



# Chief Executive Women

Women leaders enabling women leaders

16 August 2021

Ms Carol Schwartz  
Chair  
Panel for the Inquiry into Economic Equity for Victorian Women  
C/- Department of Treasury and Finance  
Melbourne, VIC  
via [genderinquiry@dtf.vic.gov.au](mailto:genderinquiry@dtf.vic.gov.au)

## **Inquiry into Economic Equity for Victorian Women**

Dear Panel Chair,

Chief Executive Women (CEW) welcomes the opportunity to make a submission to the Inquiry into Economic Equity for Victorian Women.

Founded in 1985, Chief Executive Women (CEW) represents Australia's most senior and distinguished women leaders across business, academia, government, the arts and not-for-profit sectors. Our shared mission is 'women leaders enabling other women leaders'. Through advocacy, targeted programs and scholarships, CEW works to remove the barriers to women's progression and ensure equal opportunity for prosperity. CEW's members work actively to realise our vision of a community where women and men have equal economic and social choices and responsibilities.

CEW's members have leading roles within Australia's largest private and public organisations overseeing more than \$749 billion in revenue, 1.3 million employees, \$1.144 trillion combined market capitalisation and making a greater than \$249 billion contribution to Australia's GDP.

CEW advocates for greater representation of women in senior leadership, which leads to women and men having equal economic and social choices. We believe women of all backgrounds and diversities should be equally represented at all decision tables so that outcomes for the whole community are better considered and the barriers many women face to full participation in the economy and community are suitably addressed. As a member organisation, CEW is uniquely positioned to offer solutions for achieving gender balance and removing the complex barriers to women's progression and economic security.

The Inquiry into Economic Equity for Victorian women is an important opportunity to develop practical and targeted strategies and policy settings for addressing the multiple barriers to women's workforce participation, progression into leadership roles and economic security across their lifetime.

CEW welcomes the Inquiry's focus on redressing the gendered impacts of the COVID-19 pandemic. We recognise that COVID-19 has exacerbated many of the existing inequalities

between women and men. Women entered the pandemic from a position of entrenched disadvantage and the impacts of this global crisis have been disproportionately borne by women. These inequalities can be even greater for migrant and refugee women, women with disability, older women and LGBTQI+ people.

The pandemic has exposed and deepened the gendered structural inequalities in the labour market for women, featuring precarious employment, low wages and gender pay gaps. Women were initially the hardest hit by job losses and reduced pay, and in addition have had to undertake the bulk of increased care at home. Women are concentrated in insecure and part time work and overrepresented in industries that have been most impacted.

As Australia endeavours to emerge out of the COVID pandemic with a strong economy, given the low migration levels, and the impact of lockdowns on transborder travel, unlocking women's workforce participation will be critical. Our recommendations offer practical solutions that will support economic equity for Victorian women, drive improved recovery and a stronger economy.

In response to the Inquiry's Terms of Reference CEW's submission focuses on the following policy priorities and makes the following recommendations:

1. Addressing structural constraints to women's workforce participation
2. Strengthening women's economic security into retirement
3. Investing in women's safety and wellbeing
4. Supporting inclusive budgets and policies

**Recommendations:**

- Recommendation 1: Invest in job creation and workforce planning for aged care, disability care, early childhood education and care and health care sectors, to meet the growing demand, create secure employment and close related gender pay gaps.
- Recommendation 2: Invest in affordable and accessible childcare by:
  - increasing the Subsidy to 95% for low-income households (up to \$80,000)
  - smoothing the taper rate by decreasing consistently by 1% for every \$4000 additional income – up to a limit of 30%
  - supporting the completion of the National Early Childhood Education and Care Workforce Strategy and making a financial commitment to its implementation.
- Recommendation 3: Support workplace environments that maximise equitable flexibility.
- Recommendation 4: Support a Paid Parental Leave model that: allocates 20 weeks for two parents, rising to 26 weeks over six years; and includes an equality supplement whereby bonus weeks are provided if responsibility for care is shared more equally.
- Recommendation 5: Extend the superannuation guarantee to the Commonwealth Paid Parental Leave scheme.
- Recommendation 6: Amend the concession caps for primary care and care-based work breaks.
- Replace contribution cap system with lifetime occasional contribution caps
- Recommendation 7:

- Implement to the full extent possible the respect@work recommendations
- Invest in services that support workforce participation and continuity in employment for women experiencing family and domestic violence.

