

How will the 2015 Budget contribute to the long-term economic well being of women in Australia?

Budgets matter because they determine how governments mobilize and allocate public resources. They are used to shape policies, set priorities and provide the means to meet the social and economic needs of all citizens.

Gender-responsive budgeting (GRB) is government planning, programming and budgeting that contributes to the advancement of gender equality and the fulfilment of women's rights.

It entails identifying and reflecting needed interventions to address gender gaps in government policies, plans and budgets.

GRB also aims to analyse the gender-differentiated impact of revenue-raising policies and the allocation of domestic resources.

GRB initiatives seek to create enabling policy frameworks, build capacity and strengthen monitoring mechanisms to support accountability to womenⁱ.

Gender-responsive budget analysis was pioneered in Australia in 1994, with a federal government assessment of the budget impact on women. It refers to the analysis of actual government expenditure and revenue on women and girls as compared to men and boysⁱⁱ.

economic Security4Women supports the reintroduction of the assessment by the Federal Government of the budget impact on women.

Here is an assessment of the 2015 Budget in regards to its impact on the long-term economic wellbeing of women in Australia.

FAMILIES AND JOBS PACKAGE

Like many, we applaud the additional investment in quality childcare, as this is good both for children and for the ability of women and men to balance their unpaid care work with the need to earn an income.

We welcome the introduction of a single childcare subsidy based on a benchmark fee as recommended by the Productivity Commission.

We question the generous rate of subsidy to higher income households; this subsidy is higher than that recommended by the Commissioners in their report.

As succinctly put by Uniting Care "A family on \$160,000 per year with one child in child care will be able to access up to about \$570 per week in childcare subsidies.

This is more than twice the payment a single person on Newstart receives to live on".

Furthermore, the Government has chosen to give big subsidies to very high-income families. Families earning \$300,000 a year will still be able to access \$10,000 per child for childcare. This money could be more effectively spent in other areas, particularly Paid Parental Leave, and to enable greater social mobility for the most vulnerable families.

We are concerned that women vulnerable to poverty and financial hardship may be disadvantaged by the changes to childcare; particularly the implementation of an activity test as eligibility for childcare subsidies. To access the new Child Care Subsidy, parents will need to do a minimum of eight hours of 'eligible activity' a fortnight, such as work, training, study, volunteering, or fulfilling participation requirements tied to their income support. The more hours of 'eligible activity' that the secondary or non-breadwinning parent does, the more hours of subsidised childcare that they will be able to access for their children. Families who earn less than \$65,000 and do not meet the activity test will be able to receive up to 24 hours of subsidised childcare for their children.

This may disadvantage the many women in insecure or casual work, whose work hours each week differ greatly depending on the availability of work.

We are very concerned that this additional investment in childcare currently relies on cuts to Family Tax Benefit Bⁱⁱⁱ and by unilaterally removing eligibility for the existing paid parental leave (PPL) scheme. We know that the first publicly funded PPL scheme was designed to enable parents to combine all forms of leave, including employer provided PPL to get to spend up to (the World Health Organisation recommended period of) 26 weeks with their newborn baby/ies.

This action disregards the research which shows that allowing mothers up to 26 weeks to bond with an infant is likely to result in health enhancements for the infant AND increase the probability that the woman will return to work.

We are concerned that dismantling the existing paid parental leave policy, designed for the employer and government paid schemes to be complimentary, contradicts the objectives of the UN Convention on the Elimination of Discrimination against Women," to which Australia is a signatory and leader internationally^{iv}.

We strongly agree with others who argue that parenthood should be recognised as a social function – as a critically important contribution to our community – for which women should not be discriminated against. This itself is a central tenant of international law.

Women in Australia are already behind men when it comes to economic equality. Reducing paid parental leave will only make this inequality worse.

Instead of reducing the government funded PPL, eS4W has previously called for the addition of superannuation and its extension to 26 weeks.

SMALL BUSINESS

The government's new jobs package reduces the tax rate for small businesses and introduces a number of measures to improve cash flow for these businesses including giving immediate deductions on individual assets costing less than \$20,000 and on expenses incurred when starting a business. This is an encouraging measure.

While the number of Australian women operating their own businesses has steadily increased over the past 20 years, twice the rate of growth of that of men, they remain 'substantially under-represented as entrepreneurs'^v and as a whole, are less likely to benefit from the taxation concessions announced by The Treasurer^{vi}

In June 2014, employed Australian women were almost half as likely to be employers (4.5% compared with 8.1% of employed Australian men), and two-thirds as likely to be sole operators (6% compared with 9% of employed Australian men).

However for the 668,670^{vii} women business operators in Australia these changes will be of benefit.

Furthermore, small businesses are major employers of women and these initiatives announced by The Treasurer that aim to help small business to grow may result in increased women's workforce participation in this sector.

RETIREMENT SAVINGS

We welcome the retention of the indexation of age pensions to AWE or CPI, whichever is greater. Due to the gender pay gap and the related gender wealth gap, more women than men are reliant on the age pension when they retire, and this method of indexation will have a beneficial effect on women's long-term economic security.

