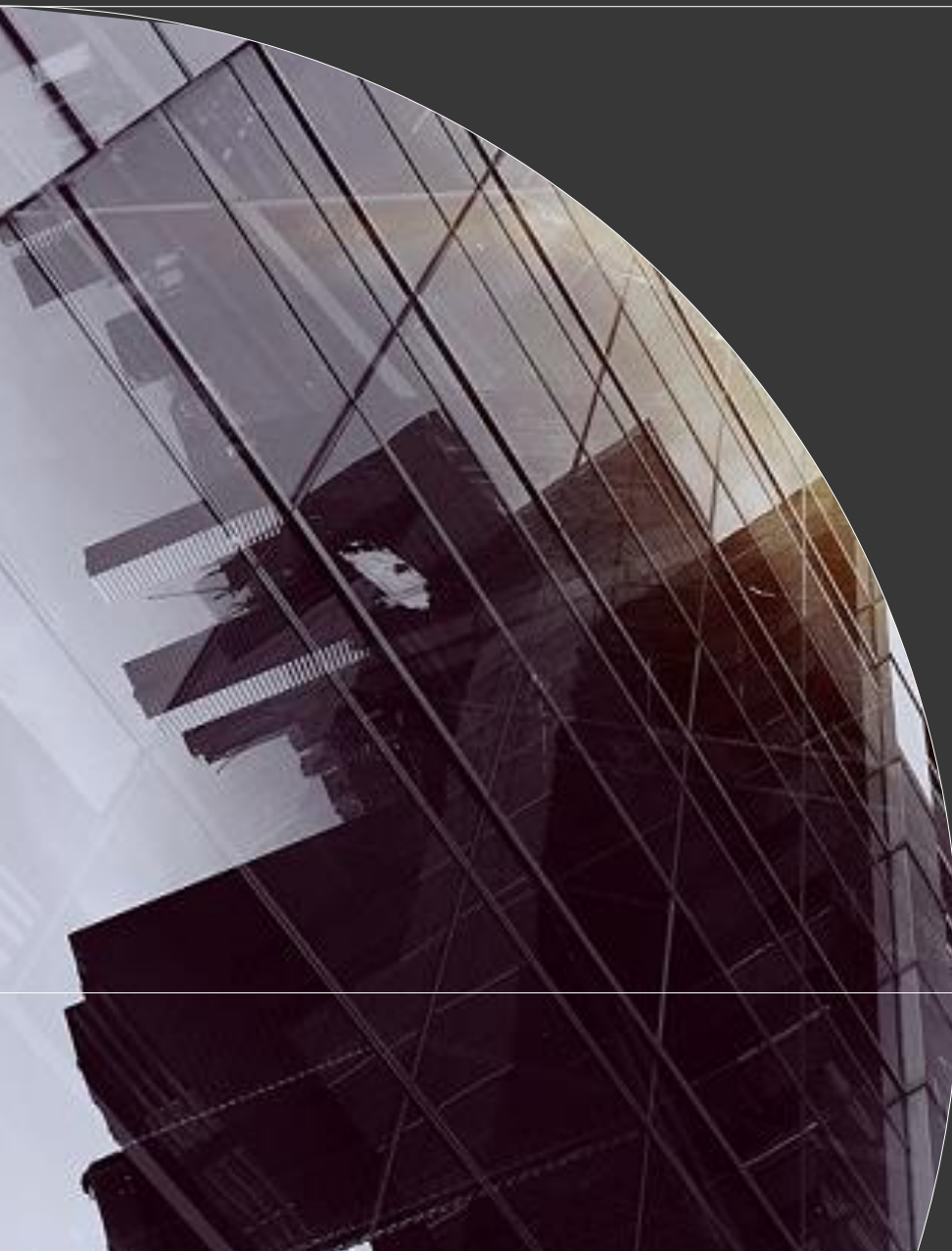


# Jobs and Skills Summit – policy paper

## Equal pay and equal opportunities for women

August 2022



BCA

Business Council of Australia

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# 1. Overview – a reset on women’s participation

## The problem

- Australian women are among the world’s most educated, but women’s economic participation is not where it should be. While this level of educational attainment shows the value of our national investment in education, it is apparent we are not capitalising on this investment.
- Women’s workforce participation bears the brunt of the economic and social trade-off between work and care. It remains the main barrier to women joining the workforce, increasing their hours of work and advancing to reach their full potential.
- The systemic structural, cultural and economic barriers that still exist in childcare, Paid Parental Leave (PPL), superannuation and acquiring skills all have direct economic consequences on women’s future economic security.
- Harassment and bullying remains an issue in many workplaces.

