

## AICD EOWA Census Launch

**Mike Smith**

### **Speaking Notes**

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I'm very pleased to have the opportunity to speak to you today and to support the 2010 Australian Women in Leadership Census.

I have to say however that the results from the 2010 Census are not great news.

To be blunt, what it shows is that not much has changed for women on boards and in management in Australian public companies since the Census was first taken in 2002 – and perhaps even since I first worked in Australia over 20 years ago.

In my talk today, I want to suggest another way of looking at this issue and I'll also put my money where my mouth is by announcing some new initiatives to try to make a real difference - at least at ANZ.

As you know the EOWA Census measures the status of women on boards and women executive managers in Australia's top 200 companies.

Today's results show, that despite electing our first female prime minister and appointing our first female governor general, when it comes to Australian business we're making little progress.

Here are the top line results:

- The proportion of women on ASX 200 boards in 2002 was 8%. Today it is still 8%, with women chairing only five of those top 200 boards.
- At the CEO and executive management level the story is similar. Women hold six CEO positions, compared to four in 2008, and 8% of executive key management positions compared to 7% in 2008.
- On both measures – the number of women on boards and in CEO and executive roles – Australia lags considerably behind Canada, the US, the UK and South Africa.

However, while Australia lags behind the reality is the situation in most other countries isn't all that much better.

The US Government Accountability Office recently released a report which also showed that women haven't made substantial progress in obtaining management positions in the past decade.

The study found that a substantial pay gap still exists in the United States between women and men and that gap has barely closed since 2000.

And a study released this year by the Center for Work Life Policy in New York found that the long-term penalty for women taking time out from their career has worsened since the recession.

73% of women trying to return to the workforce after a voluntary break from their career for child care or other reasons have trouble finding a job.

Those who did return lost 16% of their earning power and over a quarter reported a decrease in their management responsibilities.

In many situations women simply can't sustain the increased hours at work today when also taking on child care and household responsibilities.

Finally nearly 70% of the women surveyed said they wouldn't have left if their companies had offered work life balance options.

So where are we really at in Australia?

Now, I'm told a definition of insanity is doing the same thing over and over again and expecting a different result every time.

So here we are 108 years after Australia gave European women the vote, 40 or so years after the removal of the marriage bar in the Federal Public Service .... and not that much is really changing.

A review by the University of Western Australia's Professor Leonie Still found that 'despite the rising education levels of women, their improved credentials by way of work experience and strong anti-discrimination legislation there is no level playing field for ambitious women who want to achieve their potential.'

Clearly there's a need for a new way forward.

Legislation, awareness campaigns, targets and concerned statements of intent are simply not working in the way we hoped ... at least for women in mainstream business.

And women in business have every right to feel impatient and frustrated about the situation.

One conclusion you can reach from the research that I've highlighted is that for the majority of women in business, taking time out to have children means that they never regain the same career trajectory they had before they took the time out.

Now, at the same time the population in many countries is ageing and countries like France, Spain and Britain are having to increase the retirement age.

So people, both men and women, are now going to have longer careers while at the same time the issue of elderly care is becoming increasingly important – something which also typically falls to women and may prevent women staying in the workforce for as long as they would like.

In this context, it makes even more sense to find new ways to encourage women back to the workforce in more meaningful ways than we're doing now.

It's worth reflecting here that in emerging economies like Brazil, Russia, India and China, the countries the rest of the world is depending on to provide economic growth - and which have provided 45% of global growth since 2007 ..... in those countries, growth is increasingly dependent on women.

The Centre for Work Life Policy found female earnings are growing twice as fast as male earnings and women now control two-thirds of consumer spending.

Most significantly, the majority of tertiary degrees in these countries now go to women. From Shanghai to Sao Paolo highly qualified, ambitious women are pouring into the labor market.

Of course there is another factor at play here for Australia.

Given the challenges we are facing to maintain our place in a highly competitive global economy, it's becoming even more imperative that we change quickly.

But as you know many big companies actually don't cope all that well with change. And the result of not changing is obvious.

In Australia for example, if we took the top 50 publicly listed Australian companies in 1980, today only eight are left.

This isn't just an Australian phenomenon.

In the United Kingdom, the FTSE 100 Index of leading British companies started in 1984. Last year, only 23 of the original 100 remained.

Now, I don't believe there was a chief executive in Australia or in the rest of the world who had a business plan which said: "In ten years we will be out of business ....".

I believe the problem here, that all of us in large organisations are facing, is really a lack of innovation .... that is often caused by a lack of diversity.

Now I know when you hear me say innovation you immediately think of the iPad or the hybrid car.

But in large organisations, what's more important than product innovation is innovation in thinking.

Most companies spend time thinking about how to play the game better than the competition or how to get to best practice.

But what we need to be thinking about is not: "How do we play the game better?" but "How do we change the game itself?"

Gender balance, the research shows, counters group-think and helps us change our beliefs and dominant thinking which, in large companies, have become like the bars on a cage that are stopping us thinking differently.

