

PORTRFOOLIO OVERVIEWS AND RECOMMENDATIONS

Date Issued **5 November 2022**

Chair, Social Policy Committee NFAW: Prof. Helen Hodgson: h.hodgson@tpg.com.au

WELL-BEING BUDGET FRAMEWORK

The October 2022-23 Budget provided some high-level discussion and reporting against the Wellbeing Budget framework being developed by the Government, with further consultations to follow ahead of the 2023-24 Budget to be delivered in May 2023.

We acknowledge that this was very much a first articulation by the Government of its approach to the Wellbeing Budget. Importantly, the Budget did not provide any analysis of measures in the Budget as they relate to measures of wellbeing, and it is not clear that a wellbeing Budget framework was used to assess initiatives in the Budget.

Going forward there is a need for consideration of how the Wellbeing Budget Framework will interact with Gender Responsive Budgeting which is also being implemented by the Government. It is the view of the National Foundation of Australian Women that the two frameworks should be harmonious, with a gender lens applied to the final Wellbeing Budget Framework and the indicators being inclusive of the targets for gender equity that are needed to underpin the implementation of Gender Responsive Budgeting. The indicators canvassed in the October 2022-23 Budget are a good base from which to build a more comprehensive set of gender targets across the domains of wellbeing, but more work and consultation is required in the coming months to ensure the indicators are comprehensive and reflective of the foundations needed to fully participate in family, social and economic life in Australia.

Recommendations

- The Wellbeing Budget Framework should be developed to ensure that it incorporates broader gender goals and targets consistent with Gender Responsive Budgeting. Most of the indicators incorporated with the OECD framework have important gender and intersectional implications and these should be reflected in the final framework adopted by the Government.
- NFAW will continue to engage with Government on these issues over the coming months to ensure the framework reflects the gender dimensions of wellbeing, and that future Government policy is evaluated for its impact on these indicators.

GENDER-FOCUSED MACHINERY OF GOVERNMENT

As is typical of the October 2022-23 Budget, expenditure on gender-focused machinery of government is targeted to setting the drivers for a long-term reform -- building government knowledge and analytical practices to put women at the centre of government policy and decision-making. The Women's Budget

Statement (WBS) itself is no more than an admitted ‘first step’. It remains silent in critical areas, most notably welfare and taxation. While there is much that is missing, the analysis that is there is better designed and better informed than in any WBS that NFAW has previously analysed, and the initiatives are welcome.

However, the Government should also ensure that its Budget Well-being Framework reflects the gender dimensions of wellbeing, and that future Government policy is evaluated for its impact on these indicators (see separate analysis of the **WELL-BEING BUDGET FRAMEWORK**).

Recommendations

- Embedding gender equity in policy advising and assessment across the Australian Public Service is going to require both training resources and high-level bureaucratic support on the lines of the Secretaries’ Task Force established under Hawke government. We recommend the Government specify what support it is providing or will provide for both of these measures.
- NFAW welcomes the October 2022-23 Women’s Budget Statement as an informed initial step towards gender-responsive government budgeting. We recommend that future WBS documents broaden their portfolio reach to examine all mainstream budget initiatives to determine whether they have a gendered outcome, positive or not, intentional or not. This applies to both the revenue and the expenditure side of the budget. This is part of the urgently needed national conversation on tax and expenditure priorities (see separate analysis of **TAXATION and SUPERANNUATION**).
- While recognising that the 2022-23 Women’s Budget Statement is better informed and executed than in those NFAW has previously analysed, we recommend that the Parliamentary Budget Office be formally given the ongoing responsibility for preparing the annual WBS.
- We recommend that as part of its pivot to gender-responsive budgeting, government put in place an annual program of early consultation with women’s organisations before agencies develop their budget priorities and bids.

FISCAL OUTLOOK

The first budget of the Albanese Labor Government came at a time of strong economic growth and favourable employment opportunities, but also high inflation. This high inflation has been fuelled by widespread cost pressures on the supply side of the economy combined with strong spending activity on the demand-side on the economy. The Budget clearly acknowledged that these inflationary pressures are intensifying the costs of living for households and production costs for businesses, noting in particular that further increases in electricity prices are forecasted. The Budget’s fiscal outlook also pointed to the role of international factors on Australia’s economy, including the possibility that further volatility in international economic and geopolitical spheres could lead to a global economic slowdown.

