

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.

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)

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" (Treasurer's 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 \$27 billion. 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.

Budget 2020 – Overview

Gender-responsive Budgeting

The 2020-21 budget speech recognises that women’s employment was worst affected by COVID-19. The budget itself stimulates male-dominated jobs and industries. Tax cuts also favour men. The budget plan for female-dominated service industries is to “continue to guarantee the essential services Australians rely on. Without increasing taxes”. NFAW recommends that the government adjust its stimulus spending to target social as well as physical infrastructure. We also recommend that it enhance its sources of gender-responsive budgeting and attend to their advice.

Impact on Young Women

The COVID-19 pandemic is having particularly severe effects on young women in Australia. There is an urgent need for the experiences and needs of young women to be a focus of policy development regarding the crisis response and recovery.

While the 2020/21 Budget includes a focus on young people, particularly on young people’s training/education and employment, it falls well short of providing the short- and medium-term measures needed to support young women’s economic security, health and safety.

Issues of intergenerational equity are once again present in our understanding of the Budget. With a significant increase to national debt, and the implementation of tax cuts which will overwhelmingly benefit high-income earners, there is little investment in social infrastructure, climate action and other areas that create jobs and lay a foundation for our national future.

Many aspects of the budget impact on young women, including housing and homelessness, climate and environment, health, taxation, disability and social services policies. NFAW’s analysis in this section focuses on six key areas: youth policy, employment, education and training, youth allowance and ABSTUDY, mental health and violence against young women.

Impact on Older Women

This year’s federal Budget contains some measures of direct benefit to older women, with net positive impact in some policy areas, but no improvement in other priority domains.

The measures of most interest and value to older women contained in the Budget include: an increase of 23,000 home care packages; additional health care and aged care funding to respond to the COVID-19 pandemic; the maintenance of supplementary payments in the Aged Pension for another year; and the move to change capital gains tax on Granny Flat arrangements within families.

Overall, however, the 2020 Budget is a missed opportunity to improve the lives of older women who face the greatest difficulties: single, older renters totally reliant on JobSeeker or pension payments; those who are homeless; a significant proportion of those on the long waiting list for home care packages; and those locked out of employment. It is also another

missed opportunity to begin resetting policy to disrupt the structural accumulation of poverty across the life course that reaches its peak with disastrous consequences for so many women in later life.

Impact on Aboriginal and Torres Strait Islander Women

There was little to no response to the needs of Aboriginal and Torres Strait Islander females in the budget. Measures via the Department of Prime Minister and Cabinet and Minister for Indigenous Australians appear ad-hoc, and other measures such as tax cuts and superannuation membership reform will not reach the majority of the Aboriginal and Torres Strait Islander female population due to their young median age and their not yet participating in the workforce.

Lack of investment in community-controlled programs was clear. The \$46.5 million allocation for Closing the Gap in health equity is inadequate to meet targets, and does not provide infrastructure support for 550 Aboriginal and Torres Strait Islander community-controlled health clinics with over 1 million episodes of care per annum. Conversely, \$39 million was allocated to one mainstream charity for a sport program to encourage school attendance. Most other allocations are to the Government's own services, corporate entities or statutory authorities not Aboriginal and Torres Strait Islander community-controlled organisations, despite little evidence for their effectiveness. Allocations are not adequate to address social determinants of health, multi-morbidities, holistic care, legal needs or diversity, to which government has made policy commitments.

Impact on Migrant and Refugee Women

Budget 2020 includes a number of measures that will have specific implications for Australia's migrant and refugee women, who make up just under 4 million of the Australian population or one third of the Australian female population, according to the 2016 Census. In particular, these include the changes to the English language program, the family/partner migration stream and the humanitarian program, as well as the extension of the migrant and refugee youth programs. Further—noting the universal measures that will likely have impact on migrant and refugee women as a significant population cohort—the Women's Economic Security Statement seeks to address the diverse needs of women, including women from culturally and linguistically diverse backgrounds. Of significant concern is the lack of measures to support safety and wellbeing (including financial wellbeing) of women on temporary visas.

Impact on Women with Disabilities

The 2020 budget offered a historic opportunity to build a flourishing future for the 2 million women and girls with disability in Australia and support them to lead fulfilling lives in a post-pandemic world, but it was a missed opportunity. There are some welcome announcements to expand the National Disability Insurance Scheme (NDIS) such as an additional \$3.9 billion to be made available for its rollout to enable more Australians with disability to transition into the Scheme and access supports. Also welcome was the provision of \$798.8 million over four years to the National Disability Insurance Agency (NDIA) and the NDIS Quality and Safeguards Commission to support the continued administration of the NDIS, to improve the quality and safety of supports provided to NDIS participants and to improve the regulation of NDIS providers.

That said, for the majority of women and girls with disability in Australia who are not currently participants of the NDIS, the budget offers little hope. It does not deliver for women with disability to secure meaningful and accessible employment and provides no adequate safety net to keep them out of poverty. Women with disability do not need 'incentives' or 'motivation' to take up paid employment. What they do need are targeted measures and a fit-for-purpose jobs plan as well as the elimination of discrimination and negative stereotypes from both a gender and disability perspective which compound their exclusion from participation in economic and social life.

Taxation: Business

Business taxation measures that were introduced to stimulate the economy included:

- temporary full expensing of assets;
- increased incentives for research and development activities;
- allowing a company to claim losses incurred during the crisis against income taxed in previous years; and
- removing FBT from retraining expenditure paid by an employer for its employees.

To the extent that business has the cash flow to spend on these activities, the measures should help to create employment, but the industries most likely to invest in assets and research and development are the male dominated industries of mining, manufacturing and construction.

The carry back loss provision will help companies that were profitable before the economic crisis to stay afloat but many small and medium business will not be eligible.

Taxation: Individuals

The changes to personal taxation consisted of:

- Increasing the tax thresholds for the two middle tax brackets;
- Increasing the Low Income Tax Offset (LITO) and
- Extending the Low and Middle Income Tax Offset (LMITO) until 30/6/2021.

For the year ended 30 June 2021 there is support for taxpayers earning less than \$90,000, but this support expires after the current tax year and is paid after the taxpayer submits their annual tax return. This will result in most of these taxpayers being significantly worse off in the 2021-2022 and following tax years.

The highest value of benefits is delivered to people earning more than \$120,000. These tax cuts do not expire after the 2020-21 year and provide higher levels of tax relief to higher income earners, who will receive the benefits in their take-home pay.

These changes have already been legislated, with the Bill passing the Senate on 8 October 2020.

