

# The impact of the recession on women

Background paper  
August 2009

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Published by Security4Women

ISBN 978-0-9807095-1-3

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**Prepared for: Security4Women (S4W)**

**Funded by: Security4Women (S4W)**

Security4Women is funded by the Australian Government through the Office for Women, Department of Families, Community Services and Indigenous Affairs.

The opinions, findings and proposals in this report represent the views of the authors and do not necessarily represent the attitudes or opinions of the Australian Government.

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## Acknowledgements

Security4Women would like to acknowledge the assistance provided by The WomenSpeak Alliance and The National Foundation for Australian Women towards the production of this report.

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## Summary of key findings

- 1 Unemployment is expected to reach 8.25 per cent by June 2010 and 8.5 per cent by the following June.
- 2 The recession has not affected women's unemployment as seriously as it has men's; rather, women already faced chronic difficulties in the labour market, which will be exacerbated by the recession.
- 3 Women comprise up to 80 per cent of the hidden unemployed in key age groups.
- 4 Instead of being officially defined as unemployed, women are more likely to move directly from being defined as employed to being defined as out of the labour market entirely and then back in again.
- 5 Whether in hidden unemployment or completely out of the labour market, women are likely to be more occupied with caring duties.
- 6 In order to address women's disadvantaged labour-market status, the stimulus could be rebalanced in favour of first, public service spending for better employment effects and second, greater emphasis on labour-market programs.
- 7 Lower incomes and broken working lives have serious financial impacts on women so that they retire with smaller superannuation balances. However, women's longer life spans mean their financial needs tend to be higher than men's in retirement.
- 8 Women tend to benefit disproportionately from labour-market programs; however, as traditionally designed, labour-market programs are unlikely to attract many of the women who could benefit.
- 9 Objective assessments of the labour market and the design of appropriate programs need to reflect the actual movements of women into and out of the workforce, both in the short term and over the course of their lives.
- 10 The level of income support is an important issue while increasing the adequacy of income support is stimulatory and fair.

## 1. Introduction

This paper examines the experience of Australian women during recent recessions in order to construct a framework within which the policy response to the current recession can be assessed and improved. The recessions of the early 1980s and the early 1990s are examined and compared with the brief experience so far of the present recession.

The paper considers the important issue of the extent to which the stimulus policy emphasises infrastructure and other construction projects, areas that tend to be biased towards the employment of males. The concern here is that women may miss out on job opportunities.

A second issue is the fact that women fare differently in recessions from men. Their experience is not necessarily more adverse but the concern is that policies designed to address the hardship of people in the recession need also to take account of women's unique circumstances. That is, policies should be sensitive to gender differences and appropriately targeted.

In this paper, the recent state of the economy is considered as being in recession. This term is used loosely and the paper sidesteps discussion of the existence or otherwise of a technical recession. The fact is there has been a serious downturn in the Australian economy with a significant decline in employment opportunities and the forecasts suggest it will get worse.

## 2. The present and previous recessions

This chapter begins by examining the labour-market experience of women during the previous recessions and then turns to the limited information available from the present recession. Within that topic, the following issues are discussed:

- ‘Unemployment’ and ‘underemployment’ and the differences between them.<sup>1</sup>
- Workforce ‘underutilisation’ of women, which tends to reflect the state of the business cycle quite rapidly.
- The variability of the unemployment experience of women, an issue that may be important when training locations and other schemes are considered by policymakers.
- The issue of dependents, especially the presence of young children.
- Several other gender issues, including an examination of who in the household is likely to apply for benefits; this is the principal contact the government will have with the unemployed and any gender issues will raise questions about how government programs are communicated.

Not all unemployment problems are related to the experience of those officially classified as unemployed. This chapter goes on to examine a similar set of issues facing women who are not officially unemployed but make up the bulk of the hidden unemployed. Those not in the workforce are also considered since, on broader definitions, many could reasonably be described as unemployed. The chapter concludes with an examination of various industries, the extent to which these employ women and how employment of women has changed over the course of the recession to date.

### Some definitions

The statistics used in this publication are based on the Australian Bureau of Statistics (ABS) labour force surveys unless otherwise specified. The definitions given here tend to have a stricter meaning than they have in ordinary language.

The *participation rate* refers to the proportion of women who are in the *labour force*. The *labour force* is defined as the number of individuals in employment plus those officially measured as *unemployed*. Thus the participation rate is the

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<sup>1</sup> The following section also contains some important definitions.

percentage of women aged 15 and over in the labour force as a share of the total number of women aged 15 and over.

The *unemployed* are those aged 15 years and over who:

- were not employed for more than one hour during the reference period (the week before they were surveyed)
- had actively looked for work at any time in the four weeks up to the end of the reference week and were available for work in the reference week
- were waiting to begin a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then.

The *unemployment rate* is the percentage defined as unemployed as a share of the total labour force.

If those fairly strict criteria cannot be met, the person may still be part of the *hidden unemployed*. The *hidden unemployed* are defined in this paper as people who are not in the labour force but who want to work, are either actively looking for work but are not immediately available or are not actively looking for work but are available to start work within four weeks.

The *underemployed* are those who are in employment but who work fewer hours than they want to or would normally work in a full-time job. They are working less than full time because they have been stood down or there was insufficient work to keep them working full-time. The *underutilisation rate* includes both the underemployed and the unemployed as a percentage of the labour force.

## **Employment**

Table 1 gives a summary of the changes in employment during the recessions of the early 1980s and early 1990s, together with a comparison to present figures. This table is designed to provide context for further discussion of labour-market issues below.

Table 1: Employment: full-time and part-time by gender

	Employed			Employed			Employed		
	Full-time males	Full-time females	Full-time persons	Part-time males	Part-time females	Part-time persons	Total males	Total females	Total persons
June	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
1981	1.9	1.6	1.8	8.9	3.8	4.8	2.3	2.4	2.3
1982	-0.5	0.9	-0.1	5.3	-0.6	0.6	-0.2	0.4	-0.0
1983	-3.8	-2.4	-3.4	2.8	3.3	3.2	-3.5	-0.4	-2.3
1984	3.1	3.7	3.3	1.9	6.3	5.4	3.1	4.7	3.7
1985	1.0	4.1	1.9	5.5	4.7	4.9	1.3	4.3	2.4
1990	0.9	2.6	1.5	7.0	6.3	6.5	1.4	4.0	2.5
1991	-5.0	-3.1	-4.4	11.5	1.0	3.3	-3.7	-1.5	-2.8
1992	-2.5	-2.8	-2.6	14.4	4.0	6.5	-0.9	-0.0	-0.5
1993	1.0	2.8	1.5	-5.1	-2.4	-3.1	0.3	0.6	0.4
1994	2.0	2.0	2.0	7.2	4.8	5.4	2.5	3.1	2.8
2009	-2.3	0.1	-1.5	4.4	2.3	2.9	-1.3	1.1	-0.2

Source: ABS, *Labour Force Australia, June 2009*, Cat No 6202.0, 9 July 2009.

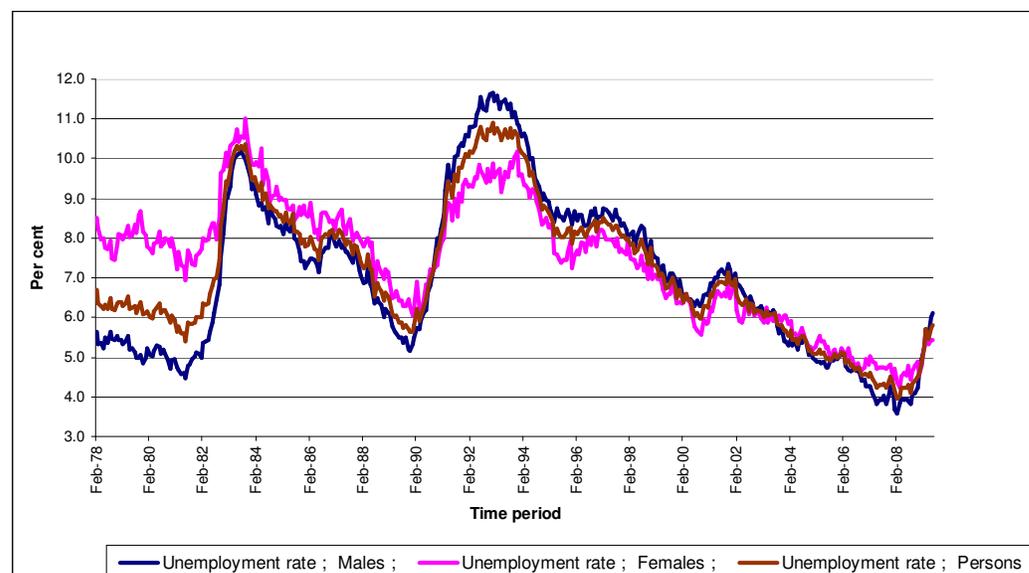
It is quite apparent from the table that the earlier recessions each included a particularly bad year. The right-hand column, detailing the percentage change in total employment, shows a 2.3 per cent fall in the year to June 1983 and a 2.8 per cent fall in the year to June 1991. So far, the current recession has not generated such a large decline in employment, an event that can hopefully be avoided altogether. From the total employment figures (columns 7 to 9), it can be seen that female employment has been stronger throughout this downturn than it was in the previous recessions and their aftermaths. It is also apparent that, over the last 12 months, full-time female employment has held up more strongly than in previous recessions when compared with male employment. The table shows that women's full-time employment almost always grew more quickly than men's over the period 1981 to 2009.

Part-time employment, however, follows a different pattern. Although growth in female part-time employment holds up reasonably well during recessions, male part-time employment speeds up, possibly because many men manage to keep their jobs but not their hours in times of recession. Employers appear to substitute both female and male part-time employment for full-time employment, a theme that will be developed further below.

### Unemployment and participation rates

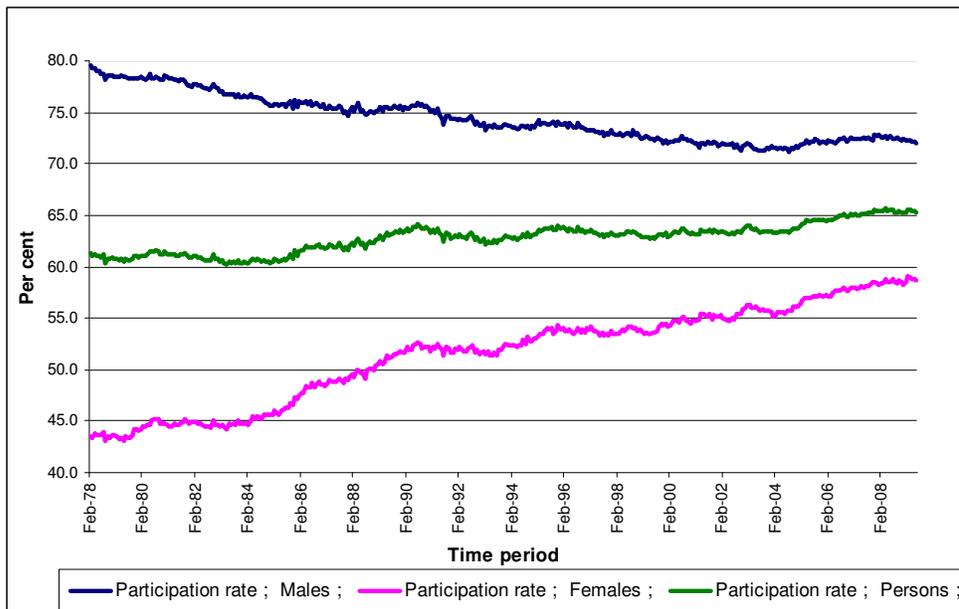
The following graph sets out the history of Australia's unemployment and labour-force participation rates going back to 1978. The data include rates for men, women and the totals.