In these economic conditions, the Treasurer exercised a restrained approach to the Budget’s fiscal strategy, as a means of providing a buffer against any future potential economic downturns and to avoid adding to inflationary pressures.

The conditions also mean that any new spending policies must generate an improvement in the economy’s productive capability. It means that Government’s commitment to invest in expansions to paid parental leave and childcare subsidies – key features of the Women’s Budget Statement – have been recognised as productivity-enhancing investments that will deliver an economic payoff among their benefits.

TAXATION and SUPERANNUATION

In this budget the Government has stepped back from engaging in debate over ensuring that the tax system generates sufficient revenue to fund operations and services. Revenue gains are from changes in the economic parameters, particularly inflation which is increasing corporate and personal tax receipts.

The stage three tax cuts, which are not affordable, favour high income earners and are not gender equitable, have not been reconsidered and there are no measures to increase resource taxes or wealth taxes, including the capital gains tax discount. There are no changes to make superannuation more equitable.

We need tax reform to target spending on wellbeing objectives. Household wealth and income objectives disguise the gendered effect of the taxation system on dual income households, contributing to the gender gap in hours worked.

Recommendations

- The Government should implement tax reform that will achieve distributional fairness. Particular attention must be paid to ensuring a progressive income tax structure; considering wealth taxes, including the existing capital gains tax discount on the sale of assets; and the level of tax concessions accessed by those with the means to accumulate wealth inside superannuation.
- The stage 3 tax cuts should be abandoned in their current form. Personal tax relief should be targeted to low- and middle-income tax levels. The current 37 per cent tax rate should not be abolished, with the current \$120,000 threshold being increased based on CPI indexation.
- Superannuation should be payable on Commonwealth Parental Pay. The Superannuation Guarantee Administration Act should also be amended to include parental leave as ordinary time earnings.
- The taxation of superannuation funds not in retirement phase should be on a progressive scale, based on the member's total superannuation balance.

INDUSTRY

The Government spending audit has resulted in a refocusing of grants to industry and for infrastructure projects to align with the priorities of the new Government largely by redirecting unallocated funding from previous Government programs to the development of alternative energy resources. The target industries significantly overlap with the industries targeted under the previous measures, however it appears that revised assessment criteria will support changed priorities. Women are underrepresented in the workforce in these priority areas, and there are significant gender pay gaps. Ensuring gender equality in the allocation of these funds should be one of the criteria.

In the longer term the reallocation of priorities to climate and services, including public transport, will be important in meeting the priorities of a Budget Wellbeing Framework and will benefit women.

Recommendations

- We recommend that in administering the grants awarded by the Department, including but not only under the National Reconstruction Fund and projects awarded through Infrastructure Australia, the applicant should be required to provide data to allow the gender impact of the funding to be examined. This should:
 - be consistent with WGEA reporting, modified for employers with fewer than 100 employees,
 - require employers to identify how the employer will ensure that qualified women will be encouraged to apply for jobs created under the funding program, and
 - identify the support systems available, or to be created, within the business.

- The Office for Women should be consulted to develop a Gender Impact Analysis framework to assess applications and outcomes for industry grants.
- Assessments for grants promised during an election period should be transparent with a business case required and presented to the administering Department.

CLIMATE CHANGE AND ENERGY

The October 2022-23 budget delivers a range of new climate change and energy measures. These are broadly targeted, and a number will benefit women in general terms, including disaster resilience and recovery funding; major energy infrastructure investments to support renewable energy generation, carbon emissions reduction, and lower energy bills over the long-term; and a new National Health and Climate Strategy.

The Women’s Budget Statement makes welcome high-level observations about the connections between gender and climate change, and signals attention to this area. Detailed analysis, policymaking and funding is now required on gender and climate change issues, including jobs for women in the decarbonising economy, family violence risks during and post-disaster, and income and financial supports, including during a transitory period of very high energy prices.

