

Chief Executive Women

CEW 2022-23 Pre-Budget Submission

Leveraging women's participation and leadership is one of the most effective actions for business and government to boost the Australian economy. As we build for recovery, while facing critical labour and skills shortages, we need to invest in our people and place care at the centre of our economy.

We cannot afford to delay this investment or have women as an economic afterthought. An intentional focus on ensuring women have equal opportunities and equal pay is vital for Australia's economic prosperity.

Placing care at the centre of our economy

The pandemic has exposed the fragility of our economic assumptions and our lack of investment in the social infrastructure crucial to a strong economy and society. While the care sector, largely powered by women, has been the safety net of the economy, this sector has been widely undervalued. The care sectors are encumbered by critical workforce shortages, resulting from high levels of insecure work and low pay.

CEW welcomes the Government's intention to address the jobs and skills crisis in the care sectors. CEW welcomes the Government's significant commitment to women's economic equality, in particular commitments to a Gender Equality Strategy, the Women's Economic Equality Taskforce, landmark investment in accessible early childhood, implementing the recommendations of the Respect@Work and Set the Standard reports, and implementing gender responsive budgeting.

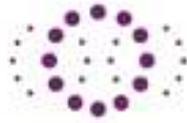
Unlocking women's workforce participation and leadership

Australia continues to face critical labour shortages. The National Skills Commission estimates the need for 1.2 million additional workers across the economy by 2026, a large majority of these roles are in highly feminised industries such as health and early childhood.ⁱ

CEW and Impact Economics and Policy research [Addressing Australia's Critical Skill Shortages: Unlocking Women's Economic Participation](#), demonstrates that women are an untapped workforce who can play a critical role in meeting these labour shortages.

- Halving the workforce participation gap between men and women would represent an additional 500,000 full-time skilled workers with post school qualifications.
- Engaging women in paid work at the same rate as men could unlock an additional one million full-time skilled workers in Australia.

Whilst Australia is ranked equal 1st in the world for women's education, we rank 38th when it comes to economic participation and opportunity.ⁱⁱ Australia faces a growing gender pay gap of 14.1%ⁱⁱⁱ,



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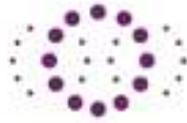
amounting to an equivalent of \$898 million per week in earnings.^{iv}

Conscious of the difficult fiscal context Australia faces, CEW's submission makes recommendations on both immediate actions as well as long term reforms. The immediate actions include measures necessary to address the current work and care challenges in the economy and unlock women's workforce participation.

These are investments that Australia cannot afford to defer. This investment is good for families, business and the economy. The ACTU reports that \$111 billion can be generated every year by cutting gender inequality at work by half.^v

CEW calls on the Government to:

1. Invest in well-paid, secure jobs in care sectors
2. Make quality early childhood education and care accessible and affordable
3. Expand the Commonwealth Paid Parental Leave scheme to all parents
4. Make workplaces safe from sexual harassment
5. Embed gender responsive budgeting and gender impact analysis of policy and budgets



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Summary of Recommendations

Recommendation 1 – Invest in well-paid, secure jobs in care sectors

Immediate action

- Fund aged care workers wage increase, as determined by the Fair Work Commission
- Deliver an immediate interim 10% wage supplement for educators in the early childhood sector
- Increase JobSeeker payment consistent with pension levels and reinstate the single parents' supplement

Recommendation 2 – Make quality early childhood education and care accessible and affordable

Immediate action

- Bring forward planned increases to the Child Care Subsidy to January 2023
- Remove the Child Care Subsidy Activity Test
- Deliver immediate interim 10% wage supplement for educators in the ECEC sector

Recommendation 3 – Expand the Commonwealth Paid Parental Leave scheme for all parents

Immediate action

- Increase the Commonwealth PPL scheme to 26 weeks
 - 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
- Extend the superannuation guarantee to the Commonwealth PPL scheme to help reduce the super gap between men and women in retirement

