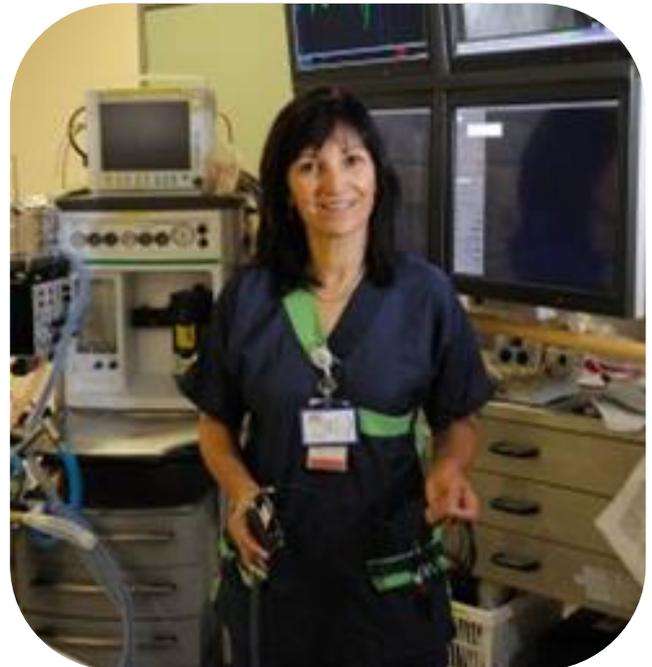


## ECONOMIC SECURITY AND FINANCIAL INDEPENDENCE

*“It is easy to just accept that the financial experiences of women will be different because their life courses are different – they have poorer paid jobs, they have babies, and eventually because they earn less they have less income when they retire. But none of these should be so damaging for women. It’s not fair and we need to understand the complicated factors involved so we can fix them.”*

**Dr Megan Alessandrini, Director of Gender Policy and Strategy Group, University of Tasmania.**



# ECONOMIC SECURITY AND FINANCIAL INDEPENDENCE

## What is the gender pay gap?

The gender pay gap is the difference in men's and women's earnings. On average and in the majority of industries women earn less than men. As of November 2015, Tasmanian women earned **\$1 202.10 per week** (based on average weekly earnings for full time adults). In contrast to this, Tasmanian men earned an average of **\$1 375.70 per week**.<sup>1</sup> This is a difference of **\$173.60 per week**. This difference in pay impacts the economic security of Tasmanian women throughout their life.

## What causes the gender pay gap?

In the first year after graduating university, Australian women earn **9.4 per cent** less than men. This means, that if the average male graduate earns **\$50 000 pa** in his first year out of university, a female graduate would earn **\$45 300 pa**. This would be a pay gap **\$4 700 pa**.

Traditionally, female-dominated industries and occupations have attracted lower wages than those that are male dominated.<sup>2</sup> Therefore, the tendency for men and women to enroll in different courses and apply for different jobs explains some of the pay gap. However, a gap still exists when men and women graduate from the same course and enter the same job.



<sup>1</sup> Australian Bureau of Statistics, 2015 *Average Weekly Earnings, Australia*, Cat No 6302.0, Table 11F, ABS, Canberra.

<sup>2</sup> Graduate Careers Australia, 2014 *An analysis of the gender wage gap in the Australian graduate labour market*, 2013.

In the first year after graduating university, when course studied, employment and personal characteristics (such as language background or disability status) are taken into account; female graduates still earn **4.4 per cent** less than their male counterparts. This means in a situation where a man and a woman graduate from the same course apply for similar jobs, if the man receives **\$50 000** in his first year, the woman would receive **\$47 800**. That is a gap of **\$2 200**.<sup>3</sup>

This initial disparity has been identified as due to discrimination and structural biases such as society's expectations around family caring responsibilities on the one hand, and discrimination by employers against parents taking parental leave or seeking flexible work arrangements on the other.<sup>4</sup> However, as women continue to progress in their careers, the pay gap widens. Some of the factors that have been identified as contributing to the continuing pay gap are:

- Women having interrupted work patterns, particularly following the birth of a child or caring for family members. Caring responsibilities and other unpaid work commonly lead to a precarious attachment to the work-force;<sup>5</sup>
- Stereotypes about what women 'should do' and how they should interact with the labour market.<sup>6</sup> Australian women are over-represented as part-time workers in low-paid industries and in insecure work;
- Industrial and occupational segregation, with female-dominated professions traditionally having lower wages than male-dominated professions;<sup>7</sup> and
- Women being underrepresented in higher paying senior/leadership positions in both the private and public sectors.<sup>8</sup>

