



Women's Electoral Lobby Australia Inc.

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2016-17 Pre-Budget Submission
of the
Women's Electoral Lobby Australia

February 2016

The Women's Electoral Lobby Australia

The Women's Electoral Lobby Australia (**WEL**) is an independent, feminist lobby group dedicated to creating a society where women's participation and their ability to fulfil their potential are supported and respected. Founded in 1972, WEL is an advocacy group for issues that continue to disadvantage women.

WEL promotes equality between men and women and seeks to change attitudes and practices that discriminate against women, particularly those relating to women's health, safety, economic security, and participation in public life.

WEL is an active member of the Equality Rights Alliance (**ERA**) and Economic Security4Women (**eS4W**).

WEL supports ERA's 2016-2017 budget priorities:

- Gender responsive budgeting: tax reform proposals must consider effects on women
- Need for a fair and sustainable retirement system
- Strengthening housing affordability to improve women's participation and safety

WEL endorses eS4w's current economic priorities:

- Boosting women's workforce participation by: improving opportunities for women in nontraditional occupations and emerging industries; promoting gender equity in the SME workplace; improving women's financial literacy; and recognising domestic violence as a workplace issue.

Support for a fairer budget

WEL appreciates the opportunity to make a 2016-17 pre-Budget submission.

Our submission has two parts. Part A outlines WEL's policy position on specific measures. Part B recommends a benchmark against which Treasury should assess the fairness of budget measures.

PART A

1. WOMEN'S REFUGES AND HOUSING

It is now time to separate domestic and family violence programs from homelessness programs.

Fatal and damaging domestic and family violence demands an immediate service response pending attitudinal and behavioural change from the other outcomes set out in the *National Plan to Reduce Violence against Women and their Children 2010-2022*.

In recent years provision of domestic and family violence crisis services has been part of commonwealth/state homelessness funding.

Domestic and family violence services have not been recognised or adequately supported for the complex homicide prevention work they are required to provide. Escaping domestic violence is vastly different in character to homelessness and requires a specialised program. It is a crisis situation that with this specialist assistance may eventually see the woman and her children returning to their home and community.

Australia needs frontline domestic and family violence response services so that women and children are supported to lead safe fulfilled lives. Long term secure funding for a Commonwealth/State national program is needed for a 24-hour accessible front line, integrated support services for women and accompanying children who are in crisis and may be at risk of further injury or even death. The services to be funded would comprise proven strategies for assisting women and children in crisis in addition to evidence-based innovative approaches capable of supplementing emergency support with giving women tools for rebuilding their future. These include services enabling women to stay in or return to their homes.

Funding estimate

WEL has taken into account Australian Institute of Health and Welfare¹ (AIHW) and Commonwealth Budget papers data to reach an estimate \$1,982 million over five years of commonwealth and state funding. **Therefore, we recommend that the Commonwealth supply \$991 million funding over 5 years, and the states and territories supply \$991 million funding over 5 years, for a long term Commonwealth/State Women's Refuges and Housing Program.**

WEL applied 30 per cent of the overall funding based on the AIHW Specialised Homelessness Services (SHS) Annual Reports consistently showing approximately 30 per cent of clients requesting services from SHS nominated domestic violence as their primary reason for seeking housing assistance.

¹ The AIHW is a major national agency set up by the Australian Government to provide reliable, regular and relevant information and statistics on Australia's health and welfare.

2016-17 \$m*	2017-18 \$m**	2018-19 \$m**	2019-20 \$m**	2020-21 \$m**	Total \$m
287	315.7	378.84	454.608	545.5296	1,982
\$219m+ \$ 68m	10% increase	20% increase	20% increase	20% increase	rounded

* Some funds will be available from commitments for National Partnership Agreement on Homelessness (**NPAH**).

** 20% increase in Years 3, 4 and 5 reflects capacity of program to deliver increased services effectively.

Beyond Year 5 the capital component will decline.

Notes on funding

As at August 2015, commonwealth and state and territory governments contribute \$109.5 million per annum each to domestic violence crisis services and related housing. This is a combined total contribution of \$219 million per annum.

The baseline figure for our funding proposal is \$287 million comprising \$219 million with an additional \$68 million (National Homelessness figure indicates that 2,800 women fleeing domestic violence were turned away from refuges in the period 2014 to 2015²). This \$68 million is double the original estimate of \$34 million as the amount in this proposal includes children as well as capital costs and state contributions.

RECOMMENDATION 1: That the Commonwealth provide \$991 million funding over 5 years for a long term Commonwealth/State Women’s Refuges and Housing Program (WRAHP).

WRAHP will fund frontline domestic and family violence response services with 24-hour accessible integrated support services for women and accompanying children who are in crisis and may be at risk of further injury or even death. The accredited services to be funded would comprise proven strategies for assisting women and children in crisis in addition to evidence-based innovative approaches capable of supplementing emergency support with giving women tools for rebuilding their future. These include services enabling women to stay in or return to their homes.

