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State-based Policy Options to Support Workforce Inclusion for People Living with Cancer in NSW:

Exploring Pathways for Flexibility and Income

November 2025

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Acknowledgement of country

This report was written on the lands of the Darug and the Eora Nations. The McKell Institute acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas.

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Executive Summary

Cancer is one of New South Wales' most significant public health and workforce challenges, with around 56,000 people diagnosed each year and roughly 40 per cent in the prime working-age years. While survival outcomes continue to improve, the systems that determine whether people can remain in work during treatment have not kept pace. For many, employment provides stability, identity, routine and dignity at a time of profound upheaval. Yet too often, staying connected to work depends on chance: a supportive manager, a flexible role, the ability to work remotely or simply living close enough to treatment to juggle appointments and hours. For others, a lack of leave, insecure work, limited employer understanding, regional travel burdens and the financial shock of cancer force people out of the workforce far earlier than necessary.

Across NSW, people with cancer are three times more likely to leave full-time work than the general population, almost half experience a major change in employment and an estimated 3,000 people each year who could otherwise remain employed exit the labour force due to inadequate support. This has wide-ranging financial and economic consequences, including more than $240 million in lost wages annually, reduced tax revenue, increased demand for social security payments and the loss of skilled labour at a time when workforce shortages are affecting every sector. Carers experience parallel pressures, and the burden is particularly acute in regional areas, where long travel distances, limited services and fewer flexible jobs compound the financial and emotional strain of treatment.

While Cancer Councils and community organisations provide vital information and practical support, these services are fragmented and not coordinated nationally. Workplace education remains inconsistent, and many employees and managers lack clear guidance on managing fluctuating capacity, adjusting duties or navigating the return-to-work process. More importantly, NSW does not have a dedicated employment retention policy for people undergoing cancer treatment or living with chronic illness. Other jurisdictions such as Victoria, Queensland, Canada, the United Kingdom and the Netherlands demonstrate that structured wage support, employer incentives and integrated return-to-work planning can significantly

improve outcomes. NSW has a clear opportunity to show national leadership by embedding employment continuity into the state's approach to cancer survivorship.

This paper provides a roadmap for reform. **Part 1** outlines the lived experience and current policy landscape, highlighting the consequences of fragmented supports and the inequities faced by regional residents, carers and people in insecure work. **Part 2** sets out the economic rationale and presents two policy options, a direct wage support scheme and a payroll tax concession, to help people remain attached to their employer during treatment. **Part 3** recommends complementary reforms, including a portable leave bank, expanded flexible work provisions, employer education initiatives and the integration of return-to-work planning into cancer care pathways, to create a fairer and more effective system for people living with cancer in NSW.

Key Findings

1. **Thousands of NSW workers with cancer are leaving the workforce unnecessarily.** Each year around 3,000 people who could otherwise remain employed are pushed out of work due to financial pressure, limited flexibility and inconsistent employer support.

2. **Cancer is costing NSW more than $240 million in lost wages every year.** Workforce exit during treatment creates major economic losses, including reduced income tax and payroll tax revenue and increased reliance on social security payments.

3. **Staying employed during treatment often comes down to luck, not policy.** Whether a person keeps their job is usually determined by workplace culture, contract type and location rather than clear rights, structured support or coordinated guidance.

4. **Regional patients face double the burden.** Long travel distances, higher out-of-pocket costs, fewer flexible roles and limited access to local treatment make it far harder for people in regional NSW to stay connected to work.

5. **NSW has no dedicated policy to help people keep their jobs during cancer treatment.** Unlike Victoria, Queensland, Canada and parts of Europe, NSW does not offer wage support, structured return-to-work planning or consistent employer guidance for people with cancer.

6. **A targeted wage-support scheme could close most of the employment gap and pay for itself.** Modelling shows that if NSW and the Commonwealth introduced a 12-month wage-support program, governments would recover the cost within about two years through higher workforce participation and reduced welfare use.

Part 1: Lived Context and Policy Landscape

1.1 Understanding the Workforce Challenges of People Living with Cancer

Cancer, Work, and the Human Context

Cancer is one of Australia's most significant public health challenges. Close to one million Australians have been diagnosed with cancer in the past decade, and the disease is increasingly affecting people in their 30s and 40s (AIHW, 2025). While cancer mortality rates are decreasing in these age groups and overall survival continues to improve, males remain more likely than females to be diagnosed. Cancer still accounts for roughly three in every ten deaths in Australia (AIHW, 2025).

This section draws on de-identified interviews conducted for this research with people affected by cancer and a frontline support professional, as well as insights from the Cancer Council NSW's Tamworth *Cancer, Work and You* Forum. Together, their experiences show how treatment, income security, and workplace culture shape real decisions about whether and how people stay in work.

Although survival outcomes have improved substantially, the social and economic consequences of cancer, especially for those who wish to remain in or return to work, continue to be profound. In NSW, cancer imposes a significant financial burden even within a universal healthcare system, due to out-of-pocket costs, travel and accommodation expenses, and income loss.

