5 and 6 identify, the lack of a universal scheme of paid parental leave and family friendly arrangements make it difficult for women with young children to participate in the workforce in a meaningful way. Women’s limited attachment through part-time or casual work reinforces women’s role as caregivers rather than employees.

Australia can no longer afford to ignore or put off a comprehensive and committed engagement with its female population. The elimination of the gender wage gap and employment inequities are mandatory if Australia is to remain a competitive and innovative player in the global economy. A universal, government-funded scheme of paid parental leave, alongside the introduction of broad-based flexible workplace arrangements within organisations, provide the impetus basis for families to achieve work/life balance and are necessary ingredients for Australia’s economic prosperity and productivity.

Labour Market Trends in the Economic Downturn

2.1 Introduction

Australia is perhaps fortunate that it can date the start of its downturn from the collapse of the Lehman Brothers investment bank in the United States in September 2008. This was approximately a year later than the start of the downturn in the United States and the United Kingdom and can be attributed largely to the strength of the Chinese and other developing economies and the demand for Australian commodities (Edey 2009). At this stage, Australia's downturn is also relatively moderate compared with other developed economies and our major export markets (Edey 2009; Stevens 2009).

The recent nature of Australia's downturn means that few detailed data are available to monitor how the economy is faring and this is particularly true for specific labour market sectors. At this stage we have limited official data that are relatively aggregated and relatively speculative predictions about future labour market trends. The signals so far are limited and mixed.

2.2 Background: Australia's Labour market immediately preceding the 2008 downturn

At July the 2008 labour market participation reached 65.4 percent, at the time comprised of a female participation rate of 58.5 percent and a male participation rate of 72.3 percent (ABS 2009d, trend estimates).

Increases in the female participation rate were partly driven by increasing demand for labour, but were also underpinned by demographic effects such as changed social norms and an ageing population (Austen and Seymour 2006). At October 2008, for example, women aged 45 or more accounted for 39.8 per cent of all women in the labour force aged 20 plus. In 1991 the corresponding share was 24 per cent. The majority of these older women are engaged in part-time employment.

There was a sustained trend towards growth in the part-time labour market. The latter reflects an employer preference for more flexible forms of labour and a growing use of non-standard forms of employment (part-time, temporary, casual). In the eight years to October 2008 part-time employment grew by 26 percent. By October 2008 more than two million women were employed part-time and more than 73 percent of all part-time jobs were held by women (ABS 2009d). This is closely linked with the different concentration of men and women in different industries. Retail trade, accommodation, cafes and restaurants and cultural and recreational services are relatively feminised industry sectors and have high rates of part-time employment. Employees in these sectors also receive relatively low pay.

The conventional wisdom, backed by a large and growing research literature suggests that part-time workers in low paid industries are likely to be among the first casualties in an economic downturn (Seguino 2009). Not only are they likely to lack negotiating power they are also likely to have relatively low levels of accumulated assets to draw upon if they lose their jobs. The following discussion looks at recent data on Australia's labour force and considers possible gendered outcomes.

2.3 Australian labour market trends since the start of the economic downturn

2.3.1 Recent Data

Since September 2008 there have been six releases of monthly labour force data from the Australian Bureau of Statistics (ABS), the latest release covered the month of February. This is a relatively short lag between the collection of data and the release of findings and provides one of the most immediate sources of labour market information. Monthly trend estimates for full-time and part-time employment, unemployment and underemployment are provided in Table 1 below.

The key features of labour market indicators since September 2008 are consistent with the patterns that are generally expected during an economic downturn. There has been an increase in the unemployment rate from 4.3 percent in September 2008 to 5.2 percent in February 2009, a participation rate moving from 65.3 percent to 65.5 percent and a growth in part-time employment (up by approximately 90,000) compared to a drop in full-time employment by approximately 70,000.

Data relevant to wages and earnings is produced less regularly and the most recent release covers the November 2008 quarter. The next release of official data will not occur until May this year. Again, this means detailed information of the effects of the downturn are yet to emerge. At an aggregate level, average earnings continued to grow through the November 2008 quarter. Trend estimates for all employees suggest that earnings grew by an average of 1.2 percent for the quarter and 4.1 percent for the year (ABS 2009d). Such aggregated estimates gloss over important differences between different labour market sectors, an issue discussed in the next section.

Table 1: Selected Indicators of Labour Force Status – Jan 2008 – Feb 2009, Australia

Column 1 Month/year	Column 2 Employed full time '000	Column 3 Employed part time '000	Column 4 Employed total '000	Column 5 Unemploye nt rate- looking for full-time work %	Column 6 Unemploye nt rate %	Column 7 Participation rate %
Males						
Jan 2008	4971.9	918.4	5890.3	3.3	3.6	72.8
Feb 2008	4994.9	897.3	5892.2	3.1	3.5	72.5
Mar 2008	4982.4	902.2	5884.6	3.6	3.9	72.6
April 2008	5001.0	890.3	5891.3	3.7	4.0	72.7
May 2008	4979.7	907.0	5886.7	3.7	4.0	72.5
June 2008	5018.4	889.5	5907.8	3.6	4.0	72.7
July 2008	5035.2	864.5	5899.7	3.5	3.9	72.4
Aug 2008	5048.4	857.9	5906.3	3.6	3.8	72.3
Sept 2008	5031.1	883.5	5914.7	3.7	4.0	72.5
Oct 2008	5032.5	882.1	5914.5	3.7	4.1	72.4
Nov 2008	5028.0	882.3	5910.3	3.9	4.2	72.3
Dec 2008	5018.0	888.1	5906.1	4.2	4.5	72.4
Jan 2009	4995.7	893.3	5889.0	4.5	4.8	72.3
Feb 2009	4964.6	907.6	5872.2	4.9	5.1	72.2
Females						
Jan 2008	2675.4	2139.9	4815.2	4.6	4.7	58.3
Feb 2008	2706.3	2139.5	4845.8	4.5	4.3	58.4
Mar 2008	2707.3	2150.3	4857.6	4.5	4.3	58.3
April 2008	2703.7	2182.6	4886.3	5.0	4.5	58.8
May 2008	2712.3	2152.9	4865.2	4.5	4.6	58.5
June 2008	2691.7	2172.5	4864.3	4.7	4.6	58.4
July 2008	2731.1	2157.9	4889.0	5.0	4.8	58.8
Aug 2008	2715.2	2174.4	4889.5	4.9	4.5	58.5
Sept 2008	2705.5	2169.4	4874.9	5.0	4.7	58.4
Oct 2008	2688.4	2217.7	4906.1	5.3	4.8	58.7
Nov 2008	2702.1	2195.8	4897.9	5.3	4.9	58.6
Dec 2008	2662.3	2240.0	4902.3	4.9	4.5	58.3
Jan 2009	2722.3	2197.4	4919.7	5.1	4.7	58.6
Feb 2009	2699.6	2238.7	4938.2	6.0	5.3	59.0
Persons						
Jan 2008	7647.3	3058.3	10705.5	3.7	4.1	65.4
Feb 2008	7701.1	3036.8	10738.0	3.6	3.9	65.3
Mar 2008	7689.7	3052.5	10742.2	3.9	4.1	65.4
April 2008	7704.7	3072.9	10777.6	4.2	4.2	65.6
May 2008	7692.1	3059.9	10752.0	4.0	4.3	65.4
June 2008	7710.1	3062.0	10772.1	4.0	4.3	65.4
July 2008	7766.3	3022.4	10788.7	4.1	4.3	65.5
Aug 2008	7763.6	3032.3	10795.9	4.0	4.1	65.3
Sept 2008	7736.6	3052.9	10789.6	4.1	4.3	65.3
Oct 2008	7720.9	3099.7	10820.6	4.3	4.4	65.4
Nov 2008	7730.1	3078.1	10808.2	4.4	4.5	65.3
Dec 2008	7680.3	3128.1	10808.4	4.4	4.5	65.2
Jan 2009	7718.0	3090.6	10808.7	4.7	4.8	65.3
Feb 2009	7664.2	3146.2	10810.4	5.3	5.2	65.5

(Source: ABS 2009d, 6202.0, Seasonally adjusted estimates)

2.3.2 Key References – Annotated

1. Edey, M. 2009. The economic landscape in 2009. *Address to Australian Industry Group Annual Economic Forum*. March 4, 2009. Reserve Bank of Australia available from www.rba.gov.au

This speech gives a succinct overview of Australia's economic position in recent months and that of Australia's major trading partners. It provides figures and tables covering recent export and imports, US share prices, global production and fiscal policy in selected major economies, terms of trade, manufacturing index, business confidence, consumer sentiment, interest payment ratios and loan approvals. The conclusion is that Australia will be affected by international deterioration in economic conditions but is well positioned to respond with expansionary economic policy.

2. OECD, 2009. *World Economic Outlook Update 2009* Available from www.oecd.org.

This is a short publication (6 pages) which provides an update for the WEO report released in October 2008. It provides a ready reference for projections of growth for major economies.

3. Australian Bureau of Statistics. 2009d. *Labour Force Australia*. Catalogue 6202.0. Canberra: Australian Bureau of Statistics.

Catalogue 6202.0 represents a source regular up to date labour statistics. It provides estimates of unemployment and labour force participation disaggregated by gender and private/public sector. The ABS web site can be found at: www.abs.gov.au. Spreadsheets with labour market statistics since 1978 are also available as part of the 6202.0 series.

4. Australian Bureau of Statistics. 2009c. *Average Weekly Earnings*. Catalogue 6302.0. Canberra: Australian Bureau of Statistics.

Earnings data is released quarterly and the last available data was released in November 2009. The next release, for the February 2009 quarter will be released in May 2009. Estimates are provided in disaggregated form by gender for full-time and part-time workers, for average weekly ordinary time earnings and average weekly total earnings. There are breakdowns for average earnings by industry and occupation. The key omission from the perspective of this report is the lack of information about the number of hours worked by part-time employees.

2.4 Gender breakdown of current trends in the labour market

2.4.1 Recent Data

Employment patterns differ by gender and much of this difference relates to the proportion of men and women working in or looking for full-time and part-time employment. Some employment indicators, disaggregated by gender are provided in Table 1 above.

If we focus firstly on unemployment among those looking for full-time work, in column 5 there are two key features. Firstly, throughout 2008 the unemployment rate

among women was higher than men. Since September 2008, unemployment among men looking for full-time work has grown at a faster rate than among women but at 4.9 percent it is well below women's rate of 6.0 percent. In terms of the overall unemployment rate (which includes those looking for either full-time or part-time work, in column 6), a similar pattern is observable: women had a higher rate of unemployment before the downturn. Higher rates of growth in unemployment among men mean that both men and women are now experiencing similar levels of unemployment.

Secondly, labour force participation rates among men and women are moving in opposite directions. Men's participation rates have declined throughout 2008, from a high of 72.8 percent in January 2008 to 72.2 percent in February 2009. A decline in participation rates might be attributed to people discontinuing their job search as they become discouraged in a labour market with relatively fewer opportunities; this is known as the "discouraged worker effect". For example, people may decide to retire early or return to education rather than seek employment. This type of pattern is typically associated with a downturn in the labour market. It is noteworthy that women's participation rates have risen throughout the same period; increasing from 58.3 percent in January 2008 to 59.0 percent in February 2009. This is worthy of further comment.

The issue of women's labour supply has always been complex, with ambiguous findings and predictions (Birch 2005, provides a review of the literature). However, rising participation rates are an outcome that contradicts the discouraged worker effect in a declining job market and we can only speculate on the possible causes. One possible reason is that women are entering the labour market in an attempt to add to household incomes as men's labour market opportunities falter – labelled the "added worker effect". Whether this is related to household debt levels and the need to meet ongoing commitments such as mortgage repayments is also open to speculation. Previous research has suggested there are links between women's labour market participation and mortgage repayments (Birch 2005,72). Another reason might relate to rapidly falling asset values – particularly superannuation accumulations. Women have lower average levels of accumulated assets and these have been rapidly declining in value; women may have less opportunity to choose retirement as an option in the current climate. The conclusion at this stage is that there are factors that are counteracting the discouraged worker effect among women in the current economic downturn.

The full-time and part-time employment figures (column 2 and 3) provided in Table 1 have been converted to percentage changes in part-time and full-time work, by gender, in Table 2 below. The percentage changes provide a ready guide to the shift away from full-time work to part-time work since from late 2008.

Table 2: Monthly change in full-time and part-time employment by gender, Sept 2008- Nov 2009

Month/year	Employed full time '000	Employed part time '000	Monthly change in full time employment %	Monthly Change in part time employment %	Monthly Change in total employment %
Males					
Sept 2008	5031.1	883.5	-0.34	2.99	0.14
Oct 2008	5032.5	882.1	0.03	-0.17	0.00
Nov 2008	5028.0	882.3	-0.09	0.03	-0.07
Dec 2008	5018.0	888.1	-0.20	0.65	-0.07
Jan 2009	4995.7	893.3	-0.44	0.59	-0.29
Feb 2009	4964.6	907.6	-0.62	1.60	-0.28
Females					
Sept 2008	2705.5	2169.4	-0.4	-0.2	-0.3
Oct 2008	2688.4	2217.7	-0.6	2.2	0.6
Nov 2008	2702.1	2195.8	0.5	-1.0	-0.2
Dec 2008	2662.3	2240.0	-1.5	2.0	0.1
Jan 2009	2722.3	2197.4	2.3	-1.9	0.4
Feb 2009	2699.6	2238.7	-0.8	1.9	0.4
Persons					
Sept 2008	7736.6	3052.9	-0.3	0.7	-0.1
Oct 2008	7720.9	3099.7	-0.2	1.5	0.3
Nov 2008	7730.1	3078.1	0.1	-0.7	-0.1
Dec 2008	7680.3	3128.1	-0.6	1.6	0.0
Jan 2009	7718.0	3090.6	0.5	-1.2	0.0
Feb 2009	7664.2	3146.2	-0.7	1.8	0.0

(Source: ABS 2009d, 6202.0, Seasonally adjusted estimates)

The pattern among the youngest members of the workforce is somewhat different from older workers. Among younger workers aged 15-19 years, there has been a pattern of declining labour force participation by both men and women. Young men's participation declined from 59.6 percent in February 2008 to 56.9 percent in February 2009. Young women's rates also declined from 60.7 percent to 58.4 percent over the same period (ABS 2009d). The causes of the increase in labour force participation by women in general do not seem to be affecting younger women to the same extent. This is also consistent with previous studies (Birch 2005, 73) and debt levels and/or low accumulated wealth appear to be consistent with this outcome although there are few data from which to reach a clear conclusion.

Unemployment rates do not tell the full story of reduced opportunities in the labour market. The Centre for Full Employment and Equity (CofFEE) at the University of Newcastle and the Australian Bureau of Statistics publish indicators which capture the degree of labour under-utilization in Australia. Labour underutilization includes not only the unemployed, but also part-time workers who wish to work more hours and discouraged workers who wish to work but are not actively seeking employment. Labour underutilization is an important measure because people are classified as 'employed' if they work one hour a week. While those with very few working hours may not be unemployed they may be very underutilized and unable to secure the working hours they need or want in order to generate an adequate income. Table 3

below reports CofFEE's most comprehensive labour underutilization indicator, labeled CU8.