Figure 1: Male and female unemployment rates



Source: ABS, *Labour Force Australia*, June 2009, Cat No 6202.0, 9 July 2009

Figure 2: Male and female participation rates



Source: ABS, *Labour Force Australia, June 2009*, Cat No 6202.0, 9 July 2009

The two earlier recessions are clearly evident in the unemployment figures depicted in Figure 1 and, to a lesser extent, in the participation rates presented in Figure 2. The impact of the first recession shows up when the unemployment figures begin to increase in the early 1980s, climbing to a peak of 10.3 per cent in July 1983. The effect of the second recession is evident when the unemployment figures begin to climb around early 1990, peaking at 11.9 per cent in December 1992. In both cases, unemployment recovered only very gradually, a situation that needs to be factored into any debate about the stimulus, its strength, duration and composition.

Figure 2 provides data on the participation rates (see previous section, 'Some definitions') for men and women, which show an interesting development over the time period covered in the graph. The most important feature is the contrary behaviour of male and female participation rates, with men gradually reducing their participation in the workforce from around 80 per cent in 1978 to around 72 per cent recently. Women, on the other hand, have significantly increased their participation from around 43 per cent in 1978 to around 59 per cent at present. The effect of both recessions is evident in the participation rates. For males, the downward trend in participation appears to accelerate around the periods associated with recession; for females, the upward trend in participation appears to moderate during the periods associated with recession.

Over the past 30 years, women's part-time employment rates have been consistently higher than men's. In 1978, five per cent of employed men worked

part-time compared with 34 per cent of women. Since then, the proportions have increased for both men and women so that now 15 per cent of men work part-time compared to 45 per cent of women.<sup>2</sup> For men, full-time work is the norm and part-time is relatively rare. However, women are almost as likely to be found in part-time employment as in full-time employment.

Certainly, the behaviour of unemployment itself follows more closely the course of the recessions. Since February 1978, female unemployment has, on average, been 0.4 per cent higher than male unemployment. However, male and female unemployment behaved very differently during the recessions and their aftermaths. In the early 1990s, for example, overall unemployment increased substantially but male unemployment grew at a faster rate than female unemployment, which it exceeded for most of the period between October 1990 and July 2003. While female unemployment has been higher on average, male unemployment has been more volatile—it increases more rapidly during the early period of recessions and it falls more quickly during the subsequent recovery.

### **Hidden unemployment**

The impression from the official figures may well be that the bulk of the unemployment following the 1990s recession had been absorbed into a growing economy by 2009. This view has, however, been challenged by Steven Barrett who argues that the official labour-force figures no longer provide an accurate representation of the level of unemployment or the underutilisation of labour in Australia. In particular, employment since the recession of the early 1990s has been accompanied by ‘a dramatic growth in two forms of unemployment, hidden unemployment and visible under employment, both of which are not accurately measured by the unemployment rate’.<sup>3</sup> He claims that the standard way of viewing the data no longer accurately describes the labour market because of the rapid growth in non-standard employment relations characterised by the increase in female and part-time employment and the decline in male labour-force participation.

Barrett himself includes the hours involved in both hidden unemployment and underemployment to develop a better indicator of labour-market demand, which

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<sup>2</sup> These figures have been more volatile recently so the figures for ‘now’ refer to the averages of the 12 months to June 2009.

<sup>3</sup> S Barrett, ‘Beyond the unemployment rate: Why low paid workers need minimum wage protection’, *Submission to the Australian Fair Pay Commission*, 2006. For an introduction to the behaviour of unemployment and participation over the business cycle see R Denniss, *Measuring employment in the 21<sup>st</sup> century: New measures of underemployment and overwork*, Discussion Paper No 36, The Australia Institute, February 2001.

he calls the 'comprehensive unemployment rate'. This measure reveals scant improvement in unemployment through to 2005, principally because the hidden unemployment and underemployment numbers for women had barely improved even a decade after the 1990s recession. Since Barrett completed his research, the official female unemployment numbers have improved somewhat from 249,900 in September 2005 to 231,500 in September 2008. Hidden unemployment also improved from 566,500 in September 2005 but remained at a very high 516,100 in September 2008.<sup>4</sup> These figures, which are collected in September each year and published in the following March, suggest that actual unemployment is over three times the official rate.

An important feature of hidden unemployment<sup>5</sup> is the predominance of women in the figures. In September 2008 (the latest figure), women comprised 63 per cent of Australia's hidden unemployed, a figure that had ranged between 63 and 66 per cent during the previous decade. However, some of the critical age groups reached an even higher proportion. For example, in the 25 to 34-year-old group, women comprised 80 per cent of the hidden unemployed and for the 35 to 44-year-old group, 77 per cent. Those figures are presented in Table 2, together with the relevant figures for other age groups.

Table 2: Hidden unemployment, numbers by sex and age.

Age group (years)	'000	%	'000	%	'000
	Males		Females		Persons
15–24	412.1	48	439.8	52	851.9
25–34	94.4	20	372.0	80	466.5
35–44	111.9	23	367.3	77	479.2
45–54	147.2	32	319.7	68	466.9
55–59	141.6	37	237.4	63	379.1
60–64	220.6	39	338.8	61	559.4
65–69	284.6	45	342.6	55	627.2
Total	1,412.5	37	2,417.6	63	3,830.1

Source: ABS, *Persons Not in the Labour Force*.

<sup>4</sup> ABS, *Persons Not in the Labour Force, Australia, September 2008*, Cat No 6220.0, 27 March 2009. The hidden unemployed are described by the ABS as having marginal attachment to the labour force. Some of them are discouraged workers who have given up looking but all of them are willing to work and available to work within four weeks.

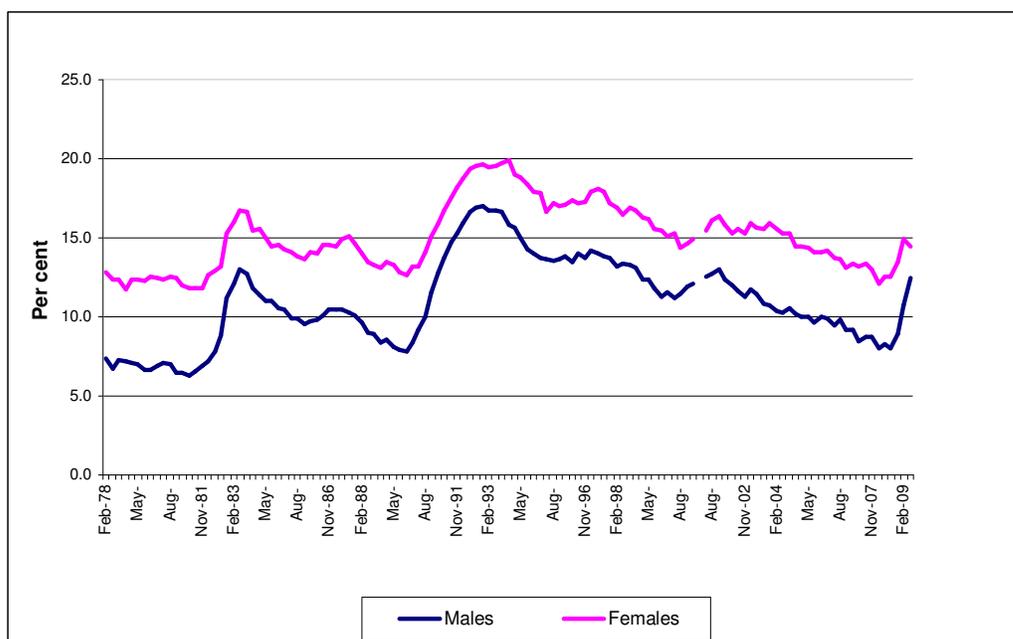
<sup>5</sup> ABS, *Persons Not in the Labour Force*.

## Underemployment and underutilisation of women

In addition to the official and hidden unemployment, there is also the important issue of the underemployed—what the ABS calls the ‘underutilisation’ of labour. Using ABS definitions, underemployed persons are employed but work fewer hours than they want to. The category includes people who work part-time and would prefer to work more hours than they do or people who normally work full-time but worked part-time hours for economic reasons (such as being stood down or insufficient work being available) in the week they were interviewed.

The labour-force underutilisation rate is defined by the ABS as the number of unemployed plus the number of underemployed expressed as a percentage of the labour force. These figures, based on the quarterly labour-force survey, were supplied by the ABS and go back to February 1978. Male and female underutilisation is shown in Figure 3.

Figure 3: Labour-market underutilisation



Source: ABS, *Australian Labour Market Statistics, July 2009*, Cat No 6105.0, 3 July 2009 and unpublished data. Note the break in the series in May 2001.

It is immediately apparent from Figure 3 that female underutilisation is always much higher than male underutilisation by an average of 4.1 percentage points. Underutilisation rates have reacted quickly to the present recession, increasing by around three and five percentage points respectively for females and males. If the patterns associated with the previous recessions are repeated, underutilisation for both men and women will continue to increase.

## Geographic variability of female unemployment

The variability in female unemployment across regions is also an important issue. Australia-wide, unemployment was 5.4 per cent in April 2009, a figure that is concealing a wide variability in work experiences around the nation. For example:

- The overall figure in NSW is six per cent female unemployment but this ranges from almost zero in the eastern suburbs of Sydney to 12 per cent in Inner Western Sydney and 12.5 per cent in Fairfield-Liverpool.
- Victoria has a six per cent unemployment rate for women ranging from 3.3 per cent in North-East Melbourne to 9.1 per cent in the Central Highlands-Wimmera.
- In Queensland, female unemployment is 4.6 per cent, ranging from 3.6 per cent in Brisbane to 6.7 per cent in the Gold Coast South.
- Women's unemployment in SA is five per cent, ranging from 3.5 per cent in Southern Adelaide to 7.3 per cent in Northern Adelaide.
- WA has 5.2 per cent female unemployment overall, with ranges from two per cent in East Metropolitan to 7.3 per cent in South West Metropolitan.
- Tasmania has a female unemployment rate of 5.5 per cent, ranging from 4.3 per cent in the Northern Statistical Region to seven in the Southern Statistical Region.
- The NT rate of female unemployment is 3.6 per cent and the ACT, 2.9 per cent.<sup>6</sup>

Comparable district figures do not exist for hidden unemployment and underemployment although they can be expected to display similar diversity because the same factors that drive high official unemployment figures are likely to drive high hidden rates of unemployment.

These findings suggest that any response to unemployment issues needs to reflect the regional dimension. The location of labour-market programs is an obvious concern as is the location of infrastructure projects chosen as part of the stimulus packages.

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<sup>6</sup> All figures quoted in these bullet points are from ABS, *Labour Force, Australia, Detailed—Electronic Delivery*, April 2009, Cat No 6291.0.55.001, 14 May 2009.

