

# Budget 2020 – Impact on women

*Gender-based analysis defines the ways in which public policies affect women and men differently. It does so through the systematic use of data to better tailor the development of government programs.*

The Commonwealth government stopped production of its Women’s Budget Statement, part of the official Budget papers, in 2014, after 40 years of production. NFAW has produced our analysis each year since 2014. Our analysis is compiled by 36 subject matter specialists. Since our Gender Lens is produced after the Budget is brought down, it allows readers to critically assess each area of fiscal policies and its impact on women. The Gender Lens provides the most expert, detailed analysis of the budget impact on women compiled outside government.

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## A Care-led Recovery from Coronavirus

- More than 900 000 people with unpaid caring responsibilities caring for young children, the elderly, or people with disabilities would like to work more hours in paid employment. Over two thirds are women.
- Government investment in the care sector would help address women’s disadvantage in the labour market, reduce the gender pay gap, improve service delivery and contribute to an increase in national labour force participation.
- Greater provision of government funded care services would increase labour supply by an estimated increase of just over 2 percent.
- Additional service delivery and higher wages would increase GDP by an estimated 1.64 percentage points relative to what it otherwise would have been in 2030. The investment would add more than an estimated \$30 billion per year to the economy in 2018-19 prices.
- Costs would be partially recouped in increased income and consumption tax revenue, offsetting the estimated \$19 billion costs in 2030 with a net impact on the deficit of less than \$3 billion.

(See **Appendix A: Simulations of increased government expenditure in the care sectors**, by Janine Dixon, Centre of Public Studies, Victoria University)

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This year's COVID-19 Budget is different in many ways, not least in that as the pandemic progresses, the government has shown its willingness to respond quickly as the impact of interventions plays out. This professional analysis provides a recovery plan based on the disproportionate negative impact of COVID-19 on women.

Overall our experts believe the budget is a lost opportunity to maximise employment growth, to invest in social infrastructure with the greatest multiplier effects and to address the structural problems in female dominated areas that COVID-19 has exposed.

The infrastructure and tax cut measures reflect the government's long-standing commitment to traditional, historical responses to economic downturns that have overlooked the pandemic's very different impacts.

The phrases "pink-collar recession" and "she-session" have entered the lexicon. Economists, welfare groups and businesses agree about the negative impact on women. Prior to the budget many had pressed the government to use stimulus spending that particularly addresses investment in social housing, support for the caring professions, child care, aged care and disability care, as well as those female-dominated sectors also hard hit in the wake of COVID-19. This is not just because of the loss of employment but also because COVID-19 exposed the opportunity to reform a number of systemic issues and would likely provide the relatively greater increase in employment.

This budget is based on business assistance, skills development, tax cuts and infrastructure investments to "rebuild the economy and to create jobs" (Treasurers speech, 6 October, 2020 p.17). However, our critical assessment is that the measures, taken together, may not stimulate enough aggregate demand to lead us out of recession. The areas targeted in the budget--construction, energy, transport and manufacturing--are all male dominated. They received a combined \$27billion. However, prior to COVID-19 it was the service sectors that dominated employment growth rather than those traditional male sectors. This is reflected in the recent record of the growth in female participation. The June National Accounts showed GDP decreased by 7 per cent for the quarter, while the fall in spending on services was 17.6 per cent.

During COVID-19, the majority of job losses were for women and more women than men left the labour force. The issue of withdrawal from the labour force is critical if the reason is structural rather than cyclical. This is key because increased female participation in the labour force has been vital to economic growth in recent decades. Not all those women who left the labour force have returned in the last few months.

The Women's Economic Security Statement initiatives, while modest at \$231 million over four years, are welcome. But they are overshadowed in the face of a nearly trillion dollar spend. We are particularly concerned that it doesn't address the critical contribution essential workers made and the stark shortcomings COVID-19 exposed – carers, nurses, cleaners, teachers, early educators, and shop assistants – mostly women who are underpaid, undervalued often with precarious employment conditions. "Services create more jobs than infrastructure per dollar spent, and they have especially high multipliers" (Grattan Institute, 7 October 2020).