Table 3: CofFEE CU 8 Labour Underutilization Measures Nov 2007 –Nov 2008

	CofFEE U8 %	CofFEE U8 – males %	CofFEE U8 – females %
Nov 2007	9.12	7.2	13.5
Feb 2008	8.81	7.1	12.8
May 2008	9.0	7.2	13.1
Aug 2008	8.91	7.0	13.4
November 2008	9.26	7.2	13.9

(Source: CU8 Measure of labour underutilization developed by Centre of Full Employment and Equity, <http://e1.newcastle.edu.au/coffee/>. Data is seasonally adjusted and rounded to one decimal place).

The CU8 indicator gives a dramatic picture of the extent to which there is a gendered pattern of labour utilization. While men's rate of unemployment is growing relatively faster than women's, high and growing underutilization rates indicate that many more women than men are working fewer hours of work than they would prefer. This can occur through full-time jobs being converted to part-time jobs or the number of part-time hours being reduced.

The Australian Bureau of Statistics also produces a measure of labour underutilization and its November 2008 estimates are similar to those developed by CoFFEE. In addition, the ABS estimates are broken down by age group, showing that labour utilization is very much higher among young workers and for women aged 25-54 years compared with men. These differences are consistent with a reduction in working hours among those who are most highly casualised: young people and women, particularly those with caring responsibilities.

Table 4: ABS Labour force underutilization rate by Age, November 2008

	Males %	Females %	Persons %
15-24	18.9	22.4	20.6
25-34	7.5	11.0	9.1
35-44	6.0	12.5	9.0
45-54	5.5	11.0	8.1
55 and over	5.9	7.8	6.7
Total	8.4	13.2	10.6

(Source: ABS 2009a, 6105.0, trend estimates)

Internationally comparable data on labour utilisation is not systematically compiled. However, the United States Department of Labour produces a series of labour underutilisations based on a similar concept to that used by the Australian Bureau of Statistics. The data are not disaggregated by gender but show an increase in labour underutilisation from 12.6 percent in October 2008 to 14.8 percent in February 2009 (BLS 2009, Table A-12).

Ahbaryartna and Lattimore (2006) refer to two measures to make international comparisons of labour utilisation. The first, labour force participation, shows that Australia's participation rate was below that of nine OECD countries. A second measure, average working hours per employee, shows Australia is placed 8th among OECD countries. The data are not disaggregated by gender and, due to data collection differences, are more useful for comparing trends through time rather than for

comparisons between countries. While the two measures are useful for comparing trends, their capacity to provide comparisons of labour utilisation in different countries during the economic downturn are very limited (Abhayaratna and Lattimore, 2006).

The significance of women's labour participation and utilisation is not restricted to the immediate impact on their individual and household incomes and future earnings potential. Analysis by Access Economics suggests it has implications for Australia's output and productivity. Changes in the percentage of women in the workforce, along with the number of hours they work will significantly affect Australia's capacity to meet the challenges of an ageing population. If women's workforce participation remains at current levels and there is growth in the percentage of women employed part-time, national income per capita is predicted to be 2.8 percent less than the \$76,000 predicted in the Commonwealth's intergenerational report. On the other hand, if women's participation increases and the percentage of women in full-time employment increases, then national income per capita is predicted to increase by 4.4 per cent. For the predicted per capita income of approximately \$76,000 (in 2005/06 dollars) this represents a reduction of \$2,123 compared with a potential increase of \$3,385 (Access Economics 2006).

The latest available data indicate that men's and women's earnings continued to grow in the November quarter 2008 (see Table 5). Average total earnings for all men rose by 1.3 per cent and for women by 1.4 per cent. The picture is slightly different if we consider the ordinary time earnings of those employed full-time. Among full-timers, men's ordinary time earnings increased by 1.6 percent, compared with 1.3 percent for women. This continued a trend that was evident throughout 2008; men's full-time ordinary time earnings increased at the same rate or faster than women's. When part-time workers and total earnings (rather than ordinary earnings) are considered, growth in men's and women's earnings is more closely aligned.

The relatively higher growth in total earnings for women, compared with full-time earnings for women suggests two possible developments. Either women working part-time are increasing their working hours (and thus their earnings) or their average hourly earnings are growing at faster rate than the average weekly earnings of those working full time. Without more detailed data, it is difficult to draw any conclusions. However, it would be unusual for rates of pay among part-time and casual workers to grow faster than those for the full-time workforce. This suggests that women employed part-time are working more hours, while at the same time seeking even further hours and increasing their participation rates. This is a pattern of outcomes, again suggesting that the labour market experiences of part-time women workers are particularly consistent with the added worker effect, in which women attempt to compensate for worsening economic conditions by increasing their labour supply.

Table 5: Selected Average Weekly Earnings Estimates November 2008

Average Weekly Earnings, \$	Males	Females	Persons
Full time adult ordinary time	1,243.00	1,032.20	1,164.90
Full time adult total	1,313.60	1,049.30	1,214.50
All employees total	1,101.70	720.10	911.30
Change November 2007 - November 2008, %			
Full-time adult ordinary time earnings	5.7	4.7	5.2
Full-time adult total earnings	5.7	4.6	5.0
All employees total earnings	4.4	5.0	4.1
Change August 2008 – November 2008, %			
Full time adult ordinary time earnings	1.6	1.3	1.5
Full time adult total earnings	1.5	1.3	1.4
All employees total earnings	1.3	1.4	1.2

(Source: ABS 2009c, 6302.0, trend estimates)

As is well known, women's average earnings are lower than men's and this continued throughout 2008. November quarter ordinary time earnings estimates for full-time employees were \$1,243 for men and \$1,032.20 for women, giving a raw gender wage gap of 17 percent. Much of this gap is related to the different industries in which women and men work and their patterns of work, which is discussed further in the next section.

Available data give little reason to expect anything other than a broadening in the gender wage gap during the economic downturn. As noted above, women are more likely to experience underutilization in the labour market. Further, they are relatively more reliant on minimum earnings decisions.

2.4.2 Key References – Annotated

1. Birch, Elisa R. 2005. Studies of the labour supply of Australian women: what have we learned? *The Economic Record* 81 (252):65-84.

This is a relatively recent scholarly journal article which provides a detailed and comprehensive review of Australian women's labour supply. Pages 72-73 are particularly interesting in the context of the current economic downturn and discuss studies that suggest links between household mortgages and women's labour market participation.

2. Dandie, S and Mercante, J. 2007. *Australian labour supply elasticises: comparison and critical review.* Treasury Working Paper 2007 -04.

While we have not cited this report it provides a summary of the literature that considers the complexities of women's labour supply in response to changing wage rates. The complexities arise because women's labour supply changes in response to their own wages and to that of others in the household, particularly a partner's earnings. The authors provide a clear summary of the theoretical aspects of labour supply elasticity and a concise overview of the relevant literature.

3. Centre of Full Employment and Equity, <http://e1.newcastle.edu.au/coffee/>

The CoffEE website contains a range of labour underutilization measures, publications and comment. It provides additional insights into the labour statistics produced by the Australian Bureau of Statistics.

4. Access Economics. 2006. *Meeting Australia's ageing challenge: the importance of women's workforce participation*. Report by Access Economics Pty Ltd for The House of Representatives Sanding Committee on Family and Human Services.

This report, cited above, provides dollar estimates of potential reductions in Australia's average per capita in income if women's workforce participation does not increase between 2006 and 2041. Increases in both the percentage of women participating in the labour force and in the percentage working full-time are required to ensure maximum increases in national income.

5. Preston, A & Jefferson, T. 2007. Trends in Australia's gender-wage ratio. *Labour and Industry* 18(2): 69-84.

There are many studies into Australia's gender wage ratio and its possible causes and there are considerable lags between the availability of data and production of scholarly journal publications. This article provides a relatively recent analysis of Australia's gender wage ratio, discussed within the context of labour market decentralization. It emphasizes the significance of wage setting mechanisms for sectoral changes in the gender wage ratio.

2.5 Industry trends by gender

2.5.1 Recent Data

The latest official release of industry specific data is for the November quarter 2008. Table 6 provides a summary of the composition of the workforce in different industry sectors, by gender and part-time/full-time employment status. It shows the relatively high proportion of female, part-time work in specific industries such as retail trade, accommodation, cafes and restaurants, education, health and community services and cultural and recreational services.

As discussed earlier, the latest earnings data covers the November quarter 2008 and therefore covers only the very start of the downturn. Given the likelihood of a lag between changing economic conditions and effects on the labour market, the lack of more recent data is a constraint on analysis. However, by looking at changes in earnings for different industries over the previous year, we can get an idea of the importance of industry sector for men's and women's earnings and employment patterns.

Table 6: Composition of employment by industry, gender and full-time/ part-time employment status, November 2008

Industry (ANZSIC 1993)	Male Full-time %	Male Part-time %	Female Full-time %	Female Part-time %	Total employees ('000)
Agriculture forestry and fishing	61.0	9.0	15.2	14.8	374.3
Mining	82.1	0.8	15.0	2.1	180.3
Manufacturing	68.6	5.2	18.8	7.5	1,066.9
Electricity gas and water supply	74.7	2.9	18.2	4.3	108.1
Construction	80.7	7.6	5.7	6.0	993.8
Wholesale trade	62.1	5.4	21.7	10.7	442.8
Retail trade	32.7	14.5	19.9	32.9	1,544.9
Accommodation, cafes and restaurants	26.6	16.2	23.6	33.7	512.2
Transport and storage	64.9	9.4	17.2	8.5	530.4
Communication services	60.4	7.2	21.1	11.3	197.3
Finance and insurance	43.7	4.0	39.7	12.7	380.1
Property and business services	46.9	6.8	27.8	18.5	1,295.6
Government administration and defence	42.2	3.1	40.2	14.5	485.0
Education	24.2	6.4	40.0	29.3	769.6
Health and community services	16.8	4.8	41.1	37.3	1,134.2
Cultural and recreational services	39.1	14.6	18.3	28.0	288.5
Personal and other services	42.2	7.6	28.8	21.5	413.5
All industries	46.8	8.0	24.9	20.3	10,717.5

(Source: ABS 2009a, 6105.0, original series Table 2.4)

Table 7, lists the changes in earnings for men and women employed full-time in different industry sectors. There are seven industries in which women working full-time received comparatively higher increases in weekly earnings than men: electricity, gas and water supply, retail trade, finance and insurance, property and business services, government administration and defence, health and community services and cultural and recreational services. In three of these industries, full-time women workers comprise less than 20 percent of the workforce (electricity gas and water supply; retail trade; cultural and recreational services). Three of the industries have gender wage gaps that are considerably larger than the average of 17 percent, with higher increases for women doing relatively little to address this disparity: (Finance and insurance percent; Property and business services percent; Health and community services percent). Government administration and defence stands alone as an industry in which women did comparatively well in terms of wage increases for full-time workers and in maintaining a smaller than average gender wage gap.

Of course, a key concern with these estimates is that they include only full-time workers. Forty-four percent of women in the workforce work on a part-time basis. The lack of available data to monitor their earnings and work hours has been an ongoing concern for the Australian Human Rights Commission for several years, a concern confirmed by commissioned research (Preston, Jefferson, and Seymour 2006). A lack of appropriate, timely data can be considered a particularly important

omission in a context of individual, confidential agreements and the need for evidence as a key input for implementing and monitoring economic policy reform (Leigh 2009; Wilkie and Grant 2009). There are strong arguments that major policy changes should be accompanied by data collection that systematically monitors the costs and benefits of the policy. This has not occurred in the area of labour market policy; data collection has declined in both scope and regularity during a period of major legislative change. We have little idea how the large number of part-time women workers and rapidly increasing number of part-time men workers are faring in a rapidly changing labour market. Economists are among the first to admit that efficient markets rely on good information – an issue that appears to have been overlooked in debates about labour market reform.

Table 7: Change in Average weekly earnings for full-time employees (%), Nov 2007 – Nov 2008 and Average weekly ordinary time earnings for full-time employees Nov 2008

Industry	Males			Females		
	% change in earnings		Ordinary earnings (\$)	% change		Ordinary earnings (\$)
	Ordinary	Total		Ordinary	Total	
Mining	7.3	7.2	2,030.30	4.6	4.7	1,547.90
Manufacturing	7.0	5.6	1,133.40	4.6	5.5	983.30
Electricity gas and water supply	6.5	5.8	1,438.10	8.4	8.2	1,225.10
Construction	8.3	8.2	1,205.30	8.1	7.6	1,060.80
Wholesale trade	6.9	6.6	1,144.30	0.5	0.8	969.50
Retail trade	0.8	0.5	916.80	5.5	5.3	826.80
Accommodation, cafes and restaurants	2.4	2.7	876.80	-0.9	-0.3	775.10
Transport and storage	8.2	11.0	1,176.20	3.7	4.9	942.30
Communication services	1.1	0.3	1,244.20	0.9	0.4	1,093.90
Finance and insurance	3.2	3.2	1,716.10	6.2	6.1	1,169.30
Property and business services	5.2	4.4	1,415.50	9.1	8.8	1,076.40
Government administration and defence	4.4	4.8	1,269.20	5.5	5.4	1,176.50
Education	3.4	3.3	1,304.30	3.3	3.4	1,163.30
Health and community services	2.5	3.1	1,377.40	5.5	5.3	973.90
Cultural and recreational services	5.3	5.3	1,236.10	7.0	6.8	1,027.30
Personal and other services	8.5	7.8	1,213.00	4.3	4.2	972.20
All industries	6.1	5.9	1,244.10	4.8	4.8	1,032.00

(Source: ABS 2009c, 6302.0, original estimates)

In the absence of timely and comprehensive data, we are left to rely on newspaper reports, other informal sources and past studies from which to infer outcomes for labour market sectors. Predictions for the future of specific industries and their employees are mixed. In recent months, there has been significant press coverage given to the downturn and job losses in traditionally male industries such as mining and heavy manufacturing.

National accounts and retail trade figures give the most recent picture of economic change in specific industry sectors, although these do not necessarily provide insights into specific labour market developments. For example, despite job losses in the mining industry, the seasonally adjusted estimate for gross value added to GDP by mining rose 0.4 percent in the December quarter 2008. This possibly indicates that job losses in this industry were in areas focused on future rather than current production.

In contrast, manufacturing gross value added fell by 4.7 percent, an outcome more in line with media reports of job losses in this sector (ABS 2009a, 5).

Data on retail sales has received considerable media attention due to the effects of the Federal Government's fiscal stimulus package at the end of 2008. Increased turnover of 3.8 percent in December 2008 and 0.2 percent in January 2009 suggest some success in maintaining consumer spending (ABS 2009d). At the same time however, December quarter seasonally adjusted measures of household expenditure show declines in household expenditure on hotel, cafes and restaurants (down 1.0 percent), clothing and footwear (down 1.3 percent), alcoholic beverages (down 2.4 percent) and purchase of vehicles (down 1.2 percent) (ABS 2009d, 4). A full list of December quarter changes is provided in Table 7

While the estimates in Table 7 cover a short period at the very start of the downturn, they reveal an important issue: the timing and sources of changes in employment are likely to be very different for men and women and these differences have significant policy implications. Women are over represented in industries in which discretionary spending is an important driver of employment such as retail trade, accommodation, cafes and restaurants and personal and other services. The workforces in these industries are also heavily casualised, making reductions in working hours relatively easy to implement. Women are also over represented in services sectors that depend heavily on Government expenditure, such as government administration, education and health and community services.