Superannuation

The changes that have been announced to superannuation reflect recommendations of the Productivity Commission. The most significant change is that a person's first superannuation account will become their default superannuation account throughout their working life, unless they chooses to move their account to another fund. This will address the concern around multiple accounts that may be set up when a person changes jobs, and will reduce

overall account fees. There is nothing in the budget to help restore the superannuation balances of people who accessed their superannuation early under the COVID measures

Climate Change and Energy

The 2020-21 Budget is a missed opportunity to lead Australia on a path to a green recovery. The budget delivers the majority of its funding to support investment in male-dominated energy and gas industries, with little stimulus for clean or renewable energy development. The mandate of the Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC) is expanded to allow investments in carbon capture and storage and gas developments. The announced investments in coal, gas, and diesel fuels will lock in an on-going dependence on fossil fuels and deliver little progress on climate change abatement or gender parity.

Housing

The Budget supports prospective first-home buyers and eligible owner-occupiers building or renovating a home. Those women who are not homeowners are largely left behind. Budget funds are primarily directed to existing commitments in the National Housing and Homelessness Agreement. While the National Housing Finance and Investment Corporation guarantee extension may support further building of affordable housing, the large numbers of women in need of secure social housing including older women and single parents will see little benefit and continue to face an elevated risk of homelessness. The growing incidence of domestic violence observed during the COVID-19 pandemic elevates these risks.

With no change to Commonwealth Rent Assistance or income support payment rates, recipients will continue to struggle to secure affordable housing.

Social Services

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.' Our analysis and primary recommendations within this portfolio are:

- The Coronavirus supplements and other short-term supports provided by the Government lifted women and children out of poverty. They should be retained, particularly as we enter a recession. Proper indexing of cost of living increases would also assist in keeping Australians out of poverty.
- The Targeted Compliance Framework (TCF), which is attached to many income support payments, jobactive, and ParentsNext, is punitive, controlling, and ineffective at supporting people into employment. The TCF needs to be revisited.
- jobactive should be re-designed to provide meaningful supports back into employment for women. This includes monitoring the client experience rather than employer ratings of service quality, transferring responsibility for the TCF to Centrelink, and providing more flexible options for engagement.
- It is not evident that the ParentsNext model has adequately addressed the shortcomings addressed by the Inquiry. The program is injurious to participants and if retained should be made voluntary, be decoupled from the TCF, and provide more funding to support women into meaningful employment that will ensure their financial security longer term.

Early Childhood Education and Care

The focus of the 2020 Budget has been to support Victorian Early Childhood Education and Care (ECEC) services to remain open and viable during the pandemic and allow families of essential workers and vulnerable children to access ECEC. While families across Australia are being supported until 4 April 2021 through an easing of the Child Care Subsidy activity test requirements, there are no other new measures to support families with the cost of ECEC, or to better remunerate early childhood educators.

Schools

NFAW welcomes the overall increase in school spending. However, given the Budget had a 'jobs' focus it is surprising that schooling and the development of digital skills for both students and staff was not given more attention. School retention rates and skills determine entry to STEM jobs in the future so long-term planning and a national strategy is imperative for all young Australians to take their place in the 21st century workforce. Teachers too need continued professional development in the STEM skills if they are to deliver high quality education for all students. In addition, NFAW notes that program spending through the Department of Education, Skills and Employment in 2020-21 is significantly less than the previous year, which is disappointing.

Vocational Education and Training

In the current economic circumstances – resulting from the disproportionate impact of COVID-19 job losses on women in hospitality, retail, arts and tourism – the government's vocational education and training measures fail to respond to the need for VET reforms, including a more targeted approach to funding to increase women's participation in a greater diversity of vocational fields of study. Women's concentration in certain industries has made them exceptionally vulnerable to job losses at this time.

The Productivity Commission's [Interim Report](#) May 2020, reviews the National Agreement for Skills and Workforce Development and indicates a range of problems, describing the VET system as "byzantine" (p. 4), particularly in the area of employer incentives for apprenticeships. Nonetheless the government has chosen to fund two major initiatives which rely heavily on financial incentives for employers: the [Australian Apprenticeships Incentives Program \(AAIP\)](#) with a \$3.159 billion allocation, and the one-off [JobTrainer Fund](#) of \$500 million to be matched by states. The aim of this Fund is to provide an additional 340,700 training places to help school leavers and job seekers.

The Productivity Commission's Interim Report cites evidence that financial incentives are the least likely government intervention to result in employers taking on an apprentice or trainee (p. 164). NFAW is concerned that these much publicised and promoted initiatives, similarly to the [Skilling Australians Fund](#), are unlikely to meet their targets.

Higher education

As in 2017, the government has chosen to institute major changes to higher education funding outside of the budget process, most notably through the Jobs Ready Package announced on 19 June 2020. The budget itself is disappointing. It ignores the particular needs of women in higher education, as staff and as students. While the 2020 budget does promise an additional

\$1 billion for research, this does not adequately compensate for the revenue lost through COVID-19 restrictions, the Jobs Ready legislation and the ongoing impact of changes made in previous years.

JobKeeper

The original design of JobKeeper did not distinguish between payments made to full-time workers and those made to part-time workers. Some commentators regarded this as unfair to those who held full-time positions and others described it as a stimulus measure for the lowest paid. The July 2020 Economic and Fiscal Update introduced differential JobKeeper payments for full- and part-time workers, reducing costs and making way for a refocus on range of stimulus measures targeting high paid men and male dominated industries. Twice as many women as men are affected by the JobKeeper cuts for part-timers. The payment falls again in December and disappears in March. JobKeeper 2 continues to exclude support for people working in female dominated industries (universities and child care) and for casuals not classed as regular and systematic – around 950,000 of them—who also make up a female dominated group. Those over 35 in that group – mainly women -- will be excluded from JobMaker payments as will those unable to work 20 or more hours a week because of childcare costs.

JobMaker

Employment programs need to address the differing workforce participation patterns and barriers for women. The JobMaker Hiring Credit does not do this. The 20 hour per week minimum work requirement fails to take into account childcare costs and high Effective Marginal Tax Rates, which would leave a mother of two – on the median female wage with a working partner – with less than \$31 dollars for any day's work after her first 8 hours. At the same time, JobMaker encourages employers to restructure full-time jobs to maximise 20-hour, 12-month jobs which tend to lock in low-skilled, high-turnover work. Finally, and critically, JobMaker builds age discrimination into employment support. This is a problem for both men and women, but it is a greater problem for older women – the group that is already most likely to retire into poverty.

Pay Equity – Equal Remuneration Order (ERO)

After considerable uncertainty, the Budget has provided funding to implement the ERO for the social services sector workforce through to the end of the 2023-24 financial year. The funding applies to programs in the Social Services and Attorney-General's portfolios. This measure is very welcome. Doubt remains, however, about supplementary funding for equal remuneration in a number of services that are funded by other agencies or under partnership agreements, such as housing.

Paid Parental Leave

The \$130.4m allocated to increase the flexibility of the Paid Parental Leave Scheme and to help women and their partners navigate the COVID-19 Pandemic and plan their families is very welcome.

