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**War with Iraq: A Just War?**

**By Dr Simon Longstaff**

**Executive Director at St James Ethics Centre**

In this article which was written when the 'Coalition of the Willing' was about to engage in the war against Iraq, Dr Simon Longstaff points out that beyond the only reason offered by President Bush and his allies, that of securing peace, there is a further condition that must be satisfied in order to justify war.

*"This is that the 'quality' of the peace must be superior to that which would have prevailed if the war had not been fought...The US and its allies are painting a picture of the peace that they hope to secure; an image of Iraq as a stable and flourishing democracy – the first of its kind in the Arab world of the Middle East. Such an outcome is highly desirable – and could be a key element in any fuller justification of this war. However, given the internal conflicts between Sunni and Shia, Kurds, Assyrians and Chaldeans (not to mention secular Arabs and those of a more religious outlook) the establishment of a peaceful Iraqi democracy will be a remarkable achievement; probably only attained after many years of institutional reform under some kind of international protectorate."*

Although the war against Iraq appears to be in its final stages, Longstaff's questioning of the nature of a peaceful outcome and governance in Iraq are poignant. He also raises other issues which bear relevance to the changing nature of international relations:

*"...is it too much to hope that any decent peace could be of a kind that moves us beyond a time, in international relations, where 'might' is ultimately 'right'?"*

*"Perhaps the decisive change in the world is the rise of terrorist networks like Al Q'aeda. If so, then why not neutralise these groups and restore a strategic environment in which containment is a*

*viable option? Instead, we are left to assume that until such time as the terrorist threat recedes we will have to threaten war against all hostile states armed with weapons of mass destruction and ruled by regimes refusing to abide by the dictates of the UN."*

**To view Dr Longstaff's article see: [War with Iraq: A Just War?](#)**

## **The end of equality?**

### **Australian women and the Howard government**

**By Professor Anne Summers AO PhD**

The Pamela Denoon Lecture was inaugurated in 1989 as a tribute to her memory and as a reminder that the gains that have been made by women over the years have only been possible because of the enormous dedication of women like Pamela. Pamela died of leukaemia in 1988 at the far too young age of 46. The Pamela Denoon Lecture is one of the key activities of the Canberra-based celebrations for International Women's Day.

Professor Anne Summers in the 2003 International Women's Day Pamela Denoon Lecture analyses the net impact of the Howard government's policies against women. Her analysis canvasses previous governments' treatment of women and details whether the Howard government's policies have worked, particularly with respect to women's employment.

Comprehensively reviewing the changes in policies affecting women that have been implemented by the Howard Government since 1996, Summers reveals that, "Some of our politicians, most notably the Prime Minister, undoubtedly believed that by pulling the plug on progress and steering women back to the home that this would automatically turnaround the birth rate. What he failed to realize is that most women today want to work and that if you prevent them from doing so that is likely to propel them away from having babies. Women want both, or most women do, but if you force them into a choice that choice, increasingly as recent history has demonstrated, will be to not have children at all. In other words, the Howard approach has been totally counter-productive in terms of what he wanted, and it has done immense damage to women."

The high price being asked of women who have children is the requirement that they " subordinate the possibility of economic independence and to abandon any prospect of equality - at least while their children are young."

Contrary to what people like Pamela Denoon fought for in the 1980s - demanding that women be able to lead fully rounded lives, just as men are able to do - Summers sees this vision destroyed by the Howard government.

**Pamela Denoon Lecture 2003**

**The end of equality?**

## **Australian women and the Howard government**

**Anne Summers AO PhD**

**Australian National University, Canberra, 6 March 2003**

### **Friends of Pamela Denoon**

It is my very great pleasure to be able to deliver the 2003 lecture that keeps alive the memory of Pamela Denoon.

As many of you will know, Pamela died of leukaemia in 1988 at the far too young age of 46. She approached her death in the same cheerful and organized way that she lived her life and ensured that her good work would continue by leaving \$100,000 in her will to ensure the perpetuation of work to benefit women.

I had the good fortune to work with Pamela in the mid-1980s when I was at the Office of the Status of Women and she was the energetic public face of WEL in Canberra and I have very good memories of her and how impressive she was.

Even though we sometimes came at issues from slightly different perspectives, given that I was a femocrat and she was a feminist lobbyist (a femolob?), we shared a great deal of common ground. We both worked on putting together support for the Sex Discrimination Act and on lobbying for the Affirmative Action legislation - two measures that went to the heart of creating the conditions for women's equality in employment.

It is not easy to recapture today the excitement and the enthusiasm of those early years of the Hawke government, when so many of the policies and programs we in the women's movement had fought for were finally coming into being.

They were heady days. So much happened - and in such a short time. We saw this as natural and even inevitable given our unshaken belief in the right of women to enjoy equality with men.

Just twenty years ago it all was, yet it now seems so far away.

We believed at the time that the changes that were happening would permanently transform the world for women.

What we did not know then, and could not possibly have foreseen, was that a mere thirteen years later these great reforms would begin to unravel, principally as a result of the atavistic views of John Howard, the Prime Minister who in 1996 ousted the Labor government and began with almost indecent haste to impose his ideological template onto the lives of Australian women.

If Pamela were still here today I have no doubt that she would be horrified at what has happened in the years since 1996.

While she was alive, women's policy still had political traction and equality of opportunity for

women was a stated aim of government policy. It was a policy that was based on an integrated and holistic approach that recognized the essential interaction of legal, employment, industrial relations, education, childcare, taxation and other policies in order to set the preconditions for equality.

Today, things could not be more different.

As I will outline in a moment, this government began virtually from day one to systematically dismantle the apparatus designed to achieve and nurture equality of opportunity. What we have today, instead, is a government whose policy - implicit and explicitly - is to remove women from the full-time workforce.

The implications of this are profound.

Women who are not in full-time employment have no possibility of economic independence. They cannot earn a decent income. Nor can they accumulate savings for retirement. They cannot develop and maintain job skills, keep abreast of professional developments or industry standards. It is difficult, if not impossible, to retain the social skills and confidence that the workplace provides.

None of this is to say that many women will want to leave full-time employment while their children are young - but this should be their choice, not something mandated by government. Nor should taking time out to have children become a state of permanent exile from the economy - and the opportunities for equality that it provides.

**It is seven years this week** since the Howard government was elected to office.

In John Howard, Australia got its most reactionary Prime Minister for at least thirty years. Howard is a self-confessed social conservative who has a "white picket-fence" view of society and history. Women belong in the home, he believes. His own wife, Janette, has not been employed outside the home since they were married. Once installed in Sydney's Kirribilli House - he declined to live in the Prime Minister's official residence, The Lodge in Canberra - he immediately began his assault on the employment opportunities of women.

His strategy was swift and transparent. First, he hacked into funds for services that helped women to achieve economic independence. Secondly, he either abolished or slashed the funding, reduced the prestige and, more importantly, the authority of those government offices whose job it was to ensure that women's interests were protected.

By the end of Howard's first year in office, the Women's Bureau in the Department of Employment, Education, Training and Youth Affairs had been shut down, the Sex Discrimination Commissioner had been forced out of office, and a serious effort had been made to merge the Affirmative Action Agency with the Office of the Status of Women - which in turn had had its budget and influence slashed.

There was thus no internal bureaucratic obstacle to turning back the clock for women. The 1996 budget introduced policies that were the first step in a campaign to force women from the full time

work force that continues to this day.

In that budget the government drastically cut funding for childcare.

Operational subsidies for the popular community-based centres were abolished, leading to a weekly fee increase of around \$20 per child. The Budget also attacked the Child Care Rebate (which had been introduced by the Keating government to make child care more affordable) reducing the amount payable to families earning more than \$70,000 per year. The Childcare Assistance payment was changed from fortnightly in advance to fortnightly in arrears - meaning families had to find the money upfront - fee relief was capped at 50 hours per week, thus for the first time attempting to influence how many hours a woman worked, and the number of new long day care places to be funded was restricted to 7000 a year for 1998 and 1999.