However, this budget was an opportunity to review the targeting of the age pension according to assets and/or income. It was also an opportunity to engage in an honest examination of and to develop a response to the gendered inequity built in to the current superannuation scheme. The current scheme results in women on average, retiring with half the savings of men, and many women retiring with no savings at all. There are many reasons for this discrepancy, but the main one is the design of the scheme that is based on the male breadwinner worker model.

economic Security4 Women now looks to the Tax Review process to involve a thorough examination of the taxation of superannuation and trust it will produce its own set of recommended changes that can right this inequity and ensure women have equal access to sufficient retirement savings.

During the Tax Review, we will again call for the reintroduction of the Low Income Superannuation Contribution to be funded from reforms to super tax concessions. Without any changes, the super tax concessions are expected to rise to more than \$50 billion by 2018-19; soon costing the tax payer more than the age pension. These tax concessions need to be better targeted and also adequate enough to encourage retirement savings.

We also call, again, for the abandonment of the minimum monthly threshold of \$450 before tax, before employers have to pay superannuation. This also contributes to the low retirement savings of casual workers in insecure jobs, the majority of whom are women.

EDUCATION AND TRAINING

We continue to be concerned about the impact on women's long-term economic well being of previous changes and cuts to Higher Education and Vocational Education and Training.

Firstly, there is the potential inequitable impact of large HECS debts on women. It will take women longer to pay off these debts because of the gender pay gap and interruptions to their career due to unpaid care commitments. As a result, women will be liable for higher interest payments.

Secondly, to remain competitive in the labour market and to increase the rate of women's labour participation, especially after care related career breaks, women are more likely to need access to affordable and accessible vocational training and education to increase and diversify their skills.

EMPLOYMENT

economic Security4Women is very concerned about age related unemployment for both young women and women 45 years and over.

We welcome expenditure on youth transitions and programs that address the high rate of youth unemployment and serve to minimise any long-term effects on women's economic wellbeing.

We welcome programs that support employment, especially of women re-entering the workforce and women over the age of 45 years.

We also welcome the continued support provided to the Workplace Gender Equality Agency and look forward to working with the Agency on education and resources for the SME sector.

HOUSING AND HOMELESSNESS

It is shameful that the Federal government has taken no action to increase the supply of affordable housing, which has a gendered dimension.

In its 2015 Budget submission our sister alliance, Equality Rights Alliance argued:

Women who are older and living alone will be poorer than men their age, less able to maintain homeownership and less able to compete in the private rental market for affordable accommodation.

The lack of well-located and affordable rental housing also acts as a barrier to the workforce participation of all women, including younger and older women, and single parents.

We are looking to changes to the taxation arrangements that currently act as incentives for high income earners to invest in high cost rental housing and principle private residences, putting pressure on the overall cost of housing. Intervention is required in a market that is failing to provide affordable shelter, essential to women's long-term economic well-being.

We are disappointed that this government and the previous Rudd-Gillard Governments, failed to reduce the Capital Gains Tax Exemption by 10 per cent as per recommendation 14 of the Henry Tax Review

VIOLENCE AGAINST WOMEN

Domestic and family violence is the single most significant cause of homelessness for women and their children in Australia. It also impacts on the woman's ability to get and keep a job.

We remain concerned that the Budget has failed to reverse cuts to legal services and community support services that assist women trying to escape intimate partner violence.

GENDER STATISTICS: ABS

We welcome the Australian Government investment of \$250 million over five years to transform the ABS infrastructure, systems and processes used to produce official statistics, including Gender Statistics.

The Treasurer promises to improve ABS capability and responsiveness, ensure continued delivery of trusted, world-class statistics, and better support decision-making and innovation by providing more timely and integrated statistical services. The investment will also help maintain the integrity of the ABS's core services and make the best use of modern technologies to improve data access and ensure the ABS is well positioned to meet the information needs of today's dynamic economy and changing society.

We are pleased that the ABS will continue to provide free access to all publications and official statistics via the ABS website, social media and mobile apps. However we wait with concern to find out more about how the ABS will pursue new sources of revenue and new ways to recover costs.

For more information contact

Executive Officer, economic Security4Women

Email executiveofficer@security4women.org.au

Mob 0423198567

ⁱ This website provides governments, non-governmental organizations, parliaments and academics with resources for understanding and applying GRB. <http://www.gender-budgets.org/>

ⁱⁱ See more at: <http://www.unwomen.org/en/digital-library/publications/2003/1/budgeting-for-equity-gender-budget-initiatives-within-a-framework-of-performance-oriented-budgeting#sthash.lgN7iqUi.dpuf>

ⁱⁱⁱ Improved child care for the children of the working woman can only be afforded if the single mother loses eligibility for Family Tax benefit Part B when her youngest child turns six.

^{iv} The Convention on the Elimination of Discrimination against Women, which Australia ratified in 1983, requires that women be given equal opportunity to participate in public life and to have equality with men – including economic equality.

^v OECD 2013, '*Gender gaps in entrepreneurship are large and persistent*', fact sheet in *Entrepreneurship at a Glance 2013*, OECD Publishing.

^{vi} The combination of a small business company tax cut of 1.5%, a 5% cut to unincorporated small business profits up to \$1,000 per year, and the accelerated depreciation allowance on all new assets up to \$20,000 provides a positive impetus for the Australian economy.

^{vii} June 2014 figures