

BCA

Business Council of Australia

Submission to Inquiry into economic equity for Victorian women

August 2021

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1. Overview

This submission puts forward practical suggestions from the Business Council of Australia (BCA) in response to the Victorian Government's Inquiry into economic equity for Victorian women (the inquiry), with a focus on supporting women's participation in the workforce .

Increasing women's participation in the workforce is critical to our economy and our economic future.

In 2018, KPMG modelled that if the labour force participation gap was halved between men and women, Australia's GDP would increase by \$60 billion in 20 years.^[1] Assuming Victorian Gross State Product is almost 24 per cent of Australia's GDP, this could amount to more than \$14 billion.

Relatedly, we must set the economy up for the transformational changes needed to assure continued growth.

The Business Council of Australia welcomes this independent inquiry as an important step to maximise success achieved to date in terms of gender equity issues and ensuring we do not go backwards. In particular, the BCA welcomes the inquiry's aspiration to develop practical solutions for consideration in the 2022/23 Budget.

Businesses want to work with the government to put in place the policies that let Victorians get ahead, position the state for the future and help Victoria and Australia more broadly win the post-pandemic race for investment.

One of the best ways to achieve economic equity for women will be to set the fundamentals right across the economy. It is critically important that the Victorian Government resists raising taxes that simply make it harder for Victorians to get ahead and for businesses to take the lead on new job creation.

The Business Council believes that as we rebuild from the health and economic crisis, Victoria must emerge stronger and fairer.

The measures we are advocating for in this submission will help lay the foundation for a future Victorian economy that increases women's participation, pays higher wages, encourages more investment and is more adaptable to the transformative forces impacting our economy.

The recommendations in this submission should be read in conjunction with submissions from KPMG and Chief Executive Women (CEW). The Business Council supports the key policy platforms contained in those submissions.

^[1] [KPMG 2018 Ending Workforce Discrimination Against Women](#)

2. Key recommendations

Recommendation 1

- Undertake a review of the taxation system that will support economic growth and job creation. The Victorian Government's recent budget included a mental health levy, stamp duty and other tax changes that create disincentives for businesses to make critical job creating investments that are fundamental to our productivity and growth, and to increasing women's participation.

Recommendation 2

- Work with industry on funding and financing strategies to address major care giving pressures on women (childcare and aged care) that act as barriers to greater female participation in the workforce. This should include an investment strategy that considers tax incentives, creates a smarter regulatory environment and takes a more sophisticated approach to pricing and workforce issues.

Recommendation 3

- Commit to co-funding a twelve month extension of the Commonwealth Government's JobTrainer Fund, including support for qualifications and short courses targeting in-demand jobs such as in cyber security and expanded eligibility to help women of all ages re-enter the workforce or allow women working part-time to retrain for a higher-paid or full-time position.

Recommendation 4

- Support for lifelong learning by driving forward delivery and integration of short, flexible training options including micro-credential. We support pragmatic changes that span the full range of skills needs, from foundation-level training to advanced digital skills. A lifelong learning pilot program could be targeted at older women looking to reskill or upskill to re-enter the workforce.

Recommendation 5

- The Victorian Government sign up to a strong new National Skills Agreement this year that pairs additional ongoing investment in the VET system with improved transparency, accountability and prioritisation of funding.
- The new agreement should meet the ambitions outlined in the Heads of Agreement signed by Victoria and other governments, including guaranteed support for foundational skills and micro-credentialling options that support lifelong learning for women and other Australians needing to upskill or re-skill mid-way through their careers.

Recommendation 6

- Expand the Victorian Government's Digital Jobs program model based on an early evaluation of the initial cohorts of candidates and their employers. Consideration should be given to targeting underrepresented employee candidates, including women in male-dominated occupations and sectors.

Recommendation 7

- Develop new and expanded strategic grant funding opportunities for women entrepreneurs, business mentoring and women in leadership.

Recommendation 8

- The recommendations in this submission should be read in conjunction with submissions from KPMG and Chief Executive Women (CEW). The Business Council supports the key policy platforms contained in those submissions.

3. Fiscal strategy to grow jobs

The Business Council believes the recent Victorian Budget sets a dangerous precedent for fiscal repair that will significantly hamper a job fuelled economic recovery which ultimately harms growth.

Increasing workforce participation will be a key component of accelerating our recovery. Greater participation for women is essential to achieving this overarching goal.

While we welcome mental health reform – which is much needed to deal with systemic issues and the devastating impact of long lockdowns – an approach that pits some Victorians against others by taxing jobs is not the solution.