RECOMMENDATION 2: That the National Affordable Housing Agreement (NAHA) be re-indexed to meet the costs of providing the homelessness services that it provides. WEL supports the recommendation of the Equality Rights Alliance of \$13 million to improve indexation of NAHA.

² http://www.homelessnessaustralia.org.au/images/publications/Media_Releases/homelessness-fair-agenda.pdf

RECOMMENDATION 3: That the National Partnership Agreement on Homelessness (NPAH) be refunded on a four-year cycle to improve certainty for homelessness services.

RECOMMENDATION 4: That State and Territory governments be obliged to create housing pathways as part of an upgraded national partnership agreement, as Australia is in need of a long-term housing affordability strategy funded by Commonwealth and State governments.

2. WOMEN'S FAMILY LAW SUPPORT SERVICE

At present, NSW is the only state or territory in Australia that has a women's family law support service.

The NSW Women's Family Law Support Service has assisted 3,000 clients since it began in 2007. Eighty per cent of women who accessed the NSW service between July and October 2015 had a history of domestic violence. It is critical that women have support and guidance when negotiating Family Court processes, noting that many women are unrepresented in Family Court proceedings.

In our view, \$160,000 will enable a Women's Family Law Support Service to fund one full-time coordinator, one part-time court support person, volunteer workers at the Women's Family Law Support Service to augment paid staff, plus on-costs and office accommodation.

The total cost of funding eight Women's Family Law Support Services (one in each state and territory) is \$1.280 million per annum. The total spending over five years is \$6.5 million.

RECOMMENDATION 5: That the Federal Government fully fund a Women's Family Law Support Service in each state and territory at a cost of \$6.5 million for five years. This is \$1.28 million per annum for eight services.

3. A FAIRER TAX SYSTEM

Our starting position is that the 2016-2017 budget should continue to invest in a fairer tax system for Australia and the international community (particularly in low-income countries), to facilitate increased funding to gender-responsive public services. This is a vital strategy for women's social and economic empowerment.

WEL acknowledges the timely discussion about company tax avoidance and the work of the Senate Economics References Committee on this matter.³ WEL is deeply concerned that corporate tax avoidance is significantly eroding Australia's revenue base.

Tax revenue enables governments to provide essential services such as education and health as well as infrastructure such as public transport and public housing.

³ The Senate Economics References Committee *Corporate tax avoidance Part 1 - You cannot tax what you cannot see* August 2015

Tax evasion denies everyday Australians these vital services. It also undermines Government programs aimed at raising the capacity of the Australian population to live, work and age well by significantly constraining revenue available to government for these purposes.

Almost 600 of the largest companies operating in Australia did not pay income tax in the 2013 to 2014 financial year, ATO figures show.⁴ For example: Apple had shifted an estimated \$8.9 billion in untaxed profits over the last decade from its Australian operations to a tax haven structure in Ireland.

A transparent tax system that ensures multinational corporations pay their fair share of tax will help fight inequality and provide the revenue needed to support a fair budget for all.

RECOMMENDATION 6: That the recommendations of the Senate Economics References Committee *Corporate tax avoidance Part 1 - You cannot tax what you cannot see (August 2015)* be adopted by the relevant federal departments to combat tax avoidance and aggressive minimisation in order to protect Australia's revenue base.

4. RETIREMENT INCOMES

WEL believes that there should be a review of retirement incomes covering the age pension and superannuation. Analysis by Per Capita⁵ shows that unsustainability and inequality are the two emergent trends in Australia's retirement income system.

Superannuation savings will be insufficient for certain groups in society under a mature system and on the generous assumption that people work until 70. A woman who spends a significant proportion of her life outside full-time work will have a superannuation balance of approximately \$516,000 compared to approximately \$874,000 for a man working full-time until retirement.

The system of superannuation taxation favours the wealthy. Over 50% of superannuation tax concessions go to the wealthiest quintile of Australian income earners. At the same time, people in higher income groups consider that tax concessions are the preferable way to pay for longevity. The results of the Per Capita Tax Survey show that the majority of people earning \$200,000 and over believe that the way to pay for longer life expectancies is further tax concessions, in preference to working longer or saving more for retirement.

The age pension is not sufficiently targeted to assist those most in need. People with significant assets are being paid an age pension while those who rely exclusively on the pension and have minimal asset wealth live in poverty.

The answer to the challenge of longevity is to make the retirement income system fairer and more flexible by targeting public support more clearly at people who need it, while increasing incentives to save for the future.

⁴ <http://www.abc.net.au/news/2015-12-17/almost-600-companies-did-not-pay-tax-in-2013-14/7036324>

⁵ Emily Millane, "The Entitlement of Age", 2015, available at: <http://percapita.org.au/research/the-entitlement-of-age/>

With respect to changes to the age pension assets test many writers have pointed out, that instead of reducing future costs, the budget changes to apply from 1 January 2017, could well lead to even higher age pension outlays as retirees adjust their savings strategies by, for example, over-investing in the family home.