The Government has again missed an opportunity to complete unfinished business on paid parental leave in Australia, to ensure it is a key element in advancing gender equality, particularly since this was intended to be a nation-building Budget.

Work and Family

Managing the often competing demands of work and family responsibilities has been harder in 2020 due to the impact of COVID-19, which has seen temporary schools and child care centre closures, a high incidence of children studying at home for part of the year and parents managing paid work remotely. Much of the juggle between supervising students while managing their own paid and unpaid work responsibilities has fallen to women, who already undertake the majority of care in families. The lack of specific Budget measures to assist working parents is a missed opportunity to better support women during the pandemic and beyond. Women's workforce participation is recovering to some extent following economic shutdowns earlier this year, although the rate is still much lower than in March 2020.

Working from Home

Working from home has been a workplace flexibility option for decades but had not been widespread until it became necessary for nearly half of Australians in paid work during the COVID-19 response. The Government missed an important opportunity in the 2020-21 Budget to support the flexibility and productivity benefits of working from home and to ensure that it promotes more equal sharing between women and men of paid work and family obligations. Without specific measures funded through the federal Budget, there is a risk that gender inequalities in the management of these obligations will be further entrenched.

Women in STEM

The Government has provided specific funding in the 2020-21 Budget to boost the number of women studying and working in STEM. This includes \$25.1 million over five years from 2020-21 for a Women in Science, Technology, Engineering and Mathematics (STEM) Industry Cadetship program and \$14.5 million over four years from 2020-21 to extend or expand existing initiatives that support girls and women to gain STEM skills and capabilities.

The additional funding for women in STEM is commendable. As noted in the Schools paper, students and teachers must be provided with STEM training to further boost Australia's future workforce capability in this area.

The funding for Women in STEM is comparatively meagre when compared with the funding provided in the 2020-21 Budget for supporting apprenticeship and traineeships, most of which is anticipated to support men and boys.

Health

The 2020-21 Budget included additional short-term funding of Medicare items for mental health services which will benefit women who are greater users of mental health services. However, there remain significant out of pocket costs associated with mental health services that this Budget has not addressed, which disproportionately impact women due to higher usage.

There was no additional funding included in the Budget to implement the 2020-30 Women's Health Strategy which was released in April 2019. This represents a missed opportunity for the Government to drive improvements in women's health based on the Strategy.

There was also limited additional funding for Aboriginal and Torres Strait Islander Health despite the new Closing the Gap targets announced in July 2020.

Aged Care

Many funding announcements were made in the Aged Care portfolio which will have a net positive impact for women.

- An additional 23,000 home care packages have been funded, which will reduce the waiting list, though tens of thousands will remain on the list.
- Money has been allocated to support the residential aged care sector in response to the Royal Commission interim reporting as well as to support responses to COVID-19.
- Two \$250 support payments have been funded for people receiving Carer Payment and Carer Allowance.

While a good start, more is needed to address a system in crisis struggling to meet increased demands due to the pandemic. NFAW recognizes that the findings of the Aged Care Royal Commission, due to conclude on 26 February 2021, will shape the direction of aged care services and future budget investment.

Reducing Violence Against Women and their Children

NFAW strongly supports ongoing Commonwealth Government funding of \$340m to implement the *Fourth Action Plan of the National Plan to Reduce Violence against Women and their Children 2010–2022*; one-off funding of \$150m to help women stay safe in the early period of COVID-19; and additional funding in this budget of \$130m to expedite and improve the handling of family law matters in the Federal Circuit Court, including the safety and security of two Federal Circuit Court Buildings.

However, NFAW is very concerned that the Commonwealth's broader COVID-19 Recovery Plan may increase rather than reduce violence against women. The Commonwealth Government's plan requires savings from the health and education sectors being transferred to the Budget priorities of male-oriented apprenticeships and construction. It will concurrently reduce employment opportunities for women in the health and education sectors and exacerbate gender inequality which has long been associated with increased levels of violence against women. This rebalancing of gendered work could result in a less equal Australian society, reduced employment for women, and increases in intimate partner violence. NFAW has commissioned modelling showing how this rebalancing might work generate additional economic growth such that GDP in 2030 would be 1.64 per cent higher than it otherwise would have been.

If the Government remains committed to this strategy, NFAW requests the Government work with community leaders and experts in gender equality and violence to best manage the negative impacts of increasing gender inequality, including increased rates of violence against women.

NFAW has other specific concerns, in the context of violence against women and their children, relating to the implementation of new English test for partner visas, halving of the investment in Respectful Relationships education in schools, no increase at all to the funding of Domestic Violence Units and Health Justice Partnerships, and no new measures to help victims of family violence into secure and affordable housing. These are covered largely in other papers.

Community Legal Centres

After a significant period of uncertainty, the National Legal Assistance Partnership 2020-25 (NLAP) commenced on 30 June 2020. Consequently the 2020-21 Budget contained very little additional funding for the sector and no increase at all to the funding of Domestic Violence Units and Health Justice Partnerships.

Infrastructure

The infrastructure measures are missed opportunities. Missed opportunities to:

- invest in social infrastructure, instead of physical infrastructure. The physical infrastructure measures central to the “JobMaker” slogan of the budget, should be renamed Men’s JobMaker;
- make infrastructure work for all Australians. While the roads infrastructure sector were chosen in an effort to pump money into the economy quickly, it was a missed opportunity to maximise impact. Government could do more to drive value from infrastructure spending by using its procurement power to require women’s jobs be created as well as men’s jobs. Tying the infrastructure funding in part to social housing and other social infrastructure that increases wellbeing and economic security for women AND men. Truly then a JobMaker program. This opportunity was missed;
- improve transparency and accountability on infrastructure investments. Budget black holes for infrastructure of questionable value have been refilled.

International Aid

The COVID-19 pandemic is wreaking havoc around the world, with human development and gender equality outcomes on track to decline for the first time in decades. The 2020 Federal Budget allocates some new funding for gender equality initiatives and a package to support COVID-19 response and recovery in the Pacific – the first increase to the international development budget since 2013. However cuts to other regions (including conflict and post-conflict contexts), a reduction in budget for disability inclusion, and a significant reduction in transparency are disappointing.

Disaster Risk Reduction Management and Recovery

The 2020-21 Budget fails to respond to the importance of gender in relation to disaster preparedness and management. In spite of rhetoric, COVID-19 is not recognised or treated as a gendered disaster in the 2020-21 Budget. There is a lack of significant structural investment in sectors such as health and care services required to enable risk reduction and resilience against future pandemics.

The Budget fails to address the gendered impacts of disasters, including increased violence and economic insecurity. There is a focus on masculine military and technological approaches to managing disasters, and on shovel-ready recovery projects where economic benefits will flow to men, exacerbating gender inequality. The Budget fails to enable communities, women and other marginalised groups experiencing marginalisation to lead and take an active role in risk management and recovery, following the [UN Sendai Framework on Disaster Risk Reduction](#).