Internationally, the responses of governments to the economic downturn have been to stimulate spending on physical infrastructure and to cut government spending on services. This response has been mirrored in Australia. The focus on infrastructure is apparent in a summary of the Federal Government's economic stimulus plan:

“In getting on with the job, the Australian Government is funding:

- A new 21st century school library, multipurpose hall, or classroom modernisation for each primary school in Australia.
- New science labs or language centres for 500 secondary schools.
- Grants of up to \$200,000 for individual school communities to fund much-needed maintenance.
- Ceiling insulation for around 2.7 million Australian homes.
- Increased rebates for solar and heat pump hot water systems.
- 20,000 new social housing dwellings.
- 802 new houses for the Australian Defence Force.
- Urgent maintenance to upgrade around 2,500 vacant social houses.
- An additional 30 per cent tax deduction for small and general businesses buying eligible assets.
- 350 additional projects in the Black Spot Program
- Installation of around 200 new boom gates at high risk rail crossings.
- \$650 million funding boost for local community infrastructure and maintenance on Australia's national highways.
- One off cash payments to eligible families, single workers, students, drought affected farmers and others.

- If you earned less than \$100,000 in the 2007-08 financial year and paid tax you could be eligible for a tax bonus payment of up to \$900.”

From: <http://www.economicstimulusplan.gov.au/theplan.htm>

Possible cuts to government spending have received less attention but are a stated policy in Western Australia where the Premier has called on all government departments to cut their spending by three percent.

The gender implications of these policies are twofold. Firstly, the economic stimulus plan is heavily focused on expenditure in areas where most employees are men. Women are under represented in industries that are likely to benefit in the short term from expenditure on construction and maintenance programs. Expenditure programs which invest in social as well as physical infrastructure enhance gender equity as well as providing long term dividends. Investment in early childhood education is one example of a “socially responsible growth industry offering consistently high returns” (Folbre 2009). Similar approaches can be adopted to ensure that when we upgrade our physical infrastructure we are also investing in the skills and expertise of the staff who will utilise the new halls and classrooms.

Secondly, when we reduce key areas of public expenditure such as health and community services, we not only reduce employment opportunities for women but we typically increase the need for unpaid household care. This type of work is disproportionately undertaken by women and has important implications for their labour force participation and long term financial security, an issue discussed more fully in the following section on financial security (Preston and Austen 2001; Jefferson and Preston 2005; ABS 2008a).

2.5.3 Key References – Annotated

1. Australian Bureau of Statistics. 2009a. *Australian Labour Market Statistics, Catalogue 6105.0.* Canberra: Australian Bureau of Statistics.

This publication is released quarterly and combines labour market statistics from a number of different sources (outlined in each report). The data is reasonably comprehensive and covers issues of both employment levels and earnings. Data is available for industry and occupational sectors and for age groups by gender. In common with other publications, there are no data on working hours by part-time workers which limits analysis of labour market trends for almost half the women in the workforce. There is a small lag which reduces its immediacy in very rapidly changing economic contexts such as the current downturn. The most recent release was in January 2009 and it contains data up to 11 December 2008. The next release is due in April 2009.

2. Australian Bureau of Statistics. 2009e. *Retail Trade.* Catalogue 8501.0. Canberra: Australian Bureau of Statistics.

Retail trade statistics provide one of the regularly available sources of data that are used as an indicator of economic activity among consumers. Estimates are released on a monthly basis and include measures of turnover for specific sectors such as food retailing, clothing and soft goods, cafes, restaurants and take away food, department stores and household goods. The retail industry is a major employer of women and

part-time workers and this data provides some indication of likely changes in employment.

3. Austen, S. Jefferson, T. Preston, A and Seymour, R. 2008. *Gender pay differentials in low-paid employment.* Report Commissioned by the Australian Fair Pay Commission. Melbourne: Australian Fair Pay Commission. Available from www.fairpay.gov.au.

This report examines patterns of low pay in different industries and occupations. It finds that gender wage gaps are lower among low paid workers and this is partly due to the role played by minimum wage decisions in ensuring a floor for workers with relatively low negotiating power.

4. Preston, A, Jefferson, T and Seymour, R 2006. *Women's pay and conditions in an era of changing workplace regulations: towards a "Women's Employment Status Key Indicators" (WESKI) database,* Human Rights and Equal Opportunity Commission, National Foundation for Australian Women and the Women's Electoral Lobby, Sydney.

We have included this reference because of the ongoing lack of necessary data to provide analysis of women's employment patterns. The lack of data covering part-time working hours is particularly concerning.

5a. Leigh, A. 2009. What evidence should social policymakers use? *Economic Roundup* 2009 (1): 27-44.

5b. Wilkie, J and Grant, A. 2009. The importance of evidence for successful economic reform. *Economic Roundup* 2009 (1):45-55.

Both of these articles lend weight to arguments for the need for reliable, current data as a basis for implementing and monitoring economic policy. *Economic Roundup* is a Treasury publication and these articles appear in the same issue, contributing important discussions on the evidence based policy

6. Economics of Crisis website 2009. <http://www.economicsofcrisis.com>

This website contains a discussion summarizing the "Gender Effects of Economic Crisis" and a large number of links to previous research. Some of the information is not directly relevant to Australia, however it provides insights into the gendered nature of specific policy responses to economic crises.

7. Folbre, N. 2009. *The Ultimate Growth Industry.* Available from <http://economics.blogs.nytimes.com>.

Folbre is a high profile, widely respected feminist economist in the United States. This informal, two page discussion provides arguments for investment in high quality early childhood education. While Folbre has authored a long list of scholarly publications, this short discussion is notable because of its immediacy and relevance in the context of the current economic downturn.

2.6 International comparisons

2.6.1 Recent Data

Due to differences in data collection methods and definitions, international comparisons of economic data can be only a very approximate indicator of comparative performance. However, within the constraints of data of comparability, Australia appears to be faring relatively better than a range of other developed economies and GDP and unemployment estimates are favourable compared with averages for the European Union, G7 and nations such as the United States and United Kingdom. As the Assistant Governor to the Reserve Bank of Australia has noted, trading links with strongly growing Asian economies delayed the start of economic downturn in Australia (Edey 2009).

The outlook for Australia remains a cause for concern but is also relatively favourable compared with other developed economies (see Table 8). The IMF projects that GDP in wealthier countries will decline by 2.0 percent in 2009 and reach growth of 1.1 percent in 2010, comparable estimates for the United States and United Kingdom are -1.6 percent and -2.8 percent (2009) and 1.6 percent and 0.2 percent (2010). In contrast, Australia's projected decline in GDP is projected to be -0.2 percent in 2009 returning to growth of 1.8 percent in 2010 (OECD 2009).

Australia's relatively favourable economic indicators are not matched by indicators on gender and labour market outcomes. Notwithstanding Australia's relatively stronger growth in female labour force participation (compared to male participation) since 2000, there remained a significant gender participation gap equal to 16 percent at October 2008. This is above that of other OECD countries. In Canada, for example, the corresponding gap is around 12 percent while in Sweden it is significantly lower equal to 5 percent (World Economic Forum 2008). A key area of difference between Australian and other OECD countries concerns female participation amongst women aged 35-44. Relative to other countries women in this age group are more likely to be employed part-time.

Table 8: Change in GDP and Unemployment Rate – Selected Countries 2008

	Change in GDP 4th Quarter 2008 - %	Unemployment Rate December 2008
Australia	-0.5	4.5
Austria	-0.2	4.0
Belgium	-1.7	7.1
Canada	-0.8	6.6
Czech Republic	-0.9	4.7
Denmark	-2.0	4.0
Finland	-1.3	6.6
France	-1.2	8.2
Germany	-2.1	7.2
Greece	0.3	² 7.5
Hungary	-1.2	8.5
Ireland	¹ 1.5	8.3
Italy	-1.9	..
Japan	-3.2	4.3
Korea	-5.6	3.3
Luxembourg	¹ 0.5	4.9
Netherlands	-0.9	2.8
New Zealand	¹ -0.4	4.6
Norway	1.3	3.0
Poland	0.3	6.6
Portugal	-1.6	7.9
Slovak Republic	2.1	9.5
Spain	-1.0	14.3
Sweden	-2.4	7.1
Switzerland	-0.3	3.6
United Kingdom	-1.5	³ 6.2
United States	-1.6	7.2
European Union	-1.5	7.5
Euro area	-1.5	8.1
G7	-1.8	6.6

(Source: OECD Key Economic Indicators, www.oecd.org. 1. 3rd quarter estimate; 2. September 2008 estimate; 3. November 2008 estimate).

Internationally, there is no uniform pattern of the impact on women's employment. ILO analysis suggests that the variation on the gendered impact of the economic downturn depends on both the industry structure of specific economies as well as their particular policy responses and social welfare programs. Further, it is difficult to distinguish between issues of ongoing gender inequality and those that might be attributed to the current crisis (ILO 2009, 20).

Making predictions about the likely effects of a global economic downturn is a risky exercise. While forecasts vary, there appears little reason to expect that the burden should not fall on the most vulnerable members of our workforce: those on low pay and with insecure employment tenure.

2.6.2 Key References – Annotated

1. Seguino, S. 2009. *Written statement on Interactive Expert Panel: The gender perspectives of the financial crisis.* Fifty-third session of the Commission on the Status of Women. March 2-13, 2009. New York. United Nations Commission on the Status of Women.

This short document is notable for its immediacy and relevance. It summarises key issues for both developing and developed economies. While it contains few quantitative data it provides a summary of key issues that should be considered within specific economic contexts.

2. Edey, M. 2009. *The Economic Landscape in 2009: Address to Australian Industry Group Annual Economic Forum.* March 4, 2009. Reserve Bank of Australia.

This address has already been mentioned in section 1.5.2 but is added here because of its relevance to discussing Australia's economic prospects in an international context.

3. International Labour Organization. 2009. "Global employment trends for women". ILO: Geneva.

This report is notable for including both a gendered analysis of employment trends and international data. Its analysis is limited however by the limited availability of appropriate data. The authors note that while gender analysis of economic trends often relies on investigating employment patterns by sector, recent data from the United States suggests that "the sectoral distribution of male and female employment is not necessarily the most important factor in the analysis of the economic crisis". Initial indicators suggest that occupational distribution and employment contractual arrangements may be significant. Again, however, data are required to investigate these possibilities.

2.7 Trends from previous recessions

2.7.1 Recent Data

Two factors make the likely gender impact of this recession particularly difficult to assess. Firstly, the lack of detailed and timely data hampers analysis of the economic downturn and related policies in much the same way as it has constrained analysis of other major economic and social policies such as recent industrial relations legislation. Secondly, the limited data that are available suggest that there are gendered patterns of workforce participation with women's labour force participation rates rising alongside increases in unemployment and labour underutilization. As discussed above, it might be the case that household debt levels and very rapid declines in asset values mean that the context in which employment decisions are being made is different in very important ways from previous recessions.

An analysis of international literature on past recessions has identified the following key gender issues:

- Unemployment is typically higher among women;

- Women's concentration in least secure forms of employment makes them more vulnerable to dismissal;
- "Male breadwinner" attitudes treat women as secondary wage earners, resulting in policies that have gendered impacts and long term implications for women's financial security;
- Women become increasingly responsible for caring roles due to cuts in public spending on health and community services resulting in either reduced services or higher prices;
- Women are more vulnerable to escalating crime and violence if economic crisis erodes social cohesion (Tutnjevic 2002).

Much of the research into the gender implications of recession has focused on developing economies, reflecting greater levels of poverty and lower recognition given to women's rights. However, to translate these experiences to the Australian situation may overstate and/or misrepresent the extent and nature of the risks that Australian women are likely to face.

What we can see is that advances made in securing gender equity can be easily eroded, even during boom periods. WorkChoices, introduced during a period of economic prosperity in Australia, contributed to the normalising of poor employment practices in some industries and the dampening of employee voice. The lack of protection for unfair dismissal left many workers vulnerable and open to dismissal for querying their wages and conditions of employment (Charlesworth and McDonald, 2007). In the boom period there were cases of employees preferring to quit their job rather than risk being dismissed for querying conditions (Jefferson et al 2007). The economic downturn removes this option and leaves vulnerable workers even more at risk.

2.7.1 Key References – Annotated

1. Tutnjevic, Tamara. 2002. Gender and financial/economic downturn. Geneva: International Labour Office.

The publication date on this on this report belies its relevance to the current economic downturn. Many of the gender issues likely to arise during an economic downturn are discussed in this report and it provides a ready reference of previous analyses undertaken internationally. A relatively large proportion of the report focuses on developing economies where some of the most pressing issues differ from those that might be most important in developed economics.

2. Elton, J, Bailey, J. Baird, M. Charlesworth, S. Cooper, R. Ellem, B. Jefferson, T. McDonald, F. Oliver, D. Pocock, B. Preston, A and Whitehouse, G. 2007. *Women and WorkChoices: impacts on the low pay sector.* Centre for Work + Life, Hawke Research Institute for Sustainable Societies. Adelaide: University of South Australia.

This report summarises a series of qualitative study undertaken across Australia to examine the experiences of women in low paid employment during the introduction of significant legislative change to Australia's workplace regulations framework. The

findings again emphasised the need for comprehensive, representative data that allowed detail investigation of changes in employment conditions and wages. The experiences of the participants suggested that there is a significant need for clear information about minimum wages and conditions among both employers and employees. The study was undertaken during an economic boom in Western Australia and in that context some women spoke of changing employment in preference to addressing concerns about wages and conditions in their current job. This is a potential area of concern as the economic boom finishes and there is less opportunity to change jobs.

Women's financial security and the economic downturn

3.1 The impact of the economic downturn on women's financial security

3.1.1 Recent data

Economic security may be seen as deriving from income, access to shared resources (usually within households) and accumulated assets. In addition, the social security system provides a safety net. The following discussion considers each of these issues in turn.

Income

As discussed above, women's concentration in part-time work means that income is less secure and is likely to vary considerably in response to reduced working hours. Current labour underutilization measures suggest this is a larger problem among women. There is a lack of data to compare working hours among part-time workers before and after the current downturn. As discussed earlier, there is a substantial literature demonstrating gender earnings gaps; the latest earnings estimates indicate a raw gender gap of 17% between men and women working full time. Detailed data for analysing the possible causes of this gap are produced less frequently. Analysis of data from May 2006 demonstrates links with institutional factors such as methods of wage setting and the prevalence of part-time work (Preston and Jefferson 2007).

Wealth

Information on wealth holdings is generally collected and analysed for households rather than individuals (see for example Australian Bureau of Statistics 2007 Catalogue 6554.0). In addition, data collection on wealth holdings is relatively irregular, making it difficult to determine patterns of wealth holdings by gender and macroeconomic conditions. It is relatively clear that lone parent households, mostly headed by women, have the lowest wealth accumulations (Headey, Marks, and Wooden 2005, 169).