This is a budget that begins to make up for the utter neglect of climate change action over the past decade, but the Australian Government will need to accelerate mitigation funding and associated policymaking if we are going to limit global heating to 1.5 degrees. Climate change and energy measures should be an integral part of an Australian wellbeing framework, using existing OECD indicators (such as greenhouse gas emissions, exposure to air pollution, and threatened species status), alongside indicators of the socio-economic impacts of climate change.

Recommendations

The Government should:

- accelerate climate change mitigation funding and associated policymaking in order to limit global heating to 1.5 degrees on pre-industrial levels
- deliver financial support to women and others during a period of very high energy prices, including increases to JobSeeker and related payments, temporary financial support packages, and a large-scale energy efficiency program for lower-income households, funded by the redistribution of super profits from private energy companies
- increase recovery-stage funding to help women cope with the financial, housing and wellbeing impacts of disasters
- recognise climate change as a family violence risk and develop policy and funding accordingly, and
- ensure women benefit economically from significant government investments in energy systems change, and develop a comprehensive jobs strategy for women in the decarbonising economy.

THE CARE ECONOMY – AGED CARE

The changes articulated through the aged care measures set out in the October 22-23 Budget are important to women – more important than the sum of individual budget items -- because together they underpin a strategy to reform this sector of the care economy. That is, they create or support drivers to raise the quality of governance and service delivery in residential aged care and to professionalise and develop its workforce. It will take time for individual drivers to be implemented and to become effective, and more time for their effects to be coordinated and evaluated.

These budget measures relate to Economic (employment rate) and Social (gender gap in hours worked) themes and indicators in the OECD Wellbeing Framework. Australia's Budget Wellbeing framework should include social infrastructure, including its workforce, as a national priority.

Recommendations

- NFAW strongly endorses the efforts coordinated through the October 2022-23 Budget and related legislation to reform the provision of aged care and to professionalise and value its workforce. We also appreciate the forthright Budget analysis of the pressing need for further funding to enable the sector to meet demand for both residential and home-based care. We strongly recommend that the government move quickly to engage the community in settling its fiscal priorities because the demand in the care sector and elsewhere is pressing.
- Following the decision by the Fair Work Commission in the work value case, the training needs of workers in the aged care sector should be reviewed by DEWR to provide the evidence base required to design programs suited to career paths in the sector.
- NFAW recommends that the Budget Wellbeing framework should include social infrastructure, including its workforce, as a national priority.

THE CARE ECONOMY – EARLY CHILDHOOD EDUCATION AND CARE

The October 2022-23 Budget included measures for cheaper child care, more access to subsidised care for First Nations children and measures to reduce fraud and non-compliance in the early childhood education and care (ECEC) sector. Increases in the Child Care Subsidy will benefit working families and an allowance of 36 hours of subsidised care per fortnight will benefit First Nations families who do not meet the Activity Test.

These budget measures relate to Economic (employment rate) and Social (gender gap in hours worked) themes and indicators in the OECD Well-being Framework.

Recommendations

- NFAW supports child care measures that increase child care subsidies to families to improve the affordability of child care; provide greater flexibility and accessibility of child care, particularly for vulnerable families and disadvantaged communities; better regulate child care providers' fee charging practices; and importantly, help fund wage increases and better conditions for early childhood educators.
- The 2022-23 Budget is a promising start in addressing the affordability of child care. Further measures to increase affordability and accessibility need to be considered in the Productivity Commission and ACCC reviews, including:
 - changes to the Government's hourly fee cap, whether it is sufficient and operating as intended to place downward pressure on child care fees
 - whether an hourly fee cap increase would be needed to fund ECEC educator wage increases
 - other methods to increase recruitment and retention of child care educators in the sector
 - whether the activity test is an incentive for families to work, or work more hours/days
 - whether the activity test is preventing vulnerable families (who may not eligible for Additional Child Care Subsidy) from using child care
 - whether the activity test should be abolished
 - adequacy of the fortnightly limit of 100 hours of subsidised care
 - services' fee charging practices and the length of the session families are charged.
- The NFAW agrees with the Business Council of Australia that it would be timely to revisit the previous Productivity Commission Inquiry into Child Care and Early Childhood Learning (2015) recommendations,

assess the impact of those that were implemented (including CCS) and reconsider whether those that have not yet been actioned should now be prioritised. The Productivity Commission review should also consider the findings of the independent Child Care Package Evaluation (AIFS, 2022) which evaluated the impact of the Child Care Package introduced in 2018, drawing on the recommendations of the earlier Productivity Commission Inquiry.