## Impact of child-care responsibilities

Women with young children<sup>7</sup> are particularly vulnerable during recessionary periods but many drop out of the workforce as a matter of course when their children are young. In July 2007, 50 per cent of women with young children were employed compared with 57 per cent of women without young children.<sup>8</sup> Note that the latter could be aged anywhere from 15 to 65 years of age while the former are likely to be in age groups that would otherwise have much higher employment ratios. The trend is completely different for males; those with young children are much more likely to be in work (92 per cent) than those without (68 per cent). Thus a male living with a small child has a much higher chance of being employed than a woman in similar circumstances—92 per cent compared with 50 per cent. Clearly, the presence of small children is associated with contrasting workforce behaviour in men and women, reflecting the different gender roles within the household.

A further dramatic difference between employed men and women with small children involves the hours usually worked; 92 per cent of men worked 35 hours a week or more and, of those, 50 per cent worked 45 hours a week or more. If 35 hours a week or more is defined as full-time work, almost all males with small children are working full time. However, only 34 per cent of women worked more than 35 hours a week and of those only nine per cent worked 45 hours or more. Hence, 34 per cent of women worked full time and 66 per cent worked part time. Women tend to work part-time hours when they return to work after having children and to increase their hours as their children age. Men, however, seem more inclined to work full time when their family is in the life-cycle stage associated with young children.

The presence of small children means that men increase their involvement in the labour market but women reduce theirs. This is consistent with the large gender imbalances in hidden unemployment figures that were noted above and explains why women are more likely to appear among the hidden unemployed. These findings are reinforced by the imbalance between the ABS figures for the unemployed and the figures for benefit claimants from the Department of Education, Employment and Workplace Relations (DEEWR). For example, the latest ABS figures show that women make up 43 per cent of the unemployed but, according to DEEWR, only 35 per cent of allowance claimants or 32 per cent if Youth Allowance claimants are excluded.<sup>9</sup> This implies that women are

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<sup>7</sup> Defined by the ABS as children aged 0 to 4 years of age.

<sup>8</sup> ABS, 'Work and family balance: Employed people caring for young children', in *Australian Labour Market Statistics, April 2009*, Cat No 6105.0, 17 April 2009.

<sup>9</sup> DEEWR, *Labour Markets and Related Payments; A monthly profile*, June 2009.

less likely to appear at Centrelink, especially in older age groups where they tend to be part of a traditional household. Instead, men as the traditional breadwinners seem more likely to be the ones to claim unemployment benefits.

The suspicion is that gender roles drive men's and women's participation rates and hours of work in different directions when children are present and influence men to claim benefits when both adults are unemployed. These differences will affect how policymakers should interact with the female unemployed. Men may normally regard themselves as the breadwinners but when the household is suffering from the impact of the recession, either adult may be able to take advantage of labour-market programs, make-work schemes and other aspects of the stimulus package.

### **Women outside the workforce**

The ABS defines 'workforce' narrowly. To be classified as 'outside the workforce' means that an individual has not sought work in the last month and is not available for work in the next month. That may well exclude people who are keen to work but would expect to take more than four weeks to organise themselves and their children. Many of those defined as 'outside the workforce' would actually consider themselves to be unemployed and potentially part of the workforce and would include people who are of legitimate interest in the present study. We now turn to examine those unemployed women who are excluded from the workforce because they do not meet the ABS definition of unemployed and may not even fit into the easier definition of hidden unemployed.

The likelihood that women will just disappear from the workforce is high compared with that of men. There is some evidence on that issue from the figures the ABS publishes on gross flows in the labour force,<sup>10</sup> which show that in May 2009, for example, 207,000 people who had been in employment in April had dropped out of the workforce. Of those, 114,000 or 55 per cent were women. In the part-time category, 137,000 people dropped out of whom 86,000 or 63 per cent were women. Putting these figures a different way, 2.6 per cent of the female labour force dropped out in May. Note that these figures dwarf the number of females who leave employment to join the ranks of the unemployed. There were 30,000 of them in May, or 0.7 per cent of the female workforce.

Also of interest are the numbers of people who flow back into employment after being out of the labour force. In May, 191,000 people who had been out of the workforce in April appeared back in it. Of the new entrants, 118,000 were

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<sup>10</sup> These are included in ABS, *Labour Force, Australia*, May 2009.

women representing 2.7 per cent of the female labour force while 73,000 were men representing 1.4 per cent of the male labour force.

What these figures show is that there is a large monthly flow of females in particular who go directly from being out of the labour force and into work and another large flow of women who leave work and drop out of the workforce altogether. When expressed as an annual rate, the figures imply that something of the order of 31 to 32 per cent of the employed female workforce come in from outside the labour force each year while a roughly equal number leave employment and drop out.

When they are outside the labour force, many women are occupied with child-care duties. ABS figures based on a survey in February 2007 show that just over 1.9 million women or 39 per cent of the female workforce who were not in the workforce at the time of the survey, had worked for some time over the previous year and 39 per cent of those women described their main activity as home duties or child care.<sup>11</sup> Of the female hidden unemployed who were willing to work but not actively looking, 31 per cent said this was because they were caring for children.<sup>12</sup> Of those who were completely out of the labour force, 43 per cent named home duties and child care as their main activities. In the critical age groups for women, 25 to 34 years and 35 to 44 years, 82 per cent and 78 per cent respectively cited home duties or child care as their main occupation.

Some unpublished survey results collected by The Australia Institute show that 58 per cent of women aged 25 to 44 years who are outside the workforce nominated child care as a factor that would affect their decision to take a job if it were offered to them. (For more details, see below). This suggests that these women could move back into the workforce if opportunities were to present themselves and/or they were able to make alternative child-care arrangements. Many are likely to enter or return to the labour force as their children grow older. In any event, even though the ABS classifies these people as out of the labour force, they may well see themselves as unemployed.

Child care itself is beyond the subject of this paper but the evidence certainly points to child care as an important issue impeding the free flow of women into the labour market. Child care for pre-school-age children is the subject of a good deal of debate and progress seems to have been made. However, there is much

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<sup>11</sup> ABS, *Labour Force Experience, February 2007*, Cat No 6206.0, 17 August 2007.

<sup>12</sup> ABS, *Persons Not in the Labour Force*.

less discussion of the child-care needs of children who are old enough for school but who still need care before and after school and during school vacations.<sup>13</sup>

The findings in this section were unexpected. The traditional thinking about labour-market issues seems to envisage scenarios whereby people move from employment into unemployment and, after a spell of unemployment, move back into employment. The figures just reviewed show that, instead, most of the movement is from employment to completely out of the labour force and then back again without a spell of unemployment on the way—at least not unemployment as defined by the ABS. This finding will have implications for the design of programs to assist women in the labour market.

The Australia Institute recently undertook a survey in which respondents were presented with a list of 13 options and asked which factors would affect their decision to take a job with a pay rise.<sup>14</sup> Women were much more likely than men to regard ‘the availability of child care’ as a factor in deciding whether to take a job with a pay rise; 21 per cent of women cited child care compared with six per cent of men. The results were much starker in the case of men and women in the critical age group of 25 to 44 years with 38 per cent of women and 15 per cent of men nominating child care as the dominant factor. If the figures for women are broken down into those in employment and those not employed, 29 per cent of employed women compared with 58 per cent of unemployed women said child care was a factor that would affect their decision to take a new job.

### **How various industries are doing through the recession**

Table 3 compares female employment intensities across industries with ABS estimates of how each industry has fared during the current recession. The last two quarters are chosen since the recession can be dated from the middle of the December quarter.<sup>15</sup>

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<sup>13</sup> As children reach school age there is a strong fall-off in numbers of parents who use formal child care, which appears to indicate a large unmet need. See ABS, *Child care, June 2005*, Cat No 4402.0, 19 November 2008.

<sup>14</sup> The results will be published in a forthcoming study by J Fear, 2009.

<sup>15</sup> The industry definitions used for the labour-force surveys do not always square up with the definitions used in the national accounts. For that reason there are some gaps in the table. Even where there are no gaps there may still be issues. For example, the labour-force category ‘Rental, hiring and real estate services’ only loosely lines up with the national accounts category ‘Property and business services’. However, the interest here is on general trends rather than precision. For that reason, the table is constructed knowing that some useful insight is obtained but at the expense of some accuracy.

Table 3: Female employment as a percentage of total employees and impact of the recession

	Female employment as a share of total employment (%)	Change in real output, last two quarters (%)
Health care and social assistance	79.6	2.1
Education and training	69.9	0.8
Retail trade	57.0	1.4
Accommodation and food services	56.3	-0.2
Financial and insurance services	53.2	0.5
Administrative and support services	53.1	
Rental, hiring and real estate services	50.1	-6.1
Public administration and safety	46.5	2.7
Arts and recreation services	45.7	-4.3
Other services	44.5	
Professional, scientific and technical services	43.8	
Information media and telecommunications	43.3	-1.1
Agriculture, forestry and fishing	32.0	7.4
Wholesale trade	31.0	-5.2
Manufacturing	27.2	-7.7
Transport, postal and warehousing	24.3	-2.3
Electricity, gas, water and waste services	19.8	0.3
Mining	13.1	0.3
Construction	11.7	-2.9
Total (ANZSIC06 division level)	45.5	-0.2

Source: ABS, *Labour force Australia, Detailed, Quarterly, February 2009*, Cat No 6291.0.55.003, 19 March 2009; ABS, *Australian National Accounts: National Income, Expenditure and Product, March quarter 2009*, Cat No 5206.0, 3 June 2009.

The results in Table 3 are interesting. The steeper falls in output occurred in industries that tend to be male-dominated; manufacturing employment, for example, is only 27 per cent female and 'Manufacturing' was worst affected over the last two quarters, experiencing a decline of 7.7 per cent. Similarly, male-dominated industries such as 'Construction', 'Wholesale trade' and 'Transport, postal and warehousing' were significantly hit by the recession. The exception was 'Agriculture, forestry and fishing', which experienced a 7.4 per cent increase, mainly reflecting the end of the drought in much of Australia.

The female-dominated industry that has suffered the largest decline is 'Rental, hiring and real estate services' but other sectors have done reasonably well. The

industries with the highest female employment are 'Education and training' and 'Health care and social assistance', which boasted growth of 0.8 and 2.1 per cent respectively. 'Retail trade' has 57 per cent female employment and experienced a 1.4 per cent increase in output. 'Public administration and safety', with a female employment rate about the same as the national average, experienced a 2.7 per cent increase in output.

This chapter has summarised much of the available information on women's experiences in the labour market during the current recession and the two earlier ones. The findings demonstrate unexpected characteristics to the extent that they challenge the very categories used by the ABS to define the Australian workforce. In particular, the categories of 'employment', 'unemployment' and 'out of the labour market' appear outdated because many women with caring responsibilities bypass unemployment as officially defined and move directly between employment and being out of the labour market then back again. Women's employment has held up reasonably well to date but many women who have lost jobs or would like to work are either part of the hidden unemployed or found to be out of the labour market as defined by the ABS. The next chapter will consider how the government's stimulus packages address the particular needs of women in the workforce. A major issue here of course is the potential gender bias in the packages themselves.

