



March 2023

## Submission to Senate Finance and Public Administration Legislation Committee: *Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023*

### BACKGROUND

Following the Senate Finance and Public Administration Legislation Committee's invitation to provide a submission to its inquiry into the provisions of the *Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023*, the Australian Childcare Alliance (ACA) would like to extend our thanks and appreciation for the opportunity to peruse the draft legislation and share our feedback on these important changes.

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the ACA represents more than 3,000 members and approximately 360,000 families throughout Australia. We work on behalf of long day care service owners and operators, predominantly private, to ensure families have an opportunity to access affordable, quality early learning services throughout Australia.

ACA commends the new Labor Government for its commitment to gender equality and to address the barriers women experience in the workforce. We acknowledge the challenges that women experience when returning to the workforce after having a child, caring responsibilities, and the impact on long-term earning capacities, with implications on superannuation and career progression.

ACA supports the principal objectives under *Workplace Gender Equality Act 2012* in section 2A to boost equal participation of women in the workforce, commitment to change any disadvantaged position of women experience in relation to employment matters, and eliminate discrimination based on gender in relation to employment matters (including in relation to family and caring responsibilities).

The Workplace Gender Equality Agency (WGEA) highlighted:

'The prime child-rearing years coincide with what is known as the 'Golden Decade' for career development, from age 30 to 40, and being out of the workforce during these years – or working in jobs that may be career-limiting rather than career-enhancing – makes it highly unlikely that this parent will be able to reinvigorate their career later in life. The length of parental leave taken also impacts on employees' abilities to re-enter the workforce and maintain their career momentum.

This combination of factors has flow-on effects in terms of less accrued human capital, substantially reduced superannuation savings and lower lifetime earnings, all of which impact on financial security after exiting from paid employment.'<sup>1</sup>

The proposed amendments are the first significant changes to the *Workplace Gender Equality Act 2012* in ten years. Such amendments reflect the wider community's attitude towards creating more equality for women in the professional and family spheres. ACA foresees the proposed amendments (based on the recommendations) as a positive step forward to begin changing existing workplace culture, to move towards greater inclusive, supportive, and gender equality environments.

ACA acknowledges the importance of creating strong data sets around the current inequalities experienced by women, and compelling transparency of employers with stronger gender inequality indicators in the *Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023*. Ongoing and long-term commitment from the government will continue to move gender equality issues forward to support women, families, and children now and into the future.

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<sup>1</sup> Workplace Gender Equality Agency 2014, *Submission to the Productivity Commission of Australia 'Inquiry into Child Care and Early Childhood Learning*, Workplace Gender Equality Agency



## ACA FEEDBACK AND RECOMMENDATIONS

We call upon the Senate Finance and Public Administration Legislation Committee to consider the following key concerns:

### Greater emphasis and action taken on the 4<sup>th</sup> Gender Equality Indicator

Regarding the Gender Equality Indicators, ACA requests that greater emphasis to be placed upon the **4<sup>th</sup> Gender Equality Indicator**:

‘Availability and utility of employment terms, conditions and practices relating to flexible working arrangements for employees and to working arrangements supporting employees with family or caring responsibilities.’

It is well known that on average women often do not earn as much as men in Australia, with the earning gap currently sitting at 22.8 percent.<sup>2</sup> When women are returning to work after having a child, parents often debate financial considerations that inform their choices around the child’s early childhood education. The outcome of these decisions directly impacts a woman’s long-term earning capacity, career progression and impact long term on her superannuation.

#### Choice between Childcare or Career

Affordable access to early learning has long been a determinant of when mothers may choose to return to work and for how many days per week. There have been a variety of policy decision taken by successive governments to improve affordability over the years culminating in the current government’s Cheaper Childcare Legislation coming into effect from July 2023 which will improve affordability for almost all families as well as increasing the upper income threshold from \$350,000 to \$530,000.

Specifically, it is important that funding policies continue to not disincentivise women working a fourth or fifth day should they choose to. The removal of the annual Child Care Subsidy (CCS) cap as well as the Additional CCS for multi-child families have also been a factor in improving the choice for families, particularly mothers who are the most likely parent to be forced to make these choices.

#### Low Income, Single Parents and Casual Workforce

Many women experience barriers when returning to work and attempting to access childcare through the support of the CCS. This is based on the eligibility criteria (the activity test) for CCS. The activity test has significant implications on gender equality affecting a woman’s ability to return to employment, her future earning capacity, super and her child’s early education opportunities. The report by Impact Economic and Policy found that:

‘The extent to which the activity test limits access to subsidised childcare, it is likely to reduce the participation of women in the workforce. And it is likely to restrict the benefits of early education for children’s development.’<sup>3</sup>

The activity test fails to consider a range of circumstances that affect women, including being a single mother or the sole incomer earner in a partnership on a lower wage, casual employment, or being responsible for additional unpaid caring roles within her family. Each of these situations would impact eligibility under the existing activity test for CCS. The removal of the activity test is one of the fastest actions that can be undertaken to create meaningful and tangible gender equality.

### Amendments based on Recommendation 2 and 3

ACA supports the proposed gender equality standards that require employers with 500 or more employees to commit to, achieve and report to WGEA. Furthermore, we support the WGEA to publish all organisation with gender pay gaps

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<sup>2</sup> WGEA 2022, *Australia’s Gender Equality Scorecard ‘Key results from the WGEA Employer Census 2021-22’*, WGEA

<sup>3</sup> Impact Economics and Policy 2022, *The Child Care Subsidy activity test: Undermining Child Development and Parental Participation*



to accelerate action, transparency, and accountability.

ACA supports the rename of the minimum standards to be 'gender equality standards' for greater clarity and commitment to gender equality.

#### **Amendments based on Recommendation 4**

ACA supports the commitment of reduced regulatory burden on employers, particularly as our members are small to medium size owners and operators of early childhood education centres. Further regulatory burdens, in addition to ECEC's high regulatory and reporting nature, would greatly impair our member's ability to run their business, costing time and resources that takes away from delivering high quality early education for children and support for families.

#### **Amendments based on Recommendation 7**

The gender equality indicators (GEIs) as overseen in *The Workplace Gender Equality (Matters in relation to Gender Equality Indicators) Instrument 2013 (No 1)*; ACA endorses greater emphasis to be placed on GEI 4 as outlined above.

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