



WORKPLACE GENDER EQUALITY ACT 2012

CONSULTATION ON REPORTING MATTERS
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Introduction

Consult Australia welcomes the opportunity to submit a response to the Workplace Gender Equality Agency's (WGEA) very clear and succinct consultation paper on reporting matters.

About Consult Australia

Consult Australia is the leading not-for-profit association that represents the business interests of consulting firms operating in the built and natural environment.

Our member firms' services include, but are not limited to: design; architecture; technology; engineering; surveying; legal; and management solutions.

We represent an industry comprising some 48,000 firms across Australia, ranging from sole practitioners through to some of Australia's top 500 firms. Collectively, our industry is estimated to employ over 240,000 people, and generate combined revenue exceeding \$40 billion a year.

Our member firms include:

AECOM	GHD	Parsons Brinckerhoff
Arup	Golder Associates	Reddog Architects
Beca	Hatch	Rider Levett Bucknall
The Buchan Group	Hyder	SKM
Coffey	Norman Disney & Young	VSC Growth
Cox	MLEI	Worley Parsons
ERM	Northrop	

Consult Australia is a proud member of: Australian Construction Industry Forum, Australian Chamber of Commerce and Industry, Australian Sustainable Built Environment Council and the Australian Services Roundtable.

Gender equality in the built and natural environment-consulting sector

Women represent just 20 per cent of the workforce of consulting firms operating in the built and natural environment, and are even less-well represented at senior levels. The industry understands that addressing this imbalance is a business issue and is taking action.

In 2011, Consult Australia conducted a survey of member firms to measure the representation of women, with a focus on technical and managerial roles. The survey represented data for over 15,000 employees and identified differences in pay, turnover and age at different levels of seniority. Though expected, the survey results provided a mandate for collective action supported by objective data.

To drive workforce diversity initiatives, Consult Australia created the Workforce Diversity Roundtable to explore the range of issues related to diversity. The first item of work for the Roundtable was the release of, *Diverse Approaches*, an examination of existing best practice for improving workforce diversity, and an exploration of the different ways that various professions and industry sectors have chosen to tackle workforce diversity. A copy is available at the following web address: http://www.consultaustralia.com.au/Libraries/Diversity/Diverse_Approaches.sflb.ashx.

The next step for Consult Australia and the Workforce Diversity Roundtable is to develop a toolkit with advice specific to consultants in the built and natural environment. Whilst much of the advice available for companies tackling workforce diversity is generic to any profession or industry sector, the challenges vary across firms and industries and certain cultural and job-specific issues require tailored responses. This project is ongoing.

The most significant action for the industry is the formation of the Consult Australia Champions of Change, a group modelled on Sex Discrimination Commissioner Elizabeth Broderick's Male Champions of Change. The first meeting of the Champions was held in November 2012. The next meeting will see the Champions sign a Charter of commitment to action on workforce diversity. The 11 Consult Australia Champions of Change are listed below:

- Arup, Peter Bailey, Australasian Chairman
- ERM, David Wills, Managing Director of Australia
- Hyder, Greg Steele, Managing Director - Australasia
- MWH, Mark Bruzzone, Managing Director - Australia & Singapore
- NDY, Ian Hopkins, Chief Executive Officer
- Opus, Melvyn Maylin, Managing Director Australia
- Parsons Brinckerhoff, Mark Dimmock, Managing Director Australia-Pacific
- Pitt & Sherry, John Pitt, Managing Director
- SKM, Santo Rizutto, Chief Executive Officer
- SMEC, Hari Poologasundram, Managing Director Australia
- URS, Jim Mantle, Managing Director for Asia Pacific

Response to the consultation paper questions

Intent of the Act: Questions 1 and 2

The outcomes described in the consultation paper do appear to reflect the intent of the Act, which Consult Australia supports.

Consult Australia also believes that there is an important and overarching principle to be followed as the new reporting requirements are developed. That is, to minimise the risk of undue regulatory burden, consideration of new reporting requirements should be at all times guided by opportunities to achieve the desired outcome at the least cost to business. A cost benefit analysis approach to reporting options will help ensure that the reporting requirements chosen will be simple, yet powerful.

Following this principle will create reporting requirements that employers support, leading to increased rates of compliance and decreased enforcement burdens for the WGEA.

The WGEA could also give consideration to the extent to which the Act addresses equality versus equity, and the different messages it provides to employers to ensure that each is pursued appropriately.

Although not considered by the Act, the role of the WGEA could expand beyond reporting against the Gender Equality Indicators (GEI) to include other factors that are very important for achieving workplace equity. This includes driving policy changes to improve access to suitable affordable child care, and leading debate that highlights the need for more sharing of responsibilities for carers and shifts in wider cultural attitudes towards traditional gender roles.