Recommendation 4 – Make workplaces safe from sexual harassment

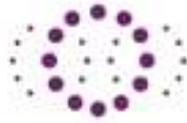
Immediate

- Implement all 55 recommendations of the Respect@work report, particularly a positive duty for employers under the sex discrimination act, and the prohibition on sexual harassment in the Fair Work Act
- Implement commitments to the recommendations of the Set the Standard Report

Recommendation 5- Embed gender responsive budgeting and gender impact analysis of policy and budgets

Immediate

- Implement existing commitments to gender responsive budgeting and gender impact analysis for policy
- Review the Stage Three tax cuts from a gender responsive budgeting lens to understand the impact on the economic equality of women



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Recommendation 1

Invest in well-paid, secure jobs in care sectors

Immediate action:

- **Fund aged care workers wage increase, as determined by the Fair Work Commission**
- **Deliver an immediate interim 10% wage supplement for educators working in the early childhood education and care (ECEC) sector**
- **Adequately support women into work through:**
 - **Increasing JobSeeker payment rates to be consistent with pension levels with indexation**
 - **Reinstating the single parents' supplement**

Reform:

- **Invest in secure, well-paid, professional jobs in health, education and care industries including ECEC, aged care and disability care**
- **Explore extending superannuation guarantee payments to time spent out of the workforce for caring responsibilities, such as a caring credits model**

Care sectors are facing critical workforce shortages. Care sectors consist of approximately 80% women, and nearly half are employed part time^{vi}. Care sectors, characterised by low wages, high burnout and lack of secure employment opportunities, have struggled to attract and retain workers.^{vii}

Greater provision of government-funded care services has been estimated to increase labour supply by over 2%, 70% of whom would be women. When combined with higher wage growth in the ECEC, aged care and disabled care sectors this has been estimated to contribute to 1.64% greater GDP in 2030.^{viii}

Both State and Commonwealth governments can play an important role in ensuring decent wages and secure employment for the care workforce, including teachers and nurses. These industries require strong professional pipelines, where young workers are excited to build their career. Investment in the care sector will help address the persistent gender pay gap and workforce participation gap in Australia for a diversity of women, noting significant numbers of migrant and refugee women work in these sectors. Investment in the care sectors will create jobs, boost the economy and ultimately lead to resilient sectors better equipped to meet the demand and respond in times of crisis.

The burden of caring responsibilities within the home continues to fall disproportionately on women, who spend twice as much time in unpaid care as men. Women make up over two thirds of carers for elderly individuals or persons with disability. In the wake of the pandemic, the impact of caring responsibilities on women's workforce participation is glaring. Mothers were 61.5% more likely to report that they took on the majority, or all, of the unpaid care work related to school or childcare facility closures^{ix}. Mothers with children under the age of 12 were the group most likely to move from employed to non-employed status between 2019 and 2020 across OECD countries.^x This time out of the paid workforce has significant impacts on women's financial security across their life. Women currently retire with 24% less superannuation than men.^{xi}



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CEW recommends exploring options of extending superannuation guarantee payments to time spent out of the workforce for caring responsibilities. These payments, such as a caring credits model, ensure carers are not disadvantaged and left financially insecure in retirement. This is in line with the Australian Human Rights Commission report [Investing in care: Recognising and valuing those who care](#) and has been adopted in different forms in many OECD nations.

An important aspect of unlocking workforces to fill critical shortages is supporting people into work. 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.^{xii} CEW recommends permanently increasing JobSeeker payment rates to be consistent with pension levels with indexation.^{xiii}

Supporting individuals who have left violent relationships both into work and within the workforce itself, is of critical importance. Although 60% of the women who have left violent relationships are employed, their earnings are insufficient to support their families and 50% of them rely on government payments as their main source of income.^{xiv} Data shows many of these women could not pay their bills, heat their houses or register their cars, and more than 17,000 women went without meals.^{xv} Reinstating the single parents supplement will mean women escaping violent relationships will be supported into work and less at risk of poverty.