WELFARE REFORM

Overall the budget provided many important initiatives aimed at furthering gender equality. However, despite articulating the links between gender inequality and poverty in the Women’s Budget Statement, and despite women making up over half of welfare recipients in Australia, the inadequacy of income support payments was not addressed. Since the 1980s there have been many attempts at welfare reform and small-scale changes, but the system is still designed to disincentivise people from applying for income support. The net effect has generally been to condemn women of all ages on income support to poverty – older unemployed women, homeless women, sole parents and their children, young women in precarious employment, female renters, women leaving domestic violence, and women with disabilities including those who cannot access payments.

Recommendations

The Government should:

- increase in the rate of Jobseeker, Single Parenting Payment, Disability Support Pension, and related payments as a matter of urgency
- introduce the indexation of rates for payments that specifically reflect the real cost of living
- introduce supplementary payments for single parents and disabled recipients to recognise the extra costs of living they incur
- double the rate of Rent Assistance
- remove the Program of Support requirements for disabled income support recipients, instead providing optional employment support programs
- abolish compulsory income management in full
- review the drivers of the gender gap in NDIS participation
- lift the income threshold for the Health Care Card for all Australians (not solely seniors), and
- Increase the income threshold for social security payments, to enable recipients to earn a living wage.

VOCATIONAL EDUCATION AND TRAINING (VET)

While the October 2022-23 Women’s Budget Statement acknowledges the occupational and industrial segregation of the labour market, there are no specific portfolio budget initiatives to address these issues, insofar as this segregation is as a result of structural and systemic biases in the VET sector. There are no budgeted initiatives on how the sector might contribute to achieve a more equal distribution of women’s participation across areas of study. There are no budget measures focused on the highly feminised care and health workforce even though components of this workforce may have little or no specialist or higher level vocational qualifications.

Recommendations

- The functions of *Jobs and Skills Australia* should reflect the government's policy priorities for gender equality and enable work with the Office for Women on studies required to produce gender impact assessments.
- The brief for research priorities for *Jobs and Skills Australia* should include the identification of industry areas into which women may be attracted to assist in diversifying their occupational choices aiming for economic security and closing the gender pay gap.
- National Partnership agreements should include gender impact assessments.
- Gender Impact Assessments should be mandated for all government-funded VET programs.
- The training needs of workers in the Care Economy should be reviewed by DEWR to provide the evidence base required to design programs for women workers in the Health, Aged Care and Disability Services sectors in order to secure appropriate career paths and better wages for the majority working in that sector.
- The NCVER in its data published on VET enrolments should be obliged to collect, analyse and report upon women's enrolments and completions correlated with "equity" groups, that is: Indigenous, culturally and linguistically diverse people, language background and people with a disability.

HOUSING

Budget 2022-23 delivers a long-term strategy for the housing system and supply in Australia and represents a small step toward addressing women's needs for safe and secure housing. However, in the context of a national housing crisis, with growing rents and record low vacancy rates in the private rental sector, and a national social housing wait list of nearly 200,000 households, the 40,000 social housing and 10,000 affordable dwellings committed to in this budget are severely inadequate. We call those involved in drafting the new *National Housing and Homelessness Plan* (BP1, p.10) to be ambitious in developing a strategy that continues to recognise women's unequal access to secure housing, centres housing as a critical social and care infrastructure and human right and tackles affordability across the housing system. This is a necessary foundation for a gender equitable nation.

Recommendations

It is recommended that:

- universal need for housing and the role of housing as an essential social and care infrastructure are placed at the centre of the forthcoming *National Housing and Homelessness Plan*
- JobSeeker and Commonwealth Rent Assistance Rates are immediately raised to support low and very low-income households to access the rental sector and lift these households out of poverty. Commonwealth Rent Assistance should be indexed to recognise regional variability in housing costs
- Government commits to directly funding sufficient social housing units to address the current waitlist and projected need
- new social and affordable housing and associated communities should be designed to withstand climate stresses, including urban heat, and
- taxation settings that stimulate the cost of housing in Australia should be removed, including negative gearing and capital gains tax discounts.