Priority reporting matters: Questions 3 and 4

Gender composition of the workforce

The gender composition of the workforce is a priority measurable outcome. The greatest value for the data is derived if it is presented in such a way as to allow analysis of the gender composition of different employment streams within a company and across an industry sector.

To illustrate the importance of this, in 2011, Consult Australia surveyed the gender composition of the consulting sector. The data showed that among the professional service provider stream (typically engineers, architects, planners, scientists and drafters), about 11-16 per cent of the workforce is female at senior levels. However for corporate and support services staff at senior levels (typically human resources, legal and IT support), about 42-49 per cent is female.

If the data is not presented in this granular way, the true state of gender composition will remain hidden.

Equal pay for equal work

Equal remuneration between men and women, and conducting audits to ensure this occurs, is essential. However, it is important to note that pay equity audits are very time consuming and in many instances it is hard to identify differences in pay that may be due to factors such as the quality of work or specialisation of different workers.

Equal pay audits are relatively simple in industries that utilise award wage schemes where pay rates are heavily regulated. For companies operating in the built environment consulting industry, however, remuneration for employees is much more variable and relies on individual negotiations with each employee.

The moment in a worker's career when equal pay for equal work should be simplest to measure is at the graduate level. For other career levels, equal pay audits are typically conducted during annual salary reviews. To ensure that adequate reporting is completed without imposing excessive administrative burdens, relevant employers could be required to report on a sample of worker streams each year. Further consultation with employers during WGEA stakeholder group meetings is required to examine options for equal pay audits and reporting requirements in detail.

Flexible employment terms

Consult Australia agrees that the availability of flexible working arrangements for employees is essential to fostering diverse and inclusive workplaces.

Reporting on the existence of flexible work practices and policies is possible, but the WGEA will need to take account of the difficulty and cost of measuring the extent to which flexible working arrangements are utilised by employees. Most often, agreements to work flexibly are made between the worker and direct supervisor and are not specifically contracted or recorded in central human resources databases. It may be simpler to track the number of requests for, and denials of, flexible working arrangements.

A common barrier to employee utilisation of flexible working arrangements is employee uncertainty of how, or if, the use of such arrangements will affect their career. Consult Australia believes that it is very important for senior leaders and others with influence within an organisation to lead by example, utilise flexible working arrangements, and therefore demonstrate the legitimacy of its use for all employees. Reporting on the use of flexible working arrangements will therefore provide the best value for effort if it includes a focus on its use by employees at senior levels.

When measuring flexible working arrangements, it is essential that this extend beyond part-time work to include informal arrangements. This includes such factors as the degree to which employees feel able to take time off work for personal appointments, or if they are able to manage full time workloads flexibly. This is especially important for senior staff. The availability of remote access connections and handheld devices is a way to measure enablement of flexible working.

Consultation with employees

In consideration of the GEI for consultation, it is vital that it is inclusive and consultation practices do not lead to the creation of something that is seen as just a 'women's issue.' Gender equality is a

business issue and the whole of business should be included in discussions on how best to create the necessary change.

Usefulness: Questions 5 and 6

Employers have been collecting data to support reporting requirements for the former Equal Opportunity for Women in the Workplace Agency (EOWA) for several years. Significant changes to that reporting structure which is relevant to business needs would be an unnecessary change, especially when it will also be relatively simple for employers to report on matters that match the EOWA requirements.

The most valuable indicators for employers will be on: the gender composition of the workforce; the extent to which women and men are paid the same for equal work; and the extent to which flexible working arrangements are available.

One Consult Australia member firm noted that an important metric is short service turnover (i.e. those who do not complete the probation period). This can quickly identify trends and is a great starting point for further investigation of the causes for turnover.

Another valuable metric is the rate at which women return to work after their parental leave period. Greatest value comes from measuring the number of mothers who return to work and *are still at work* after 12 months. To measure the return-to-work statistics for a lesser time period risks including those who return to work only for the minimum time required to ensure that any non-statutory leave benefits do not need to be refunded to their employer.

Exit interviews are time consuming and deliver mixed results in terms of useful feedback from departing employees. It is not recommended that these be mandated for reporting purposes.

Another useful metric is the career levels when ratios of men and women in the workforce start to change.

Finally, there is merit in the WGEA reviewing reporting mechanisms utilised in other countries and by other organisations. For example, Consult Australia members with operations in South Africa recommend examination of the South African *Broad Based Black Economic Empowerment Act* and *Employment Equity Act*. The United Nations Women's Empowerment Principles are an example of a system that enables a much broader perspective to fostering gender equity.

