

BUDGET 2021-22 NET IMPACT ON WOMEN

Background: Gender Responsive Budgeting (GRB)

GRB is an analysis of the impact of the budget on gender equality and a process of changing budgetary decision making and priorities. (Rhonda Sharp and Ray Broomhill, A Case Study of GRB in Australia, Commonwealth Secretariat, 2013.)

The Women's Budget Statement, part of the official Budget papers ceased to be a budget paper in 1996; in 2014 women's budget documentation ceased altogether. NFAW has produced our analysis each year since 2014. The NFAW Gender lens is produced after the Budget is brought down to allow readers to critically assess fiscal policies and their impact on women, and is compiled from analysis by approximately 40 subject matter specialists. The gender lens provides the most expert, detailed analysis of the budget impact on women compiled outside government.

Introduction

“... it was women whose economic opportunities were so significantly impacted when COVID hit.... And as we gather together here in this place, as we often do as a full Cabinet with a particular focus and lens on our challenges as a country to ensure that women have at least equal opportunity, at least as much safety, at least as much economic security as men in this country.

This is what we hope for, for ourselves, for our families and for our daughters.”
(Prime Minister, transcript of Cabinet Women's Taskforce, 6 April 2021.)

This year the Cabinet Women's Taskforce, released a *Women's Budget Statement 2021-22*, as part of the budget papers.

Structural Reform

For too many years women have carried a heavier share of unpaid work in the economy, which has affected our economic security; left us vulnerable to violence at home and at work; and affected our health and wellbeing.

These were the three themes of the 2021-22 Women's Budget Statement, but there was little significant reform offered. NFAW welcomes the reintroduction of the Women's Budget Statement, which reports some of the spending in these key areas but did not set out a clear program of reform.

Women hoped that after the year of COVID, which showed up the flaws in so many of our systems and structures, we would see some real reform that would recognise the role that women have in the Australian economy, and in society; we hoped government would take steps to address the systemic issues.

The Australian economy has rebounded well from the recession but the recovery is fragile and uneven. The Government's commitment to decreasing unemployment to less than 5% is welcome, as is the decision to use fiscal policy to maintain the growth momentum and reject austerity/ budget repair policies.

NFAW welcomes the new spending in the care economy. The 2020-21 Gender Lens highlighted the effect of spending in the care economy, and the economic stimulus that would be created. Last year NFAW commissioned modelling from Janine Dixon, Victoria University, that demonstrated the effectiveness of investment in the care economy, including increasing wages. It was estimated that costs would be recouped in increased income and consumption tax revenue, offsetting the estimated \$19 billion in costs in 2030 with a net impact on the deficit of less than \$3 billion.

The infrastructure and the stage three tax measures, worth far more than outlays listed above, largely reflect the government's long-standing commitment to traditional responses benefitting -- high income families and men.

While we are encouraged by the increased levels of spending on social infrastructure, without tax reform these important increases to pay for necessary services may not be sustainable. The legislated stage 3 tax cuts which will commence in 2024 have been estimated to cost up to \$18b a year, most of which will be paid to higher income workers. That is the equivalent of the increase in spending on aged care in the budget. As the Grattan Institute noted in 2019, pre-COVID, decisions relating to taxes should be made based on current circumstances, not locked in six years ahead of time.

We recommend that the stage 3 tax cuts be reviewed, to ensure that tax collections are sufficient to pay for the necessary level of spending on social infrastructure. Otherwise we run the risk of cuts to these essential programs when "budget repair" becomes a feature of the economy.

Funding the Care Sector

While money has been provided to support the users of childcare, and the quality of aged care, there is no specific funding allocated to improve the wages of care workers in either sector.

Child care is a critical part of Australia's social infrastructure. We welcome the additional spending on childcare for the (estimated) [one in five families that will benefit from the spending in 2022](#); but there are still structural barriers to increased workforce participation. There is no change to the harsh activity test, to the reduction in subsidies for vulnerable families and the quality of child care, nor is there increased funding for out of hours school care.

