

Chief Executive Women Pre-Budget Submission 2022-23: An economy with care at its centre

‘Our ‘luck’ is running out and now is the opportunity to build towards a vibrant, smart, sustainable and equitable economy and society, which uses every ounce of its talent, Sam Mostyn, President, Chief Executive Women

The pandemic exposed the fragility of our economic assumptions and our lack of investment in the social infrastructure crucial to a strong, functional economy. As we rebuild, Australia is faced with an opportunity to build towards a more vibrant and prosperous Australia.

Our key untapped resource - women

Australia needs a comprehensive plan for growth, which closes the widening social and economic gap between Australians along gender, class, racial, cultural, ableism and geographical lines.

We know women have been hardest hit by job losses and ongoing underemployment. ABS data shows that of the 281,000 jobs lost across Australia over the period June-September 2021, 60% were jobs lost by women.ⁱ Women have shouldered the bulk of increased caring responsibilities and faced growing rates of domestic and family violence. During the pandemic women were twice as likely as men to take on the unpaid domestic work, and more likely than men to take on caring responsibilities.ⁱⁱ

Leveraging women’s participation and leadership is one of the most effective actions for business and government to boost the Australian economy. Economic modelling by KPMG shows that halving the workforce participation gap between men and women would increase Australia’s annual GDP by \$60 billion by 2038.ⁱⁱⁱ A budget that delivers strong economic growth and improvements in living standards will require investment in people, placing care at the centre of our economy, and intentional efforts to clearly understand the impact of policy and spending on women and men equally.

Recommendations:

CEW recommends the following key policy solutions for the 2022-23 Budget:

1. Expand the Commonwealth Paid Parental Leave scheme for men and women
2. Make quality early childhood education and care accessible
3. Make work a safe place for all
4. Invest in well-paid, secure jobs in growth industries, including care sectors



1. Expand the Commonwealth Paid Parental Leave (PPL) scheme for men and women

- **Increase the Commonwealth Paid Parental Leave scheme to 26 weeks immediately, with a use it or lose it component that encourages greater shared caregiving by both parents, as outlined by the Grattan Institute:^{iv}**

 - To encourage parents to share the leave, include a 6-week 'use it or lose it' provision for each parent, plus 12 weeks to share between them as best suits their family.
 - Offer a bonus two weeks leave (which can be used by either parent) if both parents take at least 6 weeks leave.
 - Stage further increases to the PPL scheme up to 52 weeks to be equally shared by both parents, as outlined by the Centre for Policy Development.^v

- **Extend the superannuation guarantee to the Commonwealth Paid Parental Leave scheme to help reduce the superannuation gap between women and men at retirement.**

Currently, 93% of parental leave is taken by women.^{vi} Encouraging men to take up parental leave normalises flexible work and shared care responsibilities within families and unlocks women's workforce participation. Internationally (in Denmark) men's uptake significantly increased when use it or lose it PPL was implemented; and men were more likely to continue shared care of their children throughout their early years.^{vii} Corporate Australia is also leading the way, with many businesses investing in expanded parental leave for both men and women with arrangements to actively encourage men's uptake.

Grattan Institute estimates the expanded 26 weeks scheme, with leave paid at the current rate of the minimum wage, could cost the government an extra \$600 million a year. This investment would boost GDP by \$900 million a year in increased workforce participation by mothers and boost the average mother's lifetime earnings by \$30,000.^{viii}

Centre for Policy Development has also recommended a staged increase of the Commonwealth PPL scheme, up to 52 weeks, in line with the OECD average for paid parental leave which is 51.5 weeks.^{ix}

More equal use of parental leave will advance women's progression and build their financial security. On average, when an Australian woman retires, she will have around 65% of the superannuation balance of a man.^x Women's disproportionately low retirement savings increases pressure on the Australian economy, social protection systems, and community services.

The impact of job losses and loss of income during the pandemic will be felt by many women for years to come and will exacerbate the superannuation gap.^{xi} Young women are particularly at risk, accounting for 7.5% of the labour force at the start of the pandemic, 22% of the job losses between February 2020 and May 2020 and 58% of the job losses between June 2021 and September 2021.^{xii} The lack of employment in these early years will have ramifications for their retirement incomes and savings. Such job losses also particularly impact women of migrant and refugee backgrounds, many of whom are employed in hard hit industries, likely to stay out of work longer and can be ineligible for government support.^{xiii}

Parental leave continues to be one of the few types of leave yet to attract superannuation. Extending the superannuation guarantee to paid parental leave is consistent with recommendations of Senate Committee inquiries into women's economic security and gender segregation.



