

## Women's Electoral Lobby (Australia) Inc

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### Pre-Budget Submission January 2012

WEL is a political lobby group, which aims to influence power holders, such as politicians, union leaders, and bureaucrats, to adopt policies that help improve the position of women in society. We focus on policies that most affect women.

This submission, which outlines WEL's policy recommendations for the 2012 – 2013 Federal Budget, covers the following policy areas:

1. Clean Energy
2. Children's Services
3. Employment
4. Tax Reform and Superannuation
5. Affordable Housing

WEL Australia is part of the Equality Rights Alliance (ERA) and supports a number of ERA's policy recommendations for the 2012-13 Federal Budget, as indicated in our attached recommendations. We also support ERA's recommendations in relation to Violence Against Women as included in ERA's own submission.

Helen L'Orange  
Chair, WEL Australia



## 1. Clean Energy Policy – Equity in Household Assistance

### Background

There is a need for equity in household assistance proposed in the Australian Government's Clean Energy Future Plan for unemployed people, sole parents and students as for recipients of the Age Pension in comparable situations.

The Australian Government is providing household assistance to compensate for the impact of the carbon price. More than half the revenue raised will be paid in the form of tax cuts, higher family payments and increases in pensions and allowances. (See *Securing a Clean Energy Future – A Climate Change Plan*) The assistance is designed to ensure that the impact of the carbon price can be managed by low and middle income households. There are inequities, however, embedded in the social security system resulting in gaps between payments to aged pensioners as compared with unemployed people and sole parents and those on a Youth Allowance.

These differences in current base rates for some recipients will mean that household assistance under the Clean Energy Future Plan will be inadequate for unemployed people, sole parents and those in receipt of a Youth Allowance. (See detailed analysis and tables in ACOSS Paper 177 – *The Clean Energy Future package, households on low incomes and the community services sector*. August, 2011. [www.acoss.org.au](http://www.acoss.org.au) )

This inequity should be addressed as a matter of urgency, either in the carbon package itself, by implementing the \$50 per week increase in Allowance payments recommended in the Henry Tax Review, or by extending the \$10 per week Utilities Allowance to those social security recipients who are currently ineligible.

WELA welcomes the provision by the Government of the greatest assistance for those on low incomes, but it is not fair or equitable that unemployed people, sole parents and students do not receive the same level of assistance as pensioners in comparable situations due to the decision that existing social security payments will be increased by 1.7% across the board when there are differences in base levels of payments.

### Recommendation

That inequities in proposed household assistance be addressed by implementation of an increase of \$50 per week in allowance payments (Newstart and Youth Allowance) OR by extending the \$10 per week Utilities Allowance to those social security recipients who are currently ineligible.



## 2. Children's Services

### Background

The questions of concern to users of services include the costs of services, the availability and distribution of services and the appropriateness to meet demands.

The costs of care have risen substantially and further increases are possible as further regulatory changes are made. There are shortages of services in some areas and particular shortages for some age groups, including OOSC services for older children (9-14). Costs are paid out of the lower earners' pay and so can be a disincentive. While the government is claiming that costs as a proportion of income have dropped, its estimates are based on an unstated average fee. As fees in Sydney, for example, go from around \$65 per week (rare) to \$120 plus, averages are not good indicators of costs to many individuals.

Another issue is supply with the withdrawal of councils and schools as providers of services.

### Recommendations

1. That the Government take into account the findings of the forthcoming (March 2012) workshop on strategies to expand the pool of Out of School Hours service providers. This workshop is being co-sponsored by ERA, Security for Women and NFAW.
2. In the short term in 2012-2013 extra funds should be made available:
  - To cover establishment grants for new OOSC services both targeted for older children, and, where demand exceeds supply in identified areas, for younger children.
  - To offer extra subsidies for low income families to reduce the gap fees to no more than \$8 per day or \$30 per week for families on less than \$50,000 per annum, and a sliding scale above this.
3. That WEL endorses the position of ERA and NFAW as put forward in their submission to the 2011 Tax Forum, "Women's Voices" as follows:
  - Parents using out of school care (OOSC) and vacation care services should be entitled to benefits on the same basis as approved child care services on condition that the person supervising the child(ren) holds appropriate qualifications and the daily cap should be adjusted to reflect the hours of care; and
  - The programs offered in OOSC for older children (9 – 14) should be reviewed to ensure they are appropriate for the target age group.
  - Parents using child care services in the home should be entitled to benefits on the same basis as approved child care services on condition that the person caring for the child(ren) holds appropriate qualifications and immigration status, and that all relevant industrial relations and Occupational Health and Safety obligations are met.
  - The fringe benefits tax exemption for child care benefits provided by an employer is currently very restrictive, and only available to a limited number of employees. We recommend:
    - The current FBT exemption for child care be extended to include payments to approved child care providers outside the employer's premises, but the exemption be capped equivalent to CCR; or
    - Alternatively the existing FBT exemption should be removed.



### **3. Employment**

#### **Background**

The current proceedings relating to equal remuneration for employees in the social and community services sector have been before the Full Bench of Fair Work Australia (FWA) since April 2010. The Full Bench has accepted that there is not equal remuneration for these employees and on 16 May 2011 it sought further submissions on the nature of the equal remuneration order which should be made. On 8 December 2011, after further hearings, it reserved its decision.

The Federal Government has made a strong commitment to implement FWA's final orders.

#### **Recommendations**

WEL very strongly commends the Federal Government for its commitment to fund the forthcoming Fairwork Australia decision.