The total effect of this combination of measures forced large numbers of women out of paid employment. A Brisbane woman who operates a private child care centre said, in a response to a research survey I conducted in late 2001, that the impact was immediate: "We found actually being in the industry that when they did the cutbacks that numbers dropped significantly across all the child care centres and people were having to stay home".

In just two suburbs in Sydney's west, Fairfield and Liverpool, 1547 women left their jobs. This was a greater number than the 1200 men who lost their jobs in the 1999 layoffs by BHP. That caused a huge political uproar: unions, the community and the Labor Party all joined in the protests. By contrast, three years earlier, when a greater number of women were forced out of their jobs as a direct result of government actions, there was not a peep from the trade unions. The Labor Party protested the budget cuts at the time they happened but federally there was no follow through on the consequences for women.

Altogether, around \$850 million was taken from childcare between 1996 and 2000, resulting in many centres having either to close down or to greatly increase their fees. In those five years, women's employment participation rate in those western suburbs of Sydney fell from 49.9 per cent to 47.2 per cent.

We all know there is a direct relationship between the availability of affordable childcare and women's participation in the workforce. An Australian Bureau of Statistic study late last year showed that 3.8 million Australian were not working or not looking for work. Two thirds of these were women and 29 per cent of these women said that lack of childcare was keeping them out of the workforce.<sup>1</sup>(<sup>1</sup>Matt Wade, "Men staying out of workforce while women take up slack" *Sydney Morning Herald* 22 October 2002)

There could be no clearer demonstration of this phenomenon than what happened after the 1996 Budget but no measuring of the consequences for women of these cuts took place in Canberra.

The offices and agencies that had responsibility for monitoring such things were themselves victims of the same budget. Foremost among them was the Office of the Status of Women (OSW). It was of course OSW's job to advise the government of the impact on women of all new policy proposals. That included the Budget and in the normal course of events OSW would have warned the government that such drastic reductions to the child-care budget would likely lead to a decline in

women's employment. OSW may well have told the government this but if it did so, its advice was ignored.

OSW's influence had been waning for some time. The Keating government seldom listened to it and it was hardly to be expected that under John Howard its fortunes would improve.

Nevertheless, the fate of OSW became something of a litmus test for how John Howard would treat women politically. Would he abolish it? Would he do what his predecessor Malcolm Fraser had done and transfer it out of his own department into a junior and ineffective area where it would have no power and little influence?

(The Office of Women's Affairs, as it was known prior to 1983 when it was returned to the Department of the Prime Minister and Cabinet by the Hawke government, had been located by Fraser in the unfortunately named Department of Home Affairs.)

Howard did neither. Instead, he surprised everyone with his political cunning. Rather than create a political storm by abolishing OSW and giving women a rallying point from which to attack his government, he chose to ensure that the Office would become politically impotent by appointing as its new head a woman with absolutely no qualifications or credentials to do the job.

Pru Goward had been an ABC political broadcaster and she liked to tell people that she was an extremely close friend of the Prime Minister. Goward was married to David Barnett who had been press secretary to Malcolm Fraser throughout the seven years of his Prime Ministership.

Her conservative credentials were not in doubt. What was very much open to question was her ability to run a large policy office within Canberra's powerhouse department. The press interviews she gave at the time of her appointment caused consternation among those who believed that government legislative, policy and program support was essential for women to continue their quest for equality.

In a speech delivered after she had been in the job for about six months, Goward questioned the value of sex discrimination and affirmative action legislation postulating they might be "damaging to the employability of women".<sup>2</sup>(Kimina Lyall, "Sister No 1 says the system's not working" *Australian* 20 November 1997)

This was an outrageous claim from the head of the Office that had initiated these two landmark pieces of legislation, both of which were designed to safeguard women's employment conditions. It was obvious from this and other public comments that Goward was unlikely to be a protector of women in the workforce.

The axe had already been taken to OSW before Goward arrived. Its staff had been more than cut in half, resulting in its budget being slashed from \$5.58 million to \$3.68 million. When Goward was asked, as part of an interview for a profile in *Vogue*, to comment on these cuts, she replied somewhat disingenuously "It is surprising what can be done without money".<sup>3</sup>(*Esther Oxford, "Desperately seeking Pru" Vogue Australia* July 1997 p 86)

The reason for the staff cutbacks was because the government had abolished the \$1 million

program of grants to women's organisations that had been established a mere two years earlier. After strenuous protest against this, the program was restored but only to 50 per of its previous level.

The Women's Electoral Lobby (WEL), the organization that Pamela Denoon had helped to make politically potent, and the one and only staunchly feminist organisation that had been in receipt of money, was denied funding. Seven years later, WEL still cannot get any money out of the government in Canberra.

The government had also abolished the Register of Women in OSW. This was a list of names of women qualified to serve on government boards and authorities and had been a vital resource in ensuring that suitable women were submitted for consideration.

In 1992, when I worked for Paul Keating I had used the Register to trawl for women who might be appropriate to serve on the Board of the Reserve Bank of Australia. It had thrown up a number of possibilities - including Janet Holmes a Court, the person whom Keating ultimately appointed.

Certainly, the Register had its weaknesses and was no good at all if it was not kept up to date, but that was a case for resourcing it, not getting rid of it. Goward announced that she intended to use executive search firms to find board positions for qualified women. "No company will be able to resist putting women on their boards once they see the results," she said in a breath-taking display of naivety.<sup>44</sup> Esther Oxford, "Desperately seeking Pru" *Vogue Australia* July 1997 pp 88-9)

It is of course notorious that Australian companies have been very slow to appoint women to their Boards.

According to a census conducted in 2002 by the Equal Opportunity for Women Agency (the old Affirmative Action Agency) women hold only 8.2 per cent of the directorships of Australia's top 200 companies. [In] 1996 the figure was even lower.

But Goward's comments revealed a fundamental misunderstanding of the role of the Register and of OSW. The Register was a resource for making appointments to government boards and authorities. The government has no power to force private companies to appoint women to their Boards. It can encourage them to do so, and has done over the years - but with a conspicuous lack of success.

**It was perhaps not surprising** that the Human Rights and Equal Opportunity Commission (HREOC) was firmly in the government's sights. This agency had a statutory responsibility to take action on complaints of discrimination on the grounds of sex, race or disability. Over its twelve-year existence it had handled thousands of complaints, and had provided remedies and a degree of justice to a great many of these complainants.

Before HREOC existed women had no federal protection against discrimination in employment in education or in the provision of goods and services because of their sex or their marital status or because they were pregnant. Also, there had been no protection against sexual harassment, which was - and is, still - scandalously common in the work place. By establishing HREOC, the Hawke government had sent a strong signal to the Australian people that it believed their rights deserved

to be protected.

In 1996, the Howard government sent a very different signal by cutting HREOC's budget by a staggering 40 per cent. This meant that one third of its staff had to be let go. At the same time, the Human Rights branch in the Attorney-General's department had its staff cut from 21 to 5.

The government did not stop there. The Prime Minister publicly accused the Sex Discrimination Commissioner, Sue Walpole, of being "a Labor stooge" thereby in effect forcing her from office. She resigned in February 1997. The job stayed vacant for fourteen months.

This was an extraordinarily long time for there to be no one in the position, (and, if we want to be technical, it was also a breach of the legislation) and it was hard not to be suspicious that the Government was casting round for ways to abolish the position altogether.

After all, the government had tried to force a merger of the Affirmative Action Agency and OSW. It evidently thought that if it grouped all its women's business in one location it would be easier to control - or even eliminate.