Cross-industry comparisons

The consultation paper states that reporting will enable employers to compare practices with industry peers. Consult Australia supports this and recommends that industry groupings be specific. A suitable method is to group companies using the Australian and New Zealand Standard Industrial Classification (ANZSIC) at the "Division," "Subdivision" and at the three-digit "Group" level. To stop at the "Division" or "Subdivision" level groupings will not be sufficient to enable meaningful comparisons.

To illustrate this, "Division M Professional, Scientific and Technical Services" includes both "Subdivision 69 Professional, scientific and technical services" and "Subdivision 70 Computer system design and related services," which include companies that provide very different services and which would not derive much value from comparison. Subdivision 69 is further divided into groups which includes the following: Group 691 scientific research services; Group 692 architectural, engineering and technical services; Group 693 legal and accounting services; and Group 697 veterinary services. To include employers in the architecture and engineering group with those providing veterinary services, for example, would render the data meaningless for the purposes of peer comparison.

Impact on business: Questions 7 and 8

Consult Australia supports action to improve gender equality in the workplace, and agrees that measuring progress to meet goals is an effective way to create change.

It is possible to avoid the creation of 'red tape' if the requirements for reporting are matched to the types of data that can be collected by employers in the course of ordinary business and is not so onerous as to require the employment of additional staff to analyse and report data.

Many of the larger employers, both Australian-based and local offices of overseas entities, will face difficulty changing human resources data collection systems that are integrated with those of overseas partners. This includes the need to utilise data capture standards for classifying roles and titles between national offices.

Feedback from several Consult Australia members indicates that if the full range of measurable criteria and process indicators are reported, employers will need to engage additional staff to meet requirements. Based on the engagement of a consultant to do this work over four weeks each year, at a rate of \$200 per hour, the cost of meeting reporting requirements could easily reach \$30,000 per employer per year. Similarly, if auditing and reporting tasks are absorbed within the workload of existing staff, their capacity to perform other duties decreases.

If this is extrapolated across all relevant private sector employers, the cost of regulation can become huge, and it is a further illustration for why new reporting requirements should be at all times guided by opportunities to achieve the desired outcome at the least cost to business.

To avoid a large administrative burden, the WGEA should phase the reporting requirements in over several years, and require reporting only on factors that are proven to provide a benefit.

Biennial reporting is a suitable way to minimise administrative burdens. Consult Australia conducts its own industry workforce participation surveys biennially to reduce reporting burdens, but also because the changes that are being tracked occur slowly. Annual reporting is unlikely to show statistically significant variations year-on-year and suitable trend data is possible through biennial reporting.

Timing: Questions 9 and 10

It will take employers time to adjust to the new reporting requirements. Smaller-sized firms are less likely to have staff dedicated to data collection and reporting. Larger-sized firms may have teams available to develop new reporting systems, but the scale of their task will be enormous.

With this in mind, Consult Australia recommends that the reporting requirements be phased in over several years. Those measures that closely match what was collected by the former EOWA should be the first to be introduced, followed by the highest priority measurable outcomes. Other new and complex data sets should be phased in from 2015 and supported by advice from WGEA (see response to question 11). A process should also be introduced to give employers an opportunity to seek extensions to reporting requirements, subject to approval by the WGEA.

Any data collection that is unlikely to, or over time is proven not to, advance the aims of the Act should be eliminated.

Assistance: Question 11

The WGEA can assist employers with the provision of regular industry briefings and courses, online courses (especially for employers in non-metropolitan areas) and an advice line. The WGEA should provide potential data collection and reporting solutions for employers, including consideration of the needs of smaller, medium and large employers. This can include model surveys for employers to run

internally. These would provide a common set of data and could also be expanded by individual employers to meet local needs.

Industries: Question 12

For the built environment consulting sector, data for engineering and architecture professionals are most important. These are traditionally male-dominated professions with different issues requiring action. For the engineering profession, the primary issue is the small pipeline of female graduates with retention rates also important. The architecture profession, in contrast, has a large number of female graduates yet continues to suffer significant female workforce retention issues.

Conclusion

The Consult Australia Workforce Diversity Roundtable is available for a targeted consultation session. Roundtable members include representatives of companies such as AECOM, Aurecon, Arup, GHD, Parsons Brinckerhoff, Sinclair Knight Merz (SKM) and SMEC.

Meetings of the Roundtable are typically conducted by telephone and are scheduled for Tuesday 5 March and Tuesday 7 May, from 11am-midday (NSW time).

Thank you for the opportunity to respond to the WGEA submission on reporting matters. If you would like to discuss any issues raised in this consultation submission, please contact Jonathan Russell, Senior Policy Advisor for the workforce diversity portfolio, on (02) 9922 4711, or by e-mail at j.russell@consultaustalia.com.au.