## **1. Addressing structural constraints to women’s workforce participation.**

Increasing women’s workforce participation is one of Victoria’s biggest economic opportunities. Economic modelling by KPMG shows halving the workforce participation gap between men and women would increase Australia’s annual GDP by \$60 billion by 2038.<sup>i</sup>

### ***Investing in conditions for stable and secure employment for women that allow for progression to leadership levels, particularly in feminised sectors.***

*Recommendation 1: Invest in job creation and workforce planning for aged care, disability care, early childhood education and care and health care sectors, to meet the growing demand, create secure employment and close related gender pay gaps.*

A key lever for economic recovery and economic equity is to invest and grow job opportunities in female dominated sectors that have been hardest impacted by COVID-19 and that have been shown as vital to support the continued function of the State and economy.

The Victorian Government could play a critical role in investing in the high quality care systems - such as aged care, disability care, Early Childhood and Education Care (ECEC) nursing, healthcare, teaching - that include decent wages and secure employment for the care workforce, across the aged care, disability and ECEC sectors. Investment in these sectors and the workforce that services them, will assist to close key gender gaps including the gender pay gap and the workforce participation gap, as well as ensuring an adequate workforce across these sectors to meet the demand.

### ***Continued and additional support for childcare and pre-school early education***

*Recommendation 2: Invest in affordable and accessible childcare by:*

- *increasing the Subsidy to 95% for low-income households (up to \$80,000)*
- *smoothing the taper rate by decreasing consistently by 1% for every \$4000 additional income – up to a limit of 30%*
- *supporting the completion of the National Early Childhood Education and Care Workforce Strategy and making a financial commitment to its implementation.*

Making quality early childhood education and care accessible and affordable would provide the biggest boost to workforce participation. When all households can access more affordable early childhood services, more parents (particularly women) will have the opportunity to work additional days and increase their household budget. Investment in ECEC will deliver real benefits in short-term, medium term and long-term economic recovery, workforce participation and productivity.

CEW welcomes the measures the Victorian Government has introduced for improving early childhood and education and care services, CEW supports further investment in affordable

and accessible childcare and removal of financial disincentives for secondary earners' (primarily women) workforce participation by increasing the subsidy.

Also central to ensuring quality accessible and affordable ECEC is investment in the ECEC workforce to ensure there is a sufficient workforce to meet demand, and a workforce that is founded on decent wages and secure employment.

### ***Promoting equitable flexibility***

*Recommendation 3: Support workplace environments that maximise equitable flexibility.*

For business, workplaces and the economy to recover requires an environment where people have the maximum flexibility to respond to employment opportunities.

CEW's *Equitable Flexibility*<sup>ii</sup> report highlights how flexibility at scale unlocks significant economic potential in the workplace. The report finds that purposefully and carefully designed flexibility that doesn't disadvantage any cohort, is an economic and strategic imperative.

Ensuring that equality of opportunity is maximised for women and men across their careers will mean workplaces can tap into 100 per cent of the talent pool and take full advantage of diverse thinking, perspectives and experiences.

### ***Investing in Paid Parental Leave models that encourage greater sharing between women and men***

*Recommendation 4: Support a Paid Parental Leave model that:*

- *allocates 20 weeks for two parents, rising to 26 weeks over six years*
- *includes an equality supplement whereby bonus weeks are provided if responsibility for care is shared more equally.*

The Victorian Government could address structural constraints to women's workforce participation by investing in Paid Parental Leave models that encourage greater sharing between women and men, as outlined in KPMG's report: *Enhancing Work-Life Balance: A Better System of Paid Parental Leave*<sup>iii</sup>.

Such models encourage a rebalancing of the distribution of work and care within families and see the active and equal workforce participation of women and men at all levels. Empowering women and men to equally share the caregiving role, which is a key driver for the economy.

Shifting to a primary model of gender equality for parenting would give also rise to a higher standard of living, with increased productivity and participation from women, as well as a reduction in the gender pay gap. Such models are in line with large businesses who are leading the cultural change in shared parenting and seeing the benefits of men and women having more equal access to and take up of parental leave.

## **2. Strengthening women's economic security into retirement.**

We also encourage the Victorian Government to pay attention to the cumulative impact of the gender pay gap results in lifelong lower earnings and constricted accrual of superannuation funds. Women's disproportionately low retirement savings increases pressure on the Australian economy, social protection systems, and community services.

- In 2017-18, the median superannuation balance for retiring women was around 65% of the median balance for men - \$119,000 for women (at or approaching 55-64 years) and \$183,000 for men
- Prior to COVID-19 women over the age of 55 were the fastest growing population experiencing homelessness

COVID-19 has further weakened women's economic security. The impact of job losses and loss of income will be felt by many women for years to come and will exacerbate the superannuation gap. The implementation of early access to superannuation during COVID-19 is of significant concern for women, given their disproportionately low retirement savings.

