

Submission to Inquiry into the *Workplace Gender Equality Amendment (Setting Gender Equality Targets) Bill 2024*
Dr Leonora Risse

Senate Finance and Public Administration Legislation Committee
Parliament of Australia
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senate Committee Members,

Thank you for the opportunity to offer a submission in relation to the *Workplace Gender Equality Amendment (Setting Gender Equality Targets) Bill 2024*.

I offer my submission in my independent capacity as an academic economist who specialises in gender equality in the workforce. I also bring public policy experience, having previously served as a research economist for the Australian Government Productivity Commission and continuing to advise on public policy matters.

I can offer my expertise on this Bill's proposal in light of having authored a review of the research on this topic for the Workplace Gender Equality Agency (WGEA). This publication, titled *Target Setting for Gender Equality: A Review of the Literature*, is available on the WGEA website.

For full transparency, my institutional affiliations and roles are declared below. Please note that the views and findings that I present in my submission are solely my own and should not be attributed to any of the institutions with which I am affiliated or co-authors with whom I have worked.

I also declare that I made an independent submission to the Review of the Workplace Gender Equality Act and have undertaken commissioned research and consultation work for WGEA.

If my expertise can be of any further assistance to the Committee, I would be pleased to assist in further consultation.

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Key points

- Target-setting is a tool to promote and advance gender equality in organisations that is supported by research and evidence. In my assessment, the Bill's proposal to introduce target-setting is especially substantiated in the context of large-scale organisations and in settings where gender-disaggregated workforce data is already being collected and reported.
- As with all public policy, the potential gains need to be weighed up against the potential costs. My assessment is that the Bill's proposal imposes, at most, only a small additional regulatory burden upon organisations. This is because these organisations are already required to collect and report on the data that would be used for target-setting. If anything, target-setting extracts even greater value out of the resources that are already being invested into existing data collection and reporting processes.
- I have observed how the Workplace Gender Equality Agency (WGEA), as an institution, has established effectiveness by taking a research-informed, data-driven, practical approach to fulfilling its statutory responsibility to promote gender equality in workplaces in Australia. This is reflected in the evolving systems, data infrastructure, initiatives and reforms that WGEA has pursued, including the recommendations it made to the 2021 Review of the *Workplace Gender Equality Act* which included target-setting. My assessment is that the target-setting is among the evidence-based initiatives that are appropriate to WGEA's role and responsibilities, and would further contribute to Australia's continual adoption of frontier knowledge and leading practices in the gender equality space.

Background context

I was commissioned by the Workplace Gender Equality Agency (WGEA) to undertake a review of available research and evidence on target-setting as a potential tool to promote gender equality in the workplace.¹ I carried out this review in an independent capacity, objectively summarising and evaluating the literature on the benefits as well as the limitations and costs involved.

In presenting my analytical synthesis of the literature, I focused on the practical implementations. Namely, the review asks: what are the evidence-based practical implementations for WGEA in its duty to promote and improve gender equality in Australian workplaces? And, what would be the practical implementations for employers and workplaces if they were to adopt target-setting? The findings in the report were presented through this evidence-based, practical lens.

As an economist, I am strongly attuned to the fact that policy design is not simply about advocating for the case for a proposed policy. The critical lens that I applied to the review – as I apply across all my work – considers the gains against the costs. In this instance, I sought to identify the gains that could be made from target-setting against the risks of imposing additional resource demands, complexities and burdens it would place on organisations.

Drawing on the insights that I presented in the literature review, as well as other relevant work, I can offer my assessment of the benefits of target-setting relative to potential risks and other concerns that Committee members may be evaluating with respect to the Bill.

I also make the observation that target-setting was one of the recommendations of the Review of the

¹ This publication, titled *Target Setting for Gender Equality: A Review of the Literature*, is available on the WGEA website: <https://www.wgea.gov.au/publications/target-setting-for-gender-equality-literature-review>.