Relatively detailed data is available for superannuation balances. The median account balance for women in 2007 was \$18,489, compared with men's median of \$31,252 (ABS 2008a, 80). This is likely to be an outcome of both women's lower levels of superannuation coverage and lower contribution rates. It is estimated that among those with less than \$40 per week in superannuation contributions, 58.1% are women (ABS 2008a, 86). Women are also more likely to cite lack of affordability as a reason for not making personal contributions to a superannuation scheme: 32.2% of women give this reason compared with 27.5% of men. Men are more likely than women to state that they do not make contributions to superannuation because they have other investments; 5.6% of men give this reason compared with 3.7% of women (ABS 2008a, 87).

Data are unavailable to examine gender changes in patterns of wealth accumulation during the economic downturn. However, it is likely that there will be a reduced capacity to accumulate wealth among all those on relatively low incomes, a group in which women are over represented.

Access to shared resources

It has sometimes been argued that women's individual income and wealth are not necessarily a good indicator of their access to economic resources because they can access shared household resources. Households can redistribute income among members and alleviate the effects of low income earning capacity by one or more members. In this context it can be noted that low income earners do not necessarily live in households at the bottom of the income distribution; for example, many low-wage earners are married women whose earnings contribute less than half of the family income (Richardson 1999).

The extent to which Australian households pool their resources is difficult to establish from available research. It has been argued that the hypothesis that households engage in an equal sharing of resources can not be disproved (Bradbury 1996). There is a diverse body of theoretical and empirical literature from the 1990s suggesting that equal sharing of resources has been assumed rather than demonstrated (some examples include Bergmann 1995; Browning and Lusardi 1996; Browning 2000, 1995; Singh 1997; Pahl 1995; Lundberg, Pollack, and Wales 1997). Theoretical and empirical research suggests that equal sharing is more likely to occur when partners have roughly equal bargaining positions deriving from similar labour market opportunities and earnings (see for example Rainer 2008; Pollack 1994).

3.1.2 Key References – Annotated

1. Bergmann, B. 1995. Becker's theory of the family: preposterous conclusions. *Feminist Economics* 1 (1):41-50.

This article appeared in the first issue of the scholarly journal *Feminist Economics*. It is a well known critique of the ways in which orthodox economics can be used to justify existing divisions of labour within households and the workforce. Becker, a Nobel prize winner in economics, is particularly well known for his application of neoclassical economic theory to issues of the division of labour. Bergmann's is also very well known, especially amongst those with an interest in feminist economics and this is one of her frequently cited works. It is particularly relevant in discussions that assume that households pool and equally share their resources.

2. Headey, B. Marks, G and Wooden, M. 2005. The structure and distribution of wealth in Australia. *Australian Economic Review* 38. 159-175.

As noted above, this article focuses on the distribution of wealth among households rather than individuals. Its capacity to give a gender perspective on wealth holdings is therefore limited. It does however give a reasonably up to date picture of the structure of wealth holdings and debt by Australian households. It also notes the very limited wealth held by sole parent households, predominantly headed by women.

3. Lundberg, S. Pollack, R and Wales, T. 1997. Do husbands and wives pool their resources? evidence from the UK child benefit. *Journal of Human Resources* 32 (3):463-480.

There are relatively few opportunities for comprehensive data collection on the allocation of resources within households. Lundberg and Pollack are prominent theorists on the issue of intrahousehold allocations of resources. This empirical study provided convincing evidence that households' use of social security payments differs depending on whether they are paid to men or women partners in a household.

4. Rainer, H. 2008. Gender discrimination and efficiency in marriage: the bargaining family under scrutiny. *Journal of population economics* 21:305-329.

This is a highly theoretical article that uses mainstream economic modelling techniques to examine bargaining for resources among household members. It is notable for its currency and as an example of the increasing acceptance of "non cooperative" household bargaining within mainstream economics. Few theorists with an interest in the allocation of household resources would unquestioningly assume the "equal sharing" approach implicit in Becker's analysis. This is important in discussions of women's earnings and wealth holdings.

3.2 The impact of the economic downturn over the lifecycle

3.2.1 Recent data

It is well established that women's lower incomes over the life cycle result in lower accumulations of assets. Different methods have been applied to estimating superannuation accumulations but all show a significant gap between men's and women's accumulations (Jefferson 2005). It is estimated that among the baby boomer age group women will spend approximately 35% less time in the labour force than men and that this will be reflected in superannuation accumulations up to 35% lower than men's. Published ABS superannuation estimates do not disaggregate accumulations by age and gender. However, among employed persons who have previously retired and then returned to work, 42.3% of women, compared to 35.6% of men state that this is due to financial need.

Estimating the effects of the current economic downturn on women's earnings and savings over the life cycle requires dedicated research which has not been carried out to date. However, the likely outcomes are not difficult to infer: decreases in earning capacity now will have implications for access to resources in later life. Lower superannuation accumulations among women are widely recognized and the issue is largely one of policy priorities.

3.2.2 Key References – Annotated

1. Australian Bureau of Statistics. 2008a. *Employment arrangements, retirement and superannuation Australia*. Catalogue 6361.0. Canberra: Australian Bureau of Statistics.

Retirement and superannuation data are collected and published sporadically; data in this publication was collected in 2007 and the previous collection was in 2000. It represents the latest release of national data on superannuation accumulations.

2. Preston, A and Austen, S. 2001. Women, superannuation and the SGC. *Australian Bulletin of Labour* 27 (4):272-295.

This article uses a small number of hypothetical paid/unpaid work profiles to demonstrate the effects of the timing and duration of breaks from paid employment on superannuation accumulations. While the article is published in a scholarly academic journal, its approach is relatively easy to understand.

3. Jefferson, T. 2005. Women and retirement incomes in Australia: a review. *Economic Record* 81 (254):273-291.

This article provides an overview of Australian studies of women and retirement incomes. It concludes that the diverse range of methods used to estimate women's retirement incomes all lead to similar conclusions about a relatively lower access to resources in older age than men.

4. Jefferson, T and Preston, A. 2005. Baby boomers and Australia's other gender wage gap. *Feminist Economics* 11 (2):79-100.

In 2005 *Feminist Economics* produced a special issue on gender and ageing. This article was the Australian contribution to the issue and provides gender estimates on the retirement incomes of Australian men and women of the baby boomer generation. It concludes a gender gap of at least 35% is likely among retiring baby boomers.

Levels of women's education and attainment compared with workforce participation

4.1 Women's educational attainment and public spending on education

4.1.2 Recent Data

In 2007/08 Australia spent \$66bn on education or 5.8 per cent of GDP (ABS 2009). The proportion spent is on par with public and private expenditure in Canada and the UK, but below that in countries such as New Zealand, Sweden, France and the US. Data are not available disaggregated sex, but it would be fair to conclude that at least half (if not more) of this expenditure was spent educating women.

Table 9: Public and Private Expenditure on Education as a Share (%) of GDP in 2005

Australia	Canada	France	Greece	Italy	Japan	Korea (Republic)	New Zealand	Sweden	UK	US
5.9	5.9	6.1	3.4	4.9	4.8	7.2	6.9	6.7	5.9	7.4

(Source: ABS 2008, 4102.0, Data Cube. Table 7: International comparisons: Educational participation (a) and expenditure. Released 23 July 2008).

When compared to young men, young women's participation in high school and undergraduate level education exceeds that of young men. In 2007 the Apparent

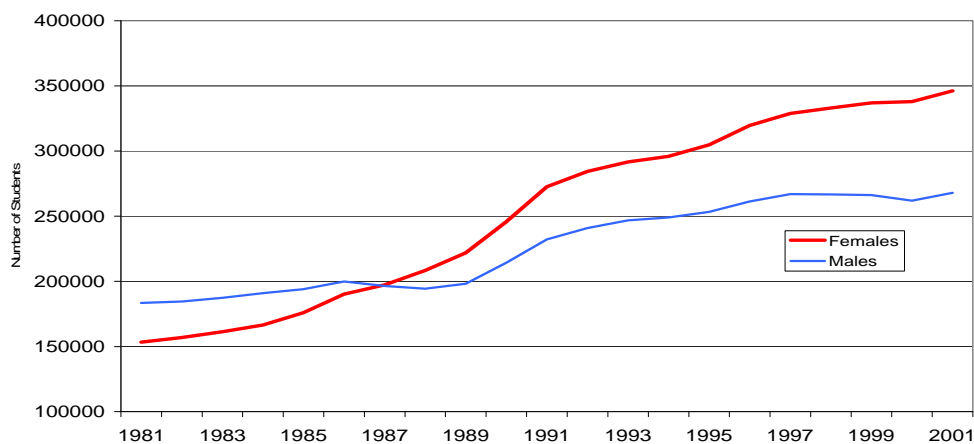
Retention Rate (ARR)¹ was equal to 80.1 per cent for women and 68.8 per cent for men (a gap of 11.3 percentage points) (ABS, 2009). Since the time of the last recession (1991/2) young women's retention in high school has consistently been around 11-12 percentage points above that for young men (Preston and Burgess, 2003). The high female ARR to Year 12 has, in turn, contributed to a significant increase in the number of female higher education students. Much of the increase occurred during the 1980s, with women's participation continuing to grow from there (see Figure 1 below).² By 1996 women comprised 54.3 per cent of all university students. Their share has been relatively constant at this level since then (see Table 10).

Table 10: Gender Characteristics of University Students, 1996-2003

	1996	1997	1998	1999	2000	2001	2002	2003
Females	54.3%	54.4%	54.7%	55.0%	55.2%	55.0%	54.4%	54.4%
Males	45.7%	45.6%	45.3%	45.0%	44.8%	45.0%	45.6%	45.6%

(Source: <http://www.universitiesaustralia.edu.au/documents/publications/stats/Students.xls> Table C.1 Student Characteristics: 1996 – 2003).

Figure 1: Participation in Higher Education by Sex 1981-2001, Australia



(Source: ABS 2003a - 42300_topic23.xls),

As education levels have increased so too has the overall share of degree holders in the workforce. In keeping with the education trends discussed above, by 2001, across all employees, there were more female than male degree holders in the workforce. Just under a fifth (19.4 per cent) of all employees were graduates, 54 per cent of whom were women.³

¹ The ARR is a measure of the approximate number of full-time students in Year 12 as a percentage of their respective cohort.

² These data are sourced from ABS (2003a - Catalogue Number 4230.0, Education and Training Indicators, Australia, 2002. Data Cubes; Topic 23. Higher Education Students.

³ More recent estimates are not available.

4.1.3 Key References – Annotated

1. Australian Bureau of Statistics, Education and Training Indicators. *Australian Social Trends 2009*. Catalogue No. 4102.0.

41020_Education_and_Training_Indicators_2008.xls. Available from

[http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/LookupAttach/4102.0Data+Cubes-25.03.094/\\$File/41020_Education_and_Training_Indicators_2008.xls](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/LookupAttach/4102.0Data+Cubes-25.03.094/$File/41020_Education_and_Training_Indicators_2008.xls)

The ABS Australian Social Trends presents statistical analysis and commentary on a range of social issues. There are eight chapters including one on education and training. A set of summary statistical tables complement each chapter, with the Education and Training indicators providing a national summary of key indicators from 1997 to 2007. The information is also disaggregated at the State level. International comparisons are also available.

2. Preston, A and Burgess, J. 2003. Women's work in Australia: trends, issues and prospects. In *Women and Work: Research & Policy Issues, A Special Issue of the Australian Journal of Labour Economics*. A. Preston and J. Burgess. Eds. 6(4): 497-519.

This article is an introductory article for a special issue of the Australian Journal of Labour Economics on women and work. It contains a broad overview of women's labour market status at the time, including analysis of their participation in education. Subsequent sections explore women's participation in education.

4.2 The relationship between women's education and workforce participation

4.2.1 Recent data

Clearly assessing whether or not there is a value (a return) from an investment in women's education is a complex task and would include analysis of their productivity contribution (eg. to GDP through their participation in employment) and broader social effects (such as contribution to education of other family members, health etc.).

In terms of a more narrow economic analysis, focused on employment and workforce participation, it is an undisputed fact that women's participation in the labour market is positively correlated with their participation in education. Increased participation in education does influence subsequent labour market participation. As Austen (2005, 7) notes, "women with a degree are much more likely to work at each stage of the life course". Austen's calculations using the 1997 Negotiating the Life Course Survey (NLCS) data show, that 35.1 per cent of the sample of women with degrees spent more than half of their time out of the labour force between the ages of 26 and 30. The corresponding share for women without degrees was 50.7 per cent. Austen notes that this difference persists into their late 30s.

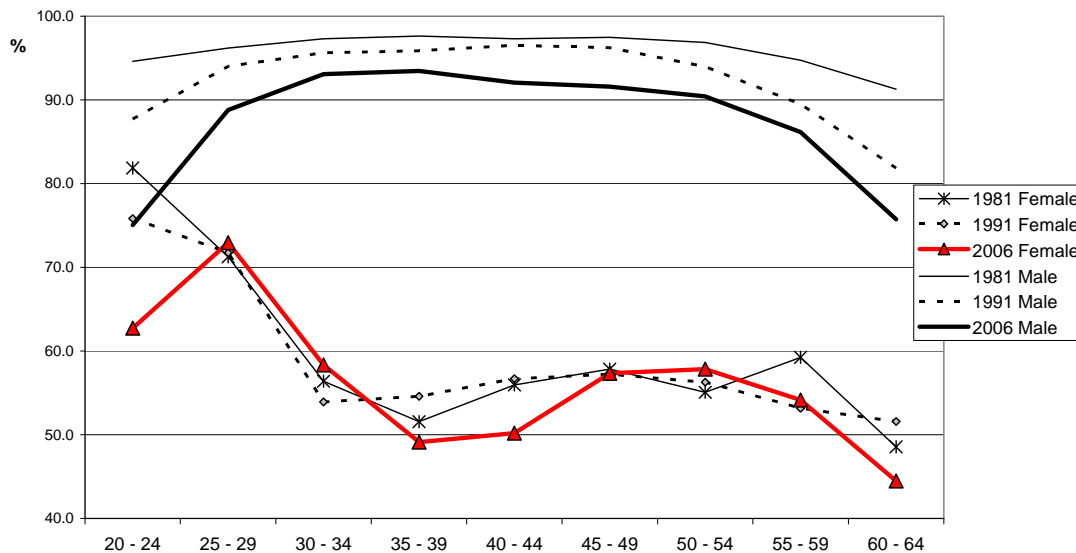
Women's entry into education and subsequent participation in employment has played a critical role in boosting aggregate demand and overall living standards. On the supply side their participation has widened the labour market pool with some sectors

such as the resources sector specifically targeting women as a means of addressing their persistent skills shortages (Minerals Council of Australia and Office for Women, 2007). Indeed, in some highly feminised sectors (such as teaching, health, retail) their participation is critical. An analysis of labour market segmentation data shows that women and men are not equally substitutable in the labour market. Women, for example, account for 80 percent of all employees in the Health and Community Services Sector (ABS, 2008c - original series, Table 2.4). Of the 888,000 women in this sector, 415,000 (or 47 percent) work part-time.

What is in doubt is whether or not we are making the most of our investment in women's education and training. Are we maximising the return on investment? Analysis of participation patterns and gender wage gaps would suggest that we've got room for considerable improvement here.