The plan had been proposed by Max Moore-Wilton, the head of the Prime Minister's Department. When he laid it out before Catherine Harris, then head of the Agency, she pointed out that her office had statutory responsibilities under the *Affirmative Action (Equal Opportunity for Women in Employment) Act 1986* and these could not, legally or otherwise, be fulfilled by a policy-advice unit such as OSW. The plan was mad but it was a good indication of where the government's thinking lay.

Perhaps the most ominous of all the announcements of the new Howard government was the review of the Women's Bureau in the department of Employment, Education, Training and Youth Affairs.

For more than thirty years the Women's Bureau had tracked trends in women's employment and had, in particular, been a strong advocate for equal pay. It existed within the bureaucracy long before other women's policy advice mechanisms, such as OSW, had been created and it had done an effective job in monitoring women's employment and remuneration.

That it was being reviewed was worrying. Without this kind of knowledge base and the specialist policy focus that comes from concentrating on a particular area, expertise soon wanes and is rapidly lost. And without the expertise, it is impossible to monitor trends, detect changes and analyse their impact.

A few months later the government announced its abolition.

Its functions were being "mainstreamed", the Minister announced, using the argot of the day. In future, all work to do with monitoring women's employment would be handled by the department as part of its usual work.

Yeah right!



As we came painfully to learn, mainstreaming = oblivion. Once you "mainstream" something, that's generally the last you are going to hear of it.

In the six years since the Bureau was abolished the Department has not produced a single document or other report on women's employment.

Similarly, the detailed information on employment, including women's employment, that used to be collected by the annual Australian Workplace Industrial Relations Survey was stopped. The last such survey, which included detailed data on the availability of paid maternity leave, was conducted in 1995.<sup>5</sup> (*Valuing Parenthood. Options for Paid maternity Leave: Interim Paper 2002* Sex Discrimination Unit, Human Rights and Equal Opportunity Commission, 2002 p 20)

Protecting the interests of women in employment was not of any interest to the Howard government. In fact, it wanted women to leave the workforce - and, as I shall explain, it soon set about using other policy levers to achieve this.

And just to hammer one final nail into the coffin containing the knowledge base about women that had been so painstakingly built up during the 1980s, the 1996 Budget also abolished the Women's Statistics Unit in the Australian Bureau of Statistics (ABS).

This unit had been a joint venture between OSW and ABS and it produced some splendid publications such as the *Australian Women's Year Book*, a compendium of statistical information about women. The book tracked all sorts of trends in areas such as women's employment, wages, contribution to family incomes, women on boards, indigenous women, violence against women and a host of other key indicators of women's status. Without such information, it was impossible to track women's progress.

(In 1999, a new publication, *Women in Australia*, was produced by OSW. It is very similar to the old Year Book and contains a lot of valuable statistical information which is a very welcome return although the publication is somewhat marred by its tendency to promote government policy rather than just outline information.)

You can see the sort of pattern that was starting to emerge in the first year of the Howard government. All the women's policy advice mechanisms had been enfeebled but it was those that promoted or protected women's employment that took the biggest hit.

Soon, women in employment would have few if any policy champions in Canberra. Nor were their legal protections safe from the predatory ideologue who now occupied the Prime Ministerial suite.

In 1996 the government slashed HREOC's powers, stripping it of the ability to conduct public hearings, and taking the complaint-handling powers away from the individual Commissioners (Sex, Race and Disability). Public hearings under the three Acts would henceforth be in the Federal Court where proceedings are much more formal and hence potentially intimidating to complainants - and, it goes without saying, very expensive.

Complainants were required to lodge a \$1,000 filing fee in the Federal Court and because the 1996 budget had cut \$120 million from the Legal Aid budget there was little chance of low-income

complainants getting any assistance with this fee.

The complaint-handling powers were bestowed on the President of the Commission, thereby weakening the individual Commissioners who lost not just a major part of their jobs but also their specialised research functions and with it the knowledge of trends in discrimination that came with hand-on complaint handling.

When the government introduced the legislation to remove the complaint-handling powers there was a flurry of opposition, especially from women's groups that pointed out that it would significantly weaken the Act, and reduce the protection afforded women. As a result of this agitation, the legislation was referred to the Senate Legal and Constitutional Legislation Committee which conducted public hearings on the proposed changes and, in particular, sought the views of women.

As if to demonstrate publicly how little grasp she had on what was happening on her watch, Pru Goward wrote a fierce letter to the *Financial Review* newspaper disputing its report of the complaints of one women's group about the legislation. "Wrong." Goward wrote. "There is no such legislation."<sup>6</sup> (*Australian Financial Review*, 1 August 1997) She went on to say: "If the Women's Movement is to be a constructive and respected force for change in Australia, it must base its arguments on, as a minimum, accurate facts."

Sadly for Goward - although even more tragically for the women of Australia - there not only was such legislation but it had already passed through the House of Representatives and been introduced into the Senate in June 1997, a few weeks before Goward wrote her letter.

Such was the quality of the policy protection women enjoyed under the Howard government. It should have been the job of OSW to fight tooth and nail to prevent this legislation. Instead, the head of the Office did not even know of its existence.

Within three years of the Commissioner losing her complaint-handling powers, the number of complaints under the Sex Discrimination Act had dropped from more than 2000 a year to just over 300. It would be nice to think this was the result of a dramatic decline in discrimination against women but we know that, unfortunately, was not the reason.

The enfeebling of the Sex Discrimination Commissioner's functions was yet another example of government actions designed to remove women's issues from public view. It is no coincidence that yet again the attack was largely against women's rights in employment. The Howard government seemed to think that it did not matter if women suffered discrimination or harassment in the workplace. Or, if it were happening, there was apparently no need for us to hear about it.

By the end of John Howard's first year in office, the government had culled the agencies that monitored women's status, had emasculated the agency charged with protecting women's rights and had placed all powers concerning the status of women in the hands of a person who was deemed to be politically reliable but when it came to women's policy and what the government was doing (or destroying) demonstrably did not know what she was talking about.

The result of all this was that within a very short time, Pru Goward's was the only non-Ministerial

voice speaking out about women in the Howard government. Given her lack of experience and her seeming disagreement with so many primary tenets of feminism, this was a scary situation.

Goward did not last long in the OSW job. After just two and half years, she left - unable to cope, apparently, with bureaucratic tripwires and a tense relationship with her Minister. She whiled away her time in a couple of other jobs until June 2002 when, to the disbelief of even the most cynical Howard-watcher, she was appointed Sex Discrimination Commissioner. The very area she had said might be damaging to women's employment prospects was now under her command.

Once in the job, Goward surprised many - and won the support of the ACTU and several women's groups, including WEL - for her championing of the cause of paid maternity leave. It is fair to say that, because of her espousal of this policy, often finding herself in direct conflict with government ministers, she has been rehabilitated in the eyes of some women's groups.

**It is worth remembering that** the 1996 election that put John Howard into office also saw the largest-ever number of women elected to federal parliament.

Overnight, the percentage of women in Canberra increased from 15 to 25 per cent. Even more striking was the fact that of the 22 new women elected, 16 of them were Coalition members and 13 of these were now members of the House of Representatives. Throughout the 1980s and the early 1990s it had been Labor that had sent women to Canberra - and they had mostly gone into the Senate.

Now the position was reversed.

The conservative parties could boast a greater number of women among their ranks. As it turned out, their presence in Canberra coincided with one of the greatest roll-backs in women's entitlements we have ever seen in this country. These new women MPs were not champions of their sex. They, like their male colleagues, were only too willing to give women the cold shoulder.

It is also worth recalling the extent to which John Howard had been prepared to jettison the legacies of his political forebears, almost all of whom had championed the movement of women, especially married women, into the workforce.

In 1963 Howard's political mentor, Sir Robert Menzies, had established the Women's Bureau giving it an explicit remit to protect the interests of women in employment. In 1972, just before he was defeated at the polls, Sir William McMahon, the last Liberal Prime Minister before John Howard to have come out of Sydney, had introduced the first Child Care Act. This became the basis of the childcare program that would expand so dramatically under the Hawke and Keating governments.