Work provides more than income: it anchors identity, structure, and social connection. As one interviewee reflected, "A job is an anchor of stability in this life situation, and not having stable employment to return to… amplifies the rippling destructiveness of the disease." International evidence supports this view: work participation is associated with improved mental health, higher self-esteem, and better quality of life among cancer survivors (de Boer et al., 2015; Feuerstein et al., 2010). Yet, despite these benefits, returning to work is rarely straightforward.

Employment Impacts of Cancer

Australian research shows that nearly half of people diagnosed with cancer experience changes to their employment, with around 46 percent unable to return to work following diagnosis (Bates et al., 2018). Physical side-effects such as fatigue, cognitive dysfunction ("chemo-brain"), neuropathy, and pain are some of the major barriers to workforce participation (Feuerstein, 2010). Psychological distress, fear of recurrence, and reduced confidence compound these effects. About 40 per cent of cancer patients in Australia are working-age, with 46 per cent unable to resume employment post-diagnosis and 67 per cent experiencing a change in their job status (Mahumud et al., 2020).

One research participant described being forced to scale back multiple jobs at once: "When I was diagnosed… I decided to move from a part-time position to a casual position voluntarily because I didn't want to 'be in the way'. I underestimated how unwell chemo would make me and was soon unable to do this too."

That same participant recounted:

> "[My] job actually rang me around a month into my treatment to question me why I wasn't accepting shifts and what my intentions were with the company. It made me realise that I was expendable and treated as a resource instead of as a person."

After losing his income during treatment, he was forced to "place my house up for rent and move back in with my mum… It helped cover the mortgage, but other bills still needed to be paid." This shows how quickly financial strain can overtake medical concerns when work and income are disrupted. He also found that the financial impact continued long after recovery, explaining that when he tried to return to work, "I was essentially coming in as a new employee… I believe I was viewed as a liability and essentially let go because of that." Together, his experiences illustrate how the loss of income, security, and recognition in the workplace can compound the physical and emotional challenges of cancer.

The Workplace Environment and the Need for Education

The interviews conducted for this research project highlight the crucial role of workplace culture and management practices in supporting continued employment during treatment and recovery. Empathy, flexibility, and open communication were repeatedly identified as essential. Research shows that workplace accommodations such as modified hours, adjusted duties and support from supervisors are associated with higher rates of job retention among cancer survivors. For instance, Wong et al. (2020) found that workplace accommodations significantly improved employment outcomes five years post-diagnosis.

One participant described working throughout treatment as both a coping strategy and a risk. “I would take my laptop into the chemo clinic… I had a private room with a bed, and my husband would sit there doing his work beside me. It gave us a sense of normality—life does go on, so we just needed to figure out how to fit [treatments] in.”

This sense of normality was vital to maintaining purpose and continuity during treatment, but the same participant later reflected on the cost of sustaining it: “At first it helped me cope, but later I realised I was burning out…it was survival, not balance.” Work provided structure, distraction, and a connection to everyday life, but without adequate understanding or boundaries, it could also deepen fatigue and delay recovery.

Together, these experiences highlight how flexible, compassionate workplaces can enable people affected by cancer to stay connected to work, but that true support also requires workplace education, supportive workplace policies and practices, and recognising when rest and recovery are the healthier choice.

Inconsistent employer understanding, stigma, and risk aversion are equally major barriers. Some survivors report being perceived as unreliable or less capable post-treatment, leading to demotions, redundancy, or exclusion from advancement opportunities (Stergiou-Kita et al., 2016).

Australian studies confirm that cancer-related stigma persists. An Australian study found that some cancer survivors chose not to disclose their diagnosis to employers and co-workers due to the risk of discrimination or stigma at work (Kemp et al., 2021). Fear of disclosure is also

common, particularly in smaller workplaces where confidentiality is limited (Kemp et al., 2021). This aligns with the lived accounts gathered for this project, where one participant observed that many people "pretend that things are OK" and return to work despite exhaustion and treatment side-effects, often because they cannot afford not to.

Carers and Family Members

Cancer's workforce impacts extend beyond the patient. Many carers reduce hours or leave employment entirely to provide support. In a study of rural Australian cancer caregivers, 56 per cent reported a change in their employment following the diagnosis of the person they care for, including 37 per cent who reduced work hours or took on less demanding roles (Johnston et al., 2023).

The Tamworth Forum also noted that "the burden of travel, stress and out-of-pocket costs extends beyond the patient." In regional areas, where treatment often requires long-distance travel, carers face additional pressures on income, leave entitlements, and wellbeing.

Regional Inequities

Regional Australians face unique barriers in sustaining work during cancer treatment. One participant explained that living in a regional area amplified the costs of cancer treatment, noting that the need to travel for surgery and scans placed additional financial and emotional strain on their household.

In New South Wales, a study found that the median cost of a return trip to Sydney from regional NSW (including accommodation) ranged from AUD $379 to $739 per trip; in contrast, metropolitan/go-local trips by car cost only $28–$163 per appointment, yet the median government reimbursement levels over the course of the study were much lower ($182–$279 for Sydney trips) (Venchiarutti et al., 2023). Limited access to flexible or telehealth appointments exacerbates this burden, and some regional carers and patients even opt out of treatment to avoid disruption to the family and lost employment.