## The reset we need

- Striking consensus that increasing women’s participation is one of the single biggest interventions we can make to increase our economic growth and labour market.
- Accepting that women’s participation is a core economic policy because it is fundamental to our economic prosperity and should not be treated as a side issue.
- Ensuring economic participation must also be about advancement and progression, addressing inequalities on pay, career development, leadership and superannuation.
- Removing barriers that limit women’s economic security through urgent national actions that enable women to have greater control over their work arrangements so they can fully participate.
- Driving long term culture change in the caring of children and other caring duties which embeds a culture of sharing care responsibilities.
- Taking an unambiguous and relentless approach to stamping out harassment and bullying in all our forms in our workplaces.

## The guiding principles

- The barriers which restrict women’s full participation, progression and equality in the workplace must be removed as a priority.
- There must be a drive to achieve a long term culture change in the caring of children through a PPL program that incentivises shared care.
- There should be ongoing transparency and accountability to demonstrate improvements in women’s participation and advancement in the workplace,
- Flexibility is essential for women’s engagement in the workplace, enabling them to have choices over their working arrangements.
- Low paid sectors, which are largely female dominated, should have equal access to enterprise bargaining, and more innovative ways of working to increase productivity and wages, and further consider how the sector’s funding and operating models are sustainable over the long term where wages meet community expectations.

- Employers at the workplace level have primary responsibility for removing structural barriers to increased participation and progression.
- Employers have a responsibility to stamp out bullying and harassment in the workplace.

## The actions

- Implementation of the new childcare arrangements, focused on a subsidy scheme that provides a foundation for an early childhood learning guarantee.
- The new childcare scheme must be managed efficiently and equitably, does not simply lead to higher fees, and ensure there is sufficient workforce to meet the potential need. It must primarily support those who are not participating in the workforce where the cost of childcare has been a barrier to entry.
- Design work should be undertaken for the expansion of PPL so it encourages and enables increased shared care.
- Implementation of gender responsive budgeting across government budget and policy development processes, with the framework for this in place by May 2022.
- Setting targets for and reporting on women's workplace participation, pay, and advancement should be embedded within the core reporting requirements of an organisation.
- Support upskilling and re-skilling of women to advance in the workforce or re-enter, particularly in breaking down barriers in male dominated industries.
- Examine the structural funding challenges of the care sector in which many women are employed and how the system can recognise the value of the work performed.
- Review of tax and superannuation measures that disadvantage women/carers when taking time out of the workforce and trying to re-enter it for parenting and caring.
- Quickly implement the remaining Respect@Work provisions.

## 2. Key Facts

- A 2022 Chief Executive Women report, undertaken by Impact Economics and Policy, highlighted that if women participated in the workforce at the same rate as men, that would unlock an additional one million full time skilled workers in Australia. In 2018, KPMG modelled that if the labour force participation gap was halved between men and women, the additional contribution from female workers to the economy would be substantial. KPMG estimated that Australia's GDP would increase by \$60 billion by 2038 and cumulative living standards would increase by \$140 billion.<sup>1</sup> This means that the average Australian would be more than \$2,000 better off, not to mention the benefits for those women who are able to work and advance.
- Across the Organisation for Economic Co-operation and Development (OECD), Australia is ranked 28th out of 42 countries for maternal participation in the labour force (sitting at 68.8 per cent) behind Canada, the United Kingdom, the United States and New Zealand, and the OECD average (70.9 per cent).<sup>2</sup>
- She's Price(d)less 2022 Report found that while the rate of women's labour force participation between the ages of 15-24 exceeds that of men, that drops away for women in the child rearing years of 25-44 years. Distribution of income is also skewed, with the report estimating the national pay gap equates to \$51.8 billion per annum. The report also found that women consistently earn less than men in every age bracket and the gender pay gap widens substantially when women turn 35 years of age.
- Australia is ranked 43<sup>rd</sup> among 146 countries on the Global Gender Gap Index for 2022, a small improvement from 50<sup>th</sup> in 2021.
- Treasury data released in July 2022 found Australian women face a decade long 'motherhood penalty' equating to a reduction of around 55 per cent of their pre-birth income.
- The 2021 Intergenerational Report (IGR) noted that up to 40 per cent of per capita growth in the United States between 1960 – 2010 may be due to the reduction in structural barriers affecting women's participation in the workforce and therefore the use of that human capital in the economy.<sup>3</sup>
- The 2020 Respect@Work: Sexual Harassment National Inquiry Report found almost 40 per cent of women said they experienced sexual harassment in the workplace in the last five years.