At first, Prime Minister Malcolm Fraser, who displaced the reformist Gough Whitlam in the 1975 elections, looked as if he would dismantle much or even all that his predecessor had put in place.

He was persuaded not to do so by Liberal Party women, principally Dame Beryl Beaurepaire, who was head of the Liberal Party Women's organization. Instead, he retained funding for programs such as women's refuges, and he instituted the National Women's Advisory Council, headed by

Beaurepaire, which in turn fought off various proposed cuts to women's entitlements.

Fraser in fact went on to instigate a policy initiative that was of enormous benefit to women. This was his famous "wallet to the purse" initiative, the Family Allowance.

This scheme combined the old child endowment payment that was paid to the mother but which had been whittled away by inflation, with the dependent children's tax rebate which the father invariably claimed and which had held its value. These two benefits were combined into a single cash payment, to the mother, without any means or income testing, on a sliding scale that was tied to the number of children in a family.

The payment was triggered entirely by the presence of children, not the employment status (and hence income) of the mother which meant it was policy-neutral in terms of influencing women's choices about employment. It was also a very generous payment, recognizing the significant costs of having children.

For the first child, the mother received a payment of \$3.50 a week, and \$5 for the second. In today's money that amounts to \$14.70 a week for the first child and \$21 a week for the second. A woman with two children received \$71.40 a fortnight. Today, under the Family Tax Benefit Part A which is the only current family payment that can be accessed by women with more than pittance in income, a working mother with two children receives a base rate of a mere \$81.48 - or just \$10 more, twenty five years later.

**The second part of the assault on women's equality** occurred through the use of government policy to skew women's employment choices. The Howard government has made ruthless use of childcare, employment, social security and taxation policy to steer women with children out of the workforce and into full-time motherhood, in the process imposing substantial financial penalties on mothers who continue to work.

In 2000 the government resumed funding the expansion of the childcare program. At the same time, its childcare assistance package was pitched at such low income levels that, along with other forms of family assistance, only those on extremely low incomes receive any help.

What the government has effectively done is to "welfarise" family and childcare assistance. In order to qualify for the maximum weekly Child Care Benefit of \$133 a family's combined annual income cannot exceed \$30,806. That is \$592 a week and is, I hardly need point out, less than average weekly earnings.

Child care costs an average of \$50 a day, or \$250 a week, in Sydney. And that's just for one kid! How could a family earning just \$592 a week afford to pay the gap of \$117 a week to meet the rest of the cost of child care? The answer is that they can't - and they don't.

In 2001 I undertook a project of focus group research among Australian women in Sydney, Melbourne, Brisbane, Bathurst and Townsville on a range of issues relevant to their lives. These were women from ordinary families, a mixture of full-time mums and women working full or part time.

Not one of these women could afford formal child care. Those who worked relied on families or, more commonly, arranged their working lives so that one parent was always home and there was no need to pay for childcare.

These couples hardly ever saw each other. One of the women described her life with her husband as "a tag team". She wondered when they would ever get their relationship back. Such families are paying a high price for women wanting to work and to have children and, I can tell you, they are not happy about it.

Under this government formal child care has become something only well off families can afford. It is not surprising then to learn that use of formal childcare increases dramatically with income. With families earning weekly income of \$2,000 or more 61 per cent of their children were in formal care, compared with 46 per cent of families with weekly income of less than \$400.<sup>7</sup>

<sup>7</sup>Australian Bureau of Statistics 4402.0 *Child Care, Australia 1999*

While childcare policy actively discourages women from seeking employment, family and baby assistance policies developed by the Howard government blatantly seek to keep women in the home or to restrict their economic activity to low paid part-time work.

The most notorious of these policies is the awkwardly named Family Tax Benefit Part B. This provides assistance to single income families or families where the wife earns less than \$1,752 a year. Under this scheme families can receive up to \$54 a week for children under the age of 5.

What is so unequitable about the policy is that the primary earner's income is not taken into account when calculating these payments. In other words, a family where the husband earned \$3 million a year and his wife stayed home would qualify for the \$54 a week for a young child - or \$37.94 if the child is over 5 and under 15.

Compare this to the miserly approach to childcare assistance. Remember that help with paying childcare fees starts to cut out when combined family income exceeds \$30,000 a year.

No prizes for guessing who is disadvantaged by this policy. It is, of course, working women. They don't get \$54 a week to help with the children's expenses. In fact, the withdrawal of benefits and the way the tax system works means a woman earning just \$14,000 a year will lose almost 60 per cent of her income in tax.

Professor Patricia Apps of the University of Sydney has calculated that a woman earning \$14,000 a year (with a husband bringing home \$30,000) will pay \$8,500 in tax - a much higher rate than professionals whose incomes have several more noughts at the end of them.

Even the government concedes this is the case. Figures released last year by Senator Amanda Vanstone comparing the situation of two families earning \$70,000 gross annual income demonstrate that the single income family on this amount is considerably better off than the couple where it takes two people to bring home this income.

After paying taxes and losing family benefits, the double income family is about \$75 a week better

off than the single income family. However, once the costs of working are factored in, including the cost of childcare, the situation changes dramatically. On Senator Vanstone's own figures the double income family is \$2400 a year worse off than the single income family.<sup>8</sup> (8) "Does sharing the paid work burden make couples better off?" *Work and Family Fact Sheets* (July 2002) Income and Employment 3.7 Released by the Minister for Family and Community Services.)

So the low paid working woman is considerably worse off than the stay at home wife of the rich man who is subsidized by taxpayers because the Prime Minister approves of her lifestyle.

How fair is that? It goes against the principles of equity and equality and, in the process, particularly penalizes women.

Yet John Howard has the gall to brag about this. On the Channel 9 Sunday program last weekend (March 2), the Prime Minister made the following statement: "We've eliminated the bias that used to exist against single income families. We've effectively introduced income splitting."

He confirmed with this statement that it has been the intention of policy to introduce a bias against families where women work. He also backed up Professor Apps's contention that the tax system penalizes such families by allowing well-off families to split their incomes for tax purposes while families where both partners work are taxed as individuals - plus pay an effective marginal tax rate that is considerably higher than the 48 per cent highest tax rate levied on high income earners.

How fair is this to the hundreds of thousands of Australian mothers who want to work?

Similarly, the Baby Bonus, which was John Howard's own personal policy "baby" when he announced it during the last election, also is blatantly discriminatory against working women.

The government is spending some \$500 million on this scheme. It enables first-time mothers to claim a tax rebate of \$2500 a year of the taxes they paid in the year before the baby's birth. In order to qualify for the maximum rebate of the entire tax paid in the year before the baby's birth a woman must stay at home for five years.

This policy has been criticized even by conservative women's groups because it does nothing for women who are already at home (although, as I have argued, these women are already well looked after by Family Benefit Part B) - and because it only applies to the first baby.

If it were a birth-rate driven policy, i.e. a policy designed to encourage women to have more babies, it would apply to the second children. Perhaps it would apply only to the second and subsequent child as an incentive to women to have more children. But that is not the intention of the policy.

It is quite clearly designed to entice women from the workforce - and then to force them to stay home for as long as five years.

After five years many women will find it very difficult to return to their jobs - especially to skilled or professional jobs where one needs to keep abreast of knowledge and trends.

I regard the Baby Bonus as the most insidious of the Howard government policies designed to

undermine women's equality. This is because it so blatantly seeks to remove women from economic activity and to deskill them, ensuring they can never return to anything like the same level of employment.

We know from research by Dr Bruce Chapman from the Australian National University and others that a woman with average education who has a child will have lifetime earnings totalling \$160,000 less than a woman who does not have a child.

To devise policies that will further increase the economic price women are expected to pay for having babies is not just unfair. It is cruel.

This is no white picket fence the Prime Minister is offering. This is a white picket prison.