This reflects broader structural inequities in cancer outcomes across Australia. On average, Aboriginal and Torres Strait Islander people are 14 per cent more likely to be diagnosed with

cancer and 20 per cent less likely to survive at least five years after diagnosis compared with non-Indigenous Australians. Survival for Indigenous Australians is lowest in regional and remote areas, where access to timely care and support services is more limited. Cancer incidence rates are also slightly higher in regional areas, and survival declines with increasing remoteness, reflecting both access barriers and poorer outcomes for Indigenous Australians living in remote communities (AIHW, 2021). For these populations, helping people stay connected to work requires coordination between health systems, employers, and social supports.

Resilience and the Desire for Dignity

Despite the adversity, participants in our interviews as well as those in the Tamworth Forum described finding profound resilience within themselves. One forum participant said plainly, "I want to be known as someone with courage living with cancer, not just having it." Many spoke of re-evaluating priorities, finding meaning in helping others, or shifting to more fulfilling roles. While an interviewee said, "You see your worth as an individual and stick up for yourself. I regret trying to 'do the right thing' and being left out to dry because of it."

However, resilience cannot substitute for systemic support. As our interviews and national studies make clear, supportive employment is often determined by luck, based on whether an individual's workplace culture, location, and financial resources align favourably. For others, structural and policy barriers create unnecessary hardship. As one participant summarised: "I have become more jaded about the generosity of employers to 'do the right thing' for their employees because of my experience… I believe I was viewed as a liability and essentially let go because of that."

These realities underscore the need for coordinated policy responses that embed flexibility, fairness, and empathy into the employment system.

1.2 Grey Literature and Program Review

Existing Evidence and Best Practice

A review of grey literature ranging from government, research, and advocacy organisations shows growing recognition of the need for stronger employment supports for people living with cancer and other chronic illnesses. Cancer Council Australia's national policy platform highlights survivorship as a key area for reform and calls for policies that help Australians return to work and participate fully in life after cancer (Cancer Council Australia, 2023). The *Australian Cancer Plan* (Cancer Australia, 2023) also identifies the survivorship phase, including financial wellbeing and participation in work, as a priority for improving quality of life and reducing inequities across jurisdictions.

Internationally, structured return-to-work programs are comparatively advanced. The UK's *Macmillan "Working Through Cancer"* initiative provides employer training, employee counselling, and guidance on workplace adjustments (Macmillan Cancer Support, 2021). Canada's Workplace Accommodation Toolkit, developed by the Canadian Partnership Against Cancer, provides practical resources to help employers and cancer survivors plan for a successful return to work (Canadian Partnership Against Cancer, 2024). In the Netherlands, the Gatekeeper Improvement Act requires employers and employees to jointly create reintegration plans for those with long-term illness, including up to two years of wage support and collaboration with occupational health professionals (de Boer et al., 2011; Brouwer, 2023). These models highlight how legislation and supportive practices can promote flexible, recovery-focused employment (Canadian Partnership Against Cancer, 2024; Brouwer, 2023).

Australian Initiatives

In Australia, Cancer Council organisations provide important workplace supports, including Cancer Council NSW's 13 11 20 information and support line and practical support services that provide financial, legal, and workplace advice. They also produce a wide range of evidence-based information resources for employers, patients, and carers that help people understand their rights, navigate workplace conversations, and plan for treatment-related changes to work. However, these resources are not coordinated nationally and remain

fragmented across states, with no dedicated Australia-wide cancer-and-work helpline or a centralised employer advisory service (Cancer Council NSW, 2025; Cancer Council Victoria, 2024; Cancer Council Australia, 2024).

Government initiatives are more limited. JobAccess, the national disability employment service, provides workplace modifications and advice, but cancer survivors are often excluded due to the episodic and variable nature of their illness, which can make eligibility challenging. The Chronic Illness Peer Support Program by NSW Health primarily offers psychosocial support for young people (aged 14-25) with chronic conditions but does not provide direct employment assistance (NSW Health, 2025). The Fair Work Ombudsman's 2021 best-practice guide on workplace flexibility offers general information on flexible working arrangements but lacks cancer-specific examples or templates (Fair Work Ombudsman, 2021). As a result, employers and employees continue to report confusion over their legal rights, leave entitlements, and the practical implementation of flexible work for cancer survivors (Workplace Gender Equality Agency, 2023).

Australian evidence shows that targeted vocational rehabilitation programs can significantly improve employment outcomes for people affected by cancer. The *Beyond Cancer* program, developed by IPAR Rehabilitation, provided tailored counselling, fatigue and pain management, and workplace planning to support return-to-work after treatment. An evaluation found that 69 percent of participants returned to work with their original employer, and many reported improvements in fatigue, pain, and confidence about resuming employment (IPAR, 2023). Similarly, a pilot study of cancer survivors in Western Sydney found that nearly half had returned or remained in work after diagnosis, although many required flexible arrangements or reduced hours to sustain employment (Marković et al., 2020).

