
YWCA Auckland Submission for the Productivity Commission Inquiry

A fair chance for all: Breaking the disadvantage cycle

1. What are the main dimensions of persistent disadvantage that should be included in the Terms of Reference as areas to be investigated?

YWCA Auckland is a proudly feminist organisation and has been supporting women and girls challenging gender inequality in Aotearoa New Zealand for over 140 years. Our work continues to support the well-being, development and achievement of women and girls in a society that still does not afford an equal place to us alongside men.

It is hard to deny that a significant number of women and girls live in circumstances of persistent disadvantage in New Zealand. The 2019 SDG Gender Index places New Zealand 11th out of 129 countries. The ranking is based on 51 indicators used to measure their progress toward achieving 17 sustainable development goals (SDGs). New Zealand ranked badly on poverty, which took into account the proportion of women who had enough money to buy enough food for their family. Our ratings for openness of gendered statistics, and the gap between rich and poor are abysmal. But it is New Zealand's performance in relation to how easily the poorest people could access social support programmes that was by far the worst among the 51 indicators, with a score of just 34.4. It is women who are often most disproportionately affected by poverty. As at July 2018, 95 percent of solo parent welfare recipients were women and government's 2021 Child Poverty Report found that solo parent families experienced deeper hardship levels - six times higher than two-parent households. Reinforcing this is Stats NZ's June 2020 household labour force survey that showed that 18 percent of solo parents said they did not have enough money to meet everyday needs.

As well as encouraging the Productivity Commission to apply a gender analysis to the inquiry, we want to highlight three main areas of opportunity for the Commission to focus on. These are pay transparency; childcare; and parental leave changes.

Aside from being fundamentally unfair and un-kiwi, paying women less is bad for the economy. Research demonstrating the benefit of equal pay has not recently been conducted in New Zealand. But an international study conducted in 2017 by the Institute for Women's Policy Research found that the poverty rate of working women would be cut in half if women earned as much as men. The researchers also found that equal pay would add an additional income of \$512.6 billion to the U.S. economy, even if men's wages stayed the same.

A 2017 study into gender pay inequality by researchers at Motu Economic and Public Policy found that sexism was to blame for the difference between women's and men's pay. Yet despite being paid less, it was found the value women add to an organisation is exactly the same as men.

Our economy is stacked against working women. In the last two decades the gender pay gap has decreased by just 3 percentage points. If it continues to close at the same rate it will be 100 years – 2120 – until women are on average paid the same as men.

In Britain, this figure is half what ours is – 50 years. Yet, government there acted in 2017 and required companies with more than 250 employees to publish their gender pay gap. Since this has been in place, the data has shown that eight out of 10 British companies pay men more than women. In New Zealand it seems likely that figure is even higher. In our experience working with

organisations who are committed to achieving gender equality in the workplace, we have never encountered an organisation that, when they did the analysis, found they paid equally. So, chances are if the organisation you work for has not done the analysis and got a plan, you are being paid unequally to your colleagues.

Enterprise is traditionally wary of legislation and would prefer few constraints on their trade. However, the research shows very clearly that organisations in fact do better with equal and generous paid parental leave provisions, free childcare and pay transparency. So, while they may voice 'concern', their fears are unfounded. Most organisations we work with would be supportive of these initiatives, particularly if legislated for so all employers are in the same position and competing equally in the market.

We believe it critically important that these sensible steps are taken if this government is to do its part to end systemic inequality in New Zealand. None of these opportunities is radical or untested. All have been implemented and studied internationally, and their efficacy is well established.

2. Where should the Commission focus its research effort?

Pay Gap Transparency and the supporting data that makes visible the underlying drivers. Here are six examples worth addressing:

1. Proactive monitoring of pay inequities to give effect to the intent of our Equal Pay Act (1972) and clearer articulation of what's justifiable and what's not.
2. A much safer and easier way to raise a pay claim (currently we understand employees feel they can do nothing or tiptoe around making discrete calls to Community Law and Citizens Advice Bureau while being scared to lose their job).
3. Ways to enforce data collection or provision of a data collection system. A lot of organisations are not doing the work because they don't have an HRIS to collect demographic data.
4. Strengthening the powers of the EEO Commissioner to enforce.
5. The role of Paid Parental Leave and the equal access to it
6. The role of Free Childcare

In several ways NZ has a range of mechanisms in place that can help enable a fair chance for all. They just need to be given the mandate to be more proactive in their roles, whether that be through new and amended legislation or in some cases as simple as ensuring more resourcing, For example, the labour inspectorate and the growing cases including incidence of migrant worker abuse. Did we get the additional resourcing of labour inspectors as promised in 2017?

