

Key Policy in discussion

BUDGET OVERVIEW

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Australia is ranked 43rd for gender equality internationally. The Government's plan to advance gender equity as a national priority is reflected in this year's Budget, which introduces measures to support women across a range of portfolios.

However, these measures will not change the fact that Australia's income and wealth inequality continues to widen, and the Stage 3 Income Tax cuts will deepen this divide. Our analysis of revenue shows that a disproportionate amount of the projected growth in tax receipts comes from women who will receive a much lower share of the proposed tax cuts.

NFAW believes that the Government should undertake gender analysis of the Stage 3 Tax cuts as a critical priority, in view of the scale of the reform needed to ensure a more equitable distribution of income in the Australian community. A gender analysis of the Stage 3 Tax cuts undertaken by the Parliamentary Budget Office shows that:

- The plan will deliver \$39 billion over the 4 years to 2027 to those earning over \$200 000 per annum, two thirds of whom are men. Around 75% of the benefits in each year go to the top 20% of taxpayers.
- The full cost of \$69 billion over the 4 years to 2027 dwarfs the \$14 billion cost of living package to support the most disadvantaged.
- The \$9000 annual decrease in tax for those earning over \$200 000 a year is more than double the increase in payments to eligible single parents who earn under \$30,000 a year.

NFAW nevertheless welcomes the broad range of modest initiatives aimed at the most the most vulnerable, the majority of whom are women. Although the initiatives fall short of the ambitious agenda set out by the Women's Economic Equality Taskforce to kickstart the National Strategy to Achieve Gender Equity, importantly they signal a clear shift in focus and attitude to addressing women's economic equality.

These measures include support for single parents, the unemployed, energy fee relief, wage increases for aged care workers (the majority of whom are women), investment in Medicare

for those on low-incomes, increased rent assistance, increased investment in housing and help to transition to clean energy. The Budget also includes some positive revenue measures -- the reduction in superannuation tax concessions for high income earners and the increase in the Petroleum Resource Rent Tax -- although both are modest and long overdue.

Although welcome, the proposed welfare payment increases for the unemployed, rent assistance and single parents amount to less than 2 per cent of the welfare budget and have only a small impact on living standards and poverty. The changes leave over one million people in poverty, including one in six children, a figure that has not changed in 20 years.

Some key policy areas lacked a gender focus and funding.

Housing in Australia is in crisis. Analysts point to Budget forecasts that residential investment will decrease by 7.5 per cent in the three years to 2024-25 at the same time as national vacancies hit a record low of one per cent and advertised rents have increased by 10 per cent in the year to April 2023. The Budget includes a series of welcome housing measures; however, in view of increased population growth these are likely to be inadequate. In addition, the rent-to-buy scheme is likely to provide housing for middle income earners and does not address growing homelessness.

Changes in the health budget are welcome but amount to a “start not a finish line”. There is also a need to ensure the principle of universal health care is not undermined by additional bulk-billing incentives for treating children, pensioners and concession-card holders. The Women’s Budget Statement highlights that dementia is the biggest cause of death for women in Australia (p. 68) without mentioning how to fund research, advocacy and awareness. The Statement also indicates the alarming increase in family and domestic violence without sufficient funding to address the issues. In addition, the Family and Domestic Violence and Sexual Violence National Partnership Agreement requires a substantial increase in funding for more than two years.

Climate change is addressed as one of the key structural shifts shaping Australia’s economy. NFAW welcomes this inclusion. However, the higher risks and greater burdens that women face from the impacts of climate change are not adequately addressed in the Budget.

The Government is committed to Gender Responsive Budgeting (GRB) but the implementation plan is dependent on agencies determining that policy measures fall within set criteria. At the moment these exclude many proposals with a total value of less than \$250 million over the forward estimates and revenue measures are out of scope.

More comprehensive gender analysis would have helped address some of the missed opportunities in the Budget such as removal of the activity test for childcare and the

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addition of superannuation for those on Paid Parental Leave, and the gendered effect of the stage three tax cuts.

Overall, the Budget is aimed at constraining inflation while providing support for those on low incomes. The economic outlook is for slower growth, lower inflation, and increased unemployment. In order to fully address poverty and maintain funding for increased demand for essential services, there is a need for substantial tax reform to increase revenue.

Budgets are the best summary of a government's priorities. It's important to get the balance of spending right. Future budgets will need to embed social and economic reform for sustainable growth and to improve essential services. NFAW supports legislated measures and targets on poverty and economic inclusion as recommended by the Economic Inclusion Advisory Committee.

NFAW is positive about the Government's women's agenda but more needs to be done. The only way to ensure funding for the growing cost of essential services and to address poverty is to increase revenue. The Government needs to lead the public debate on tax reform, including reviewing the Stage 3 Tax cuts.

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