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Workplace Gender Equality Act 2012, meaning that this proposal has already been subject to a range of stakeholder perspectives and critical inquiry.²

Key strengths of target-setting

To offer a summary of the reasons why target-setting can serve as an effective mechanism for progressing gender equality in Australian workplaces, I would point to five key elements that a target-setting approach brings.

1) Raises salience

The requirement to set targets raises the salience of gender equality as an issue in the minds of employers. It prompts greater awareness and necessitates that employers pay attention to the issue. This helps to address complacency, oversight, indifference and potential lack of understanding among some employers.

2) Prompts action

WGEA's existing data reporting requirements already necessitate that employers invest in gender equality data and measure gender gaps in their workforce. This data-driven approach to the reporting of gender equality indicators is designed to prompt employers to pay attention to gender gaps that might otherwise go overlooked, ignored or negated. However, WGEA has detected that an "action gap" still exists in a segment of organisations, where concerted efforts, policies and actions to promote and improve gender equality are lacking.

Target-setting creates a prompt for action. Given that organisations are already required to invest in gender data collection and reporting, target-setting is a way to make fuller use of this investment and extract greater mileage from this data.

The menu of targets that WGEA has created for organisations effectively helps steer organisations to the "next step" in terms of actions to take. This approach can be considered a low-intervention behavioural nudge that helps organisations navigate options and move in the direction that is optimal for both them and the wider community. Organisations are also supported by a range of best practice resources and guidance materials by WGEA to identify what actions to take in pursuit of their targets.

3) Harnesses the strengths of data

Target-setting involves the use of quantifiable (numeric) metrics on organisation-level gender gaps and indicators. This data-driven approach inherent in target-setting creates a systematic, objective way to define, measure and monitor progress on gender equality. This is important for bringing clarity and transparency to an organisation's gender equality efforts. It enables an organisation to systematically track and communicate its progress towards gender equality over time in logical, analytical and informative way.

For the organisation, this data-driven approach inherent in target-setting can be internally informative for identifying which efforts and actions are proving to be most effective and worth continuing to invest in, and, conversely, which less effective ones should resources be diverted away from. This is beneficial from a resource efficiency perspective and for encouraging organisations to invest in an evaluation of their actions and efforts.

² Department of the Prime Minister and Cabinet (2021) WGEA Review Report: Review of the Workplace Gender Equality Act 2012 <https://www.pmc.gov.au/resources/wgea-review-report>

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4) Activates accountability

It is well recognised in the gender equality policy and change management literature that mechanisms for accountability are an effective tool for mobilising action and accelerating change in the direction of the desired outcome.

Target-setting creates this mechanism for internal accountability. It prompts employers to articulate the goal that they are aiming towards, and builds a structure for employers to hold themselves accountable for applying effort, demonstrating progress, and ideally achieving that goal.

5) Embeds into structures

Target-setting requirements are a way to embed gender equality awareness and actions into an organisation's internal processes and structures. This contributes to gender equality policies and aspirations for progress becoming a normalised part of Australian workplaces, rather than an exceptional feature of only some organisations or a variable factor where effort and interest wavers with time. This can also contribute towards the stability and longevity of these practices.

Addressing potential concerns about the Bill

In response to concerns that the target-setting requirements may be unduly onerous for some businesses, I understand the importance of recognising this factor. In sum, my assessment is that the requirements of this target-setting Bill are proportional to the expected operating capacity of these organisations of this workforce size, and should not add substantially to their current data reporting process. However, I can elaborate on this issue below.

The cost implications of gender equality policies for employers were a significant consideration in the Literature Review that I conducted for WGEA. I pointed to the diversity that exists across organisations in terms of their technical and resourcing capability, as well as differences in their maturity of knowledge, understanding and experience with gender equality actions and policies.