3. Where should government focus its effort on finding solutions?

As mentioned above, these are the areas we recommend focusing on:

Pay Transparency

The Equal Pay Act makes it unlawful to refuse to offer the same pay, terms of employment, training, promotion based on the sex of a person, but the inability to compare pay between two people of different sex, for work of equal value is a major obstacle to gender equality.

To ensure women are not being discriminated against when it comes to their salary, wages, and progression the Human Rights Commission is calling on the Government to include pay transparency in legislation, and YWCA and the GenderTick support this.

Pay secrecy has allowed women to be underpaid for nearly 50 years after the Equal Pay became law in 1972. It reinforces racial biases and often hides structural inequalities. If wages and salaries are transparent, then it becomes harder to hide.

We join the Commission in calling on the Government to establish an independent body to ensure transparency in reporting about pay equity. This body will receive transparency reports and provide information and resource services to employees for potential pay equity issues.

We are far behind other developed countries. Australian companies have been reporting this information annually to the Workplace Gender equality Agency since 2012. The United Kingdom brought legislation requiring companies to report their gender pay gap in 2018. They are now debating whether to require companies to also report on their ethnic pay gap.

In 2018, Iceland enacted a law that required both public and private organisations with more than 25 employees are audited annually and prove that they provide equal pay to men and women. Iceland's gender pay gap was between 14%-22% in 2015. With this new law, their government hopes to close the gap by 2022.

Making pay transparent means employees in companies with more than 100 people know what their colleagues and those in similar occupations are being paid. The lack of data to compare salaries and wages makes it difficult to bring an equal pay claim against an employer because employees don't have access to this information.

Ending the gender pay gap is particularly important for closing the economic gap for women at the bottom of the ladder, including Māori, Pacific, disabled, and ethnic minority women.

New Zealand has a duty under international and domestic human rights law to ensure equal pay for work of equal value. Women must not be left to bargain without the tools they need. What they need is data about the gender pay gap in their workplace to lodge claims. That's why we need an independent pay transparency agency. (Source: Human Rights Council, NZ)

Free Childcare

Many governments have expanded their social policies in the area of early childhood care and education. While countries such France, Sweden, Norway or Denmark have long offered universal access to public childcare, others like Germany, Spain, Canada or the US have expanded public day-care and pre-K programs more recently, beginning in the 1990s. In New Zealand we offer limited childcare subsidies (20 hours a week) from the age of 3 years to the start of school. However, 20 hours a week does not go far enough. If we are to realise the benefits of early childhood education, and to mitigate gendered inequalities resulting from the burden of caring for children, which disproportionately falls on women, we must expand this.

The cost of childcare is so high in New Zealand that for many women considering returning to work after childbirth, it makes more financial sense to stay home. This both disadvantages' women in their lifetime earnings capacity, and limits economic growth as it restricts labour force participation. Free childcare allows women to continue to earn and living and participate fully in society and the economy, in a way that they cannot currently because of the expense.

Universal free childcare is widely seen as one of the most critical elements in achieving equality for women. This is because childcare is overwhelmingly done by women and inhibits their equal participation in other areas of life, such as paid work. For this reason, we see free childcare as an essential step on the road to gender equality in New Zealand.

From Oxfam's 2020 report *Time to Care: Unpaid and underpaid care work and the global inequality crisis*:

“The lack of access to quality and affordable childcare is a key hurdle for women to pursue decent work and quality education. Around the world, families are struggling to afford childcare or have no access to care services. Public universal childcare is essential to women's economic empowerment and contributes to economic growth. Investment in public childcare increases women's labour participation and thereby increases tax revenues, making it cost-neutral in the end. Four key elements are essential to public childcare: accessibility, affordability, quality and universality. These must be tackled simultaneously to ensure that everyone has equal access. Quality largely depends on the working conditions for childcare workers. Universal public childcare is a critical policy instrument for tackling inequality, as it prevents social exclusion and ensures quality care for all.”