RECOMMENDATION 7: That the Commonwealth apply the marginal rate of tax to superannuation withdrawals with credit for the 15% tax paid by the fund.

RECOMMENDATION 8: That the Commonwealth reduce the contribution caps to discourage excessive contributions into superannuation.

RECOMMENDATION 9: That the Commonwealth retain the low-income superannuation contribution.

PART B - ADDRESSING THE CONTRADICTION OF BUDGET MEASURES

Our analysis of government programs identifies instances where one government policy measure creates a barrier to other government measures succeeding. Where a contradiction exists it often makes vulnerable communities and groups with low participation rates, for example women of working age with school age children, worse off.

WEL recommends the following threshold to Treasury to inform Federal budget decision-making.

RECOMMENDATION 10: That each budget measure be subject to the following tests:

- 1. Does this budget proposal interact with other measures in a way that undermines the positive intention of either measure, with specific consideration of gender impacts?**
- 2. Does the measure disadvantage vulnerable communities in a way that requires government spending in another area to offset the negative impact with specific consideration of gender impacts?**

This threshold is suggested to embed fairness and economic security for all groups in Australian society.

The Federal Government has measures to support working parents workforce participation while contradictory measures in Paid Parental Leave cuts. Contradictory measures cause under performance or failure of one or both measures.

People can easily conclude that the policies are not properly considered and lack integrity, or that the Federal Government does not really commit to its declared objectives. Our recommended threshold answers the question: **does the Government really mean what it says?**

WEL proposes this threshold test in the interest of promoting fairness and economic security across all groups in Australian society with specific consideration of gender impacts. Gender analysis has been undertaken as part of Australian public policy, in gender impact analysis of Cabinet papers, in budget analysis and otherwise, precisely to make transparent and to safeguard against unintended gender disadvantage that can frustrate policy objectives.

The threshold also aims to maximise the impact of government expenditure, particularly in light of Parliamentary Budget Office figures (February 2016) showing the projected deterioration of Australia's national fiscal deficit.⁶ Neither the government nor the target populations it is seeking to support can afford the costs of contradictory policy measures.

The example below illustrates the cost of contradictory policies and the benefits of ensuring policies are aligned and working synergistically.

Changes to Australia's Paid Parental Leave System: a contradictory interaction

The following example demonstrates the contradictory interaction of government measures.

The Women and Work Research Group, University of Sydney Business School, released in January 2016 their analysis of the impact of the Federal Government's Mid-year Economic and Financial Outlook (**MYEFO**) cuts to Paid Parental Leave (**PPL**). WEL endorses their analysis and reproduces below their key findings to illustrate how proposed government measures have a disproportionately unfair application on women's earning potential, financial security and workforce participation.

The current PPL system provides 18 weeks government pay at the minimum wage, to be used in combination with any leave in employment agreement or policies. It was specifically designed to enable more women to reach 26 weeks or more of paid parental leave by adding their employer paid leave on top of the 18 weeks of government provided pay.

Under the proposed cuts to this system announced in the MYEFO, a new parent's access to government provided PPL support would be cut where the new parent has also secured any employer provided leave, thus reducing the overall period of paid time at home that parents can access. Approximately 160,000 families⁷ accessed PPL last year, and approximately 50 per cent of women receive some employer PPL. As 99% of those who currently access paid parental leave are women, we can then expect approximately 79,000 women would be adversely affected by this proposed cut.⁸

Further, the analysis of impacts on different workers outlined below shows that, among others, we can expect that nurses, teachers, ambulance service workers and retail workers will be hit hard by the proposed changes. Under the government's proposed cuts, the families modelled in the below

⁶ Commonwealth Parliamentary Budget Office (February 2016) *National Fiscal Outlook, Report no. 01/2016*

⁷ DSS Annual Report 2014-2015, p.69

⁸ Stephanie Anderson, 'Paid Parental Leave: Government to change proposed offerings, Social Services Minister confirms', ABC News, 16 December 2015

scenarios would be left with just 7 – 13 weeks of living costs covered by the Government system. That's less than half of the 26 weeks experts recommend. The financial loss suffered by these families would range from \$3,942 to \$10,512.

Given this modelling and based on what we know about how women in Australia use paid parental leave, we expect the changes will:

- Prevent more women from spending critical time at home with their newborn baby;
- Lead to financial duress;
- Reduce the number of women able to afford to stay at home for 26 weeks and thus adversely impact on the health and welfare outcomes of new babies and mothers; and
- Increase demand for childcare for the very young, in a system that is already struggling to keep up with demand.

As a result of the cuts to their income which will occur if these changes to the Paid Parental Leave system are introduced, we can also anticipate negative flow on impacts for new families and the communities in which they live.

RECOMMENDATION 11: That the Government retain the current eligibility arrangements for Government-funded Paid Parental Leave.