This is a prison that not only confines women but crushes their economic potential.

Far from benefiting women, as the Prime Minister claims, the Howard government policies that entice or coerce women from employment are increasing their vulnerability, making them economically dependent and reducing their future options. They may well be on a permanent slippery slope of economic dependency on a husband who, a woman must fervently hope, will never leave.

It is worth recalling the famous words of the American feminist Betty Friedan who once said that "all women are just a husband away from welfare".

**So what has been the net impact** of these Howard government policies against women in employment? Have they worked? Or is the force of history just too great for the tide to be turned back now?

Let's look at the evidence.

This will involve me having to give you a few figures. I know this can be hard to listen to so I shall keep them to a minimum - but I hope you understand that it is necessary to support my argument.

The steadily rising participation of women in the work force, and especially married women with children, has been one of the great social and economic phenomena of the past thirty years. In 1966 women comprised just 29 per cent of the workforce; by 1990 that had risen to 42 per cent and 44 per cent in 1998.

Although the work force participation rate of each succeeding generation of women continues to increase, there have been some recent peculiarities about the Australian situation that seem to be the result of political interference.

The employment rate of women in Australia is markedly lower than any comparable industrialized country apart from the UK. Even countries with strong histories of entrenched traditional roles for women, such as Ireland, Italy, Spain and Turkey, have much higher participation rates (between 70 and 80 per cent) than Australia's 60 per cent.<sup>9</sup> *OECD Economic Outlook 2002* cited in Women's Employment - international view. Work and Family Fact Sheets released by the Minister for Family

and Community Services, Amanda Vanstone, July 2002)

Not only is Australia's rate relatively low, internationally speaking, but more than 40 per cent of Australia's working women are employed part-time. This is one of the highest rates of part-time employment in the world, and is double that of a country such as the United States.

In other words, despite Australia priding itself on being an advanced modern economy with great opportunities for women, when it comes to employment we actually rank with Switzerland and the Netherlands, two of the world's most misogynist nations when it comes to women's employment.

Women hold 72 per cent of all part-time jobs and it is a sector that is growing. Forty per cent of women are in part-time jobs compared with just 13 per cent of men. That's a lot of women. And not all of them work part-time by choice. The Australian Bureau of Statistics says that 430,000 of these women would prefer to work additional hours.

Fulltime women workers still outnumber their part-time employed sisters but the balance is rapidly changing and it is not inconceivable that before long 50 per cent all women in employment will be in part-time jobs.

To put it another way, despite the growth of the economy, the rise in employment and the spectacular rise in women's employment, the proportion of women with full-time jobs has changed very little in thirty years.

Professor Bob Gregory, professor of economics at the Australian National University, has pointed out that while in 1966, 32 per cent of all women were in full-time work that figure had risen only to 34 per cent in 1999.<sup>10</sup> (Adele Horin, "Welfare the source of women's income" *Sydney Morning Herald* 1 August 2001, Plus interview with Professor Gregory)

Between 1985 and 1998 the number of women in the labour market rose from 2.7 million to 3.9 million, but the numbers in full-time jobs actually fell.

There appear to be two causes of this.

The number of full-time jobs is declining and most of the growth in employment is in part-time, especially casual, jobs. In a speech last year to the Liberal Party Federal Women's Conference, the Minister for Revenue, Senator Helen Coonan, said that under the Howard government the number of women in part-time jobs had increased at more than double the rate of women in full-time jobs.<sup>11</sup> (Senator Helen Coonan, "Women's Business" Speech to the Federal Women's Conference 12 April 2002))

She is right. Since 1996 part-time employment for women has grown by 18 per cent while full-time jobs grew by less than 6 per cent.<sup>12</sup> (*Women under Pressure. Women and the 2002-2003 Federal Budget* The Australian Labor Party response to the Federal Budget p 15)

Many women would like full-time jobs but these days a full time job requires as much as 42 hours in attendance. The old 35 hour week has gone the way of button-up boots - and women, especially



women with kids, are suffering because of it.

But rather than approach this situation creatively and look for solutions that might increase women's economic options, John Howard has recently begun to champion part-time work as the only economic option for mothers. It is as if he has abandoned Australian mothers by refusing to take any responsibility for finding ways to make their situation easier and their options greater.

He appears to believe that young professional women have no such dilemmas.

"We are in the post-feminist stage of the debate," the Prime Minister told the *Sydney Morning Herald*. "The good thing about this stage is that I think we have broken through some of the old stereotypes. I find that for the under 30s women... the feminist battle has been won. That is not an issue. Of course, a woman has a right to a career. Of course, women are as good as men. Of course, they are entitled to the same promotion and they can do it as well. Of course. That is accepted..."<sup>13(13)</sup>Quoted in Jennifer Hewett, "The mothers' club" *Sydney Morning Herald* 7-8 September 2002)

What he does not address is how these young women are going to combine their careers with having children.

The Howard model of motherhood is such a limited one that it cannot accommodate the notion of a woman working, full-time in a job she enjoys, at the same time as she has young children.

He had an opportunity to showcase his support for such a model in 2001 when Jackie Kelly, his Minister for Sport and Tourism announced she was pregnant with her second child.

A year earlier Kelly had become the first Minister in a federal government to give birth, and in doing so she provided a stellar example of the modern - albeit privileged - working mother. Being a Minister she had plenty of staff support and could bring her baby to work - even when working entailed getting on a plane and travelling around Australia.

But in November 2001, when John Howard was returned to office for a third time and was putting together his new Ministry, Kelly announced that she had asked the Prime Minister to not include her in his new line-up. She gave as her reason "family and other personal commitments at this time".<sup>14(14)</sup>Julia Baird, "Tears at Kelly's pregnant pause" *Sydney Morning Herald* 24-25 November 2001)

Of course, Kelly is entitled to choose how she handles her family commitments but she has choices that [are] simply not available to the majority of working mothers who are forced by the need for money to stay in the workforce after their babies are born.

Had she stayed on in the Ministry she - and the government - could have showcased for business and other employers of high-flying professional women that it is possible to combine motherhood with a demanding job if the employer is prepared to provide a supportive environment. Instead, the government and the Minister seemed to be saying that it is not possible, especially that it is not possible when it comes to a second child.

Yet it is the second child that is the crunch for so many women. They can cope with one, and still manage their working lives, but the demands of the dual life often impose impossible burdens once the second child is born. That is why many women today are having only one baby. If the government seriously wants to encourage women who want to work to have more than one baby it should start to look for ways to make it easier for women. Starting at the top, with a minister with two small children continuing to do her job, would have been a good start.

**If ever he bothered to ask them** I believe John Howard would be shocked at what Australian women have to say about their lives today.

Rather than the white-picket paradise he envisages for them, women want to make their own way in the world, to not be dependent on men who may turn out to be unreliable or simply not the one. They want good jobs, often careers, and they want their own houses and other material goods. All this before they even begin to think about having babies.

In other words, the notion of equality is firmly implanted in the psyches of Australian women and they are not going to easily let go of it.

The Prime Minister cannot change what is inside these women's heads but he can - and is he - making life very difficult for them.

I was surprised when I did my focus group survey of women to find that although the young ones, in particular, especially value the many choices they have they are starting to feel pressured.

A surprising number of women use the word "hard" to describe their lives. Most of them were not talking about financial hardship. Instead, they are referring to the choices they need to make. "You put yourself in a hard place but it's all up to you," said a Sydney woman from the 21-26 age group. "I have friends who are married with kids and they do all right. Sometimes I think it would be good to be married and have kids. I probably will, but..."

There are many choices these young women need to make: what kind of job or career, relationship choices, travelling - when and where and for how long? And, of course, the question of kids. Most women today appreciate that they have more choices available to them than their mothers - and certainly their grandmothers - ever did. "I am 26 and single, my mum had three children by that time," commented a young Sydney woman. They want to take maximum advantage of these choices.

