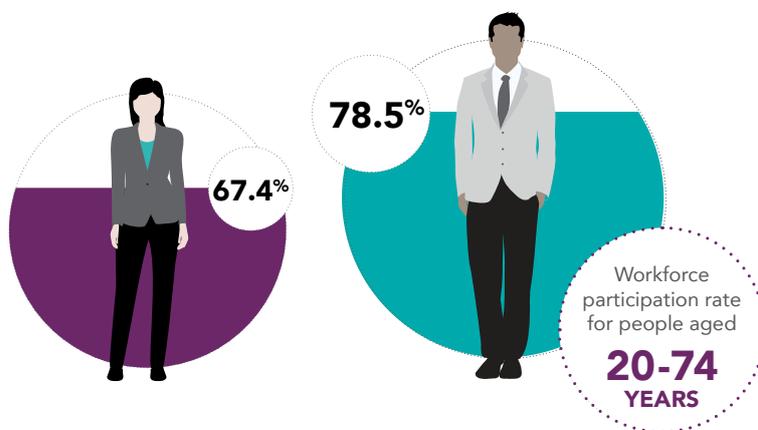




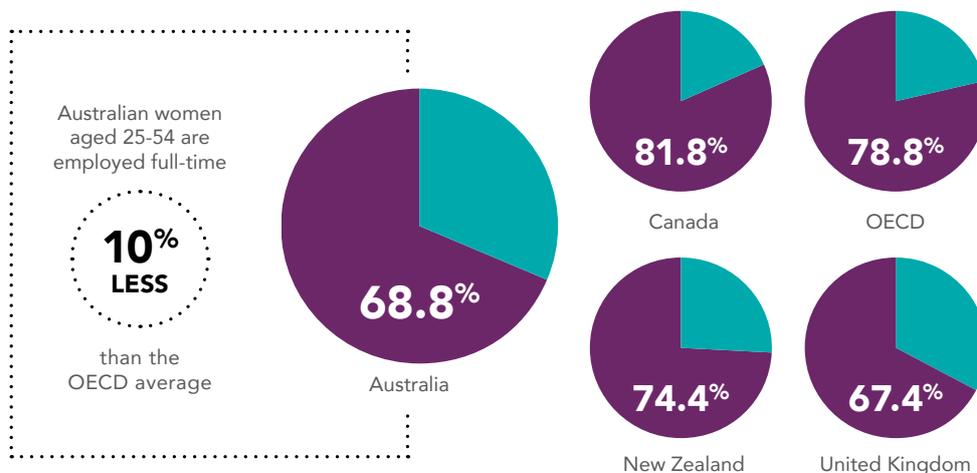
# Workforce Participation & Caring Responsibilities

Increasing women’s workforce participation unlocks Australia’s potential and contributes to economic growth. However, women remain a significantly untapped resource for workforce participation and productivity.

- In Australia, there is a persistent gap in labour force participation rates between women (67.4%) and men (78.5%).<sup>i</sup>



- There has been little progress in the increase of women’s full-time participation over recent decades, with Australia lagging 10% behind the OECD average.<sup>ii</sup>



- Women constitute 68.2% of all part-time employees<sup>iii</sup> and are more likely to work in casual jobs.<sup>iv</sup>

The underutilisation and underrepresentation of women in full-time work significantly limits their opportunities to progress in the workplace. While several factors influence women's engagement with the labour market, a key barrier is their tendency to take on caring responsibilities.

- Prior to COVID-19, women in Australia on average spent twice as much time as men in unpaid work and domestic labour. <sup>v</sup>
- The gender divide in workforce participation and employment significantly widens for parents. For those with a child aged 0-5 years, only 64% of women participated in the labour force, compared with 95% of men. <sup>vi</sup>

With closures of many educational institutions, and health services increasingly strained, COVID-19 has increased the need for unpaid care, including caring for children, the elderly and sick, and people with a disability. While both men and women provide this care and support, women will bear a disproportionately high burden and will face greater barriers to engaging in paid work both during and post COVID-19.