Recommendations

The National Foundation for Australian Women makes the following recommendations:

Gender-responsive Budgeting

- That a Women's Ministerial Forum be established to guide the spending of the new National Federation Reform Council (including the National Cabinet) on employment, social services, education, taxation and other issues. We also recommend that Expenditure Review Committee (ERC) routinely co-opt expertise on gender responsive budgeting to inform its decision-making and that submissions to ERC be required to incorporate a gender lens.

Impact on Young Women

- The Government should commit and take action to implement all of the remaining recommendations from the *Respect@Work: National Inquiry into Sexual Harassment in Australian Workplaces*.

Impact on Older Women

That the government place priority on:

- Funding for improving safety of residents and staff in residential aged care during the COVID-19 pandemic.
- Funding to meet the shortfall in Home Care Packages.
- Industry assistance packages targeted to the care industries.
- Innovative measures to assist older women to regain and retain employment in the current economic crisis and beyond.
- A permanent increase in JobSeeker rates.
- Funding to increase speed and impact of government initiatives to reduce elder abuse in COVID-19 context.

Impact on Aboriginal and Torres Strait Islander Women

- Government should constructively engage with the Coalition of Peaks to determine COVID-19 recovery responses and funding for Aboriginal and Torres Strait Islander communities.
- Government should reorient funding away from mainstream services that are unable to demonstrate culturally-responsive evaluations and evidence for effectiveness for Aboriginal and Torres Strait Islander people, and allocate it to Aboriginal and Torres Strait Islander community-controlled organisations who can demonstrate effectiveness.

Impact on Migrant and Refugee Women

- Migrant women should be included in economic support and recovery packages in response to the Covid-19 pandemic, regardless of their visa status.

- Access to ongoing income support, crisis payments, healthcare (including mental health), crisis accommodation and safe housing, should be made available to all women experiencing family and domestic violence regardless of their visa status.

Impact on Women with Disabilities

That the government:

- work with children and young people with disability and their representative organisations to develop a plan to support young people with disability into employment and to overcome the barriers young people with disability face in securing and maintaining employment, and
- commit to investment in a National Inclusive Education Plan to support participation on an equal basis.

Taxation: Business

- The asset full expensing measure should be better targeted by reducing the \$5 billion income limit for eligibility and capping the value of the assets eligible for the measure.
- The asset full expensing measure should not apply to imported assets over a specified value unless a specific case can be made for the job creation capacity of that asset.
- The funds saved through limiting the measures, as recommended above, should be redirected to increased capacity and quality in the care sector.

Taxation: Individuals

- Tax offsets for low- and middle-income earners should be converted to a transfer payment available in conjunction with other payments, instead of being delivered through the tax system.
- If delivered through the tax system, the tax offset component of tax relief should be delivered to wage earners in their take home pay through an adjustment to tax withholding rates.
- The benefit currently delivered as the Low and Middle Income Tax Offset must be continued past 30 June 2021, either as real tax cuts or as a transfer payment.

Superannuation

- The Government should encourage people who have accessed their superannuation early through the COVID early access arrangements to restore their superannuation by:
 - Relaxing contribution caps for people who have accessed their superannuation early
 - Increasing the Government Co-contribution payable on voluntary non-concessional contributions to superannuation.
- The Government should release the report of the Review into Superannuation and Retirement Income.
- NFAW reiterates our recommendations to the Retirement Income Review that superannuation should be payable on paid parental leave, and in respect of employment where the income is less than \$450 per month.
- The threshold for the Low Income Superannuation Tax Offset should be raised to \$45,000, consistent with the new income tax thresholds.

Climate Change and Energy

- The governments should target a 'green recovery' and diverts investments from fossil fuels and the resources industry to developing and incentivising an increased uptake of renewable energy technologies.
- Budget stimulus measures should target solutions that provide win-win opportunities for abating climate change and reducing gender inequality. This requires more alternatives to fossil fuels (beyond hydrogen), investments in the renewable energy sector, and support for female apprenticeships and jobs in the energy sector.
- Being faced with a gendered climate crisis, the government should take serious actions on climate change by committing to net-zero emissions by 2050, phasing-out coal, and supporting carbon-free technologies to produce steel, cement, and ammonia.

Housing

- The government should increase direct investment in social housing to support the growing numbers of women in need of secure, affordable housing. Investment in social housing has broader economic benefits, supporting employment and income growth. Every dollar invested in social housing is estimated to boost GDP by \$1.30.
- Commonwealth Rent Assistance rates should be raised to immediately support very low-income households to access the private rental sector. Single older women who are not homeowners and single mothers and their children will be supported through this measure.
- National funding to address the housing needs of Aboriginal and Torres Strait Islander women should flow through programs that support self-determination and address the known housing gap, in all housing sectors.

Social Services

Income Support

- The \$550 per fortnight supplement should remain in place, at least for women who are not in a position to seek permanent, full-time employment. For women who have unique constraints and barriers to entering the workforce, lifting them above the poverty line will continue to mitigate the rate of poverty and its effects, including on children, in Australia.
- The Targeted Compliance Framework and mutual obligation requirements should be amended to ensure that breaches do not result in a payment suspension. Additionally, obligations should not be onerous, as creating stress reduces capacity for productivity.

Indexing

- Income support payments should be calibrated to keep households out of poverty.
- The PBLCI, as designed by the ABS, should be utilized to better reflect true cost of living increases for all income support payments.
- The JobSeeker coronavirus supplement should be retained for JobSeeker, Parenting Payment and Youth Allowance recipients.

Extra payments to pensioners

- Economic support payments should be retained until the indexation returns to a positive.

jobactive

- Jobactive provider's provision of 'quality services' should be measured based on client experience, rather than employer experience.

- Savings from the online facility should be directed to greater tailored assistance for the most disadvantaged.
- Participants should have an opt-out option from online services.
- The Targeted Compliance Framework should remove the automated function that immediately marks an individual as out of compliance, as it appears to be too hasty and leads to an unacceptably high number of no-fault suspensions.
- Responsibility for the Targeted Compliance Framework framework should be transferred from contracted service providers to Centrelink, with discretion introduced over the imposition of penalties and suspensions.
- Targeted Compliance Framework data should be published more quickly and should be disaggregated by gender and program.
- Given the large number of older women with no recent work experience due to caring or long-term unemployment, career counselling and support services should be boosted for this group.
- Women who have left the labour force should be provided access to jobactive services.

Parenting Payments

- The Coronavirus Supplement should be retained to stave off poverty for some of the poorest households in Australia.