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<sup>1</sup> KPMG Enhancing work-life balance: A better system of Paid Parental Leave

<sup>2</sup> OECD, Maternal employment rates, 2019 or latest available.

<sup>3</sup> Intergenerational Report 2021: Australia over the next 40 years, Commonwealth of Australia June 2021, Pg. 39

## 3. Key Issues

### 3.1 Childcare that supports workforce participation and career progression

The cost, quality and availability of childcare plays a critical role in decisions about workforce participation and the ability of women to progress and advance in their careers.

We argue a comprehensive approach is needed to improve the system: addressing the barriers to participation such as affordability and the complexity of the system as well as ensuring children are adequately supported at a critical stage of their development.

As a nation we should be moving towards an early education development model which recognises the fundamental importance of the first five years of a child's development. These foundation years are critical to future success: not only for the individual but for the economy as a whole.

The reforms to childcare which will be introduced from 1 July 2023 provide a further opportunity to increase women's participation in the workforce. It is essential that their implementation is well planned and the increases in subsidies are done in an efficient and effective way, so the benefits are not simply lost on higher fees. The design should be focused on enabling women, for whom the cost of childcare is a barrier to entry into the workforce, now have that opportunity. In addition, urgent work is needed in identifying the potential workforce to meet the expected increase in demand. If implemented successfully, this expansion of childcare will enable the foundations of an early learning childhood guarantee that should be part of a national program.

### 3.2 Sharing the care with Paid Parental Leave (PPL)

Barriers to women (in the child rearing years) maintaining their connection to the workforce and advancing in their careers are multiple and often reflect entrenched cultural biases.

The current PPL system acts as a barrier to workforce participation for two key reasons. First, the current entitlement of up to 20 weeks is not sufficient. Second, the lopsided nature of PPL (18 weeks for the 'primary carer', generally the mother, and two weeks for the partner) entrenches a gender inequality by almost dictating that the primary carer (mother) takes the bulk of the leave.

The combined effect of these two factors often sees parents struggle with the return to work resulting in mothers electing to adjust their hours to part time work or exiting the workforce altogether. This has a direct impact on women's career advancement, income levels and future economic security.

The Business Council is proposing a PPL system that incentivises both parents to share responsibility for caring that helps to shift traditional cultural and gender norms, tackle structural inequities, and see more women participating in the workforce and able to advance in their professions.

### 3.3 Women in leadership

Barriers to women's progress to leadership positions whether they be managerial or on Boards is multifaceted.

However, women in leadership positions helps to reduce pay gaps and provides important role models and mentoring opportunities for the next generation.

There is a growing recognition in Australia's business community that increasing women's representation in leadership and board positions is critical to having better run, more effective companies that can respond to the diverse demands of an ever-changing business environment.

In a recent report, the Workplace Gender Equality Agency (WGEA) estimated that increasing female participation in the workforce and representation of women in leadership and board positions is critical to a company's

bottom line, adding up to 6.6 per cent of market value for ASX listed companies as well as helping to attract and retain talent.

Australian businesses are deploying a range of strategies to address the known issues affecting women's advancement, such as the challenge of balancing work and family, biases, and barriers that keep women from many of the roles that typically lead to senior leadership.

### **3.4 Women in business**

Women owned businesses have grown exponentially over the past decade with two thirds of new businesses founded by women<sup>4</sup>. However capital raising is a well-known challenge that is hampering business expansion.

Research released earlier this year by the Australian Small Business and Family Enterprise Ombudsman found that 43 per cent of women it surveyed identified access to funds as the most significant barrier to growth that they faced.

Greater support for women entrepreneurs would act as further stimulus to female participation in the economy.

Research conducted by Asialink suggests that if there was parity in business ownership between men and women, the Australian economy could be boosted by between \$70 - \$135 billion.<sup>5</sup>

In 2017, the Business Council partnered with WGEA and McKinsey & Company to produce a landmark report "Women in Leadership".

The report revealed a common recipe for success among companies that have above average representation of women in executive roles. The report also revealed a suite of ten practices that have proven to be effective and can be implemented across industries.

There is value in revisiting this work together with WGEA that allows for collection and dissemination of best practice guidance and further codesigned approaches to support women entrepreneurs and women to progress into executive and leadership positions.

### **3.5 Male dominated industries**

There should be an ongoing focus on addressing industries and occupations where women's participation is low.

We know that Australian women are among the smartest and most educated in the world. Increasing educational attainment of women in Australia has driven corresponding improvements in workforce participation and by extension supported lifelong economic security.