These findings confirm that structured, individualised supports can improve employment outcomes for cancer survivors. However, such programs remain small in scale and lack consistent funding. The policy options outlined in Part 2 build on this evidence, identifying fiscal and regulatory mechanisms that could embed these supports system wide.

Fiscal Levers and Incentives

Sustaining employment during cancer treatment is both an equity issue and a smart economic investment. Fiscal tools such as wage subsidies, payroll-tax concessions, and related supports can help workers remain connected to their jobs, preserve household income, and retain skilled labour for employers.

Although Australia currently lacks a dedicated program for employees undergoing cancer treatment, comparable schemes, such as the *Paid Parental Leave Scheme* and various state employment incentive grants, demonstrate that government-employer cost-sharing can work effectively. Adapting these approaches to support people managing chronic illness would protect income continuity, reduce job loss, and relieve long-term fiscal pressure on welfare and health systems.

Part 2 of this report outlines practical policy models to achieve this, including options for direct wage supplementation and payroll-tax relief, tailored to different business sizes and capacities.

1.3 Policy Gaps in NSW

Inconsistent Employment Protections

NSW lacks a coordinated policy framework addressing the employment impacts of cancer. While the *Anti-Discrimination Act 1977 (NSW)* prohibits discrimination on the basis of disability (including cancer), enforcement relies heavily on individual complaint mechanisms. There is no proactive or sector-wide requirement for employer education or cancer-specific accommodations. By contrast, Victoria's *Equal Opportunity Act 2010* has broader positive duty provisions that encourage preventive measures.

Cancer survivors in NSW therefore rely on general workplace flexibility provisions in the *Fair Work Act 2009*, which are limited to carers, parents, and those with long-term disabilities. The episodic and variable nature of cancer treatment often falls outside these definitions, leaving many unprotected.

Gaps in Fiscal Support

NSW has no payroll tax concession or subsidy scheme targeted at employees with cancer or chronic illness. The state's *Payroll Tax Act 2007* provides exemptions primarily for charities, apprentices, and maternity leave. While these reflect legitimate priorities, they overlook a significant workforce cohort facing temporary, treatment-related incapacity. Forum participants repeatedly highlighted that "all leave is used up by cancer" and that small businesses "face unique challenges" without government support. This results in inequity between large and small employers, and between employees with different contract types.

For many people undergoing treatment, the only Commonwealth supports available are JobSeeker or the Disability Support Pension, yet neither is appropriately designed for people with cancer who are temporarily unable to work. JobSeeker requires recipients to be actively seeking employment, which is often unrealistic during intensive treatment, while the DSP involves long waiting periods and strict permanency requirements that many cancer patients cannot meet. This leaves a significant cohort without viable short-term income protection.

By comparison, Victoria's Jobs Victoria Fund (2021) provides wage subsidies of up to $20,000 over 12 months to employers who hire eligible jobseekers from disadvantaged groups, including people recovering from illness and those with disabilities (Business Victoria, 2021). Similarly, Queensland's Back to Work scheme (2021) offers employer support payments of up to $15,000 for hiring eligible long-term unemployed or disadvantaged workers, including those with disabilities or recovering from illness, with additional support for youth hires (Queensland Back to Work Guidelines, 2024). These frameworks demonstrate that state-based employment incentives are both feasible and effective. However, NSW has yet to extend similar financial supports to employees with cancer, leaving a clear opportunity for reform that is addressed in Part 2 of this report.

Health-Work System Fragmentation

Current NSW health services do not systematically integrate work considerations into cancer care. While rehabilitation and psychosocial support are available, return-to-work planning is rarely embedded within treatment pathways. In contrast, in the Netherlands structured

return-to-work interventions have been integrated into cancer care pathways (Tamminga et al., 2010). Participants at the Tamworth Forum recommended that return-to-work plans be a formal, funded component of post-treatment care. Integrating vocational and occupational planning into cancer care, as detailed further in Part 2, would help prevent unnecessary workforce exits and improve recovery outcomes

Missed Opportunities for Regional Equity

Finally, NSW's regional workforce and transport inequities remain largely unaddressed. While programs such as *Isolated Patients Travel and Accommodation Assistance Scheme (IPTAAS)* offer reimbursement for travel, these payments are retrospective and insufficient to offset lost income or productivity. Regional employers also lack clear guidance on supporting remote work or flexible scheduling for employees undergoing treatment.

Opportunities for Reform

Evidence from the interviews conducted for this paper, the Tamworth Forum, and national studies suggests several levers for reform:

- **Direct wage subsidies or temporary income support** for employees with cancer, modelled on parental leave payments, ensuring coverage for workers under the payroll tax threshold.
- **Payroll tax concessions** for larger employers maintaining employees on partial capacity or flexible arrangements during treatment.
- **State-funded return-to-work programs** delivered through community services or jobs and employment agencies.
- **Employer education and certification schemes**, such as a "Cancer-Safe Employer" rating.
- **Expanded leave entitlements** for carers, aligning with recommendations from Carers NSW and Cancer Council Australia.