ParentsNext

If the ParentsNext program is not scrapped entirely, the following changes should be implemented immediately:

- Make ParentsNext voluntary. This will help to ensure a quality program while also returning agency and autonomy to the people who are enrolled.
- De-couple participation from receiving income support payments, thereby eliminating the punitive aspects of ParentsNext and enhancing the economic security of participants.
- Increase the Participation Fund to provide meaningful support for job readiness, such as paying for classes.
- Ensure the Participation Fund is spent in its entirety on participants.

Early Childhood Education and Care

- The Government extends easing of the activity request requirements until at least June 2021.
- Better remuneration for women employed in the sector through an increase above the Consumer Price Index in the Child Care Subsidy hourly rate paid by the Australian Government for different Early Childhood Education and Care (ECEC) service types.
- An increase in the percentage of subsidy received by low income families, from 85 to 95% of the hourly rate cap and a more gradual taper for all families, up to a combined annual family income between \$69,690 and \$353,680 (indexed annually).
- Broader Additional Child Care Subsidy eligibility (with a simplified application process), waiving of gap fees and/or no activity test requirements for lower income vulnerable families and Aboriginal and Torres Strait Islander families, to boost children's participation in quality ECEC programs.
- Flexible child care arrangements with access to shorter sessions of care to assist part-time, casual or shift workers with the cost of ECEC and flexible wrap-around care for families using standalone or government preschools (15 hours per week), to facilitate greater workforce participation.

- Commitment of sufficient ongoing funding for the National Partnership on Universal Access to Early Childhood Education beyond the 2021 calendar year to increase participation in early childhood education by three and four year olds, in particular vulnerable children.

Schools

- That the STEM skills of all Australians can only be enhanced by a national policy which is fully funded and supported by the government.
- Young women should be included in the work of the Clontarf Foundation or some similar Aboriginal and Torres Strait Islander organisation to enhance their educational opportunities.
- All classroom teachers should have an opportunity to enhance their knowledge of digital technologies to enhance the quality of their teaching.

Vocational Education and Training (VET)

- The brief of the National Skills Commission should be expanded to include the identification of occupational areas into which women may be attracted to diversify their occupational choices aiming for more economic security and closing the gender pay gap.
- Women should be added to the list of Equity Groups in the Australian Apprenticeship Incentives Program (AAIP) Guidelines.
- The National Skill Needs List and the Occupational Skill Shortage Information should be kept under constant review and the responsibility for the compilation of these two lists brought under one jurisdiction. There should be data accompanying the lists showing numbers of males and females employed in the occupations as a guide to employers and potential trainees and apprentices as well as VET providers planning courses provision and establishing priorities.
- Revitalising TAFE campuses across Australia program should be adequately funded so that the public VET provider can fulfil its community service obligations and provide the targeted programs for women of diverse backgrounds with appropriate specialist student support.
- Women and girls needs should be explicit in all VET funding policy, with all VET-related legislation and programs being accompanied by a requirement for women's impact statement to ensure that programs are equitable and inclusive. The data should be annually published in the Women's Economic Security Statement.
- VET Student Loans Statistical report should include gender disaggregated data.

Higher Education

That the government:

- rescind the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020;
- provide sufficient funding for transition and enabling programs to meet the needs of all students, not just students in rural and regional areas;
- restore per capita funding through the Commonwealth Grants Scheme to a level that enables universities to provide quality teaching and end their dependency on casual staff; and
- fund research and research development to end reliance on international student fees.

JobKeeper

- Given the removal of stimulus payments made to low paid women through JobKeeper, the Government should provide alternative support for workplace participation by significantly reducing the costs of childcare.
- Given that the nearly three quarters of a million casuals lost their jobs as a result of the JobKeeper casual exclusion, the should Government redesign the JobMaker Hiring Credit to ensure that unemployed women in that group are not also excluded from that program. This includes addressing age cutoffs, minimum hours requirements and childcare costs.
- A national paid pandemic leave scheme is required. NFAW endorses the call from both unions and business for the Federal Government, together with relevant States, to provide for and fund a national Paid Pandemic Leave Scheme by amending the Fair Work Act to incorporate a leave entitlement consistent with the decision of the Fair Work Commission in relation to the Aged Care Awards and providing for reimbursement to business to facilitate the leave entitlement.

JobMaker

- That the JobMaker Hiring Credit be changed to remove the tiering of funding and to permit women on paid parental leave to access the program without first having to will have to apply for and spend a month on one of the specified income support programs.
- The costs of childcare continue to restrict women's access to paid employment. We have made a number of recommendations to address this issue (see Child Care).
- That Government provide additional stimulus funding targeting social infrastructure to provide accessible, quality care, to encourage employment and to enable employers to provide ongoing, professionalised jobs (see Machinery of Government paper).

Pay Equity – Equal Remuneration Order (ERO)

- NFAW congratulates Minister Rushton for delivering this essential support to the sector and to the practice of providing equal remuneration for women. We recommend that the Government act quickly to ensure the remaining services whose ERO supplementation is due to expire receive supplementation.

Paid Parental Leave

- The Government should address outstanding issues around the Paid Parental Leave Scheme, including to implement outstanding NFAW recommendations to:
 - ensure all employees are eligible for 26 weeks leave at least at the minimum wage;
 - increase the duration of Dads' and Partners' Pay to at least four weeks;
 - include Superannuation Guarantee payments in parental leave and DAPP;
 - amend the National Employment Standards to address mismatch in the eligibility requirements for unpaid and paid parental leave;
 - model other changes that could be built onto these fundamental changes to the scheme; and
 - ensure the scheme encourages more equal sharing of paid and unpaid work between women and men.

Work and Family

- Government should ensure that the ABS Time Use Survey proceeds as planned to provide data and information on women and men's work and caring patterns.

- Government should develop an overarching work and family strategy with additional funding to help working parents, especially mothers, better able to balance their work and family obligations.

Working From Home

- The Government should monitor the take up of tax deductibility for working from home arrangements by gender and the deductions accessed by women and men.
- The Government should support Australian families to better manage their paid work and family responsibilities, with working from home as a key element, through support for employers to assess and implement ongoing arrangements and campaigns aimed at households to encourage better sharing of unpaid caring and domestic obligations. Equity issues should be considered and support provided to ensure that this key paid work and family option is widely available.
- The Government should lead the way in supporting Australian families to better balance their paid work and family obligations by developing equitable and supportive policies for Working from Home as a key part of workplace flexibility for federal public servants.

Women in STEM

- That Government consider raising the funding amount for women in STEM programs to ensure that more women can take up STEM-related job opportunities in the future.
- That program design and outcomes of the new Women in STEM program are carefully measured through an evaluation strategy, which includes women's salary data.

