

Women and economic inequality

Women's role in the economy

Women play a vital role in the Australian economy. Women make up 46% of the paid workforce, providing vital services to the community and contributing their taxes to the economy.

Women also give birth to the next generation of Australian workers and provide most of the care needed for children to reach a healthy and productive adulthood. Women also provide most of the unpaid care for the elderly and people with disabilities in their families and communities.

However, women do not receive fair compensation for their unpaid contribution to our economy, nor fair remuneration for their paid work.

Women and unpaid work

Unpaid work, largely performed by women, is rarely acknowledged in economic calculations. And yet if women ceased their unpaid work, the effects on the economy would be profound. As stated by a prominent Australia economist:

Unpaid or non-market work, and the output that results, are largely invisible in conventional economic statistics, yet this output is likely to be an important component of the 'real' economy that comprises both market and non-market production.

Much of this non-market work can be classified as household production, involving child care, housework and preparation of meals, but non-market work also includes unpaid caring for elderly people and people with disability, and voluntary work (e.g. for a charity). Self-evidently, if all household production, unpaid caring and voluntary work were to cease, many people would be adversely affected, in many cases profoundly so. It therefore follows that unpaid work makes an important but largely unmeasured contribution to our living standards.

Wilkins, R, *Report on HILDA Survey, 2014*

Reputable research by the Australian Bureau of Statistics and by the University of Melbourne Faculty of Business and Economics (HILDA Report) has consistently demonstrated that women in couple households invariably do more unpaid work at home than men, regardless of whether the woman is engaged in paid employment. The latest HILDA article on this issue observes that part-



nered men and women with dependent children both have very high mean weekly working hours (72 hours and 79 hours respectively), but that the composition of those hours differs markedly between men and women. In this survey group, 45% of men's working hours are in paid work, while only 22% of women's work is paid work. Conversely, 78% of the work of women in this category is unpaid work.

Women as carers

Apart from taking primary responsibility for child rearing, women in Australia also provide a high proportion of the unpaid informal care required by family members or friends with disabilities or long-term health conditions or persons who are elderly.

70% of primary carers in Australia are women. Women are economically disadvantaged by their caring responsibilities, as being a carer has more impact on the ability to engage in employment for women than for men.

Women and paid work

Earnings

In Australia, women earn less than men, on an hourly, weekly and lifetime basis.

The gender pay gap in Australia is currently 18% or 21 % (according to two different ABS reports) and has never been less than 15% for the past two decades. The gender pay gap is the difference between women's and men's average weekly full-time equivalent earnings, expressed as a percentage of men's earnings. Note that these fig-

ures apply to full-time employees only; if part-time employees (most of whom are women) are included, the gender pay gap is much larger.

The gender pay gap can be attributed to:

- women doing the same work as men but earning a lower salary, including less penalty rates, overtime, performance payments, bonuses and superannuation contributions;
- women and men working in different industries (industrial segregation) and different jobs (occupational segregation). Historically, female-dominated industries and jobs have attracted lower wages than male-dominated industries and jobs because of gender-related undervaluation.
- the effect of breaks in service and part-time work on mother's and carer's earnings and careers; and
- barriers women face in career development and access to leadership positions.

Lifetime earnings

Over a lifetime, men are likely to earn far more than women. Not only does this disadvantage women during their working lives; it also has an impact on their financial security in retirement.

Retirement incomes

In retirement, men on average have considerably higher incomes than retired women. 15% of men rely on super as their principal source of retirement income compared to only around 7% of women.

Women have just under half as much superannuation as men. The average superannuation balance for women at retirement is \$138,150 compared with \$292,500 for men. Around 60% of women aged 65- 69 report having no superannuation at all. Twice the amount of superannuation tax concessions flow to men than to women, despite women clearly needing the most financial support.

Amongst the over-65s, women are more likely than men to be relying solely on the old age pension for their income. In the foreseeable future the eligibility age for the age pension will increase, and women, who are more likely to be reliant on the age pension, will be disproportionately disadvantaged by this.

Questions for discussion

1. What are the likely disadvantages of pay inequity for women workers?
2. What is the likely impact on the Australian economy of the gender pay gap?
3. What are some strategies that governments, employers and unions could adopt to reduce the gender pay gap?
4. What strategies could be adopted to improve women's retirement incomes?
5. What strategies could be adopted by governments to recognise women's contribution to the economy as carers?

References

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ABS (2014) *Employee Earnings, Benefits and Trade Union Membership Survey*, Cat no. 6310.0.

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ACTU (2016) *The gender pay gap over the life cycle*.

ABS (2012) *Disability, Ageing and Carers, Australia: Summary of Findings*, 2012, Cat no 4430.0.

Wilkins, R, *Time spent in paid and unpaid work in A Statistical Report on Waves 1 to 11 of the Household, Income and Labour Dynamics in Australia (HILDA) Survey*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, 2014.

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