Together, these reforms would move NSW toward a system that embeds dignity and workforce continuity as part of recovery, recognising employment as a central component of wellbeing for people living with cancer, rather than a privilege contingent on health.

Part 2: Policy Design and Implementation

2.1 Economic rationale

Building on the lived experiences and evidence outlined in Part 1, the scale of this challenge becomes clear when viewed at a population level. In 2025, it is estimated that around 56,000 people were diagnosed with cancer (Cancer Institute NSW, 2024). Approximately 40 per cent of people diagnosed with cancer in Australia are of working age. People without cancer are estimated to be 3 times more likely to be in full-time employment. Around 46 per cent of people with cancer are not in the labour force, compared to only 12 per cent of the population without cancer or a long-term health condition (Bates et al., 2018).

This sits within a broader health-system context in which health expenditure continues to rise significantly. Australia's total health spending reached $270.5 billion in 2023–24, representing 10 per cent of national GDP (AIHW, 2025a). Cancer remains among the most resource-intensive conditions in this expenditure profile, meaning that reductions in avoidable loss of workforce participation have meaningful fiscal implications across both health system demand and wider economic productivity.

These figures highlight that beyond individual stories, cancer continues to shape national patterns of workforce participation and income security, underscoring the need for coordinated policy measures that bridge health, employment, and fiscal systems.

While it is likely, and reasonable, that people with cancer will be required to take some time off from the workforce while they receive treatment and spend time with family during a difficult period, it doesn't change the fact that the general population are between 22 per cent and 37 per cent more likely to be in employment than cancer survivors (de Boer, 2009; Thandrayen et al., 2020; Bates, 2018). Accordingly, that means there are approximately 3,000 cancer survivors per year in NSW who might otherwise be able to participate in the workforce who currently are not.

Using the average weekly earnings for NSW, this means that the NSW economy is missing out on around $240 million in wages paid to cancer survivors each year (ABS, 2025).

For the Commonwealth Government, this means that they are missing out on approximately $60 million in income tax receipts per year. The Commonwealth are also likely having to pay up to $60 million in welfare benefits per year due to the lack of ability to maintain cancer patients in during their treatment. An almost $120 million fiscal loss per year.

As for the NSW Government, this means that they are losing up to $13 million per year in payroll tax receipts.

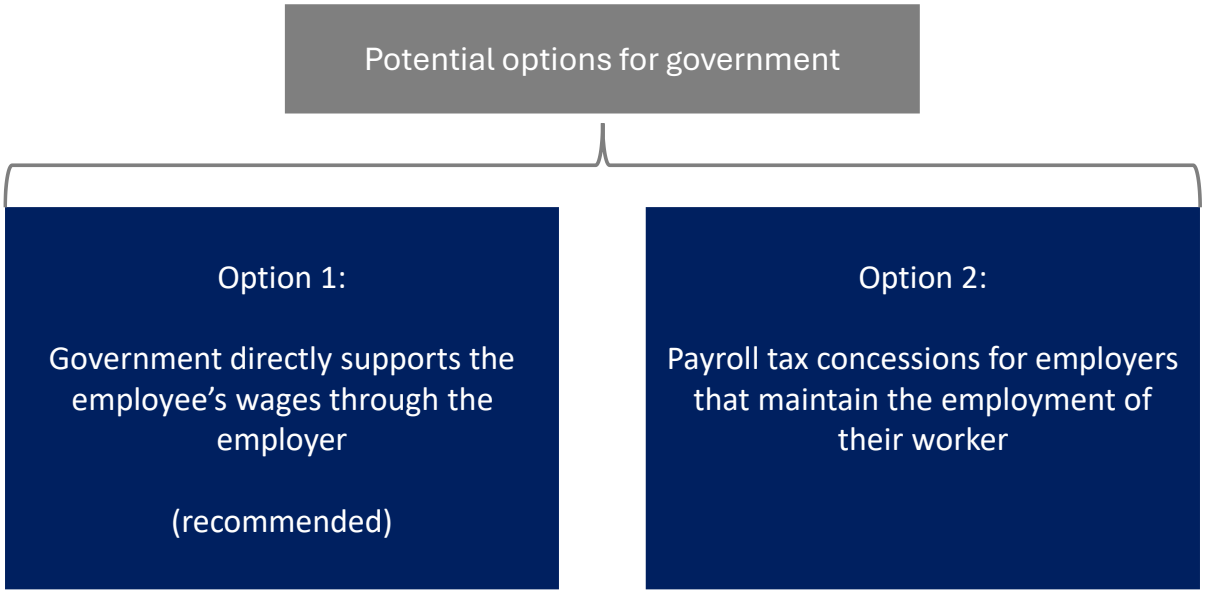
2.2 The response

Given the economic and fiscal impact of cancer survivors not returning to the workforce, it is then prudent for government to pursue a policy that assists in bridging the employment gap between cancer survivors and the rest of the population, particularly as diagnosis rates rise and many people continue living for extended periods while managing treatment-related or chronic health effects.