## Participation in the labour force

Tasmanian men and women engage with the labour force in different ways. In August 2015, **155 300** people were employed in full-time work in Tasmania; **33.2 per cent** of whom were women. In contrast, of the **85 100** part-time workers in Tasmania, **70.7 per cent** were women.<sup>9</sup> Women were also more likely than men to be underemployed, with **63 per cent** of underemployed people being women.<sup>10</sup>



<sup>3</sup> Graduate Careers Australia, 2014 *An analysis of the gender wage gap in the Australian graduate labour market*, 2013.

<sup>4</sup> ANZ, 2015 *ANZ Women's Report*, ANZ Ltd.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

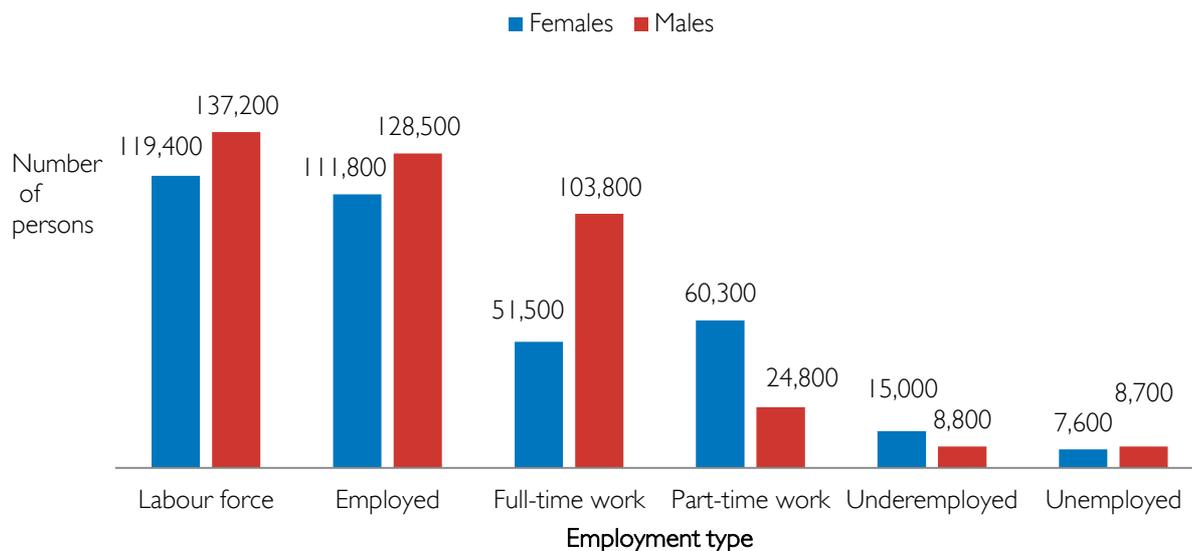
<sup>8</sup> Ibid.

<sup>9</sup> Australian Bureau of Statistics, 2015 *Labour Force, Australia*, August 2015, Cat No 6202.0, Table 9, ABS, Canberra.

<sup>10</sup> Australian Bureau of Statistics, 2015 *Labour Force, Australia*, August 2015, Cat No 6202.0, Table 23, ABS, Canberra.

The Australian Bureau of Statistics defines an underemployed worker as a part-time employee who works less than **35** hours per week and who wants, and is available for, more hours of work than they currently have. Full-time workers who have had their work hours reduced for economic reasons are also considered underemployed. Unemployment is defined as people without work, actively seeking work and currently available for work.

Figure 1. Labour force status in Tasmania by sex, 2015



Data Source: Australian Bureau of Statistics, 2015 *Labour Force, Australia*, Cat No 6202.0.