As Australia looks to rebuild the economy, we need to minimise barriers to workforce participation. Not capitalising on the full talent and potential of the labour force fundamentally puts a brake on national productivity and economic growth.

- Economic modelling by KPMG in 2018 showed that halving the workforce participation gap between men and women would increase Australia's annual GDP by \$60 billion by 2038. <sup>vii</sup>
- PwC previously estimated the total value of volunteering, domestic work, care of adults and children to be worth over \$565 billion (in 2016 terms). <sup>viii</sup>
- Successive Intergenerational Reports have highlighted the importance of higher women's workforce participation to improving Australia's productivity, as stated in the *Towards 2025: Boosting Australian Women's Workforce Participation strategy*.

Therefore, enabling women's workforce participation will assist the economy to bounce back from this crisis with stronger and more equitable growth. <sup>ix</sup> We know that early childhood education and care supports carer's workforce participation, particularly women.

## Early Childhood Education and Care

Early in the COVID-19 crisis, the early childhood sector was in a precarious position and at the brink of collapse. It is estimated almost 650 early childhood education and care services closed at the start of the crisis due to low enrolments.

CEW welcomes the Federal Government's *Early Childhood Education and Care Relief* package which provided immediate financial relief for families, educators and services. The continuation of accessible and flexible early childhood education and care post COVID-19 will support carers in returning to the workforce, presenting a significant opportunity to unlock a diverse pool of talent to contribute to rebuilding our economy and productivity. <sup>x</sup>

This presents an opportunity to address workforce disincentives created by the current subsidy scheme. One of the objectives in introducing the 2018 Child Care Subsidy was to boost workforce participation. However, CEW's partnership report with KPMG *Unleashing our potential*, showed that the current model of income-testing creates a financial disincentive which limits carers, predominantly women, from having real choices about balancing work and parenting responsibilities. <sup>xi</sup>

The combination of tax, family payment and childcare policies deters many secondary earners from increasing their working days to minimise the costs of losing childcare subsidies and family payments as well as the additional tax on income and increased out-of-pocket childcare costs.

The current CCS sets up perverse incentives for some families to not increase or even to reduce employment hours, due to the withdrawal of subsidised childcare hours at certain income thresholds. For example, families with a combined income of \$186,958 and a child in longday care for four or five days per week will lose more than \$5,000 per annum in childcare subsidies for exceeding this income threshold by an extra dollar.

In considering expanded funding for the early childhood sector, governments and key stakeholders will need to examine regulation of the sector and put steps in place to develop and support a high-quality workforce.

## Summary

COVID-19 has highlighted that more equal distribution of care is possible, and that society's reliance on unpaid care can be more effectively managed by men and women. This provides an opportunity to recognise, redistribute, and value care (both paid and unpaid) and in doing so unlock the productivity of a diverse workforce.

Enabling women's workforce participation, and carers more broadly, will assist the economy to bounce back from this crisis with stronger and more equitable growth. Delivering ongoing accessible early childhood education and care will help harness the full potential and productivity of our workforce.

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  - iv ABS (2018), *Gender Indicators Australia: Work and Family Balance*, <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Sep%202018~Main%20Features~Work%20and%20Family%20Balance~7>
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  - vi KPMG (2018), *Ending Workforce Discrimination Against Women*, <https://assets.kpmg/content/dam/kpmg/au/pdf/2018/ending-workforce-discrimination-against-women-april-2018.pdf>
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  - ix Work and Family Policy Roundtable (2019), *Work, Care & Family Policies: Election Benchmarks 2019*, [https://www.workandfamilypolicyroundtable.org/wp-content/uploads/2019/04/WorkCareFamilyPolicies\\_2019-online\\_s.pdf](https://www.workandfamilypolicyroundtable.org/wp-content/uploads/2019/04/WorkCareFamilyPolicies_2019-online_s.pdf)
  - x KPMG (2019), *Unleashing our Potential: The case for further investment in the child care subsidy*, <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/case-for-further-investment-in-child-care-subsidy-october-2019.pdf>

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