Recent work by Jefferson and Preston (2005, 91) estimated that, over a person's working life men will accumulate an average of 39 years of work experience while women will work for a total of 25 years. Since modelling this in 2002 there has been a shift away from full-time work towards part-time work, particularly in the key child-rearing years and amongst older workers (see Figure 2). This will have a dampening effect on women's participation over the life course.

Figure 2: FT Employment as % of Total Employment, by Age and Sex, 1981-2006



(Source: ABS 2007 4102.0, supercubes lm8.srd).

It is beyond the scope of this analysis to explore in depth the reasons for the shift towards part-time work. It reflects, in part, the modified male-breadwinner model that Australia has adopted to balance work and family commitments. In this modified model women are primarily responsible for care giving and do so by engaging in part-time work (Sharp and Broomhill 2004). It also reflects, in part, a shortage of child-care places, the expense associated with paying for child-care and a demand on the

part of employers for a more flexible labour force (which shows up in part-time and casual employment statistics).

Unless this part-time work is of equal quality to work in the full-time sector (and there is a wealth of evidence to suggest it isn't), this shift towards part-time work will negatively impact on Australia's growth potential. Aside from affecting demand, it results in a loss of experience. Furthermore, the constrained set of part-time employment opportunities means that women are underutilised relative to their capacity and potential. There *is*, for example, a dearth of part-time jobs in senior and professional capacities (the exception being professional jobs in teaching and nursing).

Numerous reports have highlighted the adverse effects on careers that result from the pursuit of part-time work in careers such as law and banking. In the UK the Equal Opportunities Commission have referred to this as the 'hidden brain drain' (EOC, 2005). The EOC research identified 5.6 million part-timers who were working below their potential. They defined the latter as people "...who had previously held jobs that used a higher level of qualifications or skills or involved more management or supervision, and/or say they could easily work at a higher level" (EOC, 2005, 5).

The significance of this hidden brain drain and adverse effects on productivity also shows up in their earnings. Research on pay shows that part-timers earn around 8 per cent less per hour than their full-time equivalent counterparts (Preston, 2003). Research also shows that the gender pay gap widens across the pay distribution. Amongst low paid earners the gap is around 10 per cent, rising to 25 per cent amongst high paid earners (Miller, 2005, 413). The result reflects the glass ceiling effect and is reflective of a lower rate of return to education and training for females as compared to males. The latter will arise through discrimination and through, as noted, the sorting of women into jobs which require fewer skills and qualifications than they actually have.

There is further evidence that inefficient labour market sorting is happening in Australia. Recent research by National Institute of Governance at Canberra University, reported in *The Gen Y Gender Wage Gap in Australia*, shows, for example, amongst the Gen Y generation the payoff to investing in education and training is minimal (Cassells et al 2008). As with higher paid women, this suggests that Gen Y members are increasingly engaged in jobs that require a lower level of qualifications than has been acquired.

To return to the rhetorical question on the benefit of increased women's workforce participation, it is clear that the benefits go beyond simple participation. Addressing the current inefficiencies requires policies which address segregation (horizontal and vertical) as well as the implementation of flexible working practices across all jobs. In the absence of the desired flexibility in highly skilled jobs and jobs in non-traditional sectors women will continue to sort into less demanding (and lower paying) jobs. As a society we will continue to fail to maximise the benefits from our investment in women.

4.2.2 Key References – Annotated

1. Austen, S. 2005. *Education and aggregate participation rates: a dynamic analysis.* Women's Economic Policy Analysis Unit Discussion Paper No. 38. Available from: <http://www.cbs.curtin.edu.au/index.cfm?objectid=313651F1-D668-E042-A40C3FE3665DEBF7>

2. Miller, P. 2005. The role of gender among low-paid and high-paid workers. *Australian Economic Review* 38(4): 405-17.

Miller uses data from the 2001 Australian Census of Population and Housing Household to analyse the gender wage gap across the wage distribution. His results show the wage gap is larger among high paid workers and more compressed among low paid workers. He concludes that institutional factors, the work environment and social norms are all areas that may require attention in order to redress the undervaluation of women's skills.

3. EOC. 2005. *Britain's hidden brain drain: the EOC's investigation into flexible and part-time working.* Executive Summary Report. Equal Opportunity Commission. <http://www.equalityhumanrights.com/Documents/EOC/PDF/Research/Britain's%20hidden%20brain%20drain%20%E2%80%93%20Executive%20summary%20of%20the%20final%20report.pdf>

This report is best summarised in its own words:

“Britain's old-fashioned thinking about working is literally damaging its economy as well as its welfare and health. Too many people are either over-worked, stressed or under-utilised.

- Shockingly, this investigation has uncovered a hidden ‘brain drain’ of 5.6 million part-timers who are working below their potential, one in five of the working population.
- Some sectors and higher level jobs remain virtually ‘no go’ areas for part-timers, who are largely stuck in a ‘working-time ghetto’ as a result of old-fashioned management thinking about the expectations and limitations of part-time workers.
- As the Chancellor of the Exchequer works toward the Government's ambitious target of an 80% employment rate, which would require an additional 2.5 million people in employment (Moynagh and Worsley, 2005), our investigation has also identified up to a ‘missing million’ older workers who say they would like to work, but many of whom would like to work part-time.
- There is increasing work intensification and ever-longer hours, especially for full-timers. Britain runs the risk of ‘burn out’, with British employers witnessing an epidemic of work related stress – the talk of many boardrooms today. The DTI estimates that stress at work costs the UK £3.7 billion per year.

- Families are losing out from the lack of flexibility. Women are now approaching half the workforce. Many fathers want to spend more time with their children and a growing number of us are becoming carers. Many people without family responsibilities are also seeking greater balance in their lives too, not least to contribute to the wider community.

So now is the time for fresh, flexible thinking about the nature of work itself.” (EOC 2005, 4-5).

2. Cassells, R., Daly, A., McNamara J. and Keegan, M. 2008. The gender wage gap for Generation Y in Australia. AMP.NATSEM and National Institute of Governance. Canberra: University of Canberra.

This presentation focuses on recently released data which shows that Gen Y women's earnings are on par with their male peers. Whilst recognizing the progress many women have made within the labour market the findings emphasise the importance of understanding the context of this 'equality'; Gen Y women are typically at the start of their careers where pay levels are relatively equal for women and men. Unfortunately the 'equality' diminishes as women age, with the greatest threat to equal pay occurring during women's child rearing years (25-44 years). Overall, women in Australia continue to experience employment and pay inequality which significantly impacts upon lifetime earnings and the accumulation of wealth and assets.

2. Minerals Council of Australia and Office for Women. 2007. *Unearthing new resources: attracting and retaining women in the Australian minerals industry.* Available from: <http://www.csr.m.uq.edu.au/docs/women-in-mining.pdf>

This report was commissioned in order to examine issues relevant to the attraction and retention of women in careers in the minerals industry. It presents an extensive array of qualitative and quantitative data examining career choice among young women and women's experiences during employment in the minerals industry. It is a significant example of employers' need to address organisational culture and practice to overcome potential skill shortages.

3. Jefferson, T and Preston, A. 2005. Australia's 'other' gender wage gap: baby boomers and compulsory superannuation accounts'. *Feminist Economics* 11(2): 79-101.

(This reference was previously noted in section 2, above.) In 2005 Feminist Economics produced a special issue on gender and ageing. This article was the Australian contribution to the issue and provides gender estimates on the retirement incomes of Australian men and women of the baby boomer generation. It concludes a gender gap of at least 35% is likely among retiring baby boomers.

4. Stiglitz, J. 2002. Employment, social justice and societal well-being. *International Labour Review*, 141(1-2).

Joseph Stiglitz is a former chief economist of the World Bank and a leading critic of the application of mainstream economic theory to labour markets. This article is a

succinct, easily read summary of the key reasons that deregulated labour markets do not work well for many employees and have detrimental effects on the national economy. He argues that deregulated labour markets lead to market failure, weaker bargaining positions for workers and adverse welfare and employment implications. He advocates policies that acknowledge that labour is unlike other commodities; it needs to be motivated in order to be productive and it is capable of transforming society. Such policies should be based on fair and equitable employment standards.

The Impact of Paid Parental Leave on Workforce Participation and National Productivity

Despite the many social and economic gains women have achieved in the last forty years, for many women in Australia the ability to effectively combine work with family care-giving activities remains restricted to an either/or decision. Without access to paid maternity / parental leave and family-friendly work arrangements many women with children become the marginal income earner in a “modified male breadwinner” household, with primary responsibility for family-care roles (Hill 2007, 241). Whether in partnerships or not, as secondary earners, women with children are over-represented in casual and part-time jobs located in low paid sectors (retail, hospitality, health and community services). These marginal positions have far-reaching implications for women’s workforce participation patterns, their hours of work, earnings and retirement incomes. Measures to alleviate these tensions, such as Family Tax Benefits and the Baby Bonus have tended to be piecemeal and have been accused of promoting a ‘Becker-esque’⁴ 1950s family agenda in which the ‘mother’ is removed from the labour market indefinitely (Barns and Preston 2002).

Whilst WorkChoices and AWAs were heralded as the means through which women could ‘negotiate’ access to paid maternity / parental leave and flexible work arrangements, in reality this has not occurred (Jefferson and Preston 2007). Opportunities for paid maternity leave are limited within the Australian context. The vast majority of women in the labour market use a combination of unpaid maternity leave, annual leave and other forms of leave available to the individual woman (Whitehouse, Baird, Diamond and Hosking 2006)⁵. This ad hoc approach is neither appropriate given the importance of childbearing and childcare for social reproduction or economically sustainable, as the recent skills shortages clearly demonstrate. The synonymy between childcare / household labour and women’s work remains an area of gross inequity in the relationship between women and men (Pocock and Hill 2007).

⁴ This refers to the New Household Economics model developed by Gary Becker in the late 1950s and early 1960s. Within this model the incompatibility between childbearing and labour market participation were resolved by calculating the direct and opportunity costs of childbearing on the woman and her (male) partner. Given women’s position in the labour market any ‘costs’ of time out of the labour market were considered insignificant compared with that of the male. Hence the gendered division of labour was economically appropriate and rational.

⁵ Until recently Australian data on the use of maternity and parental leave was vague and ad hoc leading to a statistical gap (Whitehouse, Baird, Diamond and Hosking 2006). The *Parental Leave in Australia Survey* distributed in May 2005 (Whitehouse, Baird and Diamond 2005) is the most comprehensive statistical picture of parental leave usage to date.

Within the global context, Australia lags behind in its responsibilities to Australian women and their families.⁶ Paid parental leave has been implemented in all but two countries in the OECD; Australia and the United States⁷. The issues of childbearing and child care and in particular, who and how it is provided, test Australia's foresight and responsiveness. Responsiveness to what Jensen (2008, 3) describes as the "new social risks"; the collective and wide-ranging risks (social and economic costs) associated with childbearing and child care. Implementing a universally-accessible, government-funded scheme of paid parental leave is one way of legitimately pooling the risks, sharing short term costs and the longer term benefits (Jensen 2008).

The limited availability of paid maternity / parental leave has been the subject of ongoing debate culminating in the Australian Productivity Commission's *Inquiry into Paid Maternity, Paternity and Parental Leave*. After considerable consultation the Commission has proposed a model in keeping with the International Labour Organisation's *Maternity Leave Convention 183*; an 18 week, government-funded scheme which is universally available to all women who have participated in the labour market for at least 12 months.

Whilst calls for a national, government-funded paid maternity leave / paid parental leave scheme may be labelled as exorbitant and unaffordable within the current financial crisis, there is increasing global support for strategies aimed at specifically supporting women's engagement and participation in the labour market and the economy. The disadvantage experienced by many women in conjunction with the costs to business and losses to national productivity can no longer be afforded. In their promotion of women in the economy, Ernst and Young's (2009, 1) 'white paper' *Groundbreakers: Using the Strength of Women to Rebuild the Economy*, clearly outlines an agenda for change in which women's potential is intertwined with "building more inclusive societies and more diverse leadership ...meet[ing] the demands of a new era".

In Australia, our capacity to meet 'the demands of a new era' is implicitly linked with the need to invest in the present and future workforce. The provision of government-funded infrastructure, such as paid parental leave, and the delivery of flexible working arrangements, is necessary to grow the economy and return Australia to economic prosperity. Such provisions are also necessary for Australia's claims of equity and equality. In this context, paid parental leave and flexible arrangements are a necessity and an opportunity.

5.1. Paid parental leave and women's workforce participation

"At the moment, Australia has one of the lowest workforce participation rates in the OECD for women aged 25 to 44" (Sharan Burrow, ACTU, 08/04/08).

Central to the support of the proposed paid parental leave scheme is the projected increase in women's labour market participation. This projected benefit is based upon

⁶ It should be noted that the Australian Government announced the introduction of a national Paid Parental Leave scheme in May 2009. The scheme is due to commence in January 2011.

⁷ It must be noted that California and New York (state) both have paid parental leave schemes.

evidence from countries in which a universal scheme of paid maternity / parental leave is available and which highlight the “significant effects of maternity leave on employment rates” (Austen 2008, 7; Abhayaratna and Lattimore 2006). As Australia’s population ages a consequent slowing of the number of people who are working also occurs. The recent skills shortages are indicative of the problems associated with women’s low rates of participation in key areas of employment / industry (Ernest and Young 2009; ABS 2007a). In the context of the global economy such low participation, with its effects on productivity levels and economic growth, is unacceptable. It is clear that the provision of some flexible workplace arrangements such as maternity leave and part-time work over the last thirty years have provided women with the means to return to the labour market after childbirth. It is logical to conclude that further provisions which allow women and men to balance family commitments with work will have a positive effect on women’s participation (Access Economics 2006, i).

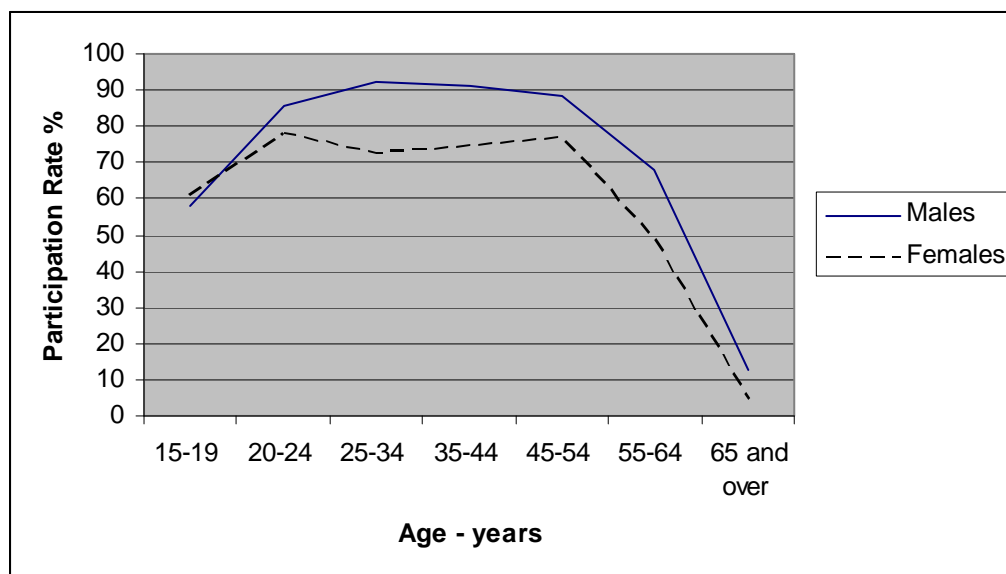
5.1.2 Recent data

Women’s participation in the Australian labour market

As is depicted in Figure 3, the ‘M’ curve is a distinctive feature of any graph representing women’s fragmented relationship with paid work.⁸ Within the Australian context women’s and men’s participation rates are parallel until age 24 years when a gradual but distinct divergence occurs. Whilst women reach their highest participation in the 20-24 years age bracket, for the remainder of the child-bearing years (25-35) women’s participation rate decreases. At age 36 years the female rate again increases as women re-enter the workforce, typically in part-time positions. Women’s rates never reach those of their male counterparts or return to their pre-childbearing rates. Women’s participation rates during the childbearing years are also mediated by location and age of child. According to the ABS (2008) the participation rate for women with children 0-5 years was 52%, for children 5-9 years it increased to 71% and for women with children 10-14 years, to 77 per cent. In terms of location, women living in the major cities (73%) are less likely to be involved in paid work than their female counterparts in inner regional, outer regional or remote areas (76%) (ABS 2008). In the context of these figures women’s participation dropped by 45 per cent between having no children and having one child.