### Parental work arrangements

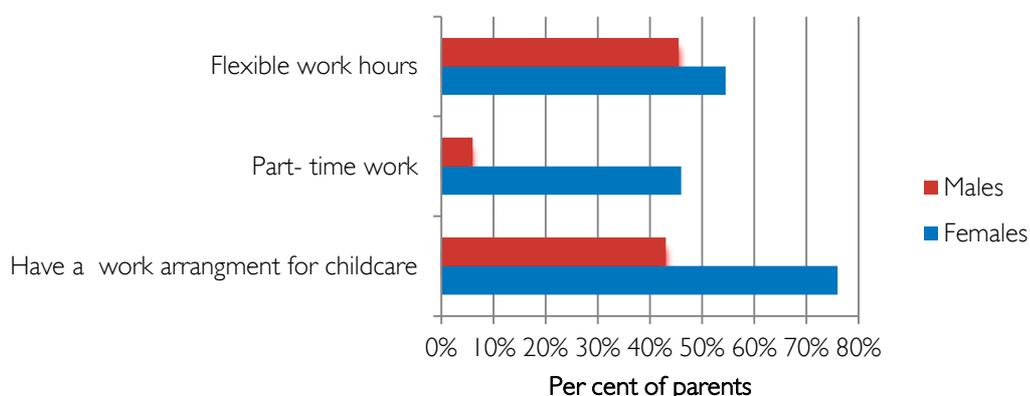
As of June 2011, women in Tasmania were much more likely than men to organise their work arrangements around caring for children.

Of families with children aged 0–12 years that had a female parent/guardian in employment, **76 per cent** of those women used some kind of flexible or leave work arrangement to care for their child.

By contrast, of families with children aged 0–12 years that had a male parent/guardian in employment, only **43 per cent** used a flexible or leave work arrangement to care for a child.

The greatest difference was seen in part-time work arrangements, with **46 per cent** of women using part-time work arrangements compared to **six per cent** of men.<sup>11</sup>

Figure 2. Parental work arrangements used to care for children (0-12 years old) by sex, Tasmania, 2011



Data source: Australian Bureau of Statistics, 2011 *Childhood Education and Care, Australia*, Cat No 4402.0.55.003, Table 5, ABS, Canberra.

<sup>11</sup> Australian Bureau of Statistics, 2015 *Childhood Education and Care, Australia*, Cat No 4402.0.55.003, Table 5, June 2011, ABS, Canberra.

## Carers

Caring responsibilities, such as raising children or caring for other family members, are more likely to be taken on by women than men.<sup>12</sup> These responsibilities often keep women from full-time work, resulting in them having a more precarious attachment to the workforce. Time spent away from work to provide unpaid care contributes to the pay gap.

In 2011, there were **46 645** persons who provided unpaid care to another person because of disability, long-term illness or problems related to old age. Of these carers, **61.4 per cent were women**.<sup>13</sup>

Table 1. Carers by age and sex, Tasmania, 2011

Age (years)	Female	Male	% Female
15-19	706	635	52.6
20-24	963	624	60.7
25-34	3 067	1 654	65.0
35-44	4 943	2 752	64.2
45-54	6 950	4 070	63.1
55-64	7 371	4 457	62.3

Data Source: Australian Bureau of Statistics 2011 Census of Population and Housing, Basic Community Profile (Tasmania), Catalogue 2001.6, Table B21, ABS, Canberra

## Sole Parents

In 2011, there were **22 824** sole parents in Tasmania, **81.5 per cent** of these were women. Of the female parents, **55 per cent** participated in the labour force compared to **71.4 per cent** of sole male parents who participated in the labour force.<sup>14</sup>

## Occupation and Industry

### Industrial and occupational segregation

Industries and jobs that have historically been female dominated tend to have lower salaries than traditional male-dominated industries or occupations.<sup>15</sup>

As shown in Figure 3, at Census 2011, female employment ratios were highest in the industries of health care and social assistance (**80.1 per cent**), education and training (**69.6 per cent**), and accommodation and food services (**62.3 per cent**).<sup>16</sup> The female employment ratios were lowest in the construction (**10 per cent**) and mining (**9 per cent**) sectors.

<sup>12</sup> ANZ, 2015 ANZ Women's Report, ANZ Ltd.