Funding two important child care components is not reform, doesn't "bake" structural change into the budget, doesn't improve workers' poor pay and misses the opportunity to increase productivity.

Women who are increasingly **working from home** needed to see a plan to ensure that they can work productively in the hybrid economy that has developed in the post COVID world.

The budget also provides \$17.7 b over 5 years for **aged care**. The changes in Aged Care present more structural reform than in other portfolios as there are recommendations relating to the deficiencies in the current system. The package makes a start on the recommendations of the Royal Commission, but the risk of cherry-picking proposals out of the report is that structural reform will not occur.

The programs that are funded will provide more home care places but does not move the system to a demand- based model of care. Mandated minimum care time in residential homes and capacity building in the aged care work force represent a net positive impact and set a reasonable base for transition to a reformed system.

However, the Government must address the low levels of remuneration in the aged care sector to be able to attract workers. The Royal Commission recommended the Commonwealth support the wage case for the aged care sector before the Fair Work Commission. Government support is key to the success of the case. It's disappointing that the low wages of workers critically needed to address skills shortages were not addressed.

We also need a transparent system so that we can be assured that the additional money being paid into the sector is in fact being used to improve the quality of care in each facility. The star rating system is a step along this road. In the meantime the proposed new legislation is being described as "values based", and not "rights based", despite the Royal Commission and the United Nations supporting a rights based system.

Women's Safety

The \$1b for women's safety contains many positive measures and represents a good down payment on the second National Plan to Reduce Violence against Women and Children. For the first time funding to prevent and respond to violence against women with a disability who experience disproportionate levels of violence is included. However, overall the package appears piecemeal with limited structural reform.

Women's Economic Security

Increased childcare, and the long-overdue removal of the \$450 superannuation threshold, will contribute to ensuring women's economic security – but it is not enough. Changes to superannuation that rely on surplus funds from the sale of the home will not help the vast

majority of Australian women who will have no surplus to invest in superannuation after finding somewhere else to live.

Structural reform is needed to address the gender pay gap and the lower wages in feminised industries and to encourage a more equal care burden within households.

The budget failed to reset policy to disrupt the structural accumulation of poverty across the life course that reaches its peak with disastrous consequences for so many women later in life. There was no additional support for women on pensions who have little or no superannuation and who don't own their own homes, and no increase in the Commonwealth Rent Allowance.

The related issue of housing for low income renters is missing from the budget. There is also nothing to address the needs of growing homelessness among older women or the need to fund greater social housing more generally..

Reducing unemployment alone will not address gender wage and employment inequities-- women dominate low and middle income jobs in the service sector, almost half of women work part time and experience widespread casual and insecure employment. None of these issues were addressed in the budget.

Conclusion

The persistent gender inequalities embedded in Australia's labour market, tax system and transfer systems were never going to be resolved in a single budget. However, the budget missed the opportunities to address long-standing issues of inter-generational inequity and poverty, act on climate change and take a more transformative approach to social infrastructure investments post COVID, such as social housing.

Overall, while the budget addresses many of the failures in critical care services and partial solutions were identified, underpinning systemic issues weren't dealt with. NFAW's concern is that some of the initiatives that received short term funding may be subject to "budget repair" once the government moves away from stimulatory fiscal policy. The result is lost opportunities to invest in real structural solutions that would have led to a greater boost in female employment, addressed the gender pay gap and created real productivity gains through higher wages in the female dominated care industries workforce.

This budget is a major improvement on last year's but it is far from a comprehensive Gender Responsive Budget (GRB) response. The concept of GRB is not new. It has been adopted in countries as diverse as South Korea, Timor L'Este and Finland. The Victorian Government announced in its 2021-22 Budget that it would establish a GRB unit in the state Department of Treasury and Finance. NFAW volunteers have demonstrated how to apply a gender lens post hoc for many years.

However, only the government, in Treasury or the Budget Office, and with policy officers based in each department, has access to the complete dataset needed to undertake GRB to embed technical expertise and build awareness of gender inequities, prior to finalising the budget. This would enable the systematic examination of mainstream initiatives to determine whether they have a gendered outcome, intentional or not.