### 3. Impact of the fiscal stimulus

The previous chapter outlined the way in which the recessions have affected women from the point of view of their working lives. This chapter examines how the Rudd Government's stimulus measures are likely to have affected employment to date and whether or not they have contained a gender bias

According to the 2009–10 budget papers, 'The Government's fiscal stimulus program started with income support and then moved into 'shovel-ready' infrastructure. This Budget marks the start of the next phase—a move into larger and longer term nation building projects'.<sup>16</sup>

The time pattern of all new expenditure announced since the 2008 Budget is given in Table 4 below, which highlights the changes in outlays that reflected policy changes in the first stimulus package, the second stimulus package and the 2009–10 Budget. Policy changes were chiefly aimed at stimulating the economy following the economic crisis but included initiatives unrelated to the crisis. For example, there was a large increase in both defence spending and new spending associated with the listing of new drugs under the Pharmaceutical Benefits Scheme. These initiatives are included here because, although not their main purpose, they will nevertheless form part of the total stimulus.<sup>17</sup>

Table 4: Outlays estimates and the stimulus packages

	2008–09	2009–10	2010–11	2011–12
2008 budget outlays estimates	292.5	310.5	323.1	339.2
Policy changes between Budget and MYEFO (Economic Security Strategy)	11.4	1.2	0.7	0.8
Policy changes between MYEFO and UEFO (Nation Building and Jobs Plan)	19.2	18.6	17.1	10.8
Policy changes in the 2009–10 Budget	4.2	8.1	2.1	4.9
<b>Total stimulus</b>	<b>34.7</b>	<b>27.9</b>	<b>19.9</b>	<b>16.6</b>
Other (forecast errors)	-2.8	-0.2	1.6	0.6
2009 budget outlays estimates	324.4	338.2	344.5	356.4

Source: Australian Government, *2009–10 Budget Paper No 1*, May 2009.

<sup>16</sup> Australian Government, *2009–10 Budget Paper No 1*, May 2009, p. 1–14.

<sup>17</sup> The main items excluded here are the forecast errors or what are euphemistically called 'effects of parameter and other variations' in the budget papers. Forecast errors tend to reflect the state of the economy rather than the inherent stimulus in the Budget. For example, an un-forecast increase in the spending on unemployment benefits may reflect a worse-than-expected state of the economy. On the other hand, an increase in the rate of payment for beneficiaries would act to increase total spending in the economy.

The total stimulus is indicated by the bold row. The first row is the budget forecast of spending at the time of the 2008 Budget. The second row is new spending announced between the May Budget and the Mid-Year Economic and Fiscal Outlook (MYEFO). The bulk of this comprised the first stimulus package—the \$10.4 billion ‘Economic Security Strategy’ of October 2008. The third row lists the changes between the MYEFO and the Updated Economic and Fiscal Outlook (UEFO) of February 2009, most of which were associated with the second stimulus package—the \$42 billion ‘Nation Building and Jobs Plan’. Essentially the two packages amounted to mini-budgets of the sort Australia became accustomed to in the 1980s and early 1990s.

The effect of the two mini-budgets and the 2009 Budget was to add an additional expenditure stimulus of \$34.7 billion in 2008–09 and \$27.9 billion in 2009–10, with declining amounts in subsequent years. The spending stimulus amounts to three per cent of GDP in 2008–09, 2.5 per cent in 2009–10, 1.7 per cent in 2010–11 and 1.3 per cent in 2011–12. The government is claiming that it will raise GDP by 2.75 in 2009–10 and 1.5 per cent in 2010–11 compared to what it would have been with no stimulus. It also claims the stimulus will support up to 210,000 jobs (a two per cent increase in employment above what might otherwise have been), and will reduce the peak in the unemployment rate by 1.5 percentage points.

This section develops new estimates of job creation as a result of the package in a manner that allows a distinction between female-intensive employment and male-intensive employment.

The following table, Table 5, was derived by examining the various new measures in Budget Paper No 2<sup>18</sup> and the equivalent sections of the MYEFO and UEFO. Each measure was allocated to the categories of ‘Transfer payments’, ‘Infrastructure and other construction’ or ‘Other public services’.<sup>19,20</sup>

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<sup>18</sup> Australian Government, *2009–10 Budget Paper No 2, New Measures*, May 2009.

<sup>19</sup> Note that the way this table was constructed (it includes measures announced in response to the crisis well after the 2008 Budget) means that measures introduced before the crisis are excluded in the analysis; for example, the various personal income tax cuts announced before the 2007 election and due to take effect in three instalments on 1 July 2009, 2010 and 2011.

<sup>20</sup> Some of the totals in Table 5 are different from those in Table 4. Apart from some tax cuts included in Table 5, Table 4 uses cash estimates while Table 5 relies on disaggregated data in the budget papers that are presented in accrual terms.

Table 5: Commonwealth Budget stimulus broken into types of payments

	2008–09	2009–10	2010–11	2011–12
Transfer payments	18.1	4.2	4.4	3.4
Infrastructure and other construction	13.0	18.4	17.8	11.6
Other public services	3.6	6.1	-1.0	2.1
Tax cuts	0	0.8	1.4	0.5
Total spending stimulus	34.7	29.6	22.6	17.6

Sources: Australian Government, *2009–10 Budget Paper No 2, New Measures*, May 2009; Australian Government, *Mid-Year Economic and Fiscal Outlook*, 2008; Australian Government, *Updated Economic and Fiscal Outlook*, February 2009.

With the information in Table 5, it is possible to estimate the impact of the first stimulus and differentiate its effect on male and female employment. From the ABS input-output tables, the total employment creation figures from the different types of spending can be derived.

The following methodology was used:

- Assess the direct labour employed as a result of the additional spending.
- Calculate any indirect employment impact by estimating the labour in the inputs used by the different industries. Of course, many of the inputs will be imported and those are identified and carried no further in the analysis.
- List the results of the analyses as additional wages bills.
- Convert those figures into numbers of workers by using average ordinary time earnings or, where the industry is identified, average earnings for that industry. This method ensures that the employment impact is up-to-date and gives figures as full-time equivalents.
- Specific assumptions were made in the case of transfer payments and tax cuts. In particular, it was assumed that tax cuts are received first in the hands of the eligible people and it is their decisions that determine how or, indeed, whether the additional money will be disposed of. Here the assumption is made that 80 per cent of transfer payments and 70 per cent of tax cuts, including the tax cuts for small business, will be spent in the

retail sector in the first year. These figures are chosen as conservative estimates.<sup>21</sup>

The results of the calculations are presented in Table 6. The different spending categories are shown in terms of how much employment they are likely to create.

Table 6: Employment generation per \$million spending

	Employment
Transfer payments (80% to retail trade)	7.74
Infrastructure and other construction	4.77
Other public services	9.83
Tax cuts (70% to retail trade)	6.78

Source: Estimates by The Australia Institute; ABS, *Australian National Accounts: Input-Output Tables—Electronic Publication, 2004–05 (Final)*, Cat No 5209.0.55.001, 13 March 2009.

The results presented in Table 6 highlight a number of interesting findings. The category of ‘Other public services’ has the highest employment impact per dollar spent. Public services are by far the most labour-intensive from the point of view of direct labour and that advantage remains when labour in the inputs, inputs in the inputs and so on are calculated. At the other extreme is ‘Infrastructure and construction’. Construction has a very low direct labour component and that persists to give it a low overall employment impact when the indirect effects are taken into account. ‘Transfer payments’ and ‘Tax cuts’ occupy an intermediate position based on the assumption that the first impact will be felt in the retail sector, then the wholesale and finally other sectors. In all cases, higher employment might have been created were it not for the imports used in production, which stimulate employment offshore, and the propensity for some of the receipts to go to rents and other capital incomes rather than labour income.

<sup>21</sup> These figures compare with the savings ratio attributable to household disposable income, which has had a consistent trend value of less than three per cent over the last decade. The implication is that over 97 per cent of any additional money will be disposed of by households. It is also assumed that the nature of the cash stimulus means it is unlikely to be spent on rent, electricity or education services but rather on food, clothing, furnishings and similar items sold through the retail sector. The figures are also consistent with some of those listed by the Congressional Budget Office in ‘Did the 2008 tax rebates stimulate short-term growth?’, *Economic and Budget Issue Brief*, 10 June 2009. Our assumption compares with the 2009 budget papers, which cite a multiplier effect of 0.4 in year one and 0.7 to 0.8 in year two, estimates regarded as conservative in the budget papers. This paper will report alternative estimates, which take a similar two-year perspective.

Having estimated the employment effects of different forms of stimulus, it becomes possible to disaggregate these into likely employment impacts by gender.

Table 7: Employment effects of stimulus by gender—full time equivalent

	2008–09	2009–10	2010–11	2011–12
Total females	69,695	80,752	55,859	51,437
Total males	67,869	109,145	81,872	73,509
Total persons	137,564	189,897	137,731	124,946
	%	%	%	%
Female's share of stimulus	51	43	41	41
Males' share	49	57	59	59
Total	100	100	100	100

Source: Calculations by The Australia Institute based on ABS data.

When interpreting the results in Table 7, it has to be borne in mind that women account for 46 per cent of the labour market so that any gender bias in the stimulus would be revealed by employment creation varying from that ratio. It appears that the government's stimulus package is in fact slightly biased towards female employment in 2008–09, 51 per cent to 49 per cent male employment, and thereafter towards male employment, with female employment creation falling below 46 per cent in subsequent years.

In the first year, the stimulus is focused on cash payments meaning that retail is the early beneficiary and retail is moderately female-biased. Later on, the emphasis falls on construction, which is strongly male-biased with only 12 per cent female employment. However, although construction employment may be male-dominated, construction itself is not labour-intensive, with most of its employment impact being off-site; for every \$100 spent on construction, \$72 are spent on intermediate goods and only \$7 on direct labour. Calculating the labour component of the intermediate goods and the intermediate goods that go into the intermediate goods, reveals that employment generated by construction is around 37 per cent female.

In later years some cash benefits remain (for example, increased pensions in the stimulus) as well as some government spending on public services so that, although there is a moderate bias towards male employment, it is not as severe

as initial impressions, based on the dominance of construction, might suggest.<sup>22</sup> Our figures are also consistent with government claims that additional employment of around 210,000 will be generated at the peak of the stimulus impacts.

The previous chapter showed that women tend to face more adverse labour market outcomes than men. While the government has addressed the current unemployment problem with stimulus packages designed to boost employment in Australia, these involve a good deal of construction activity, suggesting a male bias. The actual situation, however, is not clear-cut. This chapter has shown that the bias towards men is only mild but issues like child care and respite care are not addressed in the packages and, for this reason, the economic stimulus is likely to bypass many women who might have been assisted. The next chapter will examine the likely impact of the recession on the financial position of women.

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<sup>22</sup> The estimates in Table 7 assume employment in each industry adjusts in the same year as spending changes. These assumptions were varied to examine how the estimates would change. Employment was slower to increase in response to the stimulus but the gender impacts were very similar.

## 4. Financial position of women

Unemployment and underemployment both impose significant financial hardship and, as Chapter 1 showed, women will suffer as a result. However, in order to assess the impact of the recession on women, it is necessary to consider not just the short-run labour-market effect but the long-run impact on financial assets.