The *2016 Senate Economics Committee inquiry report into retirement incomes for women*<sup>iv</sup> found that Australia's retirement income system does not adequately accommodate the different experience of women compared to men in work.

CEW has previously outlined key recommendations in our *Submission to the Retirement Income Review*.<sup>v</sup>

### ***Extending the superannuation guarantee to the Commonwealth Paid Parental Leave scheme***

*Recommendation 5: Extend the superannuation guarantee to the Commonwealth Paid Parental Leave scheme*

This pandemic has highlighted the vast contribution that caregivers make to our society and economy. The current superannuation system has an in-built gender bias, which assumes continuous work history to accumulate sufficient funds for retirement to live without pension support. This is inconsistent with women's experience of missing out on crucial years of superannuation accumulation due to career breaks, often a result of child raising or caring commitments. Now, more than ever, the superannuation system requires reform to address caregivers' forgone earnings from interrupted work arrangements to ensure this crisis does not further escalate financial insecurity across women's lives.

### ***Amending the concession caps and introducing lifetime occasional contribution caps***

*Recommendation 6:*

- *Amend the concession caps for primary care and care-based work breaks*
- *Replace contribution cap system with lifetime occasional contribution caps.*

Extending the concessional contribution caps is preferable to the current contribution cap system, particularly for Australians with breaks in their workforce participation and/or periods of part-time working. This would be of benefit to women on low income brackets.

Extending the time on unused concessional caps from 5 years to 10 years would enable individuals who have taken time out of the workforce to undertake carer roles to catch up over a period of time as their ability to make additional contributions increased. The cost is estimated to be under \$100 million (nationally? so significantly less in Vic).

This is likely to particularly be beneficial to women, who have been primary carers and had interrupted careers and consequently are on low incomes and have accumulated low levels of superannuation.

### **3. Investing in women's safety and wellbeing**

*Recommendation 7:*

- *Implement to the full extent possible the respect@work recommendations*
- *Invest in services that support workforce participation and continuity in employment for women experiencing family and domestic violence.*

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 is predicated on women and their children being safe from violence at home, in the workplace and in the community.

Taking serious and committed action to prevent and remove sexual harassment from workplaces is a critical priority for CEW. As a barrier to workforce participation, it negatively impacts women's economic security as well as personal health and well-being. All Victorians deserve to have workplaces that are safe, respectful and inclusive; more women in senior roles contributes to culturally safer workplaces.

Family, domestic and sexual violence is widespread and has specific consequences on the Victorian economy and on women's participation in work and leadership roles.

### **4. Supporting gender inclusive budgets and policies.**

The development of effective responses to the wide spectrum of issues currently faced by women is central to the progression of all women in Victorian society. CEW supports the Inquiry's review of current policies with a focus on gender equity.

CEW also welcomes the Victorian Government's 2021/22 Budget commitment to establish a gender-responsive budgeting unit within the Department of Treasury and Finance. This will enable gender impact analysis in the government's budget decision making process and ensure outcomes for women are specifically measured as part of all budget decisions. Gender responsive budgeting could be further embedded through committed ongoing funding for the unit and including gender responsive budgeting in the *Gender Equality Act 2020*.

Should you require further information, CEW would be happy to provide it.

Yours sincerely



Susan Metcalf  
CEO  
Chief Executive Women

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<sup>i</sup> KPMG, 2018, Ending workforce discrimination against women.

<sup>ii</sup> Equitable Flexibility, [https://cew.org.au/wp-content/uploads/2021/06/CEW-Report-2021\\_all.pdf](https://cew.org.au/wp-content/uploads/2021/06/CEW-Report-2021_all.pdf)

<sup>iii</sup> Enhancing Work-Life Balance: A Better System of Paid Parental Leave,  
<https://assets.kpmg/content/dam/kpmg/au/pdf/2021/better-system-for-paid-parental-leave-report.pdf>

<sup>iv</sup> 2016 Senate Economics Committee inquiry report into retirement incomes for women,  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Economic\\_security\\_for\\_women\\_in\\_retirement/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Economic_security_for_women_in_retirement/Report)

<sup>v</sup> CEW, Retirement Income Review Submission, 2020, [https://cew.org.au/wp-content/uploads/2020/03/CEW\\_PositionPaper\\_RetirementIncomeReview.pdf](https://cew.org.au/wp-content/uploads/2020/03/CEW_PositionPaper_RetirementIncomeReview.pdf)