Recommendation 2

Make quality early childhood education and care (ECEC) accessible and affordable

Immediate action:

- **Bring forward planned increases to the Child Care Subsidy to January 2023**
- **Remove the Child Care Subsidy Activity Test**
- **Deliver an immediate interim 10% wage supplement for educators working in the ECEC sector**

Reform:

- **Build towards universal access for all children to quality, flexible ECEC; at the minimum- three days of ECEC from when families need it, until children start school**
- **Develop and implement a workforce strategy to address low wages and sector sustainability**

Australia is facing critical skills and labour shortages. Yet there is a ready workforce wanting to participate more fully but sidelined by barriers to work. As Australia seeks to rebuild economic capacity, we cannot afford any barriers to parents' participation in the workforce.

In 2021, the Productivity Commission reported that more than 90,000 Australian parents stayed out of the workforce because the cost of ECEC was too high.^{xvi} This was a sharp 21.7% rise, compared with the previous 12 months.

The cost of early childhood is a significant cost of living pressure on families and the current system creates financial disincentives to workforce participation. CEW supports the commitment to increase the Commonwealth Child Care Subsidy and recommends bringing forward well-designed changes to the subsidy to January 2023.



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The benefits of the proposed changes to the subsidy will be limited by the operation of the Child Care Subsidy activity test. The activity test currently contributes to at least 126,000 children from the poorest households missing out on critical early childhood education and care.^{xvii} [Impact economics found](#) single parent families are over three times more likely to be limited to one day of subsidised child care a week. For First Nations families that increases to five times more likely and non-English speaking families and low-income families are six times more likely. CEW supports the removal of the activity test to ensure such structural barriers to accessing necessary ECEC services are removed.

The pandemic has demonstrated how vital a stable and sustainable ECEC sector is to a functioning economy. The Commonwealth Government needs to address the shortage of qualified teachers and early childhood educators impacting on the supply of accessible and affordable ECEC.

Development of a proactive workforce strategy by the Federal Government in conjunction with State and Territory Governments is needed. This should include free or subsidised VET courses in ECEC, scholarship programs for educators to upgrade to teacher qualifications, and professional development and wellbeing programs for educators. As recommended by Centre for Policy and Development, this requires implementation by state and federal governments of the National Workforce Strategy, including improved wages for low-paid ECEC roles, with an immediate interim 10% wage supplement for educators working in the ECEC sector.^{xviii}

CEW recommends the Commonwealth Government be a leader in committing to the Starting Better Guarantee.^{xix}

Recommendation 3

Expand the Commonwealth Paid Parental leave scheme for all parents

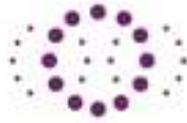
Immediate action:

- **Increase the Commonwealth PPL scheme to 26 weeks**
 - 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
- **Extend the superannuation guarantee to the Commonwealth PPL scheme to help reduce the superannuation gap between women and men at retirement**

Currently, 88% of parental leave is taken by women. On average, men continue to earn more than women. Whilst the Commonwealth PPL scheme is paid at minimum wage rather than replacement wage, 'use it or lose it' provisions will be essential to increase men's uptake.

We know from international experience that the key to men taking parental leave is a 'use it or lose it' component. In Denmark this saw a significant increase in men's uptake of parental leave and men were more likely to continue shared care of their children throughout the early years. Encouraging men to take up parental leave normalises flexible work and shared care responsibilities, unlocking women's workforce participation and strengthening their financial security.

The Commonwealth PPL scheme needs to be increased to 26 weeks, including components that encourage more equitable caregiving by both parents. The Grattan Institute estimates expanding the Commonwealth Paid Parental Leave scheme to 26 weeks scheme could cost the government an extra



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\$600 million a year. However, 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.^{xx}

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

Recommendation 4

Make workplaces safe from sexual harassment

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

CEW welcomes the government's commitment to implement all 55 recommendations of the Respect@Work report^{xxi}, particularly a positive duty for employers under the Sex Discrimination Act; and a prohibition on sexual harassment in the Fair Work Act.