Targeting employers with a payroll tax hike will hamstring their ability to create jobs and drive the recovery.

A high taxing budget including changes to land tax, stamp duty, other miscellaneous levies simply make it harder for Victorians to get ahead and for businesses to take the lead on new job creation.

It is imperative that the government lay the foundations for a sustained recovery and pursues policies that shift the dial on our productivity and growth performance. These are the preconditions that will ultimately underpin a strong fiscal position and pay down debt.

We understand the pressures on state budgets. That is why every dollar spent needs to be an investment in creating more and higher paying jobs, equipping people with better skills, improving services and delivering a more advanced economy.

More than 90,000 people across Australia, and 20,700 Victorians were not in the workforce in 2020 according to the Productivity Commission's latest report on Government services.

Increasing workforce participation will be a key component of restarting our recovery and lifting women's participation is essential to this.

The Government's fiscal strategy must find a better balance between providing ongoing support to the economy in the short term, while setting out a path for fiscal consolidation.

Recommendation 1

Undertake a review of the taxation system that will support economic growth and job creation. The Victorian Government's recent budget included a mental health levy, stamp duty and other tax changes that create disincentives for businesses to make critical job creating investments that are fundamental to our productivity and growth, and to increasing women's participation.

4. Investing in caregiving and a revitalised social infrastructure strategy

The private sector has historically been the main driver of Australia's economic growth and rising living standards. A sustained business-led recovery is only possible if there is a recovery in private investment.

Most forecasts suggest business investment will remain subdued in the short term, driven by continued uncertainty and disruptions from COVID-19.

The equation for a business investing in a large project is not as simple as lower short-term borrowing costs equals lower hurdle rates. Businesses need to consider the flow of longer term returns from a project and need to be able to plan ahead with some confidence about the environment within which they operate. Businesses are also often competing for capital with projects outside Australia.

Restoring confidence is a critical first step to revitalising investment. Interest rates are at record lows and many businesses with the balance sheet strength to invest are holding back, waiting for a clearer path forward.

Businesses are also looking for greater certainty in the policy and regulatory environment.

Caregiving – childcare and aged care

Caregiver literature has consistently shown that female caregivers are more burdened than male caregivers¹. Women's workforce participation bears the brunt of the trade-off between work and care.

While there have been positives in relation to childcare benefits, paid parental leave and other employee assistance schemes, the same attention has not been focussed on elder care.²

Expanding aged care and childcare service delivery options will help to alleviate some of this burden and provide the necessary supports and preconditions for women to maintain their linkage to their employer.

This inquiry should take the opportunity to examine broad based incentives available to business to invest in childcare and aged care modes of delivery.

Aged care and childcare benefit from having Commonwealth/State agreements in place. In the case of childcare, negotiations surrounding a new agreement will commence shortly. This affords a significant opportunity to grow the childcare system and build on work already underway relating to workforce participation, reskilling and pricing.

Business stands ready to work with the Victorian Government on caregiving workforce issues, including promoting child care as a career and a more sophisticated approach to pricing across the sector. A similar approach should be considered for aged care.

Social infrastructure

The BCA notes the Reform Plan developed by Infrastructure Australia in its 2021 Australian Infrastructure Plan.

The plan recommends that governments collaborate to make planning and delivery of social infrastructure to produce mutually beneficial outcomes. Planning for new or renewed social infrastructure should involve co-locating them in economically significant innovation precincts because doing so leads to job creation, knowledge transfer and improved productivity.

Importantly, Infrastructure Australia recommends governments embrace different funding and delivery models including public-private partnerships that share costs and risks, outcomes based procurement, shared

¹ <https://academic.oup.com/psychsocgerontology/article/74/2/309/3097902>

² <https://www.hrmonline.com.au/employee-wellbeing/caring-ageing-population-employers/#.XZveN6vfjvg.linkedin>

community use facilities as well as new governance models and operating processes that create efficiencies and drive innovation. and drive innovation.

Other Incentives could include taxation based incentives such as reduction in land tax and stamp duty or joint venture partnerships for services that could be regionally based.

Recommendation 2

Work with industry on funding and financing strategies to address major care giving pressures on women (childcare and aged care) that act as barriers to greater female participation in the workforce. This should include an investment strategy that considers tax incentives, creates a smarter regulatory environment and takes a more sophisticated approach to pricing and workforce issues.

5. Labour market recovery strategy and women's economic security

Despite being less than half of all workers in Australia, 471,000 women lost employment between March and May 2020 compared to 401,000 men. The experience thus far has been that women's employment recovered quickly.