Unlocking this significant source of human talent will provide an additional economic bounce as we rebuild the economy and deliver future prosperity.

Australian companies operating in some of the traditional male dominated industries have implemented a range of policies and initiatives to support increased women's participation. But there are many areas still for improvement.

Business and industry recognise the significant potential and want to work with the Australian Government to explore opportunities for special measures to ensure substantive change in equality and diversity outcomes.

In some male-dominated industries, qualifications and other occupational licencing requirements can present an entry hurdle for women. Skills and training programs that meet these requirements can provide a pathway into these roles.

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<sup>4</sup> Xero Boss Insights 2021

<sup>5</sup> Asialink's *Empowering Women Innovation Leaders in Australia and Southeast Asia: A regional blueprint report*



One of these programs, the Boosting Apprenticeship Commencements wage subsidy, has been a success. It resulted in the number of apprentices and trainees increasing by around 60,000 during the pandemic, despite the uncertainty for businesses in taking on a new employee and investing in their training.

Women have benefited significantly from this program. The number of female apprentices and trainees increased to around 95,000 by mid-2021, an increase of over 47 per cent compared to a year earlier. This compares to a 21 per cent increase for male apprentices and trainees over that time period.

In targeting jobs to women in traditionally male-dominated occupations, employers need to be able to promote vacancies directly to this group. By way of example, companies with occupations where women's participation is at its lowest (e.g. truck drivers) confront difficulties obtaining exemptions to run an advertising campaign targeting women only trainees. It is important that exemptions to anti-discrimination legislation are more readily available to allow employers to advertise roles exclusively for women to improve the gender workforce balance are easy to access.

### **3.6 Better support for lifelong learning**

For people who are looking for work later in their careers (including after a period raising young children or performing other caring duties) upskilling and reskilling can be the key to reposition for a new occupation in a growth industry. Candidates for this type of education and training come to it with a wide variety of prior experience and past qualifications.

Older learners (especially women) are also more likely to have part-time work or caring responsibilities that make it difficult to engage in full-time or long-term study.

For this reason, there is a need for more flexible, timely and tailored education and training options.

Short courses, skill sets and individual micro credentials should play an increasing role in this regard but programs delivering them are often geared towards young or unemployed people who may be more drawn to full qualifications.

A Lifetime Skills Account should ultimately be available for all Australians, providing an ongoing financial support for people to invest in their life long learning. but a first step would be to pilot the model for a couple of specific cohorts and get the settings right before scaling it up.

In addition to implementing a Lifetime Skills Account that provides resourcing for lifelong learning, governments should work together with industry to improve access to, and recognition of, micro-credentials. Industry micro-skilling platforms like SkillsFinder should continue to be supported by government and promoted through government channels like MySkills, YourCareer and the new Microcredentials Marketplace.

### **3.7 Implementing Gender Responsive Budgeting**

Implementing Gender Responsive Budgeting (GRB) will send a powerful message to the community that the government will be accountable and transparent in delivering the economic and social objectives inherent in tackling gender inequities. GRB is a key mechanism to support governments in realising their gender equity strategy. It acts as an enabler for the successful delivery of a gender equity strategy by demonstrating the direct impact of policy funding and alignment of decision-making processes against set gender equity targets, and provides a strong platform for evaluating progress and adjustment of policies where needed.

As recommended in a recent [KPMG report](#) on GRB, governments should:

1. Review their current levels of gender-disaggregated data in relation to each policy area and develop a plan to comprehensively collect this data in future. This will support evidence-based decision-making and enable tracking of the impacts over time.



2. Identify specific policy areas or departmental portfolios where gender inequity is most apparent. Select from these as opportunities for one or more pilot projects to apply gender budgeting techniques to address these inequities.
3. Prepare to communicate to the public how the GRB process works, including the point in the decision-making process where GRB is applied and the expected impacts of the decision on the different genders.

### 3.8 Supporting women's economic security

The Summit and October Budget presents an opportunity to make smart investments that remove structural barriers for women who wish to fully participate in the paid workforce and thereby unlock greater productivity in the Australian economy.

Most of the recent rises in women's workforce participation has primarily come from women in their 50s and early 60s. This is good and bad news.

A combination of greater levels of part time work, employment in lower paid industries, less time in the workforce due to caring responsibilities, contribute to economic insecurity for women now and into their retirement years. Increasing the opportunities for women to continue to work if they choose, and to advance with support for additional training, will improve their economic security.

