



Chief Executive Women



**Inquiry into the
Recognition of
Unpaid Carers**



Chief Executive Women
Submission
August 2023

Inquiry into the Recognition of Unpaid Carers

Chief Executive Women (CEW) welcomes the opportunity to make a submission to the Senate Inquiry into the recognition of unpaid carers and the Government's commitment to recognising and supporting unpaid care. This inquiry builds on the important work that the Commonwealth has already undertaken to support gender equality and enable women's workforce participation in Australia.

CEW members shared purpose is 'women leaders empowering all women'. CEW members, as business and community leaders, drive change to realise a vision of:

- **Diverse women leaders at every decision-making table**
- **Women's workforce participation enabled across all sectors**
- **Women are economically secure and free from violence across their life course**
- **Workplace flexibility for men and women to work and care for family.**

Placing Care at the Centre of the Economy

Unpaid care work is vital to the wellbeing of our families and communities and provides the backbone support for workforce participation and a thriving economy. Yet this work is often unacknowledged and has been historically undervalued.

Women shoulder the majority of caring responsibilities, both paid and unpaid, and for many women this has lifelong impacts, including financial insecurity and an increased risk of homelessness as they age.

- Women spend an average of four hours and 31 minutes a day on unpaid work, compared to men's three hours and 12 minutes.

Women's financial security across their life course is significantly impacted by the time they take out of paid work to care for others.

- KPMG's report *She's Price(d)less* found that one third of the gender pay gap can be attributed to the time women spend outside of the work force undertaking unpaid care.
- Motherhood can severely impact women's financial security. Australian women with one child earn 5% less pay than those with no child. For those who have two or more children, wage penalty rises to 9%.

This financial impact ripples to retirement. Women approaching retirement have 23.1% less superannuation than men of the same age.

A strong, sustainable care sector is foundational to women's workforce participation and economic growth. However, the ECEC sector is characterised by low wages, high burnout and a lack of secure employment opportunities. For women, this is a double-edged sword. Approximately 80% of care sector roles are occupied by women, nearly half of whom are employed part-time. We know that investment in the care sectors will create jobs, boost the economy, unlock women's workforce participation, and ultimately lead to resilient sectors better equipped to meet the demand and respond in times of crisis, particularly economic crisis, and an ageing population.

The economic benefits of leveraging women's participation, leadership and investing in the care sector are significant in boosting the Australian economy. Australia faces a difficult economic climate. We need to invest in our people and place care at the centre of our economy.

As a nation, we have an opportunity to create the foundation for sustainable change and close the gender equality gap for the good of all. Systemic, structural and cultural factors perpetuate gender inequality in Australia. Intentional steps now and over coming years will build towards a gender equal Australia in 2030.

The return on investment in women and social infrastructure will be significant.

Recommendations

CEW recommends the following to address the arrangements of work and care in Australia that are necessary to improve women's economic opportunities and economic equality in Australia:

- 1. Develop tools and strategies that accurately measure unpaid care**
- 2. Make quality early childhood education and care universal**
- 3. Expand the Commonwealth Paid Parental leave scheme for all parents**
- 4. Extend the superannuation guarantee to the Commonwealth PPL Scheme to help reduce the superannuation gap between men and women in retirement**
- 5. Explore extending superannuation guarantee payments to time spent out of the workforce for caring responsibilities, such as a caring credits model as discussed by the Australian Human Rights Commission**
- 6. Review the taxation and transfer systems with a gender lens to explore options to value care, such as KPMG's Carers' Income Tax Offset model^[xxxii]**
- 7. Invest in a care workforce with well-paid and secure jobs**
- 8. Adopt a broader definition of care, with an intersectional lens, in the Carer Recognition Act 2010 (the Act)**

Recognising and Measuring the Diverse Contributions of Carers

Unpaid care is universally recognised as essential to a thriving community. Unpaid care is under-measured, under recognised and not only uncompensated, but can financially disadvantage the carer across their life-course. The reestablishment of the time use survey is a welcome opportunity for Australia to continue to establish itself as a gender equality data leader. CEW recommends that the Commonwealth build on this success to continue to develop tools and strategies that recognise the extent and complexity of unpaid care work. Which will provide an important framework to record and measure its value and contribution.