2. Make quality early childhood education and care (ECEC) accessible

- **Redress the outstanding financial disincentives to secondary earners' (primarily women) workforce participation, including:**
 - Increase the Child Care Subsidy to 95% for **all** low-income households (up to \$80,000);
 - Smooth the taper rate, decreasing it consistently by 1% for every \$4000 additional income – up to a limit of 30% as outlined by KPMG.^{xiv}
- **Build towards universal access to quality, flexible early childhood education and care; at a minimum – three days of ECEC from when families need it, until children start school.**
- **Build a sustainable, professional, secure sector to deliver universal access.**

Parenting has a tangible impact on a mother's level of workforce participation. Mothers' workforce participation rate is almost 28.2% below that of fathers when the youngest child is 0-5 years, and 12.2% lower where the youngest child is 6-14 years.^{xv}

Making quality ECEC accessible is a critical policy lever for increasing women's workforce participation. The Productivity Commission reported that more than 90,000 Australian parents stayed out of the workforce last year because the cost of childcare was too high. This was a sharp 21.7% rise, compared with the previous 12 months.^{xvi} Similarly, in the retail, fast food and warehouse sector more than 35% of mothers and 27% of fathers indicated they would work more hours if they could access more suitable childcare.^{xvii}

Investment in ECEC is an investment in the country's infrastructure to enable highly capable experienced women from all walks of life to participate more fully in the workforce to the level of their choice.

While universal access to ECEC would cost \$5.4bn per annum, it would boost the economy annually by up to \$7.4bn (in increased participation and additional income tax) and deliver an estimated 207,114 additional workdays per week.^{xviii}

Right now, Australia can support more families into work by removing disincentives embedded in the childcare subsidy system. An unintended consequence of the current Child Care Subsidy (CCS) is that while primary carers, predominantly women, are supported in taking up part time work, they face high financial barriers to full time work – as found by CEW's 2019 partnership report with KPMG *Unleashing our Potential*.^{xix} Whilst CEW welcome the amendment to the CCS announced in the previous Federal Budget, more must be done to truly address these barriers. Under the fast-tracked Child Care Subsidy increase commencing February 2022, 750,000 Australian families will miss out on any extra support.^{xx} The Mitchell Institute has estimated that the federal Government's changes to the Child Care Subsidy will still leave childcare unaffordable for 336,000 (34%) of Australian families who use the childcare system.^{xxi}

Currently there is a shortage of qualified teachers and educators in the ECEC sector. Limited staff impacts on the supply of accessible and affordable ECEC. Many centres have capped places because they cannot recruit staff. Development of a proactive workforce strategy is needed, including free or subsidised VET courses in ECEC, scholarship programs for educators to upgrade to teacher qualifications; and professional development and wellbeing programs for educators.^{xxii}



3. Make work a safe place for all

Implement all 55 recommendations of the Respect@Work report, and particularly a positive duty for employers under the *Sex Discrimination Act*; and a prohibition on sexual harassment in the *Fair Work Act*.

Include at least 10 days of paid family and domestic violence leave in the National Employment Standards.

Sexual harassment and unsafe workplace cultures are key barriers to women's workforce participation and derail many women's progression into leadership. The annual cost of sexual harassment to the Australian economy in 2018 was estimated at \$3.8 billion.^{xxiii}

As part of implementing the 55 recommendations, introducing a positive duty under the Sex Discrimination Act would require an employer to take reasonable and proportionate measures to (as far as possible) eliminate sex discrimination, sexual harassment and victimisation in the workplace. Such measures could include training for managers on gender inequity and the causes of sexual harassment; and how to respond to and support staff impacted by sexual harassment.

Price Waterhouse Coopers has estimated that violence against women in Australia imposes a financial cost of \$21.7 billion a year, with victims/survivors bearing the main burden of this cost.^{xxiv} If appropriate action is not taken, this toll could rise to \$323.4 billion by 2045.^{xxv}

Around 62% of women who experienced domestic violence in the last 12 months were in paid work.^{xxvi} Women experiencing domestic, family and sexual violence and harassment also experience disruption to employment and lower economic security. Progressing women's workforce participation and economic security requires women and their children to be safe from violence.

Including 10 days paid leave in the National Employment Standards would ensure that access to such leave is not dependent on who a person works for.