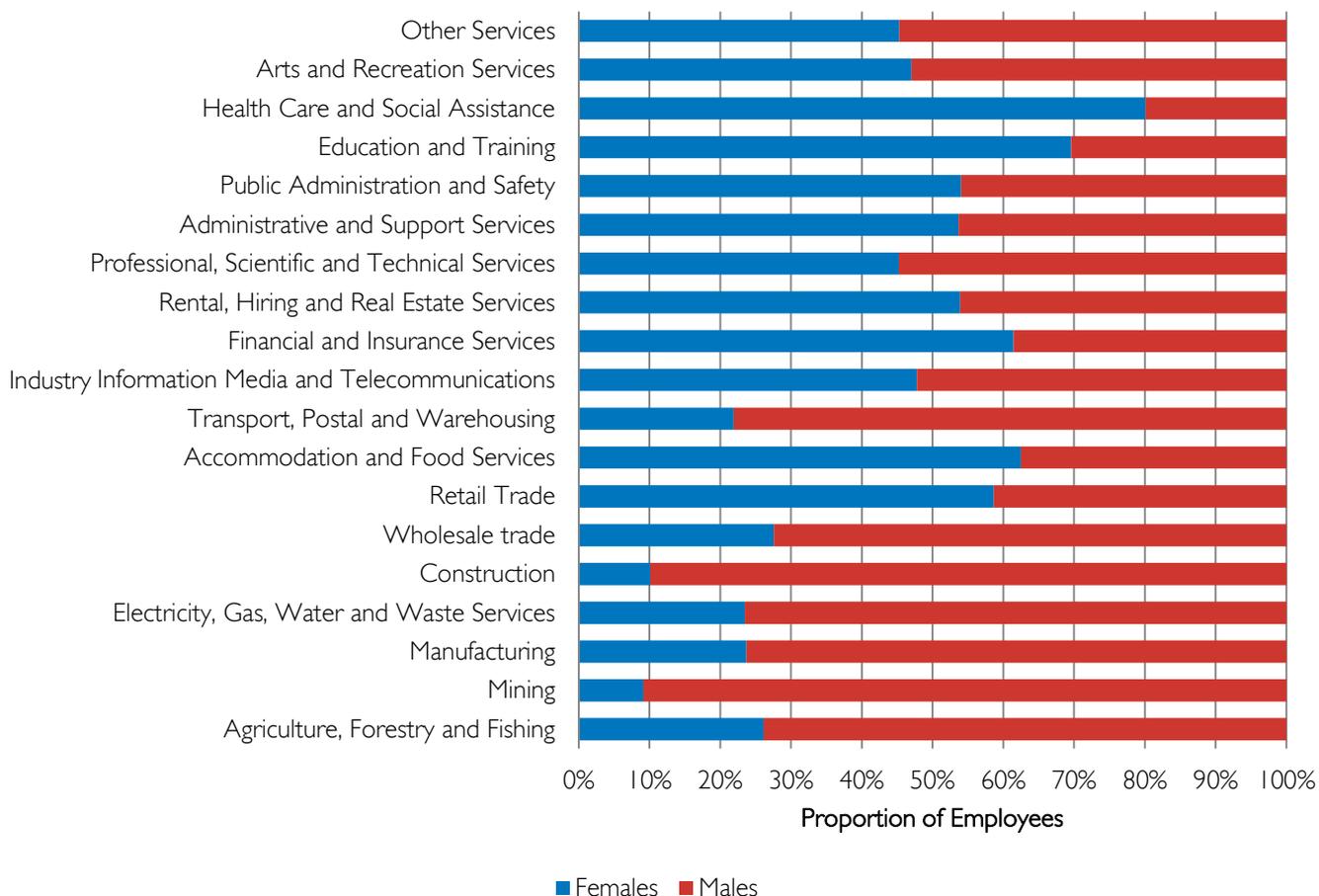
<sup>13</sup> Australian Bureau of Statistics, 2011 Census of Population and Housing, Basic Community Profile (Tasmania), Cat No 2001.6, Table B21, ABS, Canberra.

<sup>14</sup> Australian Bureau of Statistics, 2011 Childhood Education and Care, Australia, Cat No 4402.0.55.003, Table 5, June 2011, ABS, Canberra.

<sup>15</sup> Workplace Gender Equality Agency, 2015 Gender Pay Gap Statistics, p3.

<sup>16</sup> Australian Bureau of Statistics, 2011 Census of Population and Housing, Basic Community Profile (Tasmania), Cat No 2001.6, Table B43, ABS, Canberra.

Figure 3. Industry of employment by sex, Tasmania, 2011



Data source: Australian Bureau of Statistics, 2011, Census of Population and Housing, Basic Community Profile (Tasmania), Catalogue 2001.6, Table B43, ABS, Canberra

### Women in business

In 2011, there were **3 194** female owner/managers<sup>17</sup> of incorporated enterprises in Tasmania, compared with **6 992** male owner/managers. This indicates that women made up **31.5 per cent** of all owner/managers of incorporated enterprises. Of Tasmania’s unincorporated enterprises<sup>18</sup> **6 621** women were owner/managers, compared with **13 546** male owner/managers.<sup>19</sup>

<sup>17</sup> An owner/manager is a person who works in their own business, with or without employees, whether or not the business is of limited liability.