The best and most efficient way to do this is to maintain the patient's links to their employer throughout their treatment. This has been recognised by multiple governments around the world through their implementation of wage supplementation programs for cancer patients.

Effectively, governments need to make it as feasible as possible for employers to make considerable arrangements that maintain strong connections with employees throughout their treatment. This mainly concerns salary, as continuing to pay the employee's salary while their capacity is significantly diminished is a difficult ask for most employers.

We recommend that government implement a scheme, where the government provides support to employers who maintain paying a salary to their sick workers, and support their reintegration into the workplace following treatment. There are two ways that this can be done, seen in Figure 1.



2.3 Feasibility, governance, and implementation

The proposed wage support scheme is consistent with existing Commonwealth-state funding practices. During the COVID19 pandemic, the NSW and Commonwealth Governments jointly implemented the JobSaver program, a payroll linked grant that provided fortnightly payments equal to 40 per cent of NSW weekly payroll to eligible businesses that maintained their employee headcount. JobSaver was co-funded on a 50/50 basis under a dedicated schedule to the Intergovernmental Agreement on Federal Financial Relations, with NSW administering applications and payments and the Commonwealth reimbursing its share (Federal Financial Relations, 2021). Although JobSaver has since been critiqued as a broad job retention scheme with mixed targeting to high value jobs, it nonetheless demonstrates that state-run, Commonwealth funded wage linked programs are technically and legally achievable within existing frameworks (Lee, Nolan, & Wong, 2025).

Similar cost sharing arrangements operate in other domains, including the Disaster Recovery Funding Arrangements, where the Commonwealth reimburses up to 75 per cent of eligible state recovery expenditure (National Emergency Management Authority, 2018), and the NDIS and emerging "foundational supports", which are governed by intergovernmental agreements specifying each government's contribution (NDIA, 2012). These examples provide a clear template for a co-funded cancer wage support scheme: NSW would be responsible for day-to-day administration, while the Commonwealth would contribute the majority of

funding through a National Partnership Agreement or bilateral schedule that specifies the proposed 90/10 public funding split.

A practical implementation pathway would involve a three year pilot with a capped annual budget. NSW would establish the scheme in legislation or regulation, defining eligibility, the 60 per cent income floor, and the 12 month and 3 × average wage caps. The Commonwealth and NSW would then sign a funding agreement committing to the agreed cost sharing formula and data sharing for evaluation. The pilot should operate on a statewide basis from the outset, incorporating both metropolitan and regional employer cohorts, with tailored support streams for larger employers and SMEs.

Cancer Council NSW and other sector partners would have a critical role in co-design and implementation, including developing guidance for employers, supporting communication with patients and workplaces, and contributing to an independent evaluation at the conclusion of the pilot. This would ensure that the scheme is grounded in lived experience, administratively workable for employers, and able to demonstrate its impact on workforce retention and wellbeing.

Option 1: Direct wage support

We believe that direct wage support for the cancer patient, despite being more expensive, will be far more effective at maintaining employee ties to their employer through their treatment, which, as a result, will generate greater bang for buck for government.

We are proposing as a policy option for the NSW Government, a state-delivered scheme that sees the employer, the state government, and the Commonwealth Government directly fund up to 60 per cent of the cancer patient's salary for up to 12 months while their capacity is reduced. There would be adjustments to the pay rate and schedule based on part capacity or fluctuations in their capacity over the course of their treatment.

This scheme would see the employer and a combination of the Commonwealth and state government fund 30 per cent of the employee's salary each. The shares that the state/Commonwealth each fund reflects their potential fiscal benefit from retaining an additional worker in the labour force. As the Commonwealth stands to benefit the most

fiscally through increased participation of cancer survivors in the workforce, we envisage that they fund 90 per cent of the government's share, with the state funding the remaining 10 per cent.

We argue that this is fair as the Commonwealth's fiscal benefit from increased participation in the labour force by cancer survivors is far greater than that of the state. This is because the income tax receipts from that person's participation and the lower need for welfare payments makes up the bulk of the fiscal benefit. The 10 per cent coverage by the state reflects that they stand to gain from increased payroll tax receipts as a result of increased participation in the labour force.

We estimate that if the program were to be effective at closing the employment gap between cancer survivors and the general population by three quarters, then each government would make back their costs of funding the program if those additional workers averaged around 2 years extra in the labour force.

We also recommend including some share of employer contribution to maintain skin in the game by the employer. This contribution also reflects that the employer stands to gain by maintaining their connection to an already experienced and trained employee who can either contribute part-time or can slot back into the organisation with no training following their treatment.

Eligibility

The scheme should apply to people employed in NSW, diagnosed with cancer, and with recent attachment to the workforce. For example, eligibility could require employment for at least 10 of the previous 13 months, consistent with the Commonwealth parental leave framework. We envisage that the employer continues to pay wages, with reimbursement provided at defined intervals upon confirmation that employment is ongoing and that the employee's capacity to work has been medically verified as reduced due to cancer. Eligibility may need to explicitly exclude conditions that typically have minimal workforce impact, such as non-melanoma skin cancers, and a quarterly reassessment would ensure appropriateness of support across the 12-month period.