However, we are yet to see the risk factors play out from COVID. Patterns of employment have changed and so has the way people do their jobs. In addition, we haven't yet seen the labour market scarring effects in industries most affected by COVID

Victoria, like the rest of the nation, faces the challenge of the lowest population growth since World War I. With international borders restricted, we have lost access to skilled migrants who fill key shortages in our labour market and boost workforce participation.

Without skilled migrants, the task of lifting the number of Victorians – and Victorian women – in work is even more important.

Women's workforce participation in Victoria lags 10.5 percentage points below that of men and is therefore an area where substantial gains can be made.

In 2018, KPMG modelled that if the labour force participation gap was halved between men and women, Australia's GDP would increase by \$60 billion in 20 years.^[1] Assuming Victorian Gross State Product is almost 24 per cent, this could amount to more than \$14 billion.

The Grattan Institute similarly found in 2012 that adding an extra 6 per cent of women in the workforce would see Australian GDP increase \$25 billion or 1% of GDP.^[2] Applied to Victoria, this could see Victorian Gross State Product increase by almost \$5 billion per annum.

It demonstrates the importance of increasing female participation. It will be especially important to reinforce this while population growth is subdued and the contribution of productivity to growth remains weak.

Recovery from COVID will not return us to the same economy we had pre-COVID. A degree of restructuring is inevitable and the new jobs created will not be the same as the jobs lost through the crisis.

The length and severity of labour market recovery will depend on how quickly the workforce can up-skill and re-skill. And we will rely more on our education and skills system to swiftly match out of work Victorians work with the jobs and skills in demand, thereby increasing workforce participation. The skills system can also contribute to increased productivity and prosperity, by empowering Victorians already in work to re-skill.

Analysis by AlphaBeta suggests tasks across all Australian occupations are expected to change by an average 18 per cent every decade. We need our education and skills system to keep pace.³

Looking forward, over 90 per cent of the one million new jobs expected to be created nationally by 2025 will require post-school education and training, and around one-third of these jobs are likely to be in Victoria.

On the whole, Australia's tertiary education and skills system does a decent job at providing initial post school qualifications, particularly for school leavers who have limited experience in the workforce and a fairly common starting point for commencing further study. This is a critical learning foundation, and women are well-represented in tertiary education, though with a weighting towards higher education and away from vocational education and training (VET).

But the formal tertiary system is less well-suited to supporting up-skilling and re-skilling for people later in their careers who are looking to switch jobs, re-enter the workforce (including after a period raising young children) or

^[1] [KPMG 2018 Ending Workforce Discrimination Against Women](#)

^[2] [Grattan Institute Game Changers Report 2012](#)

³ AlphaBeta. 2018. *Future Skills*. Sydney.

upgrade their skills within their current occupation. Candidates for this type of education and training come to it with a wide variety of prior experience and past qualifications. Older learners are also more likely to have working or caring responsibilities that make it difficult to engage in full-time or long-term study.⁴ This is particularly true of women.

These Australians need more flexible, timely and tailored education and training options that they can pick from, group together and stack on top of (or into) full qualifications, depending on their individual needs. Short courses and individual micro-credentials should play an increasing role in this regard.

Governments, including Victoria's, have recognised these challenges and, in response to the disruption of COVID-19, have committed immediate additional support for tertiary education and training (including short courses) through programs like JobTrainer.

It has been particularly encouraging to hear that there has been good take-up of these courses by women, and it would be a mistake to withdraw this extra support pre-emptively while economic disruption is continuing, and while many Australians are turning to education and training to upskill or prepare for a new career.

Recommendation 3

Commit to co-funding a twelve month extension of the Commonwealth Government's JobTrainer Fund, including support for qualifications and short courses targeting in demand jobs such as in cyber security and expanded eligibility to help women of all ages re-enter the workforce or allow women working part-time to retrain for a higher-paid or full-time position.

Immediate support in response to COVID-19 is welcome, but we can also do more now to support the economic recovery and build a 21st century skills system that supports continuous learning.

Recommendation 4

Support for lifelong learning by driving forward delivery and integration of short, flexible training options including micro-credential. We support pragmatic changes that span the full range of skills needs, from foundation level training to advanced digital skills. A lifelong learning pilot program could be targeted at older women looking to reskill or upskill to re-enter the workforce.