<sup>18</sup> An unincorporated enterprise is a privately owned business, often owned by one person who has unlimited liability, as the business is not legally registered as a company.

<sup>19</sup> Australian Bureau of Statistics 2011 *Census of Population and Housing, Working Population Profile (Tasmania)*, Cat No 2006.6, Table W02, ABS, Canberra.

## Impacts of the gender pay gap on women

### Poverty

Women are more likely to experience poverty than men. In 2011, **14.7** percent of Australian women experienced poverty (earned less than **50 per cent** of median income) compared to **13 per cent** of men.<sup>20</sup>

Gender based bias can intersect with other factors such as location or disability to increase the chance of women experiencing poverty.

### Poverty in Tasmania

People living in Tasmania have a higher risk of experiencing poverty than people living in any other state or territory of Australia. **15.1 per cent** of Tasmanians experienced poverty in 2011/12 compared to a national average of **13.9 per cent** of people experiencing poverty over the same period.<sup>21</sup> Women in Tasmania are at a greater risk of experiencing poverty than their counterparts across the nation.

### Women with a disability

In Australia, women with a disability are more likely than women without a disability to experience poverty. Women with a disability are less likely to participate in the work force than men with disability. When women are employed they tend to have lower incomes than men with disabilities.<sup>22</sup>

### Retirement

The pay gap and other barriers to accumulating wealth mean that women are more likely than men to experience poverty in retirement.

Australian women are expected to spend **24.2** years in retirement, compared to men who are expected to spend **19.3** years in retirement. A huge **90 per cent** of women will have inadequate savings to fund their retirement by the time they exit the labour force.<sup>23</sup>

Single women are more likely than partnered women to experience persistent poverty during their retirement.<sup>24</sup>



### Superannuation

A 2015 report from ANZ indicates that one in five Australian women yet to retire has no superannuation and that, on average, women retire with around half as much superannuation than men.<sup>25</sup>

<sup>20</sup> Australian Council of Social Service, 2014 *Poverty in Australia 2014*, Social Policy Research Centre University of NSW, p17.

<sup>21</sup> Australian Council of Social Service, 2014 *Poverty in Australia 2014*, Social Policy Research Centre University of NSW, p29.

<sup>22</sup> Accessed at <http://wwda.org.au/about/snapshot/>, 16 February 2016.

<sup>23</sup> ANZ, 2015, *ANZ Women's Report*, ANZ Ltd.

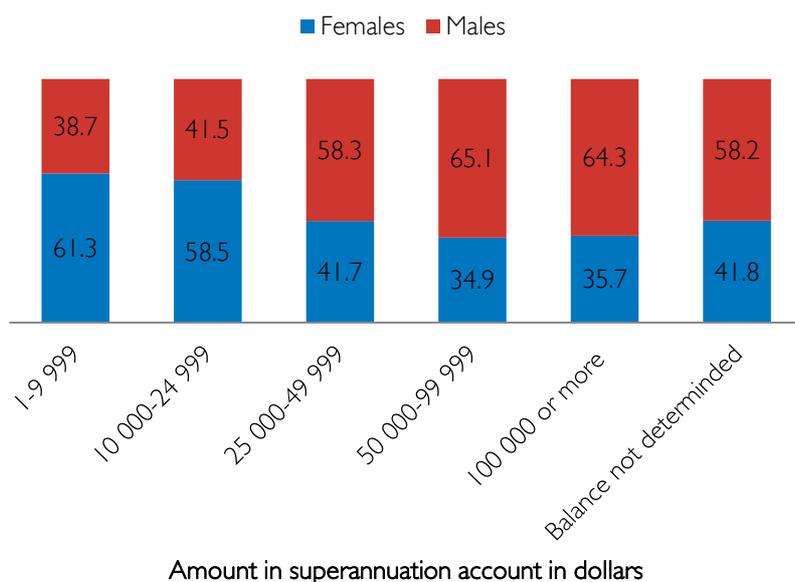
<sup>24</sup> Ibid.

<sup>25</sup> ANZ, 2015, *ANZ Women's Report*, ANZ Ltd.