A large number of women possess assets such as housing and savings accounts as part of a family/household arrangement. When these arrangements fail, as in the case of divorce, we know that women tend to be disadvantaged.<sup>23</sup> However, in the case of an intact family unit, it is difficult to lift the veil on the real ownership and control over the resources. That said, there is good data on women's superannuation. Superannuation is significant because the ownership of the asset remains with the individual and cannot normally be alienated until it is realised on retirement. While an imperfect proxy, it is likely that superannuation assets provide some indication of the total value of resources available to women.

As detailed in Appendix A, women tend to be paid less than males, a fact that remains true even when adjustments are made so as to compare men and women in the same or similar work. There appear to be several reasons for the continuing gender gap, including the weaker industrial relations strength of women.

Minimum wages do not discriminate so that for people on or close to minimum wages the gender gap is low or zero. The study by Healy et al. found that male and female incomes are more closely matched when people largely rely on the Australian Fair Pay Commission (AFPC) to influence wages.<sup>24</sup> Research for the AFPC has shown that the gender gap is smallest when wages are determined under an industrial award and highest when they are determined under individual arrangements, which can result in women being paid up to 14 or 15 per cent less than men. The intermediate case occurs when wages are determined in collective agreements.<sup>25</sup>

Of course, low incomes are themselves a significant barrier to the accumulation of financial resources. The gender gap, along with a range of other factors,

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<sup>23</sup> D Olsberg, 'Women and superannuation: Still Ms...ing out', *Journal of Australian Political Economy* 53, June 2004, pp 139–160.

<sup>24</sup> J Healy, M Kidd and S Richardson, *Gender Pay Differentials in the Low-Paid Labour Market*, Report commissioned by the Australian Fair Pay Commission, 2008.

<sup>25</sup> Healy et al.

implies that on average women are not able to accumulate financial resources to the same extent as men.

### **Differences affecting retirement planning**

The ABS has recently published statistics based on the 2007 Survey of Employment Arrangements, Retirement and Superannuation (SEARS).<sup>26</sup> Much of that survey reinforces the conclusions reached above that women are disadvantaged in the workforce relative to men. For example, 25 per cent of employed women have no paid leave entitlements compared with 16 per cent of employed men. The majority of those (91 per cent) are casual employees and many work hours that vary from week to week and receive pay that fluctuates from pay to pay.

A large proportion of women are not working their preferred hours; 19 per cent wanted to work fewer hours and 15 per cent wanted to work more hours, chiefly because they wanted more income. Many women (85 per cent) said they always, often or sometimes felt rushed or pressed for time, the main reason being the balancing of work and family responsibilities.

For people in the age group 45 to 64 years, 48 per cent of women had retired. The average retirement age was 47 years with 60 per cent retiring before 55 years of age. Another four per cent had not yet retired but were not in the labour market. The main reasons for women's retirement included:

- twenty-five per cent who cited health and physical abilities
- fifteen per cent who cited caring responsibilities
- thirteen per cent who cited spending more time with family or the retirement of a partner.

Significantly, while women retire earlier with fewer resources than men, they tend to live longer and actually might require larger retirement funding. But the shorter working life of women, combined with their lower pay and fewer hours of work, suggests that they are unlikely to accumulate substantial financial assets. The lack of financial resources is revealed by the sources of income that retired women rely upon. Two thirds cited a government pension or allowance as their main source of income, a figure that is even higher among those who have been retired for some time. However, 18 per cent of women who had recently retired had no income.

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<sup>26</sup> ABS, *Employment Arrangements, Retirement and Superannuation*, Australia, April to July 2007, Cat No 6361.0, 2 June 2009.

In addition to questions about their current behaviour, the ABS asked women about their retirement plans and found that they tended to express intentions to retire much earlier than men. Thirteen per cent of women intended to retire aged 55 to 59 years compared with five per cent of men and 31 per cent intended to retire aged 60 to 64 years compared with 18 per cent of men. Of the women who planned to retire between 45 and 54 years of age, 51 per cent expected to have no personal income when they retired. There were no surveyed men in that age group who expected to retire without a personal income. Among employed women, 36 per cent expected that their main source of income in retirement would be superannuation, an annuity or an allocated pension.

At the time of the 2007 ABS survey, 310,200 people who had previously been in retirement had gone back to work; 226,600 were women and 83,700 men,<sup>27</sup> suggesting that early retirement is soon considered a mistake by many women. A large proportion of these women (42 per cent) cited financial need as the main reason for returning to work.

Interestingly, only 41 per cent of women over 55 were covered by superannuation compared with 60 per cent of men, although younger age groups tended to have higher proportions of coverage reflecting the introduction of compulsory superannuation. Hence of people aged 24 to 54 years, 87 per cent had super coverage (84 per cent of women and 90 per cent of men) compared with 75 per cent of people aged 55 to 64 years (68 per cent of women and 82 per cent of men).

For people with superannuation in the accumulation phase (those still in work), women had an average super balance of \$52,272 with a median value of \$18,489. By contrast, men's balances averaged \$87,589 with a median value of \$31,252. According to these figures, men's balances are on average 68 per cent higher and the median is 69 per cent higher. In other respects, balances are bigger the higher the income and the older the worker.

The gender gap in wages is reflected in superannuation contributions. According to the ABS, of those employees receiving less than \$40 a week employer super contributions, 61 per cent were women; conversely, of those who received superannuation contributions of more than \$100 a week, only 34 per cent were women.

The latest ABS figures for total weekly earnings show that men and women earn \$1,108.10 and \$725.40 a week respectively, with men's income 53 per cent

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<sup>27</sup> These figures add to 310,300 due to ABS rounding.

higher than women's. These figures were used to estimate superannuation balances upon retirement and reveal that the income difference is duplicated; men retire with a superannuation balance 53 per cent higher than women. The figures are presented in Table 8. The estimated payout difference for a woman who works over the same years as a man is less than the actual difference of 68 per cent found by the ABS because of women's longer periods out of the workforce due to caring responsibilities. For example, if everything else remains the same but women work half the normal hours between the ages of 25 to 35, their super payout will fall by almost \$56,000. The average man would have a super payout 83 per cent higher by comparison. The actual figures are given in the final column of Table 8.

Table 8: Gender differences in incomes and superannuation payouts<sup>28</sup>

	Men	Women	Women who work part time aged 25 to 35 years
Total weekly earnings	\$1,108.10	\$725.40	\$725.40
Superannuation payout	\$519,827.00	\$340,296.00	\$284,404.00
Men's payout higher by	N/A	53%	83%

Source: ABS, *Average Weekly Earnings, Australia, February 2009*, Cat No 6302.0, 21 May 2009.

The implication is that most of the difference between super payouts for men and women is likely to reflect the difference in wages received during their working lives. Men's accumulated balances are 68 per cent higher than women's but wage differences explain only 53 per cent of that with the remainder attributed to women's broken attachment to the labour force and interrupted working lives.

Most employed people with superannuation cover choose not to make additional personal contributions and the figures for men and women are similar at 78.7 and 80.9 per cent respectively. In the critical 45 to 54 age group, 30.3 per cent of women compared with 24.4 per cent of men say the cost puts them off or they cannot afford it. In the next age group, 55 to 64 years, 24.7 per cent of women and 20.2 per cent of men refrain from contributions for that reason.

Perhaps unsurprisingly, given the inequality in both income and length of working life, 16 per cent of women in retirement receive a super pension or annuity compared with 32 per cent of men. This finding is highly significant. If anything,

<sup>28</sup> There are a number of assumptions in these estimates. It is assumed that men and women earn their respective average total earnings every week over their working lives from age 21 to 64. However, in the final column it is assumed that the part-time rate of pay is half the total earnings pay used elsewhere. No adjustments are made to reflect changes in real wages over the life cycle. Only the compulsory nine per cent superannuation is assumed. There is a constant real after-tax rate of return equal to 3.5 per cent.

women require higher superannuation balances or other resources because their longer life span means that any superannuation and other savings need to last significantly longer. At age 65, a woman can expect to live another 21.6 years and a man another 18.5 years. However, those survival rates can be compared with how long the super payout at 65 will last if it is drawn down at a rate equivalent to the minimum wage in Australia (\$544 a week).

As shown in Table 8, the lump sum of the average man can last another 28 years and of the average woman another 15 years but women with the part-time experience assumed in the third column of Table 8 will have a lump sum that will last only 12 years. Hence the man can receive the minimum wage well beyond his life expectancy while the woman will run out six years before her life expectancy or nine years if she worked under the part-time arrangements.<sup>29</sup> If instead it is assumed that these people pay themselves \$700 a week in retirement, their lump sums will last 19 years for the man, just over his life expectancy, but only 11 years for the woman with the same working arrangements, barely half her life expectancy. The woman with some part-time experience will have only eight years of income at that rate—almost 14 years short of her life expectancy.

## Implications

The major implication of these findings is that women have fewer resources at their disposal as a result of lower incomes and the consequent diminished ability to save. The unequal distribution of superannuation assets reflects the chronic unequal distribution of income from employment. Yet women have the greater objective need for resources in retirement simply because they outlive men on average.

The ability of women to accumulate resources for the future tends to be adversely influenced by unemployment and underemployment; thus the recession has the potential to affect women severely. A spell of unemployment or time out of the workforce as a result of this recession will disproportionately impact on women's savings, especially through superannuation, and so leave them worse off in retirement.

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<sup>29</sup> These figures are calculated assuming that the payout recipient pays himself/herself \$544 per week and the rest of the super payout is invested at 3.5 per cent real.

## 5. Policy implications

In this chapter, we attempt to consolidate the earlier discussion and draw out the policy implications. The first major point to make is that previous recessions were characterised by rapid increases in unemployment associated with the onset of recession and a subsequent very slow recovery. If, as the budget papers predict, unemployment reaches 8.5 per cent in 2011, it will have increased by around four percentage points in a little over a year. When it peaks, the experience of the earlier recessions suggests that reductions of more than a percentage point a year are unlikely. One implication of this slow recovery is that significant efforts to address labour-market disadvantage are going to be required for quite a lengthy period.

One of the main findings of this paper is that the work experiences of women have been different from those of men in past recessions and the indications are that they will again be different during the current downturn. Although the official statistics suggest that recessions hit men harder than women, a broader analysis shows that women are more likely to disappear into the ranks of the hidden unemployed or drop out of the labour market altogether. This is because women tend to enter recessions with a pre-existing labour-market disadvantage, which is likely to be exacerbated by a sustained period of high unemployment rates.

Women who face disadvantage in the labour market may be found among the ranks of the unemployed, as officially defined, but they are just as likely to be among the hidden unemployed or even completely out of the workforce. Neither is there any presumption that those among the unemployed are in any sense more deserving than those who are underemployed or outside the workforce. This is crucial. It is to be expected that many people outside the official workforce have needs similar to those within it and could equally benefit from access to training and labour-market programs.<sup>30</sup>

### Biases in the stimulus

The government's stimulus aims to offset the impact on Australia of the global economic downturn. The budget papers claim that, without the stimulus, unemployment would have been higher by over 200,000 people or 1.5 per cent of the labour force. Even so, unemployment is expected to reach 8.25 per cent by June 2010 and 8.5 per cent by the following June. It is important to note, however, that this forecast relies on a fall in the participation rate, which will serve to keep unemployment down. But those people who drop out of the participation

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<sup>30</sup> There may also be an argument for examining income support but that is beyond the scope of this paper.

figures do not disappear and from past experience are likely to be predominantly women. What the forecast really means is that officially measured unemployment will increase to 8.5 per cent but hidden unemployment will also increase substantially. We can be confident that many more than 8.5 per cent of the workforce will consider themselves unemployed.