Figure 3: Workforce Participation Rates, Australia, 2006-07

⁸ In commonly available statistics the extent of this M shape is distorted somewhat by the use of age brackets which aggregate statistics for 10 year age spans (See for example, Bittman (1995)).



(Source: ABS 2008d).

As has been identified in earlier sections the participation rates for Australian women aged 25-39 years is well below those of other OECD countries. In 2006 Australia ranked 22nd among 30 OECD countries (Abhayaratna and Lattimore 2006), well behind participation rates higher in Canada, New Zealand, the US and the UK (ABS 2007a; OECD 2006c). The low workforce participation rate of 72.9 per cent for Australian women in the childbearing age group was the 8th lowest in the OECD, lagging well behind Sweden (86.4 per cent), Portugal (84.8 per cent) and Canada (81.8 per cent). Within the context of these figures, in order to reach Canada's position, Australia would need to increase its female participation rate for those aged 25-44 years by 7.1 per cent, approximately 209,000 women (Abhayaratna and Lattimore 2006, 56). When part-time work is taken into account the participation rates are lower; "effective labour supply is even lower than these figures suggest since part-time work accounts for over 40 per cent of total female employment, which is one of the highest in the OECD (OECD 2006a 134).

PML/PPL and Labour Market Attachment

International evidence demonstrating the links between paid parental leave and women's labour market attachment is abundant. From a close analysis of OECD and other data it is evident that countries which have paid parental leave programs, and other forms of work-family support, have markedly smaller gaps between the number of 'mothers' in the labour market and the number of females within the labour market. Ruhm's (1998) study of nine European countries with job-protected, government funded parental leave raised female labour market participation by approximately 3 per cent. An early study conducted by Rönson and Sundstrom (1996) found that women in Sweden who had access to paid parental leave returned to work three times faster than women without access to parental leave. In Norway women returned twice as fast (Rönson and Sundstrom's 1996). OECD (*Family Database 2007*⁹) data for

⁹ At present there is no comprehensive collection of national data on maternal (or parental) employment across OECD countries. Data is sourced from a range of national resources and the *European Labour Force Survey*. Unfortunately the does not distinguish between part-time and full-time work which leads to an overestimation of women's presence in the workforce (OECD 2007, *Family Database, LMF2*, 3).

Sweden and Iceland (also hosting a universal paid parental leave scheme) testifies to the positive link between paid parental leave and labour market attachment. The data shows that the rate of maternal employment (mothers with at least one child under 16 years living at home) is higher than the participation rate of females aged 25-44 years.

Eligibility and participation

In order to be eligible to receive paid parental leave women need to have spent a particular period of time in the paid workforce (the amount of time varies between countries however 12 months is a typical figure). This acts as an incentive for women to engage in paid work prior to pregnancy. If a woman resigns from the workforce prior to the appointed time, for example four months, she forfeits access to paid maternity / parental leave for the remaining 5 months. Resigning from paid work whilst on leave is also problematic, as ongoing leave payments will be forfeited. These penalties can be expensive with the costs a new child and reliance on either one-income or a government-provided maternity benefit.

Return to work

With the provision of an appropriate period of leave which is financially secure, women, and their partners, are able to provide 'quality' care for their child in the vital first months and years. Whilst paid parental leave initially takes women out of the labour market for a period of time the rate of return for this group of women is typically higher than for women who have not had access to paid leave. The University of Queensland's extension of paid maternity leave to 26 weeks in 2005 has been reported by the EOWA (2008, 9) as an example of this relationship. The number of general staff who resigned while on leave decreased between 2005-06 and 2007 (EOWA 2008, 9).

Data from women with access to limited paid parental leave and/or unpaid maternity leave provides a different return to work story. Whitehouse, Baird and Diamond's (2006) national study and the Productivity Commission's *Draft Report* (2009, 5.22) record the stories of many women who returned to work early. Both documents highlight the concerns which accompanied many women's return to work, with financial difficulties, resulting from either unpaid or inadequately funded paid maternity leave, and lack of job security the dominant features. In such instances the choice factor is ambiguous, with motivation for returning to or finding new work premised on a necessity rather than a desire. In organisational studies issues of motivation, mood and emotionality have direct implications for job performance, job satisfaction and productivity (Whitehouse, Baird and Diamond 2006).

5.1.3 Key References - Annotated

The literature relating to women's labour market participation and paid parental leave is varied in both its approach and topic of discussion (see Table 11). Fertility rates have been an issue of concern for some countries whilst for others, the research sought to measure the impact of labour participation and women's maternal decision making, whilst others explored the provision of parental leave on men's engagements with active parenting. Within this broad array of topics a common theme emerged; the positive relationship between paid parental leave and women's labour market

participation. Within countries where universally accessible family-friendly supports, such as paid parental leave, have been instituted, the incompatibility between women's paid employment and childbearing has decreased (Bernhardt 1993).

Table 11: International research investigating the relationship between women's labour market participation and paid parental leave.

Country	Authors / Researchers	Key Points
Taiwan	Zveglich, Rodgers and van der Meulen 2003	<ul style="list-style-type: none"> • women's working hours increased by 4.5% • employment rose by 2.5% • increase in total labour input was about 7%
Germany	Merz 2004	<ul style="list-style-type: none"> • increase in employment to population ratio
Japan United Kingdom United States	Waldfogel et al 1998	<ul style="list-style-type: none"> • Multi-country perspective • Maternity leave coverage increased the probability of women returning to same employer within 12 months of birth by <ul style="list-style-type: none"> ○ 76% in Japan ○ 23% in the U.S. ○ 16% in U.K.
Canada	ten Cate 2003 Baker and Milligan 2008	<ul style="list-style-type: none"> • Extended period of mandated job-protected leave led to 2.8-3.6% increase in the employment rate of women with children 0-2 years; • All leave entitlements increased job continuity with pre-birth employer

1. Jaumotte, F. 2003. *Female labour force participation: past trends and main determinants in OECD countries.* OECD Economics Department Working Papers. 376.

Jaumotte's (2003) study of women's labour market participation in 17 OECD countries, including Australia, identified three key policy areas which positively support women's return to paid work. The areas included lower taxes on second income earners, making part-time or full-time work financially viable; paid maternity and parental leave to promote work-family reconciliation and strengthen women's labour market attachment; and childcare subsidies for women in the labour market.

Jaumotte's (2003) research also found that compared to other OECD countries, Australia's public spending on formal day care and pre-primary education alongside the limited scope of paid parental leave, are well below the OECD average.

2. Duvander, A and Andersson, G. 2006. Gender equality and fertility in Sweden: a study on the impact of the father's uptake of parental leave on continued childbearing. *Marriage and Family Review* 39(1/2):121-142.

The Swedish model of parental leave, introduced in 1974, is forthright in its aim of supporting women's return to the labour market. With a clear emphasis on supporting women's engagement with the labour market Duvander and Andersson (2006, 122) highlight the paid work aspect of the model:

its income-replacement character provides incentives for them [women] to become established in the labour market before considering childbearing. It also allows women to keep a foothold in the labour market while taking care of new-born children so that they can continue with labour market work after the leave.

The generous provisions given to both parents also facilitates a more equitable sharing of parental responsibilities and another mechanism through which women are supported in their return to the workforce. Duvander and Andersson's (2006, 128) research, alongside a number of studies (including Rønsen 2004) have identified a positive correlation between the father's up-take of parental leave and the mother's return to the labour market. The success of the model is evident in Sweden's labour market figures which show women's participation in childbearing years as nearly equal to that of men (Duvander and Andersson 2006, 125).

3. Austen, S. 2008. *Submission to the Inquiry into pay equity and associated issues related to increasing female participation in the workforce.* House of Representatives Standing Committee on Employment and Workplace Relations. Canberra.
<http://www.aph.gov.au/house/committee/ewr/payequity/subs/sub126.pdf>

Canada provides another example of the effect of paid parental leave and women's labour force participation. Austen's (2008) research into the effects of child support policies on women's engagements with paid work focuses on the significant difference between Canadian and Australian rates of women's labour market participation in the childbearing years. In Canada 80 per cent of women aged 24-40 years undertake paid work whilst in Australia, 70 per cent of women in this same age bracket are engaged in paid work (Austen 2008). Accounting for hours of work (part-time and full-time) the difference between the two countries' rates is accentuated; the part-time participation rate for women aged 25-44 years in Australia is approximately twice as large as that of Canada where 70 per cent of women aged 25-44 years participate in part-time work (OECD, 2003).

4. Adsera, A. 2004a. Changing fertility rates in developed countries: the impact of labor market institutions. *Journal of Population Economics* 17. 17-43.

Adsera's (2004a) analysis of the relationship between women's labour market participation and fertility rates over the past 35 years (in OECD countries) shows that

countries with labour-market institutions facilitating women's exit and entry in the labour market successfully combine high fertility rates with high female labour supply (Adsera 2004a).

5. Whitehouse, G, Baird, M, Diamond, C and Hosking, A. 2006. *The Parental Leave in Australia Survey: November 2006 Report.*

<http://www.uq.edu.au/polsis/parental-leave/level1-report.pdf>

In their national study of paid maternity leave, Whitehouse, Baird and Diamond (2006) found that women had returned to work primarily because of inadequate finances and a 'fear' that their job may not be held for a longer period of time. According to Whitehouse et al (2006) 65 per cent of women who returned to work within the first 15 months after the birth identified concerns about money, their job and lack of access to further maternity leave as key influences in their decision making (Whitehouse et al., 2006 p. 16). Within this group 45 per cent identified that they couldn't afford to not return to work and 46 percent they would have taken more leave if they had been able to access paid maternity leave. As research has shown, after such time women's return to work is premised on a desire to return to their job or to finding work.

6. World Economic Forum. 2009. *Global Gender Report, 2008.* Geneva: World Economic Forum.

Concerns about declines in fertility rates in context of high female labour market participation also arise in discussions relating to the provision of a universal scheme of paid maternity / parental leave. According to the World Economic Forum's *Global Gender Report* this concern is unfounded; countries where it is relatively easy for women to work and to have children experience higher female employment and female fertility (WEF 2008, 22). Evidence from countries with a broad-based paid parental scheme, such as Denmark, Norway and Sweden, confirms the ability to maintain high fertility rates alongside very high female labour force participation (Rønsen 2004).

5.2 *The impact of paid parental leave on the economy*

5.2.1 *Recent data*

In highlighting the low participation rates for women aged 25-44 years the issue of costs cannot be overlooked. Such losses are not only experienced at the personal / intra-familial level in terms of real income and opportunities but impact on the broader economy in terms of lost production and consumption (Lattimore and Pobke 2008). On a local and individual level, research consistently proves that women reinvest the majority (approximately 90 per cent) of their income in the household and the community. When this income is suspended or terminated so are the contributions to the broader economy. In crude terms, forgone earnings at the personal level carry through to the national economy; less personal money means less consumption, less demand and less supply. Such losses can be substantial. According to recent research by the Productivity Commission (Lattimore and Pobke 2008) women forgo approximately 31 per cent of their potential income for a first child and a further 13

per cent for a second child and a further 9 percent for a third child. Over the course of a woman's working life-time this amounts to earnings over \$300,000 for a single child.

At the national level the collective economic impact of women's time out of the labour market is also substantial. An Inter-American Development Bank report stated that "without a doubt, women joining the workforce will increase the economic overall efficiency of a country, whether developed or developing". Goldman and Sachs Global Economics Paper, *Gender Inequality: Growth and Global Ageing* (No. 154) (April 2007) clearly identified the economic growth spurred by closing the gap between women's and men's labour market participation. According to their reporting, closing the gap would boost the U.S. GDP by 9 per cent, Eurozone by 13 per cent and Japan's GDP by 16 per cent (Goldman Sachs 2007, 6).

5.2.2 Key References - Annotated

1. Cassells, R. Miranti, R. Nepal, B and Tanton, R. 2009. *She Works Hard for the Money*. Income and Wealth Report. Issue 22. April, 2009. AMP. NATSEM
<http://media.amp.com.au/phoenix.zhtml?c=219073&p=irol-irhome>

Data from this NATSEM report states that women with children continue to earn significantly less than both women without children and their male counterparts. According to the Report a man with a Bachelor's degree and who has children can expect to earn around \$3.3 million over the course of his working life. A woman with the same qualification and with children will earn only \$1.8 million. This has particular implications for women's the accumulation of superannuation, promotional opportunities and earnings. Whilst Baby Boomer men have around 1.7 times more disposable income than women of the same age, there is also a gap developing within Gen Y males and females. According to the Report, 18 per cent of Gen Y men have a super balance of between \$25,000 and \$100,000 compared to 14 per cent of Gen Y women. This is at a time when the wage gap between Gen Y women and men is at its lowest of 0.6 per cent.

2. Whitehouse, G. Baird, M and Diamond, S. 2006.

In their comprehensive survey of parental leave in Australia, Whitehouse, Baird and Diamond (2006) provide some alarming findings which further highlight the economic and social disadvantages to women of having children. Of women who were first-time mothers, 73 percent were employed in full-time positions, 76 percent had permanency and 31 percent were in the private sector. In the corresponding figures for women who had other children; 28 percent were in fulltime employment; 66 percent had permanency and 37 percent were less likely to be in private sector jobs. The 'mommy track' identified within the literature is clearly at play here.

3. Access Economics. 2006. *Meeting Australia's ageing challenge: the importance of women's participation*. Report for The House of Representatives Standing Committee on Family and Human Services.

<http://www.accesseconomics.com.au/publicationsreports/getreport.php?report=115&id=152>

This reference has been annotated in *Section 2.4.1* of this report. Access Economics' 2006 Report responds to issues raised in the 2002 federal government's *Intergenerational Report* (IRG) which highlighted concerns regarding the effects of an ageing working population on future economic growth. Macroeconomic modeling was undertaken by Access Economics (2006, 1) as a means of measuring "the impact of changes to women's workforce participation on projected economic growth in coming decades". Whilst closing the gender participation gap (between women and men) contributes to economic growth, increasing women's full-time participation engenders a greater contribution to national income.