CEW recommends measuring care through a 'systems' lens, which will encapsulate different types of care conducted in Australia. Including by girls, elders, carers with a disability and CALD carers, and recognise and appropriately respond to their lived experiences.

CEW recognises that there have been attempts to recognise the value of care and support undertaken by informal carers have been made by the Australian Government. As the draft Care and Support Economy Strategy 2023 outlines, the value of unpaid work is estimated at \$77.9 billion. CEW commends the Government's latest commitment to invest \$838 million over four years in supports for informal carers. However, based on the Strategy's own estimation, the investment falls short on what would be required to address the true care burden placed on Australian women, marginalised peoples and communities.

CEW acknowledges that the discussion of fair remuneration for unpaid carers is out of scope for this inquiry. However, we do emphasise that the measurement and research of the scope and impact of unpaid care should be understood and developed. The development of tools and strategies to measure and track unpaid care will provide an evidence base to support future discussions of compensation and policy development.



The Intersectional Impact of Unpaid Work

Adopt a broader definition of care, with an intersectional lens, in the Carer Recognition Act 2010 (the Act)

First Nations women, women from migrant and refugee backgrounds, women with disability and people of marginalised genders experience multiple, diverse, and intersecting forms of discrimination and disadvantage, and this extends to unpaid care.

CEW acknowledges that the individuals experience of care is dependent on many factors, including race, gender identity, cultural background and disability. First Nations women and girls are leaders in their communities, and provide care for family, community and culture, and are key drivers of economic and social change. In addition to person-centred care, caring for Country is a vital element of the care and support economy threaded through practices of culture and knowledge sharing.

CEW also acknowledges that the care load of many First Nations and CALD women is also likely to increase with the impacts of climate change. Ensuring that communities are adequately cared for, and culture, traditional knowledges and connection to Country continues to be practised places an increasingly heavy weight on unpaid carers who perform these roles in addition to their other responsibilities.

In order to accommodate the many forms of unpaid care, CEW recommends that the Act be changed to broaden its definitions to incorporate First Nations conceptions of care, and to encourage the development of a national agenda to better support the needs and wellbeing of First Nations unpaid carers and their access to the care and support economy.



Enabling Carers Workforce Participation

Make quality childhood education and care universal

Immediate Action

- Remove the Child Care Subsidy Activity Test
- Deliver an immediate interim 10% wage supplement for educators for the next 2-3 years

Reform

- Build towards universal, free access for all children to quality, flexible ECEC by 2030; at the minimum three days of ECEC from when families need it, until children start school
- Ensure the National Children's Education and Care Workforce Strategy addresses: low wages, working conditions, a sustainable workforce strategy for new educators, and investment in supply of government funded and not-for profit services in identified 'childcare deserts'

Affordable and accessible ECEC is a key enabler of parent workforce participation. Additionally, the Centre for Policy Development found that three days of free or low-cost quality early education from birth until school means all children will benefit, ensuring long-term positive impact on our community and economy.

ECEC is a significant cost of living pressure on families and the current system creates financial disincentives to workforce participation. Impact economics found that 264 000 women in households with children under 5 are not participating in the workforce and cite childcare as a barrier. CEW supports the WEET's recommendation to abolish the Childcare Subsidy Activity Test.

Remove the Child Care Subsidy Activity Test

The Activity Test currently contributes to at least 126,000 children from families in the lowest socio-economic bands missing out on critical ECEC. The Activity Test marginalises families who would benefit from the subsidy the most.[xlix] Reducing search costs for women with young children through abolishing the Activity Test could increase participation of mothers with children under 5 years of age by 39,620 and increase GDP by up to \$4.5 billion per year.