Our figures show there is a small bias towards male job creation contained in the stimulus packages to date, a bias that would have been greater but for several effects. First, the retail stimulus resulting from the cash hand-outs imparts a bias towards female employment. Second, the modest increase in public service spending delivers a neutral gender bias. Third, the direct employment creation in the construction stimulus may be male-biased but it is also very small compared with other spending.

Another point that needs to be made is that spending on public services is relatively effective at creating employment. On employment creation grounds alone, a better outcome could have been produced from the stimulus packages with a change in the mix towards public services and away from construction. But the government was no doubt influenced by an important consideration. There is abundant evidence that Australia needs more and better infrastructure whether it is in transport, hospitals, schools, public utilities or communications. Recessions are a good time to invest in such areas of unmet need simply because construction companies and their workforces are ready and willing to do the work. Thus the emphasis on infrastructure as part of the stimulus packages is best seen as the result of a trade-off between the more successful employment generators on the one hand and the most desirable projects on the other.

### **Maintain the net stimulus**

As emphasised recently by the International Monetary Fund (IMF), it is important that the net stimulus be maintained over time rather than rapidly reined in but there are also risks if spending is reduced elsewhere. To begin with, state and local governments have been complaining about their lack of resources and have threatened to cut government spending to meet budget priorities, a situation that would detract from the efforts of the Commonwealth Government to stimulate the economy. A sufficiently large reduction in state-government spending could imply job growth well below the level the Commonwealth has sought to achieve.

These considerations apply equally to the Commonwealth Government itself. Attempts to reduce the deficit by cutting public spending will detract from the effects of the stimulus packages. A similar result would occur if the government

were to try to finance the deficit by raising taxes because additional taxation is likely to produce a reduction in consumption spending on the part of taxpaying households. An increase in taxes reduces employment as does cutting public spending but changing taxes is not as painful as changing public spending.

In anticipation of the argument below, a most important point to note is that any labour-market program is going to be more effective in the context of an expansionary macroeconomic policy stance. The importance of maintaining the stimulus was emphasised above for without it there will not be an increase in the demand for labour and, without that, labour-market programs can do little more than shuffle the pack of unemployed people. Labour-market programs should, therefore, not be considered as an alternative to economic stimulus.

### **The need for more labour-market programs**

The unemployment problem is currently the biggest social and economic issue in the nation, yet the 2009–10 Budget contains virtually no increase in assistance for the unemployed. Total spending on vocational and industry training will increase from \$1,343 million to \$1,430 million in 2009–10 while spending on labour-market assistance will increase from \$2,129 million to \$2,329 million in 2009–10.<sup>31</sup> These are increases that would have happened anyway and there is no proportionate rise to match the likely growth in unemployment. Next to nothing was done to raise the living standards of the unemployed or to help them get back into the workforce.

This poor performance on labour-market initiatives by the Rudd Government contrasts with the previous recession when Prime Minister Paul Keating made major contributions with the *One Nation* statement in 1992 and the *Working Nation* statement in 1994.<sup>32,33</sup> Both had a familiar ring with an emphasis on infrastructure initiatives but they also boasted strong direct labour-market program components. For example, the *Working Nation* statement included labour-market programs designed to cater for 650,000 places per annum.<sup>34</sup>

The behaviour of the unemployment numbers following *Working Nation* has been evaluated by Junankar and compared with the changes under the Howard Government. According to his assessment, the *Working Nation* reforms boosted

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<sup>31</sup> Australian Government, *2009–10 Budget Paper No 1*.

<sup>32</sup> P Keating, *One Nation Statement*, statement by the Prime Minister, AGPS, Canberra, 26 February 1992.

<sup>33</sup> P Keating, *Working Nation: Policies and Programs*, statement by the Prime Minister, AGPS, Canberra, 4 May 1994.

<sup>34</sup> Keating, *Working Nation*.

the prospects of the unemployed but the Howard-Reith labour-market reforms worsened them. As Junankar explains:

Even though the economy was going through an unprecedented run of economic growth (equally shared by both governments), the unemployed and long term unemployed have not benefited from this growth as much as under the Keating government's Working Nation labour market programs.<sup>35</sup>

Overall, the 1994 Working Nation package involved massive increases in spending and almost 75 per cent of the package went to employment and training programs. In contrast, the discussion of the nation building and jobs plan in the 2009–10 Budget contains no mention of labour-market programs.

The OECD has warned that labour-market programs are essential to prevent the large increases in unemployment turning structural<sup>36</sup> because, unless action is taken, the new unemployed could suffer long-term unemployment and become permanently excluded from the workforce. The majority of OECD member countries have boosted their labour-market programs in line with the OECD perception that 'most stimulus packages rightly include labour market and social policy measures to cushion the dire effects of the economic downturn on workers and low-income households'. Unfortunately, this is precisely the area where Australia's initiatives have fallen short. The magnitude of labour-market programs in Australia needs to be addressed but so too does their composition.

### **The need for better designed labour-market programs**

In addition to spending more on active labour-market programs, the government also needs to revise the way they are provided. There is a particular need to reform the way women interact with the programs.

The recent *Communiqué* from the Council of Australian Governments' (COAG) meeting in Darwin<sup>37</sup> announced a 'Compact with Retrenched Workers', which is an extension of the Youth Compact<sup>38</sup> to older workers. Retrenched workers will be entitled to undertake training that will provide them with a higher qualification but, to be eligible, applicants must have a letter of redundancy from their former employer and must register with a Job Services Australia provider.

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<sup>35</sup> P N Junankar, 'The new world of Australian labour market programs: An evaluation of the Howard-Reith labour-market reforms', *The Drawing Board: An Australian Review of Public Affairs*, 1:1, July 2000.

<sup>36</sup> OECD, OECD Economic Outlook: Interim Report, Paris, March 2009.

<sup>37</sup> COAG, *Communiqué*, Darwin, 3 July 2009.

<sup>38</sup> For details on the Youth Compact see K Rudd, J Gillard and K Ellis, *COAG secures a compact with young Australians*, joint media release, 30 April 2009, at [http://www.deewr.gov.au/Ministers/Gillard/Media/Releases/Pages/Article\\_090430\\_154925.aspx](http://www.deewr.gov.au/Ministers/Gillard/Media/Releases/Pages/Article_090430_154925.aspx).

It is probable that such a scheme will have little relevance for the majority of women who need to find employment. For example, a disproportionate number of women work as casuals and casuals do not get made redundant. Although the acquisition of higher qualifications is important for long-run advancement at the workplace on the part of the worker and for longer-term productivity from the national perspective, these sorts of initiatives are going to have little impact on the employment prospects of those who need work in the context of the present recession. However, such training guarantees are no doubt a valuable resource for those who do want to take advantage of them.

The Compact with Retrenched Workers also makes the point clearly that it is designed to link in with the other means that enable people to keep in contact with the government, in this case via job service providers. Such an initiative will completely bypass the many women who might have been able to benefit from the scheme but whose circumstances mean they do not come in contact with job service providers. This is perhaps the major lesson to be learned from examining the labour-market statistics detailed in the earlier chapters of this paper.

The specific findings on the behaviour of women in the labour market described in Chapter 2 have important implications for policy. To begin with, eligibility criteria for assistance, either financial or through labour-market programs, needs to address the hidden nature of female unemployment.

### **Employment schemes**

Employment schemes are chosen for their employment creation potential and are aimed at the direct employment of unemployed people. They can work well as a temporary safety net and as a way of providing much better incomes than are possible through unemployment benefits but they have not been considered during the present recession. However, their long-term impact is negligible in terms of improving the likelihood of an individual gaining employment after their program finishes.<sup>39</sup> There is a further issue with public employment schemes in that they tend to be 'blokey', involving construction or other outdoors activities that are traditionally associated with male employment.

The blokey nature of employment creation schemes reflects their concentration on such areas as construction projects, infrastructure maintenance and restoration projects. For policymakers and central departments, the attractive feature of those types of projects is that they have a clear ending whereas additional work at hospitals or schools is likely to be seen as encouraging a

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<sup>39</sup> A Dar and Z Tzannatos, *Active labor market programs: A review of the evidence from evaluations*, The World Bank Social Protection Discussion Paper Series No 9901, January 1999.

constituency for making the arrangements permanent. Regardless, projects such as addressing backlogs in data storage and the like can be found that are indoors and gender neutral yet have end points. It is very apparent when such jobs are finished.

The stereotypical labour-market programs are the public-sector employment schemes that provide work for unemployed and disadvantaged people. These have developed a bad name over the years; the Regional Employment Development (RED) and other schemes introduced by the Whitlam Government are examples. If there was a problem with the RED scheme it was one of haste, given the urgent need at the time to address the unemployment problem. As Barry Cohen, a minister in the Whitlam Government, explained years later:

There were weaknesses in the scheme, as detailed in a paper I wrote for the Labor caucus some years later, but they were mainly due to the Whitlam cabinet's failure to endorse Labor minister Clyde Cameron's recommendations to have job creation schemes in place in readiness for a sudden rise in unemployment. In early 1973, with near full employment, cabinet ignored his submission. When unemployment rose dramatically the following year the RED scheme was created on the run. Most flaws occurred due to this ad hockery.<sup>40</sup>

Clearly, the lesson is that planning should be in place once there is a hint that unemployment is likely to rise and Australia has had more than a hint in recent months. It is to be hoped that the design work has been happening to ensure that if employment creation schemes are needed, they operate as smoothly as possible. If, however, there has been no planning, the schemes may have to be implemented anyway, whatever the consequences.

In an important sense Australia is now experiencing the reverse of the problems of Whitlam's day. The stimulus packages—the make-work projects—seem to have been planned and are beginning to employ people but are not integrated into the unemployment issue. It is merely a matter of luck if the local school hall construction project addresses the problem of the local unemployed because projects are not being selected on the basis of local unemployment situations that they might assist. It is quite apparent that projects have not been selected because of their suitability for female employment nor, indeed, for males with a history of white-collar positions. Some areas will have high levels of female unemployment, some male; what we need are regional employment schemes that take such factors into account.

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<sup>40</sup> B Cohen, 'RED schemes are good', *The Australian*, 22 April 2009.

## Addressing women's needs

Labour-market programs need to reflect the present diversity of experience in Australia and provide for future developments. As noted, many women take the option of dropping out of the labour market altogether. This includes the large numbers of women in the important age group from 25 to 44 years of age who are likely to constitute 80 per cent of the hidden unemployed. Women with care responsibilities cannot start work next week—this is both a statistical definition problem as well as evidence of the need to provide good child care for women participating in labour-market programs as well as when they return to work.

There are likely to be many reasons for the hidden nature of women's unemployment but it suggests that intervention should be as early as possible. If it is true that large numbers of women move straight from employment into hidden unemployment, it would be preferable for intervention to take place at the point of job quitting or redundancy rather than at the Centrelink office. Women who are part of an unemployed couple may never show up at a Centrelink office. The intervention could include information about labour-market programs as well as the assistance itself.

Even those women who do maintain contact with the labour market (for example by conforming to the behaviour that the ABS records as officially unemployed) are less likely to claim benefits than are men. That is significant because it is usually assumed that the delivery of services, such as labour-market programs for the unemployed, can be achieved through the benefits system, which provides a link used by the government to make contact with many of the unemployed. But women are more likely to have either:

- become unemployed by the official definition but have no contact with Centrelink or other government programs; or
- become part of the hidden unemployed; or
- dropped out altogether.