Health

- The Government should provide further funding for the implementation of the 2020-2030 Women's Health Strategy in the 2021-22 Budget, to ensure that it drives improvements in the health of Australia women.
- NFAW supports ongoing provision of Medicare tele-health services after COVID-19 pandemic, to ensure ongoing equitable access to health, mental health and reproductive health services.
- The ongoing high out of pocket costs for mental health are of concern, and the NFAW notes that given the higher use of these services it is disproportionately impacting women.
- Meeting the Closing the Gap targets will require additional investments in Aboriginal and Torres Strait Islander health programs, and the NFAW calls on these to be funded in the 2021-22 Budget.

Aged Care

- *Aged Care funding:* Aged care in Australia is chronically underfunded and the residential care sector is in need of major reform. Funding should be increased to a sustainable level based on need and quality outcomes rather than eligibility. Further funding needs to be provided to reduce the waiting list for home care packages and to assist providers to support staff and provide quality care through the pandemic.
- *Paid care workers:* Care workers must be paid well in recognition of the important work they do, and have job security and access to sick leave. NFAW has addressed the scope for government to invest in sufficient and adequately compensated workforce to complement and support the role of informal carers (see the Overview section).

- *Informal carers:* NFAW recommends that the two \$250 support payments for carers be increased to compensate for the increased household expenditure associated with additional support provided to care recipients.

Reducing Violence Against Women and their Children

- If the Government remains committed to its current economic stimulus strategy, NFAW requests the Government work with community leaders and experts in gender equality and violence against women to reduce and manage the negative impacts of increasing gender inequality, including increased rates of violence against women.
- The Government should reconsider its decision to apply the family sponsorship framework to Partner visas in consultation with organisations with expertise in the experience of migrant women who have experienced violence.
- That the Government increase funding in best practice respectful relationship education.

Community Legal Centres

- The government provide increased funding to assist Community Legal Centres to address their existing high demand and to provide further ongoing funding to address the specific additional needs arising from COVID-19.
- The government increase funding to Aboriginal and Torres Strait Islander Legal Services to ensure access to legal and financial advice services to address the higher levels of unemployment and underemployment experienced by Aboriginal and Torres Strait Islander people, 'escalating utility bills, housing and an insecure economy', all while police powers are increasing due to the pandemic.
- Health justice partnerships and Domestic Violence Units are most in need of increased funding to ensure that women at risk are identified and able to access vital legal advice in times of crisis.

Infrastructure

- Government should systematically consider gender budgeting when preparing infrastructure budgets, which means giving balanced attention to the policy role of social infrastructure investment.
- The government should use its procurement power to derive benefits for all Australians from infrastructure investment, for example, by setting quotas for women's employment in individual construction projects.
- Infrastructure investments should include a mix of road building with social housing and public transport to maximise social benefits.
- Not for publication equity injections should be strictly limited to national security and strict commercial in confidence rules.

International Development

That the Government:

- Commit to ongoing and increased funding for the international development budget, including gender equality programming, to lay the foundation for COVID-19 response and recovery.
- Continue to increase the amount of gender equality funds supporting gender-specific activities.

- Consult with women's rights groups on the allocation of new funding for COVID-19 response and recovery.
- Ensure that any new funding is accessible to local women's rights organisations.
- Release the 2nd National Action Plan on Women Peace and Security.
- Recommit to aid transparency, by returning the Orange Book and releasing the Performance of Australian Aid report for 2020.

Disaster, Risk Reduction Management and Recovery

- Increase funding to gender aware disaster risk reduction initiatives that involve communities and marginalised groups, including women, in disaster planning and preparedness, including funding to support the implementation of the [Gender and Emergency Guidelines](#);
- Increase overall funding to care services such as aged care and child care, to ensure greater capacity in community infrastructure and less reliance on women's unpaid care during disasters;
- Support disaster recovery measures which are informed by intersectional gender analysis and consultation across portfolios, and which promote women's economic security and gender equality; and
- Increase funding to domestic and family services as a preparedness measure.

Budget 2020 – Fiscal Outlook

Source: [Budget Strategy and Outlook Budget Paper No. 1 2020–21](#), Budget Paper No. 1

Australia's economic indicators and fiscal position for 2020 reflect the impacts of the COVID-19 pandemic and the measures that have been implemented to contain the virus, including lockdowns and travel restrictions. The fiscal position also reflects the Australian Government's response policies aimed at financially supporting households and businesses during the pandemic and fuelling the economy's recovery.

After 29 years of expansion, the Australian economy entered a recession in 2020 when it experienced two consecutive quarters of negative economic growth: Australia's real GDP fell by 0.3 per cent in the March quarter, and a further 7.0 per cent in the June quarter. This contraction in official economic activity constitutes the largest economic downturn in Australia since the Great Depression of the 1930s.

Recessionary conditions have seen Australia's employment numbers shrink by 4.3 per cent in 2019-20 compared to the preceding financial year. Australia has recorded an official unemployment rate 7 per cent in 2019-20, although this measurement of unemployment does not include workers who are being supported by the government's JobKeeper scheme. As of October 2020, over 3.8 million people have received the JobKeeper payment as a means of retaining workers' attachment to their current employer.

The Budget forecasts the annual unemployment rate to peak at 7.25 per cent in 2020-21, before heading downwards to reach 5.5 per cent by 2023-24. The expectation that wage growth will remain below average in the next financial year reflects the significant spare capacity of the labour market. The Budget reports that without the Government's economic support, the unemployment rate would have risen above 12 per cent throughout 2020-21 and 2021-22.

The Budget acknowledges that female and young workers experienced the largest fall in aggregate employment numbers from the start of pandemic, reflective of these cohorts' higher concentration in the industries and jobs that were mostly profoundly affected by the virus containment measures. The Budget reports that, between May and August, 270,000 women regained employment, compared to 190,000 men. However, the Budget does not specifically report that this increase in employment follows a period, between March and May, where women's employment fell by around 470,000 while men's fell by around 400,000 (ABS, Labour Force, Australia, Cat. No. 6202.0). Furthermore, while the fall in female employment between March and May was comprised of a fall of 147,000 full-time and

324,000 part-time jobs, the rebuilding of women's employment from May to August was made up of 266,000 part-time jobs yet only 22,784 full-time jobs (ABS, Labour Force, Australia, Cat. No. 6202.0).

The Government has significantly increased its levels of public spending to compensate for the downturn in private sector activity: household consumption fell by 12.1 per cent and new business investment fell by 3.5 per cent over the June quarter 2020. The Budget acknowledges that the consumption of services such as accommodation, food, recreation and transport has been particularly hard hit by the impact COVID-19 pandemic.

The Australian Government's economic support since the onset of the COVID-19 pandemic totals \$257 billion. The Budget allocates \$98 billion in new response and recovery measures, bringing the Australian Government's overall support in response to the COVID-19 pandemic to \$507 billion. The provision of the Coronavirus Supplement, the JobSeeker Payment, and other forms of economic support payments to households during the pandemic, constitute the bulk of the \$46 billion in new government expenditure allocated towards social security and welfare over 2019-20 and 2020-21. The JobKeeper Payment and other measures to assist businesses are part of the \$120 billion in new measures over 2019-20 and 2020-21 that are reported as Other Economic Affairs in the expenditure side of the ledger.