COVID-19 has exposed the effect of marketisation/privatisation on the provision of human services such as in aged care, childcare and disability. Profit has too often won out over quality of services.

Our independent modelling (Appendix A), provided by Janine Dixson of the Centre of Public Studies at Victoria University, provides an alternative scenario whereby government investment in the care sector could lead to an expansionary effect on overall demand and reset the economy at higher levels of activity.

The following discussion focuses on specific Budget initiatives.

The increased funding for the NDIS is welcomed. The investments in education, aged care and mental health are positive but are relatively small. The government has flagged it will address the critical failures in aged care once the Royal Commission has finished. There was no substantial additional investment to childcare, despite the evidence of the importance it played in allowing centres to stay open early in the pandemic.

The two additional supplement payments for pensioners are welcomed. However, increased income support for working age payments would provide more immediate stimulus and address the long run inadequacy of unemployment benefits and the uncertainty about the future rate. The possible ending of JobKeeper in March is also of concern if the economy is still struggling. It could force more people onto JobSeeker.

Reducing the Coronavirus Supplement from 25 September to \$250 per fortnight has caused distress to recipients on JobSeeker, Youth Allowance, Austudy, ABSTUDY, Special Benefit and Parenting Payment, the majority of whom are female. NFAW calls on the government to urgently address a permanent increase in JobSeeker and retention of the supplement while the economy remains in crisis.

There has been a striking 36 per cent increase in Parenting Payment Partnered recipients and a 6 per cent increase in Parenting Partner Single, presumably due to sudden, dramatic loss of income. Previously these payments were trending downwards. Over 90 per cent are female. There were no additional measures to improve the adequacy of payments and support. These are payments to women with children under six and eight years. There needs to be additional support that ensures we don't have a generation of children denied a positive future because of poverty.

Young people have been seriously affected by COVID-19. The number of young unemployed doubled between March and May this year. It is critical that young people remain attached to the labour force, given the experience of previous recessions. The JobMaker hiring credit for those under 35 should partially address this issue. Many of the over 500 000 people not eligible for JobKeeper because they had an employment record of less than one year may now take up JobMaker. However, the take up may be less than predicted if businesses don't hire because there is no increase in demand, or should demand increase, JobMaker is used when they would have hired anyway.

As has been pointed out, the main problem with JobMaker is that it is limited to those under 35 years of age. There are no specific measures for older unemployed, the majority of whom are women. The existing Restart program is for those over 50 who are unemployed for more than six months. It was initially funded in 2014 for \$525 million for four years. It appears take up is [much lower than expected](#) with less than half of participants still in employment after 6 months.

JobTrainer is also important for addressing our inadequate investment in skills and training. However, currently two-thirds of apprentices and traineeships are taken up by males. The investment should be accompanied by funding initiatives that address ingrained occupational and industry gender segregation in Australia.

Older jobless women have largely been ignored. Women over 55 are the fastest growing cohort of the homeless. Over 60 per cent of Commonwealth Rent Assistance recipients are female. Women are the majority of long term unemployed. Older female recipients often face substantial barriers to employment, including age discrimination. Improved economic conditions may have less effect on the employment outcomes for older JobSeeker recipients.

The personal income tax cuts will be split 40/60 between men and women. The 40 per cent will fall to 32 per cent for women when the low middle income (LITMO) tax offset finishes after a year. Many women will face a financial cliff after the Coronavirus Supplements and the LITMO are both withdrawn.

Tax cuts are also likely to partly add to savings rather than being wholly spent. The tax cuts are mostly the only expenditures that are recurrent. The government has not committed similar recurrent spending for the services sector which our research highlights, provides much needed structural reform.

In addition, a third of women retire with no superannuation. Early access to superannuation has made this worse.

Employment opportunities for Indigenous and for women with disabilities are largely ignored.

The issues outlined are dealt with in the Gender Lens papers.