The most recent State level data, from 2007, shows that Tasmanian women are less likely to have a superannuation account than Tasmanian men. Almost **30 per cent** of women aged 15 years and over in Tasmania had never had a superannuation account, compared to **less than 20 per cent** of men.<sup>26</sup>

Among Tasmanian's with superannuation accounts, women have significantly lower balances than men. As Figure 4 illustrates **61.3 per cent** of people with a low value (**\$1-\$9 999**) superannuation account are women. Men are more likely to have a high value (**\$100 000 or more**) superannuation account, with **64.3 per cent** of people with these accounts being men.<sup>27</sup>

Figure 4. Superannuation accounts in the accumulation phase by sex, Tasmania, 2009



Data source: Australian Bureau of Statistics, 2009 *Employment Arrangements, Retirement and Superannuation: State Tables*, Cat No 6361.0.55.003, Table 31, Canberra.

### Superannuation and separation

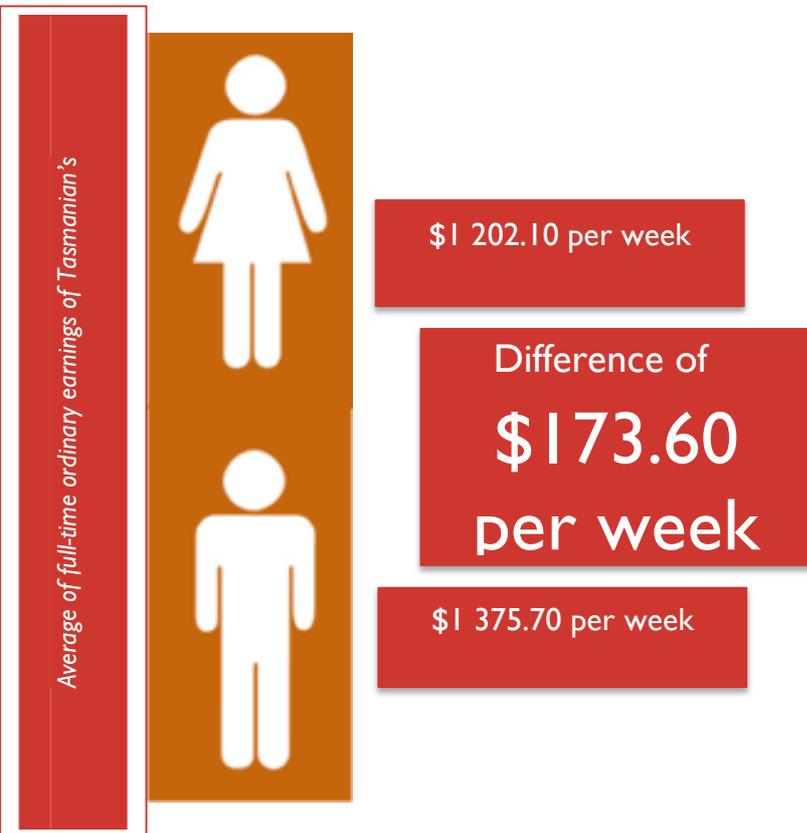
Superannuation is an important family asset, usually second to the family home. Despite this, it is often neglected in divorce settlements, with only one in six couples including it as part of the settlement. The negative effect of this is disproportionately on women. This is because at the average age of divorce, men have a much larger superannuation balance than women. The average age for men at divorce is **45**, and at this time their average amount of super is **\$128 000**. For women, the average age of divorce is **42**, and their average super balance at this age is **\$42 000**.<sup>28</sup>

<sup>26</sup> Australian Bureau of Statistics, 2009 *Employment Arrangements, Retirement and Superannuation: State Tables*, Cat No 6361.0.55.003, Table 31, Canberra.

<sup>27</sup> Australian Bureau of Statistics, 2009 *Employment Arrangements, Retirement and Superannuation: State Tables*, Cat No 6361.0.55.003, Table 31, Canberra.

<sup>28</sup> ANZ, 2015, *ANZ Women's Report*, ANZ Ltd p73.

# The gender pay gap in Tasmania



## Women are more likely than men to:

- Organise work around caring for children
- Be unpaid carers
- Be sole parents
- Experience poverty
- Have less superannuation

The average male graduate in Australia will earn **\$4 700** more in his first year out of University than the average woman in Australia.

**90 per cent** of Australian female retirees will have inadequate savings to fund their retirement by the time they exit the labour force.

## Women make up:

**46.6%** of the Tasmanian labour force

**33.2 %** of full-time workers

**70.7%** of part- time workers

**63%** of underemployed people

*Special thanks goes to the Gender Policy and Strategy Group at the University of Tasmania who provided input into the development of the Fact Sheet series.*

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