CEW welcomes the Government bill to enable workers, including casual workers to access 10 days paid domestic violence leave under the National Employment Standards. This will ensure that access to such leave is not dependent on which organisation a person works for and support victims' continued workforce participation.

Recommendation 5

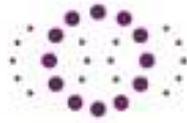
Embed gender responsive budgeting and gender impact analysis of policy and budgets

Immediate action:

- **Implement existing commitments to gender responsive budgeting and gender impact analysis for policy**
- **Review the Stage Three tax cuts from a gender responsive budgeting lens to understand the impact on the economic equality of women**
- **To operationalise these commitments, in line with [KPMG recommendations](#):**
 - **Establish a baseline understanding of existing gender-disaggregated data and collect and analyse additional gender disaggregated data, including on the members of the public who may be impacted by these policies.**
 - **Initiate needs-based gender budgeting – that identifies and prioritises policies based on their ability to fulfill gender equality needs - this could be through pilot programs to establish a methodology**
 - **Publish gender impact analyses alongside the budget papers**

Reform:

- **Strengthen corporate reporting requirements, including publication of company gender pay gap data and collection of desegregated data (including intersectional data) in line with Workforce Gender Equality Agency review recommendations**



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- **Prioritise organisations with gender balanced leadership in government procurement processes**

By embedding gender responsive budgeting, governments can identify how policies will impact women and girls and direct more coherent and strategic policy approaches to address gender equality. Gender responsive budgeting is crucial to support implementation of a gender equality strategy.

Gender impact assessments ensure governments identify and address gendered impacts of initiatives prior to the enactment of legislation, appropriation of funds, or introduction of policy. Without a systematic process in place to understand the differential impact of policy decisions on women and men, policies can often produce unintended gendered outcomes.

A comprehensive, whole-of-government application of a gender lens to consideration of all new policy proposals is required to deliver coherent, effective policy.^{xxii} To ensure the needs of different groups of women are considered, gender impact assessments must include an intersectional lens that recognises and addresses the differential impacts on diverse women, including First Nations women, migrant and refugee women, women with disability, LGBTIQ communities and women living in rural and remote communities.

CEW calls on the Commonwealth Government to review the Stage Three tax cuts through a gender responsive budgeting lens to fully understand the gendered impact and the impact on the economic equality of women. Analysis found that tax cuts will benefit men significantly more than women, and ATO individual tax data reveals noticeable gender inequality in income.^{xxiii}

Professor Miranda Stewart found that Australia's well-educated female labour force is underutilised because of the punishing disincentives in the tax and transfer system.^{xxiv} Child, disability and aged care workers, industries that are female dominated, are bastions of the care economy. By ensuring they are supported by a tax system that delivers a fair, effective tax rate for these workers we can continue to support the care economy.



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About Chief Executive Women

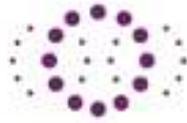
Women Leaders Enabling Women Leaders

Chief Executive Women's (CEW) shared mission is 'women leaders enabling women leaders'. CEW's over 900 members hold leading roles in Australia's largest private and public organisations. They oversee more than 1.3 million employees and \$749 billion in revenue. Member's organisations have a combined market capitalisation greater than \$1.144 trillion and contribute in excess of \$249 billion to Australia's GDP.

Since 1985 CEW has influenced and engaged all levels of Australian business and government to achieve gender balance. Through advocacy, research, targeted programs and scholarships, CEW helps 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. For more information, visit www.cew.org.au

Acknowledgment of Country

We acknowledge the Traditional Custodians of Country throughout Australia and pay our respect to their Elders past and present. CEW celebrates the diversity of First Nations people and their continuing connection to land, water and community, and acknowledges the strength of First Nations women leading their communities. We extend that respect to Aboriginal and Torres Strait Islander people who are part of the CEW community.



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