Resource implications and regulatory burden are factors that I have looked at in other work, including an analytical report commissioned by the Victorian Government looking at the organisation-level barriers to businesses, especially small businesses, to progressing gender equality. The report, titled *Motivating Action: Closing the gender pay gap in Victorian businesses 2024*, is available on the website of the Victorian Government's Equal Workplace Advisory Council (EWAC).³

In both the WGEA Literature Review and the Victorian Government report, factors were identified that, understandably, can work against progress on gender equality. This includes "gender fatigue" where businesses can feel overwhelmed and cognitively exhausted by the responsibilities and expectations placed on them in relation to equality initiatives and obligations. It also needs to be recognised that businesses may not engage with gender equality initiatives because their priorities and concerns lie elsewhere, including maintaining the financial viability of their business or fulfilling other regulatory requirements. These other priorities and challenges can understandably heighten during difficult economic conditions.

³ This report was co-authored by a project team comprising academic researchers (Associate Professor Leonora Risse of the University of Canberra; Professor Swee-Hoon Chuah of the University of Tasmania) and public policy specialists (Dr Angela Jackson of Impact Economics; Melissa Wells of Impact Economics; Stacey Ong of One Red Step). Information about the report is available on the Equal Workplaces Advisory Council website <https://www.vic.gov.au/equal-workplaces-advisory-council>. A direct link to the report is available at <https://www.vic.gov.au/sites/default/files/2024-09/Motivating-Action-Closing-the-gender-pay-gap-in-Victorian-businesses-2024.pdf>

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They are also generally more acute in smaller-sized organisations where there is less opportunity to leverage the efficiency gains of economies of scale.

These observations point towards the value of low-intervention approaches that minimise resource demands on organisations and leverage existing processes, systems and priorities, when designing policy levers for progress and change. The target-setting mechanism proposed in this Bill is an example of this approach. It leverages the data that employers are already required to collect. Combined with the additional guidance and informational resources offered by WGEA, target-setting is therefore a way to extract further benefit from this data investment.

Target-setting has scope to operate further as an incentive mechanism by making opportunities for government procurement dependent on the fulfilment of the target-setting requirements. However, as I have previously noted in my submission to the Review of the Workplace Gender Equality Act, there are limits to the potential effectiveness of such incentive structures for companies who are not in the business of government procurement, and for whom non-compliance does not carry meaningful repercussions for them.⁴ This limitation is where other forms of consequences, such as concerns about public perceptions and company reputation, could carry more meaningful impact.

As I alluded to in my submission to the Review of the Workplace Gender Equality Act, I would encourage target-setting – and WGEA’s reporting requirements in general – to be viewed as less of a “regulatory compliance” matter, and more as part of the productive infrastructure, supportive processes and social compact that WGEA offers Australia’s businesses, employees and community. The existence of an institution like WGEA, and the resources that it provides workplaces, is a valuable asset to the Australian business sector, workforce and economy:

“Regulatory burden is a legitimate concern for businesses and governments ... However, the extent to which WGEA’s data requirements place undue regulatory burden on organisations needs to be weighed up relative to the value that WGEA’s systems and structures bring. WGEA’s structure is there to serve the interest of businesses and their employees: in exchange for placing reporting requirements and compliance measures on organisations, WGEA provides valuable resources to employers that support their organisations to attract and retain a wider pool of talent, achieve better outcomes for the organisation, and operate more equitably.”⁵

In this light, in response to any concerns that target-setting is “too interventionist”, target-setting should be seen as a mechanism to help steer organisations towards practices and outcomes that are optimal both for businesses and for society. Optimal practices and outcomes in this case – the pursuit and achievement of gender equality – are ones that align with both the economic interests of the workforce and businesses, and with the values of the Australian community.

⁴ Leonora Risse, Submission to Review of Workplace Gender Equality Act, November 2021, pp. 13-14.
<https://www.pmc.gov.au/sites/default/files/submissions/submission-125-leonora-risse.pdf>

⁵ Leonora Risse, Submission to Review of Workplace Gender Equality Act, November 2021, p. 12.
<https://www.pmc.gov.au/sites/default/files/submissions/submission-125-leonora-risse.pdf>