



Chief Executive Women

Women leaders enabling women leaders

**CEDA Women in Leadership Series,
“The Hot Topic: The real cost of workforce participation”**

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Introduction - CEW

- Good afternoon. I'm Jenny Fagg. My professional career has been in senior leadership roles in the financial services industry – most recently as CEO of ANZ National Bank Limited, the largest bank in New Zealand.
- I am speaking today as a member of the Thought Leadership Committee of Chief Executive Women – CEW.
- CEW is a member-based organisation of 240 of Australia's most senior female leaders - in business, government, academia, and not-for-profit sectors - who are committed to supporting women achieve greater leadership
- Our mission is simple “women leaders enabling women leaders”. We achieve our mission in a number of ways:
 - 1) **Providing a supportive network** for our members.
 - 2) **Awarding scholarships** to high potential younger women to undertake executive education. We've awarded 19 scholarships this year.
 - 3) **Delivering the CEW Leaders program** – our own talent development program – to approximately 150 high potential women selected by their organisations in Sydney, Melbourne and Brisbane.
 - 4) **Building diversity tools**. We developed the CEO Tool Kit six years ago to help organisations analyse their diversity profile and issues. More recently, we've developed The CEO Conversation – where several CEW members meet with the CEOs and executive teams of Australia's largest organisations to discuss what is needed to increase diversity.
 - 5) **Developing thought leadership**: In partnership, we undertake research to better understand what will make a difference in increasing the number of women in leadership roles. The Bain/CEW gender parity survey is now in its third year. We also are doing work on some broader issues – such as the financial literacy and well-being of women - along with one of our corporate sponsors, ANZ.
 - 6) **Being public advocates** on issues relevant to the participation of women, particularly in leadership roles, in the economic and social life of the community.

Today, I'm here as an advocate – and we thank CEDA on the opportunity to speak about this issue – because CEW believes it is essential that Australia does reform our early childhood education and care arrangements to encourage more women to participate in the workforce.

I'll talk about: Gender-based barriers in the workforce more broadly, the importance of work-related childcare, challenges related to the modern workforce, and the way forward.

Gender-based barriers in the workforce

- Before I talk about care arrangements for our children, I'd like to highlight that this is just one of a number of gender-related barriers that need to change to encourage women to participate in the workforce.
- In particular, the child-raising years are associated with a dramatic dropoff of women from the management talent pipeline.
- Our research shows a clear case for cultural change within organisations to allow for not only the flexibility women need when having children but also to recognize and value the differences in style between men and women.
- To illustrate this point, let me draw on the key results from last year's CEW/Bain survey:
 - More than 80% of women don't think they have the same opportunities to progress their careers on the same timelines as men; and about 50% of men agree
 - And there is a big difference in perspective as to why the women don't have the same opportunity. Whereas
 - a) 60% of the men believe it is due to "competing priorities" particularly with family responsibilities, only 20% of the women agree with them; but rather,
 - b) Almost 80% of the women believe it is due to the "different leadership style of women" holding them back

So the challenge as a community is to make it easier for women to participate in the workforce as well as making the workplace a more attractive environment for women.

Let me now move on to child care specifically ...

The Importance of Work-Related Early Childhood Education and Care

- The topic of childcare is that one fires up a passionate discussion amongst our members. It would be difficult to find a CEW member who, as a working mother, has not found the work-related care of their children a personal challenge. And as senior leaders of organisations, we are well aware of the challenges that employees have in finding arrangements that meet their needs – particularly when greater flexibility is required.
- Of course, when we look to the broader community, we see the difficulty that women throughout the community have in accessing satisfactory childcare to enable them to participate in the workforce.
- Early childhood education and care is about increasing workforce participation. A number of recent studies have shown that the net costs of childcare is a major influence on participation (Grattan Institute, 2012). The responses are larger for women with lower wages, less education, and lower income (Treasury, 2012).
- This is about return on investment and realising our potential as a nation. We rank number 1 in the world on equality of educational attainment (World Economic Forum, 2012). Yet, this investment in women simply isn't translating into women fully using their talents in the employment market. Australia is ranked number 44 in the world for labour force participation and number 68 on wage equality for similar work.
- This is about boosting productivity. For example, the Grattan Institute Game Changer review (2012) estimated that an extra 6% of women in the workforce would increase Australia's GDP by around \$25 Billion dollars.
- This is also about increasing the number of women in decision-making and leadership roles. A higher representation of women in senior positions has been shown repeatedly to be associated with improved financial performance (e.g. Reibey Institute, 2011).
- So, the prize for us having women in the workforce is enormous. Our policy attitudes towards childcare – at all levels across the community – are a major factor of disadvantage and bias associated with the under-utilisation and under-employment of women.