Yet these choices and the hardships they can involve are not valued by the political rulers of our country. They are not even acknowledged. To listen to the Prime Minister you would think that life for Australian women today was just hunky dory.

Increasingly, women have responded to the hard choices now confronting them by having fewer children, having them later in life or, in almost 30 per cent of cases, not having them at all. The result has been a drastic decline in the birth rate that has policy-makers concerned about an ageing population and, increasingly and ominously, blaming women for this.

Australia's fertility rate is 1.75 and falling. In some urban areas it is below 1.6 children per women.

It is the lowest rate on record, lower than that experienced during the Depression of the 1930s, and it is insufficient to replace the population. As a result our population will increase in age in coming decades.

Some of our politicians, most notably the Prime Minister, undoubtedly believed that by pulling the plug on progress and steering women back to the home that this would automatically turnaround the birth rate.

What he failed to realize is that most women today want to work and that if you prevent them from doing so that is likely to propel them away from having babies. Women want both, or most women do, but if you force them into a choice that choice, increasingly as recent history has demonstrated, will be to not have children at all.

In other words, the Howard approach has been totally counter-productive in terms of what he wanted, and it has done immense damage to women. Women feel cheated that they are being forced to choose between employment and motherhood. Young women today grew up in a society that promised them both and they are entitled to feel they deserve both.

But we are asking such a high price of women who have children. They are being required to subordinate the possibility of economic independence and to abandon any prospect of equality - at least while their children are young.

This is not what people like Pamela Denoon fought for. She, and the women who helped fashion the changes in the 1980s that made equality for women possible, expected - in fact demanded - that women be able to lead fully rounded lives, just as men are able to do.

That was her vision of equality and it is that vision which has been destroyed by the Howard government.

Like the rest of us, Pamela wanted women to be able to be mothers and to be economically independent and fulfilled as individuals - in employment if that is what they chose. It was never her vision that women be shoe-horned out of the workforce and sacrificed on the altar of traditional values. Nor, if you bother to ask them, is it what Australian women in 2003 want.

How strange, and how cruel, that the person who prides himself on promoting family values has been the one to hasten the destruction of the traditional family by his efforts to make it impossible for women to lead the lives they want.

Source: Pamela Denoon Lecture 2003 presented by Anne Summers AO PhD WEL

## **Executive Salaries**

**By Dr Simon Longstaff**

**Executive Director at St James Ethics Centre**

In this article, Dr Longstaff raises some very interesting questions about the ethics of executive remuneration beginning with a consideration of how does one "reward human effort and ingenuity in general."

How does one best "measure the relative 'worth' of contributions made by those who contribute their labour rather than their capital to an enterprise."

In the context of a marked increase in the level of community concern about the issue of executive remuneration, one which will undoubtedly fade in time, but nevertheless raises some underlying issues which necessitate deeper reflection.

*"Is it really the case that people currently running major Australian corporations are motivated by the size of their pay cheque rather than the challenge and opportunities of the role?"*

*"Why do we criticise executives but remain silent about the millions earned by David Beckham? Why is it accepted that Mick Jagger can be a multi-millionaire – but not the head of a major Australian company operating in the global market?"*

*"Or could it be that we undervalue the actual contribution made by each business leader on an individual basis – undervaluing skills, creativity, risk and engagement?"*

And finally:

*"Would things be different if more people thought that business made a significant contribution to the welfare of the community as a whole?"*

## **Executive Salaries**

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This article was published on this site on 19 March 2003 in response to the [Executive Salaries Survey](#). To see the results of this online survey, [click here](#)

In recent years we have come to see a marked increase in the level of community concern about the issue of executive remuneration. Indeed, a recent visitor from the United Kingdom was heard to ask if this was a particularly Australian phenomenon – a question prompted by a series of stories published by the local press on each of the nine days of her visit!

The recent surge of interest may have been prompted by a couple of well-publicised incidents. As such, the glare of popular outrage is likely to fade over time. However, the underlying issues will continue to be a matter for deeper reflection.

Any attempt to reach a considered position about the ethics of executive remuneration will first need to address a broader set of questions to do with how we reward human effort and ingenuity in general. These questions will need to include a discussion of: how best to measure the relative 'worth' of contributions made by those who contribute their labour rather than their capital to an enterprise, how to make similar assessments of relative 'worth' when comparing the contributions of different employees working within the same organisation and the assumptions about human nature and motivation that underpin the structure of many remuneration packages.

It has been argued, by some, that payments of many millions of dollars to a few chief executives can be justified on the ground that it is a 'fair share' of the wealth that they have created for the owners. In at least one case, it has been argued that multi-million dollar salaries should be seen as a 'proxy' for the wealth that would have been earned if the senior executive had been able to hold equity in the company that he or she led. After all, why should one business leader, owning equity in the business, make millions of dollars in capital gains while another (working equally hard) is tied to a much smaller salary of, say, only a couple of million dollars a year? Why should a dollar of equity count for more, in the distribution of benefits, than a day of work?

This question lies at the heart of the great debate between capital and labour. Karl Marx was critical of a system in which the owners of capital sought to extract profits from the surplus value generated by the employees of companies in which they invested.

Yet it is not just thinkers, like Marx and his intellectual heirs, who argued that it is unfair that the work of a person's mind and body should count for less in the balance with capital. Even Adam Smith, much revered as the 'father' of the market economy, looked askance at the demands of owners for what might be considered more than their 'fair share'. Commenting on the way in which certain financial drains can hamper the competitiveness of companies in a free market, Smith observed, "Our merchants and master manufacturers complain much of the bad effects of high wages in raising the price, and thereby lessening the sale of their goods both at home and abroad. They say nothing concerning the bad effects of high profits [which many shareholders demand as the source of dividends and capital gains]. They are silent with regard to the pernicious effects of their own gains. They complain only of those of other people".

The traditional response from those who invest their capital in enterprises has been to make the central point that investors take a much greater financial risk than do employees. While employees (especially senior employees working under contract) can expect the regular payment of wages, investors can go without any return (and even lose the full value of their subscribed capital) if things go poorly for the companies in which they invest. Investors argue that, when companies perform well, their additional profits are the premium earned for accepting risk. Thus, employees who do not hold equity in a company are mistaken in comparing their wages with the capital gains that might have been earned by those of their peers who invested their own money in the corporations that they led to prosperity.

Some executives are precluded from holding equity – and claim that it is unfair that they should be denied the opportunity to earn sums equivalent to those of their peers who hold equity. However, as we have seen, executives in this position must ultimately appeal to the long and broad historical chain of arguments (Smith, Marx etc) to support their contention that they be rewarded handsomely for their efforts. However, if executives are to rely on this argument, then they are

likely to be asked to explain its selective application in cases where their interests are at stake. Many employees, working within the same businesses, will want to know why there should be so much downward pressure on their wages – with the greatest force for wage control emanating from the office of the CEO. If the argument for ‘labour’ is so compelling, why should it not apply across the board?

The usual response is to invoke the idea of ‘the market’ to explain the disparity. Put simply, a global market for executive talent (which is in scarce supply) causes the price for that talent to rise inexorably. The same global market for non-executive talent (of which there is plenty) causes the price for that talent to fall inexorably. The effective consequence of this is that an executive may be paid a sum millions of times greater than another person working in the same company.

It is sometimes argued that the market is ‘amoral’, following the laws of supply and demand without any sense of whether or not the outcomes are ‘right’ or ‘wrong’. Thus, the two largest markets in the world are for weapons and illegal drugs. Yet, even if markets or their mechanisms are ‘amoral’, it does not follow that people are (or should be). Only the ethically desensitised could fail to recognise that the massive variations in remuneration, within some companies, raise important questions. Not the least of these is to do with what it might mean to see businesses as collaborative ventures in which each person plays a vital but distinct role and where each role brings its own particular challenges and opportunities.