Impact Economics and Policy found:

- Single parent families are over 3 x more likely to be limited to one day of subsidised ECEC/wk
- First Nations families are 5 x more likely
- Non-English speaking families and low-income families are 6 x more likely

Support a thriving and sustainable workforce

Evidence shows that the provision of quality ECEC plays a crucial role in improving children's cognitive, social and educational development from an early age. According to the Council Recommendation on High Quality Early Childhood Education and Care systems, ECEC participation can be an effective tool for achieving educational equity for children in disadvantaged situations, such as children with disabilities or with special educational needs, children within households at risk of poverty or social exclusion, including single parent households, children with a migrant background, refugee children, and children from other minority groups, children living in rural and remote areas with inadequate care infrastructure and children in alternative care.

The ECEC sector is facing several pressing issues. The pipeline of new teachers and educators into the sector is constrained by both a two-year migration pause and a decline in commencements in VET and University ECEC courses. Centres are struggling to attract and retain sufficient educators, with staffing waivers in the sector doubling over the last three years.

For a sustainable ECEC sector, careers must be secure and have clear progression. The National Children's Education and Care Workforce Strategy 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 the Centre for Policy Development, it should include improved wages for low-paid ECEC roles, with an immediate interim 10% wage supplement for educators. CEW encourages the Commonwealth Government to commit to the Starting Better Guarantee.

The federal government can address 'childcare deserts', where ECEC is not readily available or affordable, by investing in provision of government funded and not-for-profit centres. These services should reflect diverse communities and their needs, including First Nations run and owned, culturally safe ECEC services for First Nations communities.



Strengthen Women's Economic Security throughout their life course

Immediate Action:

Extend the superannuation guarantee to the Commonwealth PPL Scheme to help reduce the superannuation gap between men and women in retirement

Reform:

- Explore extending superannuation guarantee payments to time spent out of the workforce for caring responsibilities, such as a caring credits model as discussed by the Australian Human Rights Commission
- Review the taxation and transfer systems with a gender lens to address high Effective Marginal Tax Rates (EMTRs) experienced by women and explore options to value care, such as KPMG's Carers' Income Tax Offset model

Within the current superannuation system, there is an in-built gender bias which assumes continuous work history to accumulate sufficient funds for retirement to live without pension support. This does not reflect women's experiences of missing out on crucial years of superannuation accumulation due to career breaks to undertake unpaid care work. As a nation we must recognise and value unpaid work and caring responsibilities and the vast contribution that carers make to our society and economy.

CEW recommends an approach to retirement savings that addresses carers' foregone earnings from interrupted work arrangements. CEW calls for the Superannuation Guarantee to be applied to the Commonwealth PPL scheme. This ensures parents' superannuation continues to grow while on parental leave, with its impact compounding over the course of their careers. 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. Paying superannuation on PPL invests in women's economic security throughout their life course without causing an inflationary risk.

CEW recommends extending superannuation guarantee payments to time spent out of the workforce for caring responsibilities. These payments ensure carers are not disadvantaged and left financially insecure in retirement. A 'caring credits' model is discussed by the Australian Human Rights Commission report and has been adopted in different forms in many OECD nations.

Invest in the care economy

Immediate Action:

- To address critical workforce shortages and retention challenges in the ECEC sector in preparation for changes to the Child Care Subsidy, deliver an immediate interim 10% wage supplement for educators for the next 2-3 years until new funding and industrial instruments are in place from the Productivity Commission inquiry and Fair Work Act changes, as recommended by Thrive By Five, Centre for Policy Development.

Reform:

- Invest in secure, well-paid, professional jobs in health, education and care industries
- Invest in wages in care sectors beyond aged care, with urgent action taken in early childhood sectors.
- Implement the recommendations of the Work and Care Inquiry

Care sectors, where women make up approximately 80% of the workforce, are characterised by low wages, high burnout and lack of secure employment opportunities. As such, they have struggled to attract and retain workers and now are facing critical workforce shortages.

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 was 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. 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.

CEW recommends exploring options of extending superannuation guarantee payments to time spent out of the workforce for caring responsibilities, such as a caring credits model, to 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.