5.4 The impact of paid parental leave on business

The benefits to business are multifaceted, encompassing financial and social returns and higher levels of productivity. This section draws on national and international research to provide an overview of the costs and benefits of paid parental leave for business. Many women who resign from paid work in order to have a child experience the costs of finding a new job and a new employer. The benefits of the 'right to return' policy act as an incentive to women to return to the same employer / organisation (job return guarantee) whilst limiting the costs associated with continuity and familiarity with an organisation / employer. This is of particular benefit to women who have worked in organisations which reward employee commitment, offer job security and quality and "the social links and wage gains from firm-specific human capital" are also vital in women's wages growth and promotional opportunities (Productivity Commission 2009, 5.14-15). This has particular implications for women in professional and managerial employment.

5.4.1 Recent data

The costs to business of women taking time out of the labour market and often not returning to the same employer or the workforce have short and long-term implications for the organisation's sustainability. A preliminary study undertaken by The MetLife Study project (1997) calculated the financial impact of family care on business. The Study's findings reported that lost productivity due to family care costs U.S. businesses between \$11 billion and \$29 billion annually. This was alongside the lower morale among employees and declining retention rates all of which result in higher turnover costs and lower productivity (The MetLife Study 1997, 193).

The benefits of paid parental leave to the organisation are multiple, encompassing both tangible and intangible, quantitative and qualitative. Wisensale's (2006, 193) review of California's Paid Leave Law identifies the following:

Employers also benefit from family leave through lower worker absenteeism, reduced turnover rates, enhanced productivity, higher morale, and greater company loyalty...

5.4.2 Key References – Annotated

1. Charlesworth, S. 2007. Paid maternity leave in ‘Best Practice’ organisations: introduction, implementation and organisational context. *Australian Bulletin of Labour* 33(2): 158-179.

Within the research literature, paid parental leave is described as the hallmark of a modern twenty-first century company (Charlesworth 2007, 169). In her study of organisations adopting or extending provisions for paid parental leave, Charlesworth (2007, 164) clearly identifies the small role played by ‘the business case’ in the motivations identified by managers and human resource personnel. This is not to suggest that organisations are disinterested in issues of productivity and financial sustainability rather, these were considered “irrelevant in terms of the real, but unquantified, value gained from ‘looking after employees’ (Charlesworth 2007, 165-166). Factors such as organisational cohesion, enhancing employee morale and commitment, becoming an employer of choice, organisation’s reputation and recruitment / retention factors rated higher (Charlesworth 2007, 164-167). There was also an expressed concern to be seen as engaging with corporate social responsibility and responding to community values (Charlesworth 2007, 166). As Charlesworth (2007, 167) states paid parental leave helped “to position the company and the management as both industry and community leaders and good corporate citizens”.

2. Ruhm, C. 1997. The Family and Medical Leave Act. *Journal of Economic Perspectives* 11(3): 175-186

Central to the promotion of paid maternity / parental leave is the issue of women’s labour market attachment and more specifically women’s employment behaviour. Given that paid maternity / parental leave can only be accessed through the labour market (typically after a 12 month period of involvement) the scheme can act as a critical tool for employers in the recruitment and retention of female employees. Emphasising this human resource potential Ruhm (1997) identified this form of leave as a valuable asset in both recruiting and retaining female employees: women enter the labour force in order to gain the “work history requirements needed to qualify for leave” while job-protected leave can encourage a faster return to work for mothers (Ruhm 1997, 305).

3. Institute for Women’s Policy Research. 2007. *Maternity leave in the United States*. <http://www.iwpr.org/pdf/parentalleaveA131.pdf>

The United States is the other country which has no federal legislation providing parents with paid leave. Within the private sector such provisions are left to the discretion of employers. As with Australia, this results in an ad hoc and inequitable approach to paid parental leave. Within the U.S. federal government new-parents use a combination of unpaid vacation leave, sick days or unpaid time off. Across the entire private sector of the U.S. only 8 per cent of workers have access to paid parental leave. These employees have the following characteristics:

Table 13: Typical characteristics of paid parental leave recipient in the United States, 2007.

Sex	Female
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Hours	Full-time
Position	Management or Professional
Organisation type	100 or more workers
Earnings	\$15 or more per hour
Location	Pacific, New England or Atlantic regions

(Source: Institute for Women's Policy Research 2007).

The emphasis in studies of labour market participation and paid parental leave tends to be on the period of time after the baby is born. However workplace difficulties can and do occur for many women during pregnancy; difficulties which impact on her continuing engagement with paid work. According to NATSEM's (2009) Report 22 per cent of pregnant women had experienced difficulties within the workplace because of their pregnancy; difficulties such as "receiving inappropriate and negative remarks" and "missing out on training and development opportunities". This later issue has implications for ongoing career development and return-to-work motivation.

Even within the '100 Best' organisations the provision of paid parental leave is both scant and piecemeal: 24 per cent of employers provide four weeks or less paid maternity leave, 52 per cent provide 6 weeks or less; 7 per cent of the highest-ranked companies offer no paid maternity leave and another 7 percent provide one to two weeks. None of the 'top' companies provide more than six weeks of paid paternity leave and only 7 of these 100 companies provide seven or more weeks of paid parental leave for adoption.

4. Mahony. A. 2001. Paid maternity leave? *Professional Update* 11(2).

http://www.apesma.asn.au/women/articles/paid_maternity_leave_apr_01.asp

According to Mahony (2001) the benefits to business (and the national economy) of providing paid parental leave are multiple, as numerous case studies prove. One of the key benefits is in the reduction of staffing costs associated with resignation. According to an EOWA report cited in this article, staff turnover and replacement costs can consume 50 – 70 per cent of an organisation's business. Mahony (2001) reports that "studies have shown the initial cost of introducing maternity leave is often recouped within three years in lower turnover, fewer recruitment and training costs and other related expenses as well as increased productivity and efficiency". Companies such as the Westpac Bank and AMP claim that the savings made in retention outweigh the costs of paid parental leave. As an example AMP rates of return has increased from 52 per cent in 1992 to 90 per cent in 1997. Return to work is also facilitated through the provision of part-time work and options to work from home. Westpac reported a similar increase in retention from 54 per cent in 1995 to 93 per cent in 2000. John Fairfax Publications has noted an 88 per cent return rate compared to 37 per cent in 1993. BT Australia provides paid parental leave as both a social and economic reasons, identifying the paid leave as a way of "mothers feeling valued and recognized". Interestingly this company reports a 100 per cent rate of return.

5.5 Impact of paid parental leave on the individual

5.5.1 Recent data

Research over decades has consistently highlighted the gap in earnings between women who have and don't have children (Chapman et al 2001; AIFS 2000; Breusch and Gray 2003). This has come to be referred to as "mothers' forgone earnings' or the 'family gap'" (Breusch and Gray 2004, 125). Time taken out of the labour market comes with particular costs. For women without paid parental leave the costs are two-fold; short-term costs associated with the temporary period out of the labour market and longer term costs associated with reductions in human capital, including skills, training and promotional opportunities. These costs reduce women's lifetime earnings. Women who undertake part-time or casual work also forgo earnings due to lower pay rates and have limited access to employment benefits and/or family-friendly arrangements (Jefferson and Preston 2007). The extent of this penalty can be life-long, as Breusch and Gray (2004, 127) state: "the impact of lower stock of human capital is to reduce the wage rate and hence earnings, perhaps for the rest of the persons [woman's] working life".

1. Breusch, T and Gray, E. 2004. New estimates of mothers' forgone earnings using HILDA data. *Australian Journal of Labour Economics*. 7(2): 125-150.

Recent research by Breusch and Gray (2004) provides important insights into women's forgone earnings, using the *Household, Income and Labour Dynamics in Australia* (HILDA) 2001 data. A series of simulations are made in relation to women's lifetime earnings across a 37 year period from age 23 to 59 years. The earnings for women with middle level education and without children provide the standard against which the costs of a first child (and any subsequent children) are measured. Age at birth is assumed to be 25 years for the first child, 28 years for the second and 31 years for the third child. This research is the first in Australia to identify the effect of timing on forgone earnings.

For women without children earnings are estimated as \$788,000. With one child earnings are reduced to \$541,000 (a decrease of \$247,000); with two children they decreased by an additional \$103,000 (to \$438,000) and with a third child the earnings decrease another \$70,000 (to \$368,000).

Table 14: Maintained earnings, by education level and number of children

	HILDA 2001 (% net)
Degree	
1 child	72
2 children	62
3 children	55
Completed year 12	
1 child	69
2 children	56
3 children	47

Incomplete high school	
1 child	60
2 children	42
3 children	32

(Source: Breusch and Gray 2004, 140).

The findings (see Table 14) highlight the significant losses in earnings (measured in proportional terms) experienced by women across education levels and according to number of children. As is illustrated the highest losses in earnings are experienced by women with the lowest levels of education; conversely the higher a woman's level of education the less she loses in earnings. Number of children and the age of the child/ren are also important factors. According to the data the greatest loss of earnings occurs in the child's first years when women typically spend more time in unpaid work. The impact of this effect slowly reduces as the child grows older and women begin to return to the labour market in part-time or casual jobs. Forgone earnings also increase with the birth of every child (see Table 14).

A woman's age (or timing) is also a mediating factor in forgone earnings with arguments to support having children at both an early and later age. Forgone earnings are lower for women who have a child in their early 20s, increasing substantially as a woman ages. However, this can be counteracted by the age/experience factor, whereby a woman who has a child later in her life is a mother for less of her working life than if she gave birth when she was 23 years. This has been calculated as follows: A woman who gives birth at 25 years maintains 69 per cent of her earnings; if she has her first child at 30 years she maintains 72 per cent of her earnings while at age 35 years, she maintains 76 per cent of her earnings.

Flexible work Arrangements

Paid parental leave is but one platform in a range of time-based policies designed to support women, and men, in the care of their children and other family members. Alongside of this is the need to develop a systematic and stable means of funding child care which allows women and men to participate in the labour market (Fagan and Walthery 2007, 3). Flexible work arrangements that allow for either or both parents to provide childcare and engagement in household work not only contribute to gender equality but positively impact on national productivity levels. Countries such as Iceland and Sweden which have extensive parental leave *and* child support schemes also record high participation rates for women as mothers (Bovenberg 2007). Interestingly within these two countries the percentage of mothers employed is slightly larger than that of all women employed (OECD 2007). As the recent skills shortage in Australia highlighted, women are an underutilised resource of labour. Without workplace arrangements that allow for a full range of flexible practices for both women and men, women will continue to be locked in part-time work. Such developments need to be informed by an understanding of reconciling care and work and that child care (and other forms) of care are part of working life.

Currently the Australian labour market offers limited opportunities for flexible family arrangements despite the provision of such being identified as the “most effective strategy for retaining staff”; more effective than the offer of financial incentives (EOWA 2009, 10). Part-time work is the predominant form of flexibility available and as the data clearly identifies, this is an option taken up by many women with children. However, these positions tend to be located in the low paid sectors of personal services, retail and hospitality. Such jobs have no or limited access to leave entitlements and are typically of low quality. According to many women who have returned to part-time work after maternity leave, part-time work is a full-time load squeezed into a reduced number of hours. In this scenario organisations “are simply squeezing a full-time workload into part-time hours and [women are] getting paid less as a result” (EOWA 2009, 32).

Corporate citizenship and social responsibility issues also enter the debate on both paid parental leave and flexible workplace arrangements (Charlesworth, 2007; Mahony 2001). Increasing numbers of organisations, particularly larger companies, are using family-friendly arrangements as a way of meeting commitments to equal opportunity and work/life balance. The benefits are multiple, encompassing employees who gain the benefit of the options, businesses who retain staff and shareholders and customers who are increasingly more aware of social and environmental issues in their decision making.

This section diverges from the previous discussions in format. As has been highlighted in earlier discussions, women's labour market participation has implications for personal and familial income and consumption as well as an effect on broader economic growth and national productivity. Research relating to flexible workplace arrangements occupies an interesting space within the literature. In relation to non-childcare issues the literature tends to focus on the provision of unpaid or informal care and the cost to the individual carer and their family, the workplace / business and ultimately the broader economy of the limited options currently

available. In recognition of these connections the following discussion of *Time use* and *Business and flexible workplace options* responds to the following questions:

- *What evidence is there that flexible work arrangements have an impact on productivity?*
- *What is the benefit to business (in dollars) of flexible work arrangements?*
- *What is the impact of flexible work arrangements on workforce participation and national productivity?*

6.1 Time use?

Time spent out of the labour market impacts not only on economic growth but on national productivity. Hence, improving women's access to and participation within the workforce has implications for the broader economy. In the last decade a number of key studies have highlighted the interconnections between women's marginalisation in the labour market, primarily due to part-time work and the lack of flexible or family friendly workplace arrangements. The lack of work/life balance is particularly evident in recent data provided by the ABS (2009f) *Time Use Survey* and the NATSEM (2009) *Income and Wealth Report*. The data clearly illustrates the inequitable distribution of household and childcare activities between women and men. This unequal distribution is not confined to those who work full-time but is evident in the results of women and men who work part-time. It is clear that change is required; however, how work and family balance and other care giving activities are facilitated to a large extent depends upon individual organisations re-thinking their workforce policies (Hudsons 2006; EOWA 2008).

6.1.1 Recent data

According to recent data from the ABS (2009f) 'Trends in household work' women still undertake more household work than their male counterparts; this was particularly true for couples with children. Whilst men have begun to assume a more active role in the care of children women still spend more than two and a half times as long caring for children. The types of activities undertaken within this childcare were also gendered. Mothers spent more of their time on the psychical and psychological care of the child (43%, compared with 27% for fathers) whilst fathers spent more time on play activities (41% compared with 25% for mothers). Compared to their female counterparts without children, mothers undertook 29 hours more household work per week, with an extra seven hours per week on domestic activities. This is accompanied by less sleep and had less time for recreation and leisure activities than women without children. For fathers, the extra household work came at the expense of sleep and recreation and leisure time, but not paid work.

6.1.2 Key References - Annotated

1. AMP. NATSEM. 2009. *She works hard for the money: Australian women and the gender divide*. Income and Wealth Report. Issue 22. April, 2009.
<http://media.amp.com.au/phoenix.zhtml?c=219073&p=irol-irhome>

These findings were supported by the NATSEM Report (2009). Whilst men's participation in domestic and childcare activities has increased over the decades women continue to undertake more hours of housework than their male partners. Table 15 depicts the work-life balance data gathered in NATSEM's recent report.

Table 15: Average hours per week spent on selected activities for full-time workers with dependent children, by gender, 2006

	Women	Men
Paid employment	42	48
Outdoor tasks	3	5
Household errands	5	4
Looking after children	13	10
Housework	15	6
Volunteer / charity work	1	1

(Source: NATSEM calculations from *Household, Income and Labour Dynamics in Australia (HILDA) Survey*, Wave 6 unit record data).

The NATSEM report also highlights the number of women who take unpaid leave in order to care for others. Unpaid leave is the second most frequent working arrangement used to provide care to another person. According to the data, 21 per cent of employed women participate in this arrangement compared with 11 per cent of men. This raises the issue of women's forgone earnings which when combined with the losses to earnings accumulated through childbearing mean women make considerable financial and social sacrifices to meet their family's care needs.