The latest WGEA data show 81 per cent of companies that offer paid parental leave also paid superannuation as part of this leave. The Government should examine support for superannuation paid on PPL and how it can benefit the long term financial security of women, as well as any further changes to enable them to catch up on superannuation lost due to time out of the workforce due to caring responsibilities.<sup>6</sup> Additional options<sup>7</sup> include:

1. Time-limited rebates of the superannuation contributions tax (SCT).
2. Providing top-up superannuation contributions for primary carers (not on a co-contribution basis).
3. Allowing employers to make unused Superannuation Guarantee concessional contributions for recipients of Commonwealth paid parental leave without a time limit.
4. Removing the five-year limit on utilisation of concessional caps for years spent as a primary carer
5. Creating a Primary Carer Supplementary Concessional Cap.

These could be further supported by a gender responsive budgeting approach to demonstrate their potential in delivering ongoing economic and social value. For example, the proposals on the supplementary concessional cap and removal of the five-year limit on utilising earlier contribution caps is about giving women the opportunity to catch-up when their earnings have recovered from any time out of the workforce. This would smooth out a person's income and savings over their working life to account for changing circumstances (which impact women much more than men when it comes to having children). The other proposals explicitly value the unpaid work primary carers take on when out of the workforce.

### 3.9 The Care Sector

The care sector is largely female dominated, low paid and facing significant workforce shortages. It is also one of the fastest growing employment areas. By 2026, around a quarter of new jobs will be in the health care and social assistance sector, with the largest growth being for aged and disabled care workers.

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<sup>6</sup> <https://www.wgea.gov.au/newsroom/parental-leave-scorecard>

<sup>7</sup> See for example, KPMG report *The Gender Superannuation Gap* and *Towards a more equal sharing of work*

Through the COVID-19 pandemic, Australians have increasingly appreciated the importance of this work and how essential it is to the wellbeing of our community. Whilst there is a Fair Work Commission case currently underway into aged care wages, the current structures and funding controls, which are primarily set by governments, make it difficult for the value of the work to be recognised. A more sustainable and long term approach is required, otherwise we risk further entrenching a lowly paid and disadvantaged female workforce into our economy. The fundamental challenges of the workforce can only be addressed through a broader, more sustainable and long term approach to the care sector as a whole. These are important socio-economic issues that must be addressed as a matter of real urgency.

## 4. Priorities

### 4.1 Immediate

#### **Childcare**

Ensure the new childcare arrangements are implemented efficiently, minimising the risk of gains being lost in higher fees and an available workforce to meet increased demand.

Embed design features that promote an equitable distribution of care by applying equally to both parents and incorporate a non-transferable ‘use it or lose it’ incentive and increasing the current entitlement of 20 weeks over future Budgets.

#### **Supporting women in leadership and women in business**

Together with WGEA produce a Women in Leadership report on best practice initiatives that can be scaled and implemented across industry to address the objective of increasing women’s representation in executive roles and support women in business.

#### **Embed women’s participation in reporting systems**

As women’s participation is viewed as a core economic issue, it should be reported as such. The current reporting should be improved and expanded to enable it to become an embedded part of the system for business, not an add-on. This should include companies setting their own gender equity targets and reporting against them, including how they are working to equalise gender pay and leadership representation inequalities.

### 4.2 Medium term – delivered through the Employment White Paper or other processes in the next 12-18 months

Government and Productivity Commission work together to create a world leading, integrated early childhood delivery system that is accessible, affordable and attracts the best and brightest workforce.

Consideration should be given to the inclusion of Superannuation Guarantee contributions in PPL.

Consideration of the removal of the five year time limit around concessional contributions made by employers to employees during periods of paid parental leave<sup>8</sup>.

Amendments to the Sex Discrimination Act which would allow employers to take affirmative steps to support women in the workplace, such as making higher superannuation contributions for their female employees.

#### **Increasing women’s participation and advancement through the skills system**

Extend the Boosting Apprentice Commencements wage subsidy.

Extend the Additional Identified Skills Shortage program to incentivise women to take up apprenticeships in male-dominated occupations, including in the construction industry. The initiative should aim to support 10,000 apprenticeships for women, with incentive payments paired with targeted promotion.

Ensure that exemptions within Anti-Discrimination Acts are easy to access for employers seeking to target positions to women where there is gender imbalance in the industry.

Trial a Lifetime Skills Account and fund the SkillsFinder micro-skills platform for a further four years including to women looking to upskill, with its scope expanded beyond digital skills.

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<sup>8</sup> See also <https://assets.kpmg/content/dam/kpmg/au/pdf/2021/addressing-gender-superannuation-gap.pdf>

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