In the VET system, all governments have committed through a Heads of Agreement to work together on a new National Skills Agreement that includes greater support for lifelong learning, micro-credentials, and foundational skills. A renewed investment in these and other areas should help lift the women's participation in vocational education and training and raise the status and standard of VET more broadly. With negotiations on a new agreement ongoing for close to twelve months now, it's important that a new agreement is concluded this year without delay. Australia cannot afford a protracted stand-off over VET funding at a time when our economic recovery depends on having a well-functioning skills and training system.

⁴ Productivity Commission. 2021. *National Agreement for Skills and Workforce Development Review*. Final Report. Canberra.

Recommendation 5

The Victorian Government sign up to a strong new National Skills Agreement this year that pairs additional ongoing investment in the VET system with improved transparency, accountability and prioritisation of funding.

The new agreement should meet the ambitions outlined in the Heads of Agreement signed by Victoria and other governments, including guaranteed support for foundational skills and micro-credentialling options that support lifelong learning for women and other Australians needing to upskill or re-skill mid-way through their careers.

Some of the fastest growing, in-demand new jobs in coming years are projected to be in digital fields. For example, the National Skills Commission expects that over 90,000 new IT professional jobs will be created by 2025.⁵ To help meet this need, the Business Council supports initiatives that create additional pathways for people to upskill and reskill in digital fields, including through industry-focused cadetships and other work-placements. The Victorian Government's Digital Jobs program and Commonwealth Government's Digital Skills Cadetships Trial are excellent initiatives in this respect.

It would be good to see these models for short, learning-integrated-work further supported for other emerging digital roles and broadened out to other fields that are less well-supported by traditional apprenticeships and traineeships. Cadetships need to meet the needs of candidates and their employers, but they can also be targeted specifically to underrepresented groups, including women in male-dominated occupations. The screening and mentoring components of the Digital Jobs program are particularly valuable in this respect.

Recommendation 6

Expand the Victorian Government's Digital Jobs program model based on an early evaluation of the initial cohorts of candidates and their employers. Consideration should be given to targeting underrepresented employee candidates, including women in male-dominated occupations and sectors.

The Business Council believes implementation of these recommendations will go a long way to helping increase women's participation in the labour force. Importantly, a well-designed, industry-engaged approach to micro-credentials (courses or modules shorter than formal qualifications) will address key pressure points in the workforce around entry, reskilling and upskilling and help to ensure women can capitalise on a fast-changing economy, rather than being left behind.

⁵ National Skills Commission. 2021. *2020 Employment Projections: Occupation projections – five years to November 2025*. Canberra.

6. New and expanded grant programs

The Business Council believes there is a significant opportunity for the Victorian Government to partner with start-ups, small and medium businesses on a co-funded basis to help female founded and run businesses move to the next level.

Grants could be allocated for mentoring, creation of industry-university partnerships, assistance with commercialisation of products and include a dedicated stream for regionally based businesses.

It is well known that female entrepreneurs are underrepresented in the innovation and tech sectors often due to difficulties associated with raising capital. A grants program such as this would help to fill this gap and assist female entrepreneurs build and expand their businesses and create jobs.

Relatedly, there is an opportunity for a competitive grant program for business mentoring where a business consultant works with remote, regional and metropolitan businesses to identify and implement changes to their workplace to better attract and retain women. A similar program operates at the Federal level having commenced as a pilot but has now expanded to reach 60 additional businesses.

The BCA, the Workplace Gender and Equity Agency (WGEA) and McKinsey & Company conducted landmark research in 2017 that showed 10 actions that drive change. *Women in Leadership: Lessons from Australian Companies Leading the Way* provides the evidenced based recipe for effectively dismantling barriers to women's participation at senior levels in corporate Australia.

Key findings include flexible working options correlated to representation of women in senior roles; effective change programs tailored to an organisation's industry and operating environment and the importance of role modelling, building a case for change, reinforcement mechanisms and capacity building.

Women in leadership roles act as powerful mentors and role models for the next generation of leaders. The Victorian Government has very successfully put in place sports mentoring programs. The BCA believes there is an opportunity to take the lessons of that model and create a more broad based program that looks at industries where women are under-represented – for example construction, building, STEM and agriculture – to create a women's development and leadership program in partnership with industry.

The BCA also supports the government expanding financial literacy, legal support and financial security programs for women. While some of these issues fall within the purview of the Commonwealth, the BCA believes there is scope to work with states on employer-based programs that support financial literacy and security.

The BCA welcomes government spending to address violence against women, ensuring workplaces are free from sexual harassment and improving access to quality women's health services.

Recommendation 7

Develop new and expanded strategic grant funding opportunities for women entrepreneurs, business mentoring and women in leadership.

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Thank you.