A few business leaders begin as entrepreneurs – building great companies from the ground up and usually putting their own capital at risk. In these relatively rare cases, the creative spark that fires up a great business comes from an individual. Yet, even then, the transition from a small to a large enterprise requires the skills of an accomplished manager – usually with skills quite different from those of the entrepreneur – and the assistance of a growing number of employees.

The traditional manager – and even the business leader (quite different types) must find success through the efforts of others. Everybody – from the receptionist to the marketing manager makes a contribution to the overall welfare of the corporation.

This is not to say that the contributions of different people are identical. Clearly, the level of skill, knowledge and understanding needed to perform various roles varies from job to job. And there can be no doubt that some shoulder greater responsibilities than do others – often with a commensurate capacity to affect the destiny of a business. However, nothing can be drawn from the mere fact of this difference between roles when assessing the relative worth of each contribution. That is, it is still open to the board and management of a business to conclude (if they are minded to do so) that the upper level of remuneration should be limited to a multiple of the amount awarded to the most lowly paid employee in the company. The US company, Ben & Jerry’s pursued this policy for many years – using a multiple of five to set the salary of its best paid people.

None of this is meant to say that CEOs should be poorly paid. It would still be open to boards to award multi-million dollar packages to top executives – just as long as all other employees enjoyed correspondingly high levels of remuneration. However, as noted above, the application of a structure like that of ‘multiples’ would not normally meet the test of being an efficient market mechanism. In response, it could be argued that there is, in fact, no such thing as an ‘amoral’ market. Markets are always the mechanism for and the result of an aggregation of choices. Choices

(even unreflective choices) are ultimately and always a reflection of peoples' values. That is, one can conceive of a market in which people freely choose to reward all employees within a prescribed band because to do so is a reflection of their values (and therefore, their interests).

It would be understandable if, to many people, this seems a rather improbable kind of labour market to pursue in practice. After all, we have been taught that free markets are driven by the engine of self-interest; with the common good being secured through the influence of the 'invisible hand'. In passing, it should be noted that there is nothing, in principle, that would prevent people from concluding that their self-interest is best served by establishing a market for labour with embedded characteristics of the kind discussed above. After all, no person can declare a market to be economically 'mistaken' in its preferences – even if those preferences are for seemingly 'artificial' constraints like 'multiples'.

A further set of issues relate to the question of self-interest. Has the engine of self-interest secured too great a place in our thinking? After all, what is 'self-interest'? Can it be reduced to nothing more than an assessment of financial benefits?

The concern here is that too narrow a view of human nature has been allowed to inform the systems and policies for setting remuneration. Some of the biggest payouts to executives have come as a result of options (and other forms of benefit) linked to the attainment of targets designed to represent evidence of adequate (and sometimes superior) future performance. The basic assumption behind these policies has been that executives (and presumably other employees) will only strive for excellence if the financial incentives to do so are defined and available. Lying at the heart of the standard executive remuneration package of the past decade is a simple idea – people are most likely to strive for success when there's a financial reward for doing so.

The trouble with this approach is that it is constantly falsified (as a general theory about human nature) by the many examples of people who are motivated by quite different reasons for action. Many people seek to excel for no reason other than that: they have promised to do so (when accepting employment), they love their work, they are committed to attaining excellence – to mastering their craft.

The one-dimensional view of people as homo-economicus just doesn't line up with contemporary or historical experience in which the building of great companies proceeded without an executive share option plan as the golden carrot used to encourage 'real' commitment. One can but wonder what it does to a human institution (like a business) when people give up on the challenge of inspiring each other in favour of buying commitment with the prospect of future gains.

All of this ignores the fact that most of the recent anger has been directed at boards and senior executives after revelations of huge payments to people who have presided over the destruction of vast amounts of value. In some cases, the departing executives insist that they receive the full value of their remuneration (as outlined in their contracts) even though they have led a process resulting in virtually every other stakeholder having to pay the price for failure by the corporation.

However, it is no longer simply the case that members of the public are expressing dismay about large payments to those who have failed to meet expectations. There is also an underlying concern about the payments made to successful business leaders. Just how much is 'enough'? Is it really the

case that people currently running major Australian corporations are motivated by the size of their pay cheque rather than the challenge and opportunities of the role? How would people choose if their pay were capped at one or two million a year?

Then there are questions about the judgements Australians make about business people when compared to top tier sporting and creative talents. Why do we criticise executives but remain silent about the millions earned by David Beckham? Why is it accepted that Mick Jagger can be a multi-millionaire – but not the head of a major Australian company operating in the global market? The different approach to business could be explained in a number of ways.

First, it might be that people do not equate business leadership with the kind of excellence exhibited by a Tiger Woods or Elton John. Each is a 'world class talent' – why not accord great business leaders the same accolade and remunerate them accordingly?

Or could it be that we undervalue the actual contribution made by each business leader on an individual basis – undervaluing skills, creativity, risk and engagement? Is our antipathy to business leaders part of a deeper antipathy to business as something less uplifting than sport or art? Is this a fair assessment or the last echo of an ancient prejudice against the merchant classes? Is money generated by business seen as more vulgar than that generated by other pursuits? Would things be different if more people thought that business made a significant contribution to the welfare of the community as a whole?

Dr Simon Longstaff is Executive Director at St James Ethics Centre © St James Ethics Centre - 2003

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#### **Human Rights Bill Threatens Human Rights Commission's Independence**

On 27 March 2003, The Commonwealth Government introduced into Parliament the *Australian Human Rights Commission Legislation Bill 2003* to amend the legislation under which the Human Rights & Equal Opportunity Commission performs its functions.

While the nature of Commonwealth legislation is obviously a matter for the Federal Parliament, the Commission does not support the bill which stands to have a detrimental impact upon the work of



the Commission.

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The bill significantly undermines the Commission's independence in the exercise of its "intervention powers".

The Commission's intervention powers allow the Commission, with the leave of the Court, to present written and oral argument in legal proceedings involving human rights and discrimination issues. The Commission has used those powers in approximately 35 cases before Australian courts and tribunals and has never been refused leave to intervene.

In a number of the Commission's intervention cases, the Commonwealth has been a party to the litigation, including in the Tampa litigation and in the recent Full Family Court case regarding the rights of transgender people to marry. The bill would require the Commission to obtain the Attorney-General's consent prior to seeking leave to intervene in such Court proceedings. In the Commission's view, it is inappropriate that a party to the litigation should also have a "gatekeeper function" in relation to potential interveners.

More fundamentally, such a proposal is at odds with the Commission role as an independent body, responsible for monitoring and promoting Australia's compliance with its human rights obligations. For that reason, the Senate Legal and Constitutional Committee recommended a similar provision be removed from an earlier bill introduced by the Government. The Commission's submissions to that Committee can be accessed at:

- <http://www.humanrights.gov.au/legal/submissions/index.html>

The report prepared by the Committee can be accessed at:

- [http://www.aph.gov.au/senate/committee/legcon\\_ctte/human2/report/contents.htm](http://www.aph.gov.au/senate/committee/legcon_ctte/human2/report/contents.htm)

The bill also alters the structure of the Commission, to replace the identified portfolio Commissioners (who are currently responsible for the areas of Human Rights, Sex Discrimination, Race Discrimination, Disability Discrimination and the rights of Indigenous people) with three "Human Rights Commissioners". Those three Human Rights Commissioners are to have overlapping responsibilities, which are not clearly identified. The Commission considers this change to be unnecessary and unproductive. The current structure of the Commission provides a strong educational and advocacy role for individual Commissioners and has received significant

community support since 1986.

The Commission notes that the Commonwealth Government has made a number of recent statements reaffirming its commitment to human rights. The Commission is hopeful that similar sentiments will lead to a reconsideration of the provisions in the bill.