Hence, as the example of the Compact with Retrenched Workers clearly shows, there is a strong case for including other communications mechanisms able to make better contact with women who are not currently in work.

There is evidence that some labour-market programs work particularly well for women. For example, data from the US show that public training programs have positive outcomes for women but not for men and dismal outcomes when it

comes to youth.<sup>41</sup> There are three crucial design features for training programs that seem to be associated with success:

- tight targeting on the participants
- keeping the programs small in scale
- including a strong on-the-job component targeted at local employers.<sup>42</sup>

Of course, the success of those measures relies on reaching the people who can be assisted and need to be assisted. Thus, communication is critical in order to reach women who have no regular relationship with the government or government agencies.

The government's social inclusion policy would appear to extend to women who lose contact with programs designed to assist the unemployed and/or who become part of the hidden unemployed or drop out altogether. Principle 1 of that policy says, in part, that it aims to 'promote equitable access to universal benefits and services for Australians in all their diversity, and invest more intensively in those at risk of, or experiencing, social exclusion'.<sup>43</sup> In the present context, that statement argues for labour-market support aimed specifically at women who are disadvantaged in the labour market but operate outside the normal channels.

Job-search assistance is reported as a particularly cost-effective measure with consistently positive outcomes for the unemployed. According to the Australian Government, 'It seems that investment in active placement and raising the motivation of the unemployed, as well as taking steps to encourage and monitor their job-search behaviour, pay dividends in terms of getting the unemployed back into work faster'.<sup>44</sup> Further evidence shows that job-search assistance seems to be most effective when economic conditions improve.<sup>45</sup>

### **Activation strategies**

Many OECD countries have introduced 'activation' strategies with the aim of encouraging the unemployed to be active in job search and to keep in touch with the labour market. Activation strategies include positive measures, such as the

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<sup>41</sup> J P Martin, 'What Works Among Active Labour Market Policies: Evidence from OECD Countries' Experiences', in G. DeBelle and J. Borland (eds), *Unemployment and the Australian Labour Market*, Proceedings of a Conference, Reserve Bank, 1998. Note that this author and some of the associated literature imposes a very strict test to determine what works.

<sup>42</sup> Martin.

<sup>43</sup> Australian Government, *Social Inclusion Principles for Australia*, [2008], at <http://www.socialinclusion.gov.au/Principles/Documents/SIPrinciples.pdf>

<sup>44</sup> Australian Government, *Social inclusion*, p.289–90.

<sup>45</sup> Dar and Tzannatos.

provision of effective job-search assistance, and negative measures, such as threatening to withdraw benefits unless the unemployed satisfy work tests or join education and training programs.

The data on unemployment and hidden unemployment in Chapter 2 show that activation strategies need to be extended to the hidden unemployed even though negative strategies will hardly work when there is no unemployment benefit to withdraw. But the hidden unemployed have to be identified and addressed with positive assistance measures such as help with public transport fares to get to interview appointments, job-ready courses and so forth.

### **Other issues**

The evidence reviewed above shows that many women who might benefit from labour-market programs move straight from employment to being out of the labour market altogether. These people are unemployed in the real meaning of the word and are at least as deserving as the official unemployed. Indeed, the probability that they will have young dependents means that they and their children are at particular risk of poverty. Communication with them is going to be a challenge as is the challenge of child-care arrangements discussed below.

The issues faced by women with some work but low incomes will be harder to address. Arguably, their continuing employment and income, albeit lower income, puts them into a category that is of less concern for policymakers. Two issues that need to be addressed in an industrial relations context are:

- the tendency of many businesses to reduce hours or wages or both, which must be carefully monitored in order to prevent abuse, and
- the likelihood that during downturns, female labour will receive lower wage increases, including those women who rely on the AFPC. A disproportionate number of women are at or just above minimum wages and so depend on the AFPC for their wage increases.

### **Child care**

Child care may be critical to the participation of women in training and other labour-market programs. The evidence reveals large numbers of women who may not be ready for work immediately but could be within four weeks or more. Child-care commitments seem to be a major issue but so is care for other members of the household. Women with caring responsibilities do not find it easy to drop everything, make alternative arrangements and resume the life of an employee. Just as child care is a vital issue for women in employment, so it will be for women's participation in labour-market programs.

## Income support

In the case of families adversely affected by the labour market, income support is a vital issue. As recommended in an earlier paper by The Australia Institute, the need for more adequate income support for the unemployed is of fundamental importance,<sup>46</sup> not least because increasing payments to at least parity with pension payments to the aged and other groups would act as a powerful economic stimulus. The only argument against higher payments to the unemployed is the possibility that the increase will be permanent rather than temporary as has been the case with most of the other stimulus measures. The answer, of course, is that much of the increase in spending will disappear when unemployment rates return to target.

## Superannuation

Superannuation issues were raised in Chapter 4. In addition to discussing the issue of income adequacy, we noted that much of the gender imbalance in super accumulations is due to broken work histories. Although the 2009 Budget introduced an historic reform in paid parental leave, it neglected proposals by the Productivity Commission<sup>47</sup> to address the need to maintain superannuation contributions during such leave. Nevertheless, there is a strong argument for distributing superannuation contributions to the unemployed, which could be funded via fewer tax concessions on superannuation for the rich.<sup>48</sup>

In developing proposals for the implementation of such a scheme, it will be necessary to pay attention to the greater propensity of women to be hidden from the system. Where both adults in a household are unemployed, for example, it is likely that only the male will apply for benefits, effectively screening his partner from government view. However, proposals for providing superannuation to the unemployed might include the choice of making contributions in a partner's name and could explore other mechanisms for sharing the super funding.

## The second adult

There is a case for offering work, or some labour-market assistance in anticipation of work, to the second adult in a relationship who may not have been in recent employment. For women who may have been unemployed for decades, counselling on re-joining the workforce might be necessary. Indeed,

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<sup>46</sup> D Ingles and R Denniss, *Increasing the Newstart Allowance: A necessary part of equitable fiscal stimulus*, Research Paper No 60, The Australia Institute, February 2009.

<sup>47</sup> The proposal that employers continue to make superannuation contributions appears in the draft report but was mysteriously dropped from the final report.

<sup>48</sup> See D Ingles, *The great superannuation tax concession report*, Research Paper No 61, The Australia Institute, February 2009.

the nature of the interrelationships between women's unemployment, labour-market programs and benefit provision needs review. The definition of unemployment, the design of unemployment benefits and the provision of labour-market programs seem to be based on the concept of the male as breadwinner, which may no longer be an accurate reflection of the situation or the best means of providing assistance.

As was mentioned very early in this paper, many women will be suffering indirectly as a result of male unemployment, especially when the male was the main or sole income-earner. Job prospects may be poor for those men working in male-dominated industries currently suffering from the recession (especially construction and manufacturing) and it may not be easy to return them to the workforce quickly. However, assisting people back into the workforce need not be aimed specifically at the worker who has just lost a job when there are two adults in the household. Targeting the non-traditional breadwinner as well as the unemployed breadwinner makes sense when the evidence reviewed earlier shows women do benefit from labour-market programs. But again, such a strategy raises communications issues.

## 6. Conclusions

The review of the labour-market experience of the earlier recessions revealed that while unemployment rose dramatically and quickly with the onset of recession, it was slow to recover after the recession. As a result of the present downturn, Australia is expecting unemployment to peak at around 8.5 per cent and it is assumed that high levels of unemployment will persist for a considerable time after the peak as will the need to assist the unemployed.

This paper has raised a number of issues relating to the specific experience of women in recession with the aim of coming to a better-informed position on how policy should respond.

Generally, the industries in which women are concentrated are those that have fared better during the recession so far. Obviously, many women will have been seriously affected but the overall numbers of employed and unemployed will not change as much as the totals because, to some extent, women are protected from the recession by the type of industry in which they are concentrated. So far, female employment has held up reasonably well in this recession as it did in previous ones. However, these overall impressions conceal deeper issues.

This paper holds the view that the recession has not had and is not likely to have a disproportionately large effect on women but it will worsen the chronic tendency for them to do badly in the labour force due to the following.

- Women are over-represented among the hidden unemployed.
- Even when they are included among the officially recorded unemployed, they are less likely to seek benefits or otherwise stay in touch with the government.
- They are paid less, their working lives are prone to interruptions and, as a result, they have much lower superannuation balances and therefore lower retirement incomes.
- Many women move directly from employment to being completely out of the labour market and back again. Outside the labour market they have been ignored or incorrectly presumed to be irrelevant—yet two per cent of the female labour force move in each direction each month. Moreover, many of these people will consider themselves just as much unemployed in the real meaning of the word as those who make it into the official definition.
- Women are over-represented among the underemployed, which involves working fewer hours than they consider optimal. This phenomenon has

worsened with the current recession as it did in previous recessions. However, underemployment is not an easy issue for governments to address.

There are a number of other issues that will influence the policies designed to assist women impacted by the recession. For example, there is a wide variation in unemployment rates across regions and the regional dimension is a critically important issue when planning labour-market programs. In addition, there is the fundamental issue of child care and other caring responsibilities, which seriously constrain how women can respond not only to job opportunities but also to labour-market and training programs.

Because recessions make it harder to find work, it is reasonable to expect both women and men to experience employment punctuated by spells of unemployment during a downturn. For women, the dominant flows are from employment to moving completely out of the labour force and back again without necessarily going through the unemployment stage. Women who disappear and reappear in this way are not reached by traditional labour-market programs because these flows are not properly understood and are not catered for by policy but many of the people involved are likely to be as worthy of support and assistance as those who remain officially unemployed.

Having explored the impact of the recession on women's labour-market experience, the discussion turned to the impact of the government's response to the recession. This has involved two stimulus packages, in October 2008 and again in February 2009, and a series of initiatives that were announced in the May 2009 Budget. All of the measures were examined in order to determine whether or not there was any gender bias because the concentration on infrastructure projects sounded very 'blokey'.

By tracing the stimulus through the affected industries and the inputs into these industries, it is possible to calculate the total employment effects and break those down by gender. The surprising result is that, overall, the stimulus displays only a small bias against women. The direct employment impact of construction is male-intensive but not very large and the indirect effects, found by tracing through the inputs into construction as well the inputs into the inputs, are much less male-intensive. Thus, the total employment effect of construction spending is less male-intensive than might at first appear. In addition, the other parts of the stimulus package, which involve retail and public services in particular, are either female-intensive as in retail or neutral as in public services.

It is, however, possible to conclude that the stimulus package might have had a greater employment impact for both males and females if it had been redirected

towards public services. There is a need for ongoing investment in child care, health and aged care, which would stimulate jobs, especially women's jobs, and remove some of the constraints against women re-entering the labour market.<sup>49</sup> On the estimates here, stimulus spending on public services would have twice the employment impact of spending on construction projects.

A major difference between the present response to the recession and the policy responses in earlier recessions is the role of labour-market programs; there is little evidence in either the 2009 Budget or the stimulus packages that the government sees any need to expand these programs. The view canvassed in this paper is that labour-market programs should play a larger role but their design needs to cater for women who are disadvantaged in the labour market. Hence, a good part of the policy emphasis should be aimed at enhancing the schemes and making them female-friendly. This would be consistent with the government's social inclusion policies.