4. Invest in well-paid, secure jobs in growth industries, including care sectors

- **Invest in secure, well-paid jobs in traditionally feminised industries including ECEC, aged care, disability care, health, education and social services, in turn supporting the pipeline of women leaders.**
- **Guaranteed and enforceable rights to family friendly working arrangements for women and men**
- **Increase JobSeeker to 2020 levels to provide an adequate support for people to look for work**
- **Invest in secure jobs for women working in emerging STEM and growth industries.**

The Australian labour market is highly gender-segmented by industry and occupation, a pattern that has persisted over the past two decades.^{xxvii} Traditionally, female dominated industries and roles have been undervalued and lower paid.

Government can play a critical role in policy that ensures decent wages and secure employment for the care workforce, across the aged care, health, disability and ECEC sectors. Investment in the care sector will help the gender pay gap and the workforce participation gap.



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Women leaders enabling women leaders

Care industries are well recognised as growth industries. The pandemic has shone a light on how these industries are vital to a functioning economy and nation. Yet these industries have not yet received adequate investment in recovery spending allocation.

Expenditure in sectors such as ECEC, health, accommodation and hospitality create more jobs per \$1 million spent than expenditure in sectors such as construction, especially for women. Every million dollars spent on education creates 10.6 direct jobs for women and 4.3 direct jobs for men, compared to investment in construction which returns 0.2 jobs for women and 1 job for men.^{xxviii} Investment in the Australian care sector will stimulate growth in women's workforce participation, and essential social services and lead to resilient sectors better equipped to respond in times of crisis.

Jobs must not only be created, but people supported into jobs. Newstart payments have not kept pace with increased cost of living and this limited payment has prevented recipients moving out of poverty.

The Grattan Institute has identified that for every dollar of cash payments made to low-income households, through payments such as the Coronavirus Supplement, GDP is boosted between 60c and one dollar^{xxix}.

CEW recommends permanently increasing JobSeeker payment rates to be consistent with pension levels with indexation^{xxx}

There is also a need to address the under-representation of women in growth sectors in STEM, in terms of reskilling, employment, financing for start-ups and progression into leadership roles. Boston Consulting Group has estimated that climate mitigation and adaptation strategies as designed today could delay the attainment of gender equity by 15 to 20 years.^{xxxi} To prevent such a delay requires governments and business to build in skilling and reskilling opportunities for women in STEM sectors and global investments to equitably finance women entrepreneurs. CEW recommends investment in reskilling, employment and financing women leaders in STEM sectors to ensure women are at decision-making tables in these key industries.

CEW makes these recommendations for the 2022-23 Budget. These recommendations will deliver a vibrant, prosperous and equitable economy, with strong, inclusive economic growth and improvements in living standards for all.

Yours sincerely,

Susan Metcalf
CEO, Chief Executive Women

ⁱAustralians Investing in Women/Equity Economics, 2021, *Changing the Trajectory: Investing In Women for a Fairer Future*, [AIW-EE Changing-the-Trajectory-Investing-in-Women-for-a-Fairer-Future-202111-spread.pdf](#)

ⁱⁱABS, 2021, 'Household Impacts of COVID-19 Survey: Women spent more time than men on unpaid work in May', <https://www.abs.gov.au/media-centre/media-releases/women-spent-more-time-men-unpaid-work-may>



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- ^x ABS, 2020, 'Gender Indicators, Australia, December 2020', [Gender Indicators, Australia, 2020 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au). This is based on the median superannuation balance at, or approaching, preservation age (55-64 years).
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that a person loses to additional income tax, withdrawn FTB, reduced CCS and increased out-of-pocket childcare costs after taking on extra work.

^{xx} ABC News, 2021, 'Federal government to fast-track Child Care Subsidy increase by four months', [Federal government to fast-track Child Care Subsidy increase by four months - ABC News](#)

^{xxi} This is based on an international affordability benchmark of less than 7% of household disposable income spent on childcare. Mitchell Institute and Victoria University, [Counting the Cost to Families: Assessing Childcare Affordability in Australia Report \(2021\)](#) (<https://www.vu.edu.au/sites/default/files/mitchell-institute-assessing-childcare-affordability-in-Australia.pdf>)

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^{xxx} ACOSS, Pre-Budget Submission 2021-22, [ACOSS-BPS-FINAL.pdf](#)

^{xxxi} BCG, 2021, 'Why Climate Action Needs a Gender Focus', <https://www.bcg.com/publications/2021/climate-action-impact-on-gender-equality>