Across all expenditure functions, social security comprises the bulk (33.9%) of the Australian Government's overall expenses in 2020-21. Health (14.0%), education (6.2%) and defence (5.1%) are among the next largest expenditure categories. Total expenses in 2020-21 sum up to \$670.33 billion. In terms of specific initiatives to support women's economic opportunities and outcomes, \$240.4 million, allocated over five years from 2020-21, has been provided for in the 2020 Women's Economic Security Statement.

Government spending, in terms of new public final demand, is forecast to grow by 5.75 per cent in 2020-21. In addition to direct public spending, the government is aiming to stimulate spending via the other fiscal levers including bringing forward reductions in income taxes, providing instant asset write-offs for businesses, and providing transfer payments to unemployed individuals. The expansionary impact of these fiscal levers will be borne out in changes in household consumption and business investment. However the precise effectiveness of these stimulus policies depends on the private sector's responsiveness, namely the extent to which households are likely to spend rather than save their tax cuts, and the extent to which businesses act on incentives to invest in capital.

The increase in government spending and transfer payments, coupled with a reduction in tax revenues (across consumption, income and business tax measures), has contributed to an historically large budget deficit. Compared to the 2019-20 MYEFO, total tax receipts in 2020-21 have been revised downwards by \$55.2 billion. The underlying cash balance is now an estimated deficit of \$213.7 billion in 2020-21. Net debt is estimated to reach \$703.2 billion (equivalent to 36.1 per cent of GDP) by the end of the 2020-21 financial year. The debt is largely driven by the government's increased borrowing requirements, stemming from its

response to the pandemic as well as the impacts of the recessionary conditions on government revenue.

As the economy rebuilds, with a forecast real GDP growth rate of 4.75 per cent in 2021-22, the government expects to run a smaller budget deficit over the forward estimates, predicting a deficit of \$112.0 billion in 2021-22. However, with the government's budget position now shifting deeply into a deficit, the government's pre-pandemic goal to return the budget to surplus – that is, to get the economy “back in black” – has now been replaced by the goal of economic recovery, restoring jobs, and reducing unemployment.

The fiscal outlook is premised of several assumptions over the forecast period relating to the COVID-19 pandemic, including the assumptions that localised outbreaks of COVID-19 will be largely contained, that a population-wide Australian COVID-19 vaccination program will be fully in place by late 2021, and that net overseas migration will return to positive levels in 2023-24. To the extent that uncertainty prevails about the spread of the virus, the effectiveness of health interventions, the future timing and efficacy of vaccines and other medical treatments, and the economic recovery of Australia's global trading partners, significant caveats apply to the fiscal outlook presented in the Budget. Should conditions require an extension or re-introduction of containment measures, the fiscal outlook for growth and other recovery indicators would be weaker than estimated.

Table 1: Budget aggregates

	Actual	Estimates				Total (a)
	2019-20	2020-21	2021-22	2022-23	2023-24	
Underlying cash balance (\$b) (b)	-85.3	-213.7	-112.0	-87.9	-66.9	-480.5
Per cent of GDP	-4.3	-11.0	-5.6	-4.2	-3.0	
Net operating balance	-92.3	-197.9	-103.4	-83.5	-58.5	-443.3
Per cent of GDP	-4.7	-10.2	-5.1	-4.0	-2.7	

Source: Table 1, Budget Paper No. 1, Statement 1: Budget Overview, Page 1-6.

(a) Total is equal to the sum of amounts from 2020-21 to 2023-24.

(b) Excludes net Future Fund earnings before 2020-21.

Table 2: Major economic parameters^(a)

	Outcome	Forecast			
	2019-20	2020-21	2021-22	2022-23	2023-24
Real GDP	-0.2	-1.50	4.75	2.75	3
Employment	-4.3	2.75	1.75	1	1.75
Unemployment rate	7.0	7.25	6.5	6	5.5
Consumer price index	-0.3	1.75	1.5	1.75	2
Wage price index	1.8	1.25	1.5	2	2.25
Nominal GDP	1.7	-1.75	3.25	4.5	5

Source: Table 1, Budget Paper No. 2, Statement 1: Budget Overview, Page 1-8.

(a) Real GDP and nominal GDP are percentage change on preceding year. The consumer price index, employment, and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter. The original publication cites the sources: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; and Treasury.

This page amended 19 October 2020.

Modelling results: Investing in care sectors would lift GDP further

Independent modelling commissioned by the NFAW analysed the impacts on GDP that would flow from an increase in government-funded provision of services in the child care, residential aged care and residential disabled care and other social assistance over four years from 2021-22 onwards.

The size of this investment is based on identifying how many people with unpaid caring responsibilities would work more if more care services were available. The available data indicates that for around 923,000 people, caring responsibilities act as a barrier to workforce participation. The model assumes that government-funded care services would be expanded to meet this need.

To support this expansion in service delivery, it is assumed that the wages of workers in these care sectors will rise, the capital stock of the sector will grow, and labour supply (measured by hours of work) would also expand to deliver these services, particularly generating more jobs for women given the female-dominated nature of these workforces.

Under this hypothesised scenario, an increase in government-funded service delivery in the child care, aged care and disability care sectors beginning in 2021 would generate an increase in GDP as soon as it was introduced. By 2030, GDP is estimated to be 1.64 per cent higher than it would be in the absence of this investment.

Higher GDP is achieved not only via higher public expenditure, but also through higher household consumption and business investment and a strengthening of the currency. This effect is achieved via several channels:

- people with caring responsibilities would be relieved of these responsibilities, allowing them to allocate more time towards paid work and earn more paid income
- the higher workforce involvement of these carers would have the effect of expanding the pool of available workers that employers can draw from
- the government would receive more revenue via income taxes, GST and payroll taxes

This increase in GDP is calculated on the assumption that the higher government expenditure on the caring sectors is deficit-financed, and that no explicit policy measures are taken to recover the deficit. Without raising tax rates or redirecting government funding away from other sectors of the economy, the cost to government is mostly, but not completely, offset by increased revenue from income taxes, GST and payroll taxes. By 2030, the annual cost of the additional service delivery would be \$19 billion but the net cost to government less than \$3 billion.

The channel through which this investment generates a positive impact on economy output would be manifested through an improvement in the nation's aggregate workforce

participation rate, one of the “3 Ps” that are key to achieving economic prosperity. The investment also increases women’s financial security.