Parental Leave

The research shows that when parental leave is taken by men, it is beneficial to individuals, families and organisations. However, parental leave offerings with the greatest benefit are those that are: paid at a high wage-replacement rate; longer in duration; and designated specifically to fathers and partners. Note that we refer to fathers here, rather than the supplementary carer because the available research has predominantly been conducted on heterosexual relationships and because our aim in gender equality. If the carers are the same gender, patterns of gender inequality are already disrupted.

Benefits to mothers: Mothers benefit when fathers and partners take parental leave around the time of birth as they have more time to recuperate after childbirth, receive more emotional support and experience less stress. When fathers and partners take parental leave, they are more likely to participate in ongoing childcare and other unpaid household responsibilities. This leaves women with more time to spend on paid employment, facilitating greater economic independence and higher household incomes. Partner support also leads to a smoother transition back to work and fewer experiences of child and flexibility related stigma in the workplace. Overall, father or partner involvement in childcare may provide mothers with a stronger sense of well-being, heightened relationship satisfaction and an enhanced ability to balance work and life commitments.

Benefits to fathers and partners: Fathers' involvement in childcare has been linked to improved well-being, happiness and increases their commitment to family. Fathers have also been found to benefit through a reduction of risky behaviours such as smoking and alcohol consumption. They report learning new skills such as prioritising, role modelling and compassion which they transfer to the workplace.

Benefits to children: Health-related benefits accrue to children as fathers' and partners' uptake of parental leave is linked to mothers' decision to breast-feed. When fathers take parental leave, children enjoy better relationships with them, increased father involvement over their lifetime and stronger school performance. Children also benefit from higher household incomes as a result of both parents working and increased access to better health services and education experiences.

Benefits to households: Households can benefit through a shift in gender norms and through stronger parental relationships. The availability of paid parental leave for each parent fosters an equal division of unpaid care and improves family work-life balance. Additionally, higher household incomes and increased economic security are associated with fathers' use of parental leave.

Promoting gender equality: Father's or partner's use of parental leave contributes to gender equality in several ways. At home, men's use of parental leave is associated with a more equal distribution of unpaid work and changes in traditional gender norms. In the workplace, equal uptake of parental leave between women and men can also moderate discrimination in the hiring process by reducing employers' reluctance to hire, retain and promote mothers, and childless women of childbearing age due to assumptions about their need to take time off for care. Finally, men's use of parental leave contributes to future gender equality with daughters of working mothers more likely to work and to earn higher wages. Further, children who have parents that model gender equality are more likely to carry these new norms forward.

Benefits to organisations: When fathers and partners take parental leave, organisations report better recruitment, retention and promotion rates, leading to stronger performance and productivity outputs. Paid leave benefits send a strong signal of an organisation's commitment to employees, and thus these benefits can help to attract and retain top talent.

From Oxfam's 2020 report Time to Care: Unpaid and underpaid care work and the global inequality crisis:

"...paid parental leave schemes and childcare services can reduce women's vulnerability to the motherhood wage penalty and promote shared responsibility of care between men and women. Longer leave periods for fathers are associated with greater uptake of care work by men as well as changed norms and attitudes. Paid parental leave is more often taken by men when it covers a large proportion of the previous income and when it is offered on a take-it-or-leave-it basis.²⁴⁴ As of 2016, only 77 out of 184 countries fulfilled the relevant ILO standard of at least 14 weeks of maternity leave and only 32 countries offer paternity leave of two weeks or more to fathers. Additionally, childcare services remain scarce, particularly in low-income countries. Evidence shows that in countries where the government provides childcare support, either through direct provision or subsidies, 30% of women are in waged employment, compared with just 12% in countries without such policies."

We urgently need the bare minimum legislation for parental leave to increase its benefits. Organisations could top up pay to 100% for the 26 weeks, allow annual leave to accrue and stay at full value upon return to work, provide 2 weeks paid leave for the secondary carer.

4. Is there anything else that you would like to see in the Terms of Reference for this inquiry?

Survey employers to find out how many know their pay gaps and have a detailed plan to close them.