Expand the Commonwealth Paid Parental Scheme for all parents

Immediate Action

- Include a 'use it or lose it' provision in the 26 week Commonwealth PPL scheme to encourage parents to share the leave, and specifically to incentivise men to access PPL:
- include a 6 week 'use 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 six weeks leave

Reform

- Continue to expand the Commonwealth PPL scheme in line with best practice in other OECD nations

Paid Parental Leave is a critical lever in unlocking women's workforce participation and boosting the economy. CEW welcomed the increase to 26 weeks paid parental leave, designed with maximum flexibility for families, which will encourage more equitable care-giving by both parents

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.

CEW welcomed the Commonwealth PPL scheme's expansion to 26 weeks, including components that encourage more equitable caregiving by both parents. The Grattan Institute estimates that the expansion, could cost the government an extra \$600 million a year, 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.



About CEW

Chief Executive Women's (CEW) shared purpose is 'women leaders empowering all women'. CEW's over 1,200 members represent Australia's most senior and distinguished women leaders across business, academia, government, sport, the arts, and not-for-profit sectors. CEW's members have leading roles within Australia's largest private and public organisations. They oversee more than 1.3 million employees and \$749 billion in revenue. Members' 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.

Resources

- Women's Economic Equality Taskforce, Advice for May 2023 Budget, 24 March 2023 [Letter to Minister Gallagher re Women's Economic Equality Taskforce advice for May 2023 Budget \(pmc.gov.au\)](#)
- World Economic Forum, 2022, Global Gender Gap Report, [Global Gender Gap Report 2022 | World Economic Forum \(weforum.org\)](#)
- [Economic impact of care and support | Draft National Strategy for the Care and Support Economy | PM&C \(pmc.gov.au\)](#)
- [ABS to commence regular Time Use Survey in 2024 | Treasury Ministers](#)
- [Wiyi Yani U Thangani \(Women's Voices\) | Australian Human Rights Commission](#)
- KPMG, She's Price(d)less: The Economics of the Gender Pay Gap, July 2022, [Australian gender pay gap inequality | Economics - KPMG Australia \(home.kpmg\)](#)
- [Investing in care: Recognising and valuing those who care | Australian Human Rights Commission](#)
- [Centre for Policy Development, Starting Better: A Guarantee for Young Children and Families Starting Better at a glance \(A4 Document\) \(cpd.org.au\)](#)
- [Impact Economics: Child Care Subsidy Activity Test: Incentive or Barrier to labour force participation? March 2023 https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/6404ef877d49164322d52aa1/1678045067038/IEP_Activity+Test+V5%5B13%5D.pdfhttps://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/6404ef877d49164322d52aa1/1678045067038/IEP_Activity+Test+V5%5B13%5D.pdf](#)
- [Women's Economic Equality Taskforce, Advice for May 2023 Budget, 24 March 2023 Letter to Minister Gallagher re Women's Economic Equality Taskforce advice for May 2023 Budget \(pmc.gov.au\)](#)
- [Deloitte, 2022, Breaking the Norm: Unleashing Australia's Economic Potential, https://www2.deloitte.com/au/en/pages/economics/articles/breaking-norm-unleashing-australia-economic-potential.html](#)
- [Victoria University, Childcare deserts and oases: How accessible is childcare in Australia? March 2022 Childcare deserts & oases: How accessible is childcare in Australia? | Victoria University \(vu.edu.au\)](#)
- KPMG, Towards a new and improved era in women's equality [Valuing unpaid carers: Working towards gender equality - KPMG Australia \(home.kpmg\)](#)
- Older Women's Network, It Could be You [Homelessness - Older Women's Network NSW \(OWN NSW\)](#)
- Australian Human Rights Commission, April 2019, Older Women's Risk of Homelessness: Background Paper [ahrc_ow_homelessness2019.pdf \(ownsw.org.au\)](#)
- Mercer Australia Super tax reform leading to fairer outcomes February 2023 [Mercer calls for super tax reform, proposes \\$3.4 million superannuation cap](#)
- Australian Human Rights Commission, (2013) Investing in care: Recognising and valuing those who care [National Council of Women Australia - 2021-22 Pre-Budget Submissions \(treasury.gov.au\)](#)