The model predicts that the workforce would absorb the expansion in labour supply through a slowdown in the rate of wage growth across the rest of the economy, compared to what would occur otherwise. Because the model assumes an explicit wage increase for care workers as part of this service expansion, this investment in care service would result in a narrowing the gender pay gap, given that care sector workers are predominately female and the rate of pay in the sector is below the workforce average

The modelling was undertaken using Computable General Equilibrium (CGE) methods. The simulations were run using VUEF-G, which is a variant of the Victoria University Employment Forecasting (VUEF) model of the Australian economy that incorporates a detailed representation of the labour market and gender profile of the economy. Further details are provided in Appendix A.

Budget 2020 – Gender-responsive Budgeting

Gender-responsive Budgeting

The 2020-21 budget speech recognises that women’s employment was worst affected by COVID-19. The budget itself stimulates male-dominated jobs and industries. Tax cuts also favour men. The budget plan for female-dominated service industries is to “continue to guarantee the essential services Australians rely on. Without increasing taxes”. NFAW recommends that the government adjust its stimulus spending to target social as well as physical infrastructure. We also recommend that it enhance its sources of gender-responsive budgeting and attend to their advice.

Gender-responsive Budgeting

The Budget

The [Government’s \\$74 billion JobMaker Plan](#) is the main plank of the Government’s Economic Recovery Plan for Australia, designed ‘to support a stronger economic recovery and bring more Australians back to work’. Out of the \$74b committed by the Plan, the Government will provide \$231.0 million over four years from 2020-21 for the Second Women’s Economic Security Package.

The Second Women’s Economic Security Package includes temporary concessional work test arrangements for Paid Parental Leave and \$2.1m to address workplace sexual harassment. In terms of job-making, 83 per cent of the budgeted funds are allocated as follows:

- \$47.9 million over four years from 2020-21 to increase grants for the *Women’s Leadership and Development Program*, including funding for the Academy of Enterprising Girls and Women Building Australia
- \$35.9 million over five years from 2020-21 to increase the number of co-funded grants and mentoring to women-founded start-ups under the *Boosting Female Founders Initiative*
- \$25.1 million over five years from 2020-21 to establish a *Women in Science, Technology, Engineering and Mathematics (STEM) Industry Cadetship* program for 500 women
- \$24.7 million over four years from 2020-21 to streamline the servicing arrangement of ParentsNext, and

- \$14.5 million over four years from 2020-21 to extend existing initiatives supporting girls and women to gain STEM skills and capabilities, including a *STEM Ambassador, Women in STEM Entrepreneurship Grants Program* and the *Girls in STEM Toolkit*.

JobMaker Plan — Second Women’s Economic Security Package

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Social Services	105.4	23.9	1.1	-
Department of the Prime Minister and Cabinet	22.6	12.6	8.0	4.7
Department of Industry, Science, Energy and Resources	7.7	8.0	14.6	13.6
Services Australia	6.8	-0.1	-0.9	-0.9
Department of Education, Skills and Employment	6.2	17.0	21.2	0.3
Attorney-General's Department	0.6	1.1	0.5	-
Total — Payments	149.3	62.5	44.5	17.7
<i>Related receipts (\$m)</i>				
<i>Australian Taxation Office</i>	<i>35.0</i>	<i>8.0</i>	<i>-</i>	<i>-</i>
<i>Department of Education, Skills and Employment</i>	<i>-</i>	<i>-</i>	<i>..</i>	<i>..</i>
Total — Receipts	35.0	8.0

Source: 2020 Budget Paper No 2, p.67.

Gender implications

Why is this an issue for women?

The 2020 [Budget Speech](#) acknowledged that women’s employment was worst affected by COVID-19. The budget itself does not. Either the Government lacked gender-aware advisers when it built the budget or it was deaf to them. Where are the advisers?

- **At a National Cabinet level:** The Council on Federal Financial Relations that guides the spending of the new National Federation Reform Council (including the National Cabinet) on COVID recovery only receives advice on spending on violence against women. There is no Women’s Ministerial Forum to address employment, social services, education, taxation or any other issues.
- **At a Commonwealth Level:** The Expenditure Review Committee (ERC), which guides the Government’s own internal budget decision-making, was made up of five men between December and June, when Government announced \$688 million for the construction industry, and removed the child care sector from JobKeeper support. Social Services Minister Anne Ruston joined them shortly afterwards, making it five men and one woman.
- There is also a Minister for Women, outside ERC, who is advised by the Office for Women, who released the [Women’s Economic Security Statement](#) (after some reported difficulty) on budget night.

The effectiveness of these advisory mechanisms is measurable by the budget outcome. Were they able to deliver a gender-equitable budget?

What are the 2020 Budget impacts on women?

The JobMaker Plan is the budget centrepiece. The Plan is made of measures including job credits, industry stimulus packages, infrastructure investment, tax write-offs and skills development. As a package it is comprehensively skewed to favour men's employment:

- JobMaker stimulates male-dominated industries: construction (87.9 per cent male); manufacturing (72.9 per cent male); electricity, gas, water and waste (74.4 per cent male)) and sectors that invest in big machines – construction (again), mining (84.1 per cent male) and agriculture (70.1 per cent male) (see Taxation – Business Overview section). Of course women, like men, get the use of roads and waste facilities; but they miss out on much of the direct employment stimulus effect despite being employed in the sectors worst affected by COVID-19.
- The piece of the full JobMaker package that actually targets women, the Second Women's Economic Security Package, received 0.3 per cent of the JobMaker budget overall. In terms of job-making, 83 per cent of the funds budgeted for women's economic security involve urging women to move into male dominated businesses or to start their own.
- The budget plan for female-dominated service industries is to "continue to guarantee the essential services Australians rely on. Without increasing taxes".

In short, the budget broadly fails women's employment. Its most positive measure is the retention of wage supplementation for women working in the community services sector (see Social and Community Services equal remuneration funding section). While that measure will not actually stimulate additional jobs in the sector, it will at least prevent additional job losses.

What could the Budget impacts have been?

NFAW has commissioned independent simulations of what would have been the impact of increased government expenditure in the care sectors. The modelling shows that:

- Supporting carers with additional government-funded service delivery and higher wage growth in the child care, aged care and disabled care sectors 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 price.
- 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.

The government has produced blue collar solutions to a pink-collar recession. This represents a significant missed opportunity for both jobs stimulus and accessible care.

When these findings are set against the design of the overall JobMaker Plan, it becomes clear that the government is in need of a better gender lens than has been provided to National

Cabinet or to ERC. Stronger machinery of government for women at the political level would also increase the influence of bureaucratic level advice offered by the Office for Women.

Recommendations

1. NFAW recommends that a Women's Ministerial Forum be established to guide the spending of the new National Federation Reform Council (including the National Cabinet) on employment, social services, education, taxation and other issues. We also recommend that ERC routinely co-opt expertise on gender responsive budgeting to inform its decision-making and that submissions to ERC be required to incorporate a gender lens.

We note that important recommendations relating to increased government expenditure in the care sectors are made in the Budget Overview section.