## 4. Tax Reform and Superannuation

***WEL endorses ERA's submission on this issue, which states:***

### **Background**

Most women do not have adequate superannuation in retirement because the system is based on workplace earnings, impacted by caring responsibilities or other barriers to paid work. By 2019-20 women will hold \$600 billion, or one third of total projected superannuation assets of \$1,800 billion. ASFA quotes a projected real average superannuation balance for women of \$77,000 in 2019, and \$121,000 for men.

One issue is the Superannuation Guarantee Charge threshold. Participants in consultations by the NFAW in 2010 gave examples of women being employed by several different employers with each employer limiting the hours so that the worker remains under the monthly threshold. Removing the \$450 per month limit would entitle all workers to some superannuation. However, this must be implemented in such a way that employers do not reduce wages for workers who already have low pay.

Tax concessions mean high income earners receive a substantial public subsidy to their retirement income. The top 12% of income earners currently receive more than 50% of at least \$15b in tax concessions on superannuation contributions, and the top 20% of income earners receive more in tax concessions over their lifetimes than they would have received if paid the maximum rate of Age Pension. Retirees who have little or no super face difficulties in managing any extra capital costs. An extra funding system could be introduced to assist with small capital needs for these mainly female Age Pensioners. This should be funded by a superannuation surcharge. The superannuation surcharge of 10% on those with income over \$99,000pa raised revenue of \$1,289m in 2005-06. A Fair Retirement Supplement program, funded by a superannuation surcharge on the top 12% of income earners, could deliver small grants to Age Pension recipients for capital expenses such as house repairs. This would provide some relief to retirees on low incomes, without reducing the incentive for most Australians to contribute to superannuation.

There have been many reports on the effect of affordable access to quality child care on women's workforce participation. Calculation of Child Care Benefit (CCB) entitlement and Child Care Rebate (CCR) is extremely complex, requiring consideration of income and work tests, type of care, number and ages of children. This complexity makes it more difficult for women to understand the financial net effect of returning to paid work. Combining CCB and CCR into a single benefit that takes into account the variable cost of child care in different areas will enable more women to participate in the paid workforce.

### **ERA Recommendations endorsed by WEL**

1. Remove the threshold below which employers are not required to make superannuation contributions, managed in a way that does not reduce the wages of low paid workers.
2. A surcharge of 10% on the superannuation contributions of the top 12% of income earners to fund a Fair Retirement Supplement program.  
Estimated investment and revenue: \$750m in 2013-14 funded through superannuation surcharge.



#### 4. Tax Reform and Superannuation (cont.)

3. Implement recommendation 99 of the Henry Report, combining CCB and CCR into a single benefit, without reducing child care benefits to low income households.

The combined benefit must be work tested to prioritise access enabling parents to work, study, or attend training; and means tested to ensure that the contribution from low income families does not exceed 10% of the actual cost to the child care provider of providing care.

The combined benefit should take into account local variations in child care costs without encouraging fee gouging.

**Estimated investment:** Cost neutral. Administrative savings could be used to increase rates.



## 5. Affordable Housing

### Background

WEL believes that the availability of affordable, suitable and secure housing for all Australians is critical for achieving social justice and cohesion. It is of particular concern for women who are disproportionately represented amongst lower income earners and as the victims of domestic and family violence, and who are more likely to be responsible for the upbringing of children. There is also a higher rate of poverty among older women living alone or needing aged care. Yet a significant number of Australians, mainly low to moderate income earners, are suffering from housing stress or homelessness.

Some issues of concern are:

- Over one million families in Australia are estimated to be in housing stress ie paying more than 30% of their income in housing costs.
- There is a significant shortage of affordable private rental housing stock throughout Australia. Eg In NSW in September 2010, only 44% of available rental stock was affordable for low to very low-income families.
- In June 2010, the waitlist for social housing in Australia was 248, 419.
- About 105,000 Australians are estimated to be homeless. There is some evidence that rising rents, family breakdown and the current economic downturn are pushing more women, especially older women, into homelessness. Since 2007/8, women over the age of 45 outnumber older men in government funded shelters.
- Barriers to accessing affordable housing mean that women escaping from domestic violence continue to rely heavily on emergency accommodation, and for longer periods of time. This situation increases the risk of long term homelessness or return to a violent situation. One study has indicated that women are increasingly facing lengthy and fragmented processes when attempting to obtain safe, secure and affordable housing

### Recommendations

1. WEL strongly endorsed ERA's call for more gender based metrics in relation to how women are impacted by the shortage of affordable housing, such as gender disaggregated data in relation to the outcomes of the National Affordable Housing Agreement, National Partnership Agreements, National Rental Affordability Scheme, and Social Housing Initiative.
2. WEL further joins Shelter & other advocacy groups in urging for the development of a National Housing Strategy as a policy framework for NAHA Mark II, covering a range of affordable housing options such as affordable rental, transitional/supported housing, home ownership programs and housing controlled by Aboriginal and Torres Strait Islander people.
3. As proposed by ERA, WEL supports the implementation of Recommendation 14 of the Henry Tax Review to reduce capital gains tax exemption. This could provide additional funding for increased expenditure on affordable housing programs. For every 10% reduction in the capital gains tax exemption, tax revenue would increase by \$1b. By reducing the capital gains tax exemption from 50% to 40%, unless the gain is in relation to affordable and social housing through approved entities, Government could invest an additional \$1b per year in the National Rental Affordability Scheme, or other affordable housing programs.