6.2 Business and flexible workplace arrangements

6.2.1 Recent data

Alongside part-time work, flexible work options include a range of supports and practices with the aim of supporting parents with children and increasingly the support of older or unwell parents by their children. According to the EOWA (2009) Report, over 90 per cent of organisations surveyed provided their employees with access to family and carer's leave¹⁰ (96.6 per cent) and part-time work (95.1 per cent). A smaller number 87.6 per cent, provided flexible hours. The option of working from home and job sharing was provided to employees by 58.5 and 56.7 per cent of organisations respectively. Compressed hours was only provided by 40 per cent of organisations. Childcare assistance and services was the least provided flexible working option with only 11.8 per cent of organisations offering this to staff.

¹⁰ It must be noted that access to family / carer's leave is currently provided for in the *Australian Fair Pay and Conditions Standard* which stipulates that an employer must provide a minimum of 10 days paid personal/carer's leave each year. This Standard has been enshrined within the *National Employment Standards* due to be introduced on January 1 2010.

6.2.2 Key References - Annotated

1. Equal Opportunity in the Workplace Agency (EOWA). 2008. *Survey of Workplace Flexibility 2007*. Sydney: Equal Opportunity in the Workplace Agency.

The call for quality part-time jobs is not new. Whilst part-time work constitutes approximately half of women's labour market participation its quality and remuneration are typically low. The lack of part-time work in professional roles is typically limited to feminine-stereotyped occupations such as nursing and other human service / caring professions. The EOWA's *Survey of Workplace Flexibility 2007* highlights the issue of part-time work throughout their report, identifying a range of issues associated with its provision. In addressing the lack of quality and professional part-time work the EOWA report draws on the University of Queensland as an interesting case study. The University's paid parental leave program adopts a progressive strategy in relation to part-time work. Rather than limited to low paid and low skilled jobs, academic part-time work is available at the same classification level and can entail the same work (albeit redesigned to part-time hours) as was held prior to her taking leave. For women returning to academic work full-time, there is a similar right to return to the same classification level. As a result of this strategy the number of academic women resigning while on leave has reduced. More women are taking up the academic part-time work, although the majority of academic women who return, take up full-time work.

2. Hudson. 2006. *The case for work/life balance: closing the gap between policy and practice*. 20:20 Series. http://au.hudson.com/documents/emp_a4_Hudson_Work-Life_A4_Std.pdf

The Hudson 20:20 paper on work/life balance provides a brief but useful overview of the policy and practice implications of flexible work arrangements within the organisational context. Throughout the discussions the Report draws on the 'bottom-line' argument to focus attention on the costs to business of not providing appropriate strategies for workers to balance their work, family and other caring commitments. These costs are identified as embedded within the relationship between an employee's motivation, flexible work options and productivity (Hudsons 2006, 2);

And importantly, organisations not providing real opportunity for employee work/life balance are opening themselves up to increasing numbers of dissatisfied and unproductive employees and hence increased attrition rates.

In their list of recommendations attention is again drawn to the cost-saving capacity of work/life policies and practices through the creation of a 'contented' workplace in which policies make 'real' differences to the personal-professional lives of employees (Hudsons 2006, 23). The Report (Hudsons 2006, 23) refers to the 'flow-on' benefits of employees with balanced lives: "improved organisational commitment; reduced turnover and higher retention; reduced absenteeism; greater productivity; and reduced work/life conflict".

3. Senate Standing Committee on Legal and Constitutional Affairs. 2008.

Chapter 8 - impact on the economy. *Effectiveness of the Sex Discrimination Act 1984 in eliminating discrimination and promoting gender equality*. Canberra: Commonwealth of

Australia.

http://www.apf.gov.au/SEnate/committee/legcon_ctte/sex_discrim/report/c08.htm

This chapter focuses on the costs of sex discrimination to organisations and the broader Australian economy. Included in the discussions of sex discrimination were women's access to paid parental leave and flexible workplace arrangements. A submission from the Australian Women Lawyers association also identified the economic benefits of removing discrimination in workplaces through the introduction of flexible work measures. These benefits include "improved staff retention, increased productivity and reduced absenteeism". The Diversity Council of Australia's submission was noted as containing examples of companies who gained "significant commercial benefits" through the provision of flexible working arrangements including paid parental leave and work-based childcare. The economic benefits of providing flexibility were echoed by the Association of Professional Engineers, Scientists and Managers Australia. The Association's submission described the retention of skilled and experienced women in the technical professions as an economic imperative.

4. Charlesworth, S and Whittenbury, K. 2007. Part-time and part-committed? The challenges of working part-time in policing. *Journal of Industrial Relations*. 49(1): 31-47.

This article focuses on the demand for quality part-time jobs in professional labour markets. Drawing on Colette Fagan's work, the authors discuss the marginalisation of part-time work within the Victorian Police Force, identifying the need to "make part-time work an integrated rather than a marginalised form of employment". Currently part-time police work is locked within a discourse of work in which commitment is measured according to hours worked (time on the job) and face time. This cultural narrative is reinforced by institutional barriers which shape the job content and schedule of work hours for part-time work. The location of part-time work in administrative and non-operational police work exemplifies its low status and positioning as women's work. It is no surprise then that part-time work workers in the police constitute just 4 per cent of the workforce compared to the Australian labour market where part-time workers constitute 29 per cent of all employees (this is using ABS 2005 data). The authors claim that a re-education of full-time officers is necessary as a means of changing the work narrative alongside broader changes to the structure and positioning of part-time work.

6.4 Flexibility and caring responsibilities over the lifecycle

6.4.1 Recent data

According to the ABS *Disability, Ageing and Carers Survey 2003* data there were approximately 2.6 million people providing care to another person due to disability or age. Of this figure, approximately 26 per cent of carers provided care to their child/ren, 23 per cent provided to a parent, and 9 per cent to another person. Around 19 per cent of the overall group were primary carers. Whilst

women comprise 54 per cent of all carers, 71 per cent of primary carers are women. As Australia's population ages the need for informal carers will also increase. Currently there are around 3.5 million Australians aged 65 years and over. According to data projections, this figure is set to double by 2051 with more than 7 million (26 per cent of the population) people in this age group. The workforce implications of this population shift encompass the potential for wide-ranging skill and labour shortages. Unless organisations embrace more flexible working arrangements which allow both women and men to participate in caring activities, these shortages will not be met.

6.4.2 Key References – Annotated

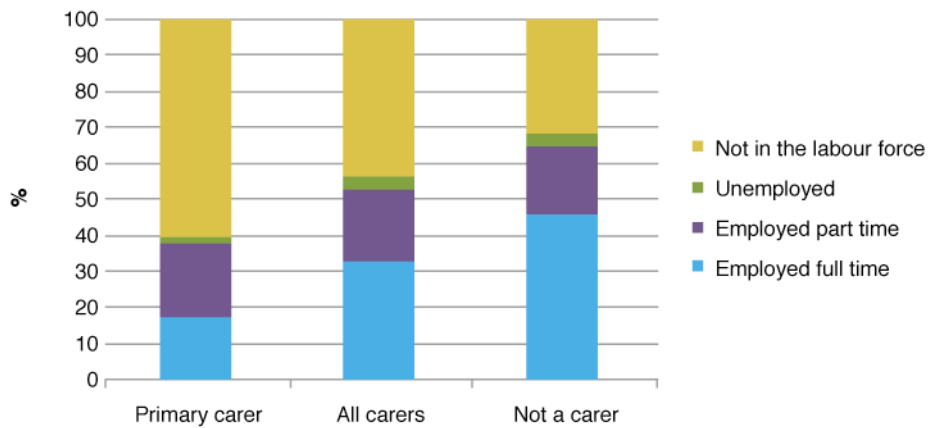
1. Australian Bureau of Statistics. 2003. *Disability, Ageing and Carers, Australia, 2003*. Catalogue No. 4430.0. Canberra: Australian Bureau of Statistics;

AND

2. Office of Work and Family. 2008. Chapter 4: Australia's carers. *Families in Australia 2008*. Department of the Prime Minister and Cabinet. Canberra: Australian Government.

Carers' capacity to access paid employment is often limited, due to the demands of care giving and the lack of flexible working arrangements within Australian organisations. According to ABS data only 53 per cent of carers are employed, with around 38 per cent of primary carers (aged 15 and over) in some form of employment. Primary carers in particular (71 per cent of whom are women) have limited labour force attachment with over half (54 per cent) working part-time as a means of providing unpaid care. According to Abhayaratna et al, (2008, 133) 23 per cent of primary carers reduced their standard working hours and had time off from work on a more ad hoc basis as a means of facilitating their care giving responsibilities (see Figure 4) (Office of Family 2008, 34). This experience is similar to that of women with young children who return to part-time work because of childcare activities. Under-utilisation is a common theme in the data. Of primary care givers not in the labour force 36 per cent reported that they would like paid work while continuing in their caring role, with 80 per cent identifying part-time work as the most suitable. The problems associated with part-time work are noted throughout this report; weak attachment translates into lower incomes, minimal access to employment entitlements and lower standards of living than non-carers, despite the high expenses incurred through the caring role (Office of Work and Family 2008, 34).

Figure 4: Labour force status of carers (a) 2003

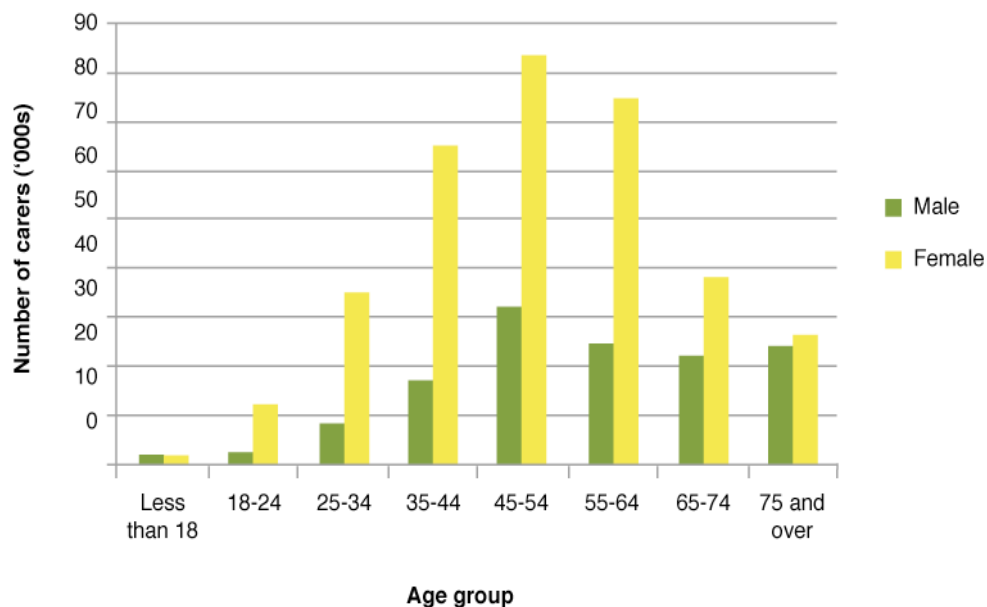


(a) Aged 15 and over

(Source: ABS 2003, 4430.0).

Age also interacts with labour market attachment. As is shown in Figure 5, (Office of Family 2008, 30) people aged 35 – 64 years have the highest rates of informal care giving (Office of Family 2008, 34). Alongside the age factor, care giving is also gendered with more women than men providing informal care between the ages of 18 and 74 years. As is identified in the *Families in Australia Report* (2008, 27) “people aged 35-39 years experience some of the most intense caring responsibilities as they care for children as well as for other people who are frail aged or are living with disability”. Again this practice is gendered with more women than men undertaking this unpaid work during this age bracket.

Figure 5: Age profile of primary carers (a) 2003



(a) Living in households. (Source: ABS 2003, 4203.0).

3. MetLife Mature Market Institute. 1999. *The MetLife Juggling Act Study*. National Alliance for Caring / National Center on Women and Aging. Waltham, MA: Brandeis University.

Undertaken by a cooperative team of researchers across the private and public sectors in the United States, the *MetLife Juggling Act Study* (1999) calculates the costs of care, which encompasses child care and other caring responsibilities, in terms of lost wages and associated benefits gained through contributions to various health and social schemes:

family care costs individuals as much as \$659,000 over their lifetimes in lost wages, lost Social Security benefits, and pension contributions because they take leave, quit their jobs entirely, or pass up opportunities for training, promotions, and choice assignments.

While Australia does not have a social security scheme per se, the employer and personal contributions to superannuation which are vital to achieving some form of security in retirement are relinquished when women take time out of the labour market without paid benefits. Exploring these costs further, the MetLife Study surveyed participants about the implications of unpaid care work. As the findings report 29 per cent of participants indicated that they had declined promotions, 29 per cent had turned down transfer or relocation opportunities, and 22 per cent claimed that they missed out on opportunities to develop new job skills (MetLife 1999, 193). In terms of cost to business the MetLife study reported that lost productivity due to caregiving cost U.S. businesses \$11-29 billion annually (MetLife Mature Market Institute, 1999).

4. MetLife Mature Market Institute and National Alliance for Caregiving. 2006.
The MetLife caregiving cost study: productivity losses to U.S. business. Connecticut: MetLife Mature Market Institute.

This Report provides the combined results of the 2004 *Caregiving in the U.S.* survey and the updated 1997 *MetLife Study of Employer Costs for Working Caregivers* survey and report. The findings provide detailed information on the total costs to employees and employers of “replacing employees, absenteeism, crisis in care, workday interruptions, supervisory time, unpaid leave and reducing hours from full-time to part-time” (MetLife 2006, 4). The difficulties of providing any level of care and working full-time are pronounced with 6 out of 10 employees identifying that they had made some work-related adjustments in order to provide the care. These adjustments included reducing the number of hours spent in paid work, early retirement, leaving the workplace (finding alternate work) and leaving the labour market entirely. The costs to the individual and business are not insubstantial, with amounts varying according to factors such as the level of care provided, hours of paid work undertaken and position in the organisation. For example, the total estimated cost to employers (based on lost productivity) for full-time employees with intense care giving responsibilities is \$17.1 billion per annum and 33.6 billion per annum for all other employees providing care. The average cost per employee with intense care giving responsibilities is \$2, 4441 and \$2,110 per annum for all other full-time employed care givers.

Conclusion

Women have come a long way, but there is still a considerable way to go. In the current economic environment, there is a danger that investment in gender equality,

may be ignored (WEF 2008 *Global Gender Gap Report*, 22). The introduction of paid parental leave and flexible work arrangements provide an integrated and systematic approach to supporting women's labour market participation, men's participation in care giving and the longer term care needs of our communities. Paid maternity leave has the potential to maintain women's attachment to the labour market and an employer whilst acknowledging the significance of pregnancy and childbirth, allowing time for bonding and attachment, recover from the birth, and establish bonding and breastfeeding. When combined with the provision of flexible workplace arrangements both parents have the opportunity to be active participants in work and home life, creating more equitable relationships of care. Given that "women account for half of the world's population and half of its talent. The costs of not developing and using this talent are huge" (WEF 2008, 22). As such, we would do well to consider what Charlesworth (2007, 166) describes as "the costs of not taking action".

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