Australia can't afford NOT to deal with barriers to women's workforce participation.

The Modern Workforce and Early Childhood Education and Care

- So, both from research and our own experience, we believe that.

Access to quality, accessible, flexible and affordable early childhood education and care is a key workforce participation issue, critical to bolstering Australia's productivity.

- But the reality is that the current system is complex and missing a range of needs.
- Within CEW, we recently held a national member panel to discuss the issue and how to move forward. Let me cover some of the challenges we see:
 - The current system of Child Care Benefit and Child Care Rebate is very complex and not transparent, and needs to be simplified.
 - The National Foundation of Australian Women highlights that the Child Care Benefit does not reflect the true cost of care. The caps currently applied to Child Care Rebate do not adequately address regional differences in care costs (NFAW 2012)
 - And we do think we have to tackle the question of care for children once they reach school age – especially for school vacations, and casual care (such as sick days).
 - The lack of support for home-based early childhood education and care does not fit with the flexibility required in the modern workplace. Working hours and centre-based care hours often do not co-incide. This affects a range of occupations - shiftworkers such as nurses and hospitality workers, people working long and irregular hours, workers with out-of-town travel, etc.

It is difficult to understand why eligibility for financial support should be specific to the site on which the care is given.

- Similarly, the existing employer-provided fringe benefits tax exemption is significantly limited by the site requirements - the care must be provided by the employer, on the employer's premises.

KPMG has suggested that the FBT exemption potentially could be extended:

- a) to allow employers to enter into agreements with approved childcare facilities which are not on business premises;
 - b) for employers to reimburse employees for costs with approved childcare facilities;
 - c) to residential settings, including family day care and in-home care.
- We also see a number of opportunities associated with the review of early childhood care and education:

- Additional income tax could result, associated both with a more productive society and with potentially moving some of the unregulated cash payments which may occur now into the tax system. The additional income could contribute materially to the incremental cost of improved childcare payments.
 - There a number of existing programs that can provide the base for the reform. For example, access to the existing Dept. of Education Employment and Work Place Relation's In Home Care could be extended. There is also the opportunity to incorporate learnings from prior programs and reviews.
 - Childcare is an enabler. Companies can create an employment advantage if they offer creative solutions that recognize a parent's right to work while feeling their children are safe, comfortable and nurtured.
- Of course, not all CEW members have the same view on the right mix of the various potential funding options in relation to the modern workforce.

Tax deductibility is a particularly contentious issue. At a philosophical level, many members feel that work-related childcare is an expense necessarily incurred in order to earn income and is equally as valid as other work-related expenses which are currently tax deductible (and not means tested). Examples are computers, home offices, accountants and lawyers.

- However, during the recent CEW panel discussion, it was clear that the priority going forward has to be pragmatic and focused on action.

The Way Forward

- The heart of the challenge is to balance the social and economic outcomes across sectors. We need a simplified, comprehensive model that looks to best meet the needs of the whole community.
- We think that the Productivity Commission is well placed to conduct such a whole-of-system review, if the terms of reference are sufficiently broad. Any review should be done on a bi-partisan basis, as there are challenging social and economic issues to be traded off
- Based on our panel discussion, there is a real appetite for a group of interested parties to frame up potential terms of reference for a review. CEW will look to work in collaboration with organisations such as EOWA (Helen Conway), KPMG (Rosheen Garnon), ANZ, and the National Foundation for Australian Women (Marie Coleman).
- The terms of reference could cover, for example:
 - To what extent are childcare costs preventing women from engaging fully in the Australian workforce?
 - What are the most effective mechanisms to deliver financial support for quality, accessible, flexible and affordable childcare, to build workforce participation of women.

Conclusion

- Let me wrap up.
- Retention of women in the workforce is critical to the Australian economy: It's about increasing productivity, maximising our investment in women's education, improving the performance of our organisations, and increasing the involvement of women in decision-making and leadership in our community.
- Access to quality, affordable, accessible and flexible childcare is a critical part of the solution for increasing women's participation.
- We see that the current system should be reformed, to meet the needs of the modern workforce. However, we don't believe there is a simple or 'silver bullet' answer, since tradeoffs will need to be made to achieve an appropriate mix of social and economic outcomes.
- We do think that the Productivity Commission is well placed to do such a review – subject to a sufficiently broad set of terms of reference and bipartisan support.
- Thank you.

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