Administration

The purpose for this being NSW Government driven but largely Commonwealth funded is that there will be a relatively large administration effort. As such, we believe that the administrative burden for administering the scheme be borne by the state government, with the contributions for the employee receiving treatment being largely from the Commonwealth to reflect their greater fiscal benefit.

To cap costs for the employer and the government, we recommend, and have modelled costs, based on capping the scheme at 12 months of financial support, as well as maximum payment of 3 times the average annual wage in NSW.

As for administrative specifics, we envisage that as part of the diagnosis process, the treating doctor also fills out a specific capacity certificate for the patient to be provided to the employer, who can then use that to start the process of liaising with the authority administering the scheme. Over the 4 weeks following immediate diagnosis, the patient, the doctor, and the employer work out a return-to-work plan to be lodged to the administering authority so the payment schedule can be calibrated to the patient's work capacity and estimated treatment period.

We then propose that the employer continues to pay up to 60 per cent of the employee's salary, with quarterly remittances submitted to the administering authority for reimbursement and any adjustments that need to be made to the scheme due to changing capacity or prognosis.

While the scheme is capped at 12 months of support per participant (and a maximum of three times the average annual wage in NSW), its design deliberately accommodates the fact that cancer treatment and recovery often extend beyond three months. The first three months of support will typically coincide with the period before income protection benefits and some income support payments commence, providing an important bridging function. However, the additional nine month horizon is critical for maintaining employment relationships through treatment and supporting structured return tow ork plans. The interaction rules set out above mean that as income protection insurance and Commonwealth income support

payments commence, the public top up provided under the scheme naturally shrinks or ceases, preventing double-dipping while preserving the central objective of avoiding unnecessary permanent exits from the workforce

Interaction with existing systems

Paid sick leave

The scheme is designed to complement, rather than duplicate, existing leave entitlements. Where an employee has paid sick leave available, they would generally use this in the first instance to maintain up to 100 per cent of their usual income during short periods of full incapacity. While an employee is on full rate paid sick leave and not working at all, no wage support payment would be made for that period.

The scheme becomes relevant once an employee either moves to reduced hours or exhausts their paid sick leave. At that point, the scheme operates as a 60 per cent income floor. Earnings from reduced hours, and any remaining leave the employee chooses to use, are counted first. If those combined payments fall below 60 per cent of pre-diagnosis earnings, the public scheme tops income up to 60 per cent; if they are above 60 per cent, no top up is payable for that week. In essence, the scheme exists to ensure that employees don't fall below 60 per cent of their pre-illness income in the first 12 months of being sick, while maintaining their connection to their employer.

Casual employees and others without paid sick leave would be treated as having no leave to exhaust and would therefore be eligible for wage support top ups as soon as a treating clinician certifies reduced work capacity. Their reference wage would be calculated using an average of recent earnings (for example, over the previous 6 to 12 months). This approach accepts that permanent employees with accrued sick leave enjoy greater protection in the very early stages of illness—as is already the case—while ensuring that once capacity is reduced or entitlements are exhausted, employees are treated more consistently regardless of contract type.

Income-protection insurance and income-support payments

Many workers hold some income-protection insurance (IP) through their superannuation fund, but coverage is far from universal. Industry and fund-level data suggest that only around 25 per cent of workers have any IP cover, and in many funds, it is now an opt-in product (ASFA, 2025). Benefit payments are also typically subject to waiting periods of 30, 60, or 90 days and may not fully replace previous earnings (SmartMonday).

To avoid penalising those who have taken steps to insure themselves—and to keep administration simple—we propose that the cancer wage-support scheme be available to all eligible employees, regardless of whether they hold IP. However, any IP benefits and income-support payments would be treated as income for the purpose of calculating the top-up. In practice, this means that in each claim period, the administering authority would take into account earnings from work, IP benefits, and relevant Commonwealth income-support payments. Public wage-support payments would only be made where this combined income falls below 60 per cent of pre-diagnosis earnings and would be capped so that total income does not exceed 100 per cent of pre-diagnosis earnings.

This structure concentrates public support in the "gap period" before IP and Centrelink benefits typically commence, and then gradually winds back the public contribution as private and Commonwealth supports ramp up. It preserves incentives to maintain IP cover, avoids complex eligibility tests based on insurance status, and limits the risk of double-dipping while still providing a robust safety net for the significant share of workers who have no effective income-protection in place.

The 60 per cent coverage of wages maintains the incentive to keep income protection as income protection coverage will cover a greater proportion of the employee's salary.

Costings

Further detail on costings can be found in Appendix A. However, we estimate that the net cost of the scheme could be in the ballpark of around $80 million per year for the Commonwealth and $10 million per year for the state, excluding administration costs. The

gross cost to the Commonwealth is much larger, but a lot is offset due to income tax receipts and reduced reliance on the welfare system.