The bottom line is that in the business battles we are fighting now and which will intensify over the coming years, we will need the help of all the talent we can put our hands on.

It really doesn't matter what gender, race, colour, age, religion or sexual orientation a person is - if they are talented we need to find ways to attract, develop and most importantly retain them.

Now, I've worked and lived in 10 countries on 5 continents in my 32-year career in banking and my experience is that diversity gives a company a real competitive advantage.

This isn't just a gut feeling either.

Research conducted by both Catalyst and McKinsey shows that companies with significant numbers of women in management have a much higher return on investment than companies that don't.

And research by the London Business School shows that when work teams are split 50-50 between men and women, productivity goes up.

Of course, it's also true that we should take advantage of diversity and not try to balance the team in every situation.

In our Haymarket branch here in Sydney, we want more Chinese staff. They understand their community, can speak their language and they make us easy for customers to do business with.

Hardly ground breaking ... and what I don't want to do is stand up before you today and hold ANZ up as a model corporation ... particularly on diversity given the importance I'm attaching to it.

I'm conscious here that the theme of my last talk at the 2008 Census was "track us don't trust us", so I want to report to you on how we are trying to get diversity right at ANZ ... to help drive innovation in thinking and operational competitive advantage.

We currently have three women on our Management Board of 12 executives. We had none three years ago when I joined ANZ.

I've also been very clear with the Management Board about the necessity for each of them to build diversity into their own leadership groups.

We now have talented senior women throughout the organisation – the CEO of our Bangalore operation in India where almost 5000 ANZ staff work; the CEO of our Private Bank in Australia and in Asia; the head of our Retail businesses in New Zealand and in Asia; and the head of our global capital markets business.

In Asia Pacific, we now have five female country CEOs including in some of our most important markets including China, Hong Kong and Vietnam.

On the graduate front, 54% of the Australian-based graduates that we've hired for the 2011 program are female.

This year we exceeded our women in management target of 38% and we'll be early adopters of the ASX Guidelines on diversity reporting which will see us publish our Diversity Policy and 2011 goals in this year's Annual Report.

We have a small main board of seven directors. We have one woman on our board, one Singaporean and one American-based director.

So we are making some progress on diversity however I recognise that we still have a lot of work to do.

And despite the progress we've had to face up to the fact that there's actually a major issue here.

While we're making good progress in recruiting women into entry-level management roles - 41% of roles at this level at ANZ are now held by women compared to 36% five years ago - we continue to face real issues in recruiting women into senior decision-making roles.

So, we come back to the topic of the day.

How can Australian organisations, including ANZ, increase the presence of women in key decision making roles and in doing so best position ourselves to compete in a more volatile and challenging world?

I think the answer for organisations in Australia is in three key areas.

First, we need to keep the issue on the agenda through research which demonstrates the bottom line benefits of diversity and particularly gender diversity.

Second, we need new programs of support and an organisational culture that enables women to progress in the workforce.

The third thing we need to recognize is that, in Australia, women continue to be overwhelmingly the primary care givers to children.

We have to address the reality of what happens to women in business when they take time off to have children. We need to stop penalising mothers.

We've concluded at ANZ that if we are going to make any sustainable, long-term progress in gender equity in our leadership teams this is an area where we simply have to do more.

Research by the Australian Institute of Management indicates that the most important factors in retaining women in the workforce are:

- flexible work arrangements; and
- the availability and affordability of child care.

Research by EOWA indicates that nearly half of all women with children under 13 years, currently working part-time, claim they would work more hours in paid employment if they had greater access to child care facilities.

So today I am pleased to announce that we are introducing key changes to ANZ's Parental Leave policy in Australia.

Effective immediately, we're introducing a \$4,000 Childcare Allowance for all staff returning from parental leave.

The allowance will support primary care givers with childcare costs- and at ANZ this is predominantly female employees - to transition back to work.

I am also pleased to advise that we'll be making superannuation payments on all forms of paid parental leave.

This includes the parental leave payments that the Government will be issuing from 1 January 2011, as well as the 12 weeks paid assistance that ANZ provides to staff in Australia.

While I strongly believe it is the responsibility of employers to support female workforce participation, we need to continue working on this issue as a society because we need the increased productivity that would result from greater female workforce participation.

We simply have to do more to remove the active barriers that currently discourage women from fully realising their potential.

Over the coming year, I intend that ANZ will take a more active role in championing the issue of women's participation in the workforce and in encouraging other companies to work with us to tackle some of the obvious barriers including our own policies and practices and the accessibility of affordable childcare.

As a nation our success rides on having access to the deepest and most diverse talent pool possible.

In closing, I'd like to acknowledge that we have seen some major changes since the 2008 Census report.

Unfortunately those have been mostly outside the business community.

As I mentioned before, we now have a female Prime Minister and Governor General.

We are now also on the verge of introducing the country's first paid parental leave scheme.

But if we are really to make a difference, we have to demand less incremental change and more substantial change. I look forward to continuing to push for that change with you.

Many thanks for listening to me today and I hope my remarks will help contribute to the discussion among the panel and from the audience.