Source: HREOC

## **On Leadership by Linda Nicholls**

### **Chairman of Australia Post**

Linda Nicholls , Chairman of Australia Post since 1997 and a corporate advisor and director of several leading Australian companies and organisations, discusses how Australia Post transformed its business vision to become profitable and highly reputed amongst consumers and how recent global events have given those objectives a new, 21st century focus.

*"Only 15 months ago people were frightened to receive mail because of bio-terrorism scares. Our response has been more scrutiny and inspection of mail including all incoming international mail to assure mail safety and improved delivery performance-safety and change."*

In this speech delivered in Melbourne in February 2003 at the Official Opening of the 2003 Williamson Community Leadership Program for Leadership Victoria, Nicholls says, "Ten years ago Australia Post had a problem. Our owner, the Government, expected us to do two things. First, we had to run a business, and we were expected to run it well. Second, we had to provide value to the community through our community service obligations. When we examined our business we discovered we were doing neither task well. "

### **Linda Nicholls on Leadership**

Official Opening of the 2003 Williamson Community Leadership Program  
ANZ Pavillion, 12 February 2003



**Linda Nicholls**  
Chairman of Australia Post

Linda Nicholls was appointed Chairman of Australia Post in 1997 and is a corporate advisor and director of several leading Australian companies and organisations. She is Deputy Chairman of Healthscope and a director of Perpetual Trustees, Sigma Pharmaceuticals and Insurance Manufacturers Australia. She is also a governor of the Smith Family and a director of the Walter & Eliza Hall Institute.

With hindsight, leadership used to be easier, simpler. Markets gave business leaders clear challenges-change/ growth/ innovation. In the not-for-profit sector, leaders understood that social responsibility gave them the moral and community challenges of safety, security and certainty.

September 11th, the dramatic corporate collapses of Enron, Worldcom, HIH, etc., the crisis in corporate governance, and impending war in Iraq changed all that. If leadership were ever simple it is no longer. And the challenges of leadership are no longer neatly segregated between business and community.

That's my message to you tonight: Whether you are a business leader or a community leader, your leadership challenge is to get the balance right between growth and change and safety and certainty.

How do you balance innovation and security? Growth and safety? Change and certainty? In the aftermath of September 11th we saw business and communities hunker down to either/ or choices-change or certainty-NOT both. Change and certainty were seen as mutually exclusive and the 'right' choice was certainty.

Growth v. Safety? The only 'good' growth was growing things that made us feel safer- things like airline security, visible police presence, and supplies of anthrax vaccine.

The corporate collapses fuelled the 'mutually exclusive' mentality. Innovation is risky, rapid growth is unsafe. The reaction has been black letter responses in regulations and rules that put conformance which feels safe, secure and certain way ahead of performance which might mean innovation, growth, and change. Risky things.

But some leaders are seeing the world differently. They understand that leaders need to show compassion during difficult times; they understand that time changes people's perspectives and sense of priorities. They respect the either/ or mutually exclusive mentality but they believe - they know - that leadership means doing both. Leadership means meeting market challenges for growth, change and innovation and meeting social responsibility challenges for safety, security and certainty.

This is not just savvy public relations - it's about substantive changes in what they as leaders actually do. Why? Because the stakeholders of business-shareholders, employees, customers, regulators, even financial analysts-- now want and expect leaders to understand and deliver both market and community imperatives.

The story is no different in the not-for-profit sector - communities and constituents expect more and want their institutions to grow, change, and innovate to meet these greater expectations.

This new leadership imperative to get the balance right and constantly manage the trade-offs is one we're working on at Australia Post everyday. As a GBE we have always had two objectives-financial performance and community service obligations. They are not mutually exclusive. They are the warp and weft of the fabric of our business.

Australia Post has not always performed well. Ten years ago Australia Post had a problem. Our owner, the Government, expected us to do two things. First, we had to run a business, and we were expected to run it well. Second, we had to provide value to the community through our community service obligations.

When we examined our business we discovered we were doing neither task well.

When we looked at our past performance we found we were getting a little better each year. We thought that was good. When we compared our results to other postal administrations, we still looked good. But these comparisons gave us a false sense of comfort. We were measuring ourselves against the wrong benchmarks.

When we compared our business management to that of the best companies in the world, we were performing poorly. When we compared our community service performance to the best

service industries, we were not good enough.

We had interpreted our community service obligations very narrowly. We had failed to modernise to keep pace with our customers and communities. Our Act said we had to provide a uniform price, but what our customers wanted was value for money. The Act said we had to be accessible, but customers expected convenience and good service. The Act said frequent delivery, but customers wanted delivery certainty. In short, customers wanted us to really know them as customers, and to give them what they needed.

We concluded we were poor stewards of our shareholders' trust and assets. We needed to do better. And we have! Last year profit was over \$400million, delivery performance was 96% on time and over 99% within one day, customers voted Post #2 in the Good Reputation Index, and we ranked in the top 10 of listed companies on every measure. Financial performance and community service are NOT mutually exclusive.

But recent events have given those familiar objectives a new, 21st century focus. Only 15 months ago people were frightened to receive mail because of bio-terrorism scares. Our response has been more scrutiny and inspection of mail including all incoming international mail to assure mail safety and improved delivery performance-safety and change.

In December we began requesting photo ID and contact details for any parcel going overseas. To date we've recorded over 750,000 parcels-business innovation and security.

In the last two years we've grown our logistics business beyond warehouses and trucks. This business takes orders online, warehouses, picks, assembles, packs, ships, delivers, collects payment and handles returns for businesses as diverse as Telstra's mobile phones, Microsoft's X-box, and Coles' online groceries.

Post has been handling parcels for decades but with logistics parcels is born again. Our future is about realigning core competencies into new activities that meet customer needs. Take Coles Online. We thought we knew a lot about parcels. Like the song says, brown paper packages tied up with string. Coles challenged that and now we understand a parcel could be two litres of milk and ice cream in a plastic sack.

In the old parcel world we delivered on time but in our time-everyday Monday through Friday. It was certain but not always convenient and people did joke that our trucks must be afraid of the dark because we never ventured out after 5pm. With Coles online Post now delivers in a two hour window chosen by the customer, weekends and evenings. It's new and it's very convenient.

Our drivers are clean and in freshly washed and pressed uniforms. They wear a large photo ID name badge and the photo is the smiling congenial face not the surly scowling passport shot. The drivers are friendly and talk with customers. Why? Post is the human face of Coles and we're taking food into peoples' homes. It's more than the convenience of home delivery, it's a safe secure way to shop. Innovation plus trust.

We leveraged our trusted brand to bring safety and certainty and we realigned our core

competencies in parcels, delivery and financial services to build an innovative new business. We added business banking in the bush to 132 rural and remote post offices where the banks had left town. Change? Yes. Safety? Yes. Innovation? Yes. Security? Yes. Growth? Yes. Certainty? Absolutely!

Whether you are a business leader or a community leader, my message to you tonight is the same: leadership today is about understanding that the market imperatives of growth, change and innovation and the community imperatives of safety, security and certainty are not mutually exclusive. Today's leaders in business and the community know their job is not to make either-or choices but to get the balance right.

*This speech by Linda Licholls was delivered in Melbourne in February 2003 at the Official Opening of the 2003 Williamson Community Leadership Program for Leadership Victoria. Further information about Leadership Victoria and other leadership resources are available on [www.leadershipvictoria.org](http://www.leadershipvictoria.org)*

### **Teaching Children about Conflict in the World**

**Educators for Social Responsibility (ESR)** is a national non-profit organization that was founded in 1982. Their mission is to make teaching social responsibility a core practice in education so that young people develop the convictions and skills to shape a safe, sustainable, democratic, and just world.

Their work spans the fields of social and emotional learning, character education, conflict resolution, diversity education, civic engagement, prevention programming, youth development, and secondary school improvement.

ESR has recently released a resource entitled, "Talking to Children about War and Violence in the World."

To view this Resource see: [www.esrnational.org](http://www.esrnational.org)