What success looks like

We envisage that a successful version of this scheme is one that shows a demonstrable and meaningful closure of the gap in the employment rate between the general population and cancer survivors. The bulk of this modelling has been done on the basis of assuming that the scheme will be successful at closing three quarters of the gap.

Funding should be set aside for program effectiveness evaluation and ministerial review at the end of three years.

Precedence

There are lots of examples of European countries that run a graded sick leave scheme where sick employees continue to receive a large share of their income through the period they are unable to work.

- Finland: Offers sickness and rehabilitation allowances up to 70 per cent of the person's income for up to 300 days, up to a certain maximum salary (Kela, 2024).
- Germany: Sick pay at 70 per cent of your income for up to 78 weeks within 3 years for the same illness (Bundesministeriums, 2025).
- Sweden: Employer pays first 14 days, then the government scheme pays 80 per cent for up to a year (Government Offices of Sweden, 2016).

Spain, Belgium, Portugal, the Netherlands and Canada also offer schemes of a similar nature.

Option 2: Payroll tax concession

Another, less involved and less costly option is to provide payroll tax concessions to employers on the wages paid to the employee during their cancer treatment.

This would require somewhat similar state government administration, where a return-to-work plan is submitted to a state government administrator of the scheme, and the employer

can then subsequently claim back payroll tax credits on wages paid to the employee during their time receiving treatment.

For employers below the tax-free threshold, we recommend providing them the same incentive, just through cash bonuses equal to the amount that would have been paid by a payroll tax paying business.

While this is far cheaper, simpler, and does not involve the Commonwealth, we note that the incentive may not be large enough for employers to maintain the employment of cancer patients through the period of their treatment. As such, it is possible that despite delivering a simpler and cheaper scheme, there may not necessarily be the benefit accruing to the government of a retained worker in the workforce.

As such, due to the potentially small impact on cancer patient retention in the workforce, it's possible that this may end up costing the government more than if it worked to deliver the more involved, complex scheme described in Option 1, which requires the involvement of the Commonwealth Government.

We estimate that the cost of the scheme would be approximately $10 million per year, excluding administration costs. We envisage that the eligibility criteria are the same as those outlined above.

Recommendations

Recommendation 1: Establish a Direct Wage-Subsidy Scheme for Employees Undergoing Cancer Treatment

Establish a targeted **direct wage-subsidy program** to help employers retain staff undergoing cancer treatment or returning to work after recovery. The scheme would provide **temporary income support** to employees whose working hours or capacity are reduced during treatment, with funds paid directly to the employer to offset wage costs. This model reflects approaches used in other Australian incentive schemes, which demonstrate that direct subsidies are more equitable and administratively straightforward than payroll-tax concessions. By supporting both large and small employers, it would prevent unnecessary job loss, sustain workforce participation, and reduce long-term welfare dependency.

Recommendation 2: Create a Portable "Cancer and Chronic Illness Leave Bank"

Enable employees to access a shared pool of donated or government-funded leave to supplement exhausted entitlements during treatment or recovery. This could operate through workplace agreements or public-sector participation, with employees able to contribute unused annual or long-service leave and receive a tax deduction or credit for doing so. The model mirrors initiatives in Scandinavian and Canadian workplaces and aligns with the values of solidarity and fairness expressed by participants in this research. It would help bridge short-term income gaps without placing additional pressure on employers.

Recommendation 3: Expand Flexible-Work and Carer Leave under the Fair Work Act

Extend existing provisions for flexible work and unpaid carer leave to explicitly cover employees managing treatment for serious illness and their carers. This would codify cancer-specific examples in Fair Work Ombudsman guidance, providing clearer expectations for employers and employees alike. Stronger national standards would complement direct fiscal measures, ensuring that employment security is recognised as a central part of recovery and wellbeing.

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Appendix A

Common setup across both options 1 and 2

Goal

- **Close the employment gap:** around 12 per centage points (Thandrayen, 2020). Around 40 per cent of cancer patients are working age (Bates, 2018). There are expected to be 56,000 cancer patients in NSW in 2025 (Cancer Institute NSW, 2024). There is approximately an employment rate of 58 per cent among older working-age cancer survivors, compared to 71 per cent for the population (Thandrayen, 2020). Therefore, extrapolating this rate to the rest of the working age population, we estimate that there will be an employment gap of around 2,912 in 2025 in NSW between cancer survivors and the general population.
- **Benefit to government comes from retaining those workers:** Both schemes aim to reduce that gap and get as many of the target almost 3,000 people to stay in the labour force following their treatment.

Key inputs

- Average Weekly Earnings (AWE), NSW, total, persons = $1,591.90 per week, $82,778.80 per year (ABS, 2025).
- Working-age cancer patients in work at diagnosis (2025) = 17,091. Total estimated cancer patients in 2025 multiplied by the share that are working age multiplied by the current NSW employment rate (Jobs and Skills Australia, 2025).
- Discount rate = 5 per cent (in line with NSW Government cost benefit analysis guidance).
- Commonwealth effective personal tax take on wages: 24.69 per cent (ATO, 2025).