A significant part of this paper examined women's financial position and how this is likely to be affected by the recession. It is accepted that women tend to earn less than men even when other factors such as hours, employment status and occupation are controlled. In fact, the raw data show that men earn about two thirds more than women, a figure that will likely blow out as a result of the recent decision by the AFPC. Even after adjusting for part-timers, casuals and occupation, there remains a substantial difference. However, it is the actual figures for earnings that will dictate women's financial resources.

The best data available on women's financial assets relate to superannuation and clearly show that earnings inequalities are reflected in superannuation balances and are roughly equal. Women's super balances may be a little lower than might be expected from earnings inequalities and that is probably best explained by the broken work history experienced by many of them.

Although women's superannuation wealth is much lower than men's, their needs are objectively greater. The gender inequality in superannuation wealth looks much worse when it is related to the years likely to be spent in retirement as demonstrated in the example of a man and a woman with average total retirement balances for their sex and the same retirement age (65 years), who run down their super balances at the minimum wage of \$544 a week. The man's income lasts well beyond his life expectancy while the woman's income stops six years short of hers.

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<sup>49</sup> In the case of child care for example, there is a large unmet need for before- and after-school and vacation child-care arrangements, which would improve the participation of women in the workforce as well as creating employment opportunities.

The fact that women's financial positions are so much more fragile means they are more likely to be threatened by the interruptions caused by the recession, which will compound the interruptions many women already face due to child-care responsibilities. This situation suggests that there is a case for superannuation contributions to support women who are out of the workforce from time to time.

These conclusions were used to draw policy implications, most of which have already been discussed. But some points should be emphasised.

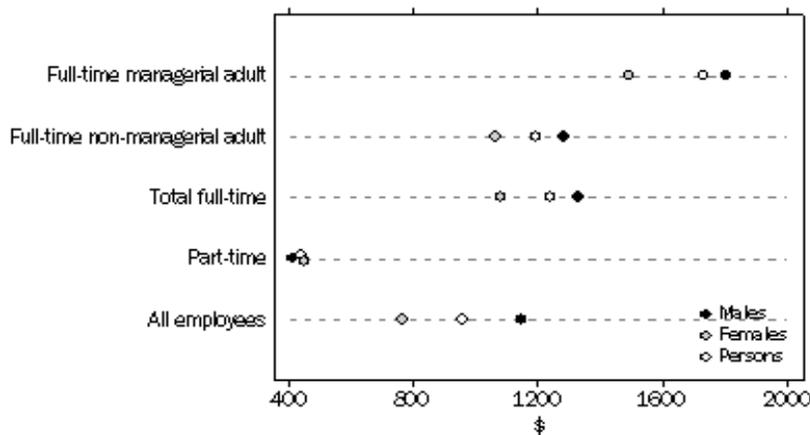
- Women have not been as dramatically affected by the recession as men; rather, women in the labour market already faced chronic difficulties, which will be exacerbated by the recession.
- The stimulus could be rebalanced in favour of first, public-service spending for better employment effects and second, greater emphasis on labour-market programs.
- Stimulus projects have been chosen for their intrinsic merits rather than their employment creation impacts, suggesting that perhaps the government has gone too far in the other direction from the Whitlam Government's make-work schemes.
- Women tend to benefit disproportionately from labour-market programs but, as traditionally designed, these programs are likely to miss many of these who could profit.
- Objective assessments of the labour market and the design of appropriate programs need to reflect the actual movements of women into and out of the workforce.

## Appendix A

### Composition and distribution of earnings and hours<sup>50</sup>

**Composition:** In August 2008, average weekly total cash earnings was \$957.90 for all employees, \$1,146.50 for male employees and \$762.30 for female employees. Average weekly total cash earnings was \$1,257.40 for full-time adult employees and \$440.30 for all part-time employees. Overtime payments accounted for 4.0% of average weekly total cash earnings of all employees and 5.4% of average weekly total cash earnings of full-time non-managerial employees.

#### Average weekly total cash earnings, August 2008



**Salary sacrifice:** The average amount salary sacrificed across all employees was \$42.60, or 4.4% of average weekly total cash earnings. For those employees with a salary sacrifice arrangement, the average amount salary sacrificed was \$250.50, or 17.4% of average weekly total cash earnings. Of these employees, full-time managerial adults salary sacrificed, on average, 22.5% of average weekly total cash earnings, compared with 14.7% for full-time non-managerial adult employees and 27.4% for all part-time employees.

**Sector:** Average weekly total cash earnings of all employees was higher in the public sector (\$1,106.90) than the private sector (\$922.40).

**Industry:** Average weekly total cash earnings of all employees was highest in the **Mining** industry (\$2,033.90) and lowest in the **Accommodation and food services** industry (\$451.40).

<sup>50</sup> ABS, *Employee Earnings and Hours, Australia, Aug 2008*, Cat No 6306.0, 17 June 2009

**Occupation:** Among major occupation groups, **Managers** had the highest average weekly total cash earnings (\$1,706.90) while **Sales workers** had the lowest (\$563.20).

**States and territories:** The average weekly total cash earnings of all employees was highest in the Australian Capital Territory (\$1,137.60) and lowest in Tasmania (\$823.00).

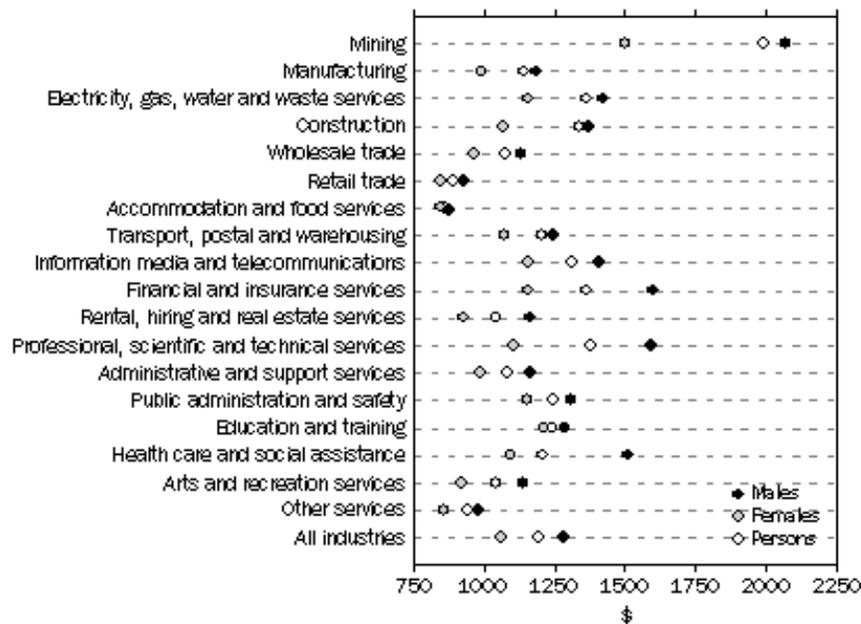
### **Full-time non-managerial adult employees**

In August 2008, average weekly total cash earnings was \$1,194.40 for full-time, non-managerial adult employees, (\$1,280.40 for males and \$1,062.30 for females). For this category of employee, average weekly total hours paid for was 39.7 hours (40.6 hours for males, 38.3 hours for females). The average hourly total cash earnings for full-time, non-managerial adult employees was \$30.10.

**Sector:** Average weekly total hours paid for was higher in the private sector (40.2) than in the public sector (38.0). In contrast, average hourly total cash earnings was higher in the public sector compared with the private sector (\$34.10 and \$29.00 respectively).

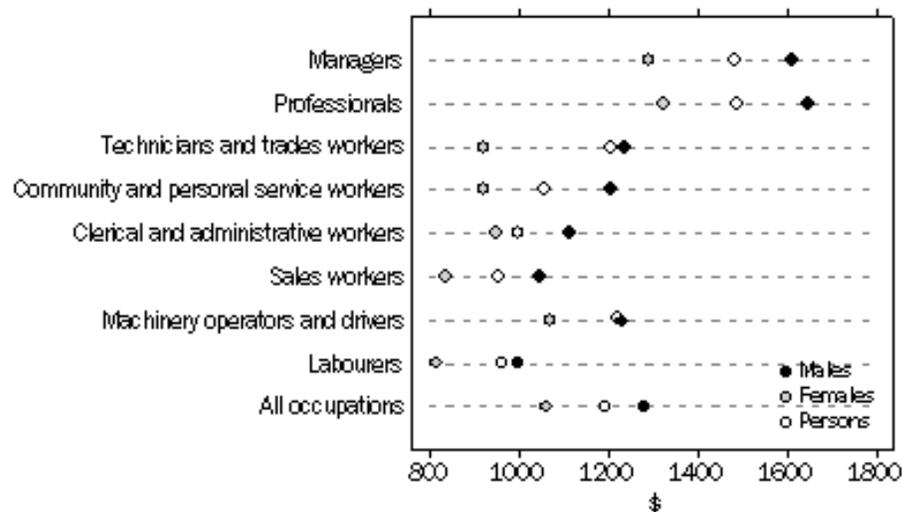
**Industry:** Average weekly total hours paid for was highest in the **Mining** industry (43.9 hours) for full-time, non-managerial adult employees and lowest in the **Education and training** industry (36.8 hours). The **Mining** industry also had the highest average hourly total cash earnings (\$45.30) for full-time, non-managerial adult employees while the lowest was in the **Retail Trade** (\$22.60) and **Accommodation and food services** (\$21.50) industries.

### Average weekly total cash earnings by industry—Full-time, non-managerial adult employees



**Occupation:** Among the major occupation groups, **Machinery operators and drivers** had the highest average weekly total hours paid for (43.7 hours) and **Professionals** had the lowest (38.0 hours). The ratio of female to male average weekly total cash earnings for full-time, non-managerial adult employees was highest for **Machinery operators and drivers** (86.9 per cent) and lowest for **Technicians and trades workers** (74.6 per cent) and **Community and personal service workers** (76.3 per cent).

### Average weekly total cash earnings by Occupation—Full-time, non-managerial adult employees



**States and territories:** Average weekly total cash earnings for full-time, non-managerial adult employees was highest in Western Australia (\$1,316.80) and the Australian Capital Territory (\$1,314.80) and lowest in Tasmania (\$1,043.80). For this group of employees, the average weekly total hours paid for was highest in Western Australia (41.4 hours—39.3 ordinary time hours and 2.1 overtime hours), and lowest in the Australian Capital Territory (38.1 hours—37.3 ordinary time hours and 0.7 overtime hours).

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# The Australia Institute

Research that matters.

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The Institute is funded by memberships, donations from philanthropic trusts and individuals, and commissioned research. With no formal political or commercial ties, the Institute is in a position to maintain its independence while advancing a vision for a fair and progressive Australia.

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With new dilemmas confronting our society and our planet, a better balance is urgently needed. Unprecedented levels of consumption co-exist with extreme poverty. Technology has connected humanity as never before, yet civic engagement is declining. Environmental neglect continues despite heightened ecological awareness. If genuine progress is to be achieved, conscience, equity and concern for the future must be the guiding principles of our democracy. Socially just, environmentally responsible and economically viable solutions are possible but only if insightful questions are combined with excellent research.

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