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# women's **financialsecurity**forum



Lifting women in Australia out of financial hardship



## Participants' briefing pack

September 2018



## Introduction

On Thursday 13 September, Right Lane Consulting will be hosting the Women's Financial Security Forum. This forum will bring together passionate and like-minded individuals and organisations with an aim to develop an agenda and work program to promote and improve the financial security of women in Australia – particularly women facing financial hardship.

To build context and help with discussions on the day, we have developed a briefing pack which will explore the current state of women's financial security in Australia and Right Lane's theory of change.

**This briefing pack is structured into four sections:**

1	<b>Reviewing the situation all women face</b>	This section outlines the systemic disadvantages that all women face in their lives.
2	<b>Exploring the potential triggers of financial hardship</b>	Here we will explore some of the triggers that can push women already facing systemic disadvantages into financial hardship.
3	<b>Sharing lived experiences</b>	By sharing the real lived experiences of women facing financial hardship, this section will bring to life these systemic disadvantages and financial triggers.
4	<b>Outlining Right Lane's theory of change</b>	We will deep dive into the five elements we believe can drive change for women who are facing, or vulnerable to, financial hardship.



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## Women face systemic disadvantages in society, which act as headwinds to achieving financial security

All women face a number of systemic disadvantages in society which adversely impacts their ability to achieve and maintain financial security. Through our research and interviews, we identified **five obstacles women face throughout their life.**

1

Women are more likely to play the primary role in household duties and caring for children and family members

2

Women represent a higher proportion of the part-time and casual workforce

3

Lower average financial literacy scores impact on women's financial resilience

4

There is a 22% gap between women and men in total remuneration for full-time employees

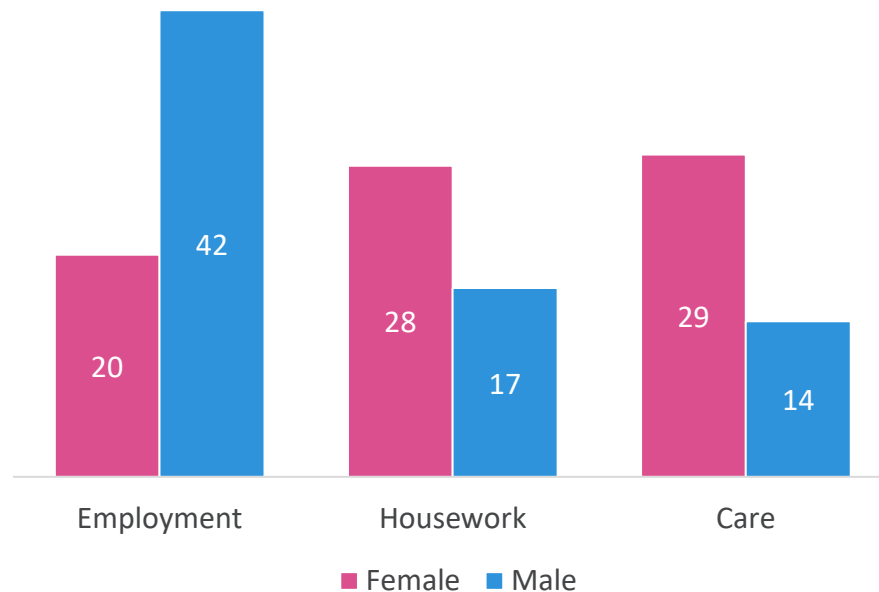
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At retirement age, the average super balance for women is half that of men



## Women play the primary role in household duties and caring for children and family members

Mean time spent on employment, housework and care for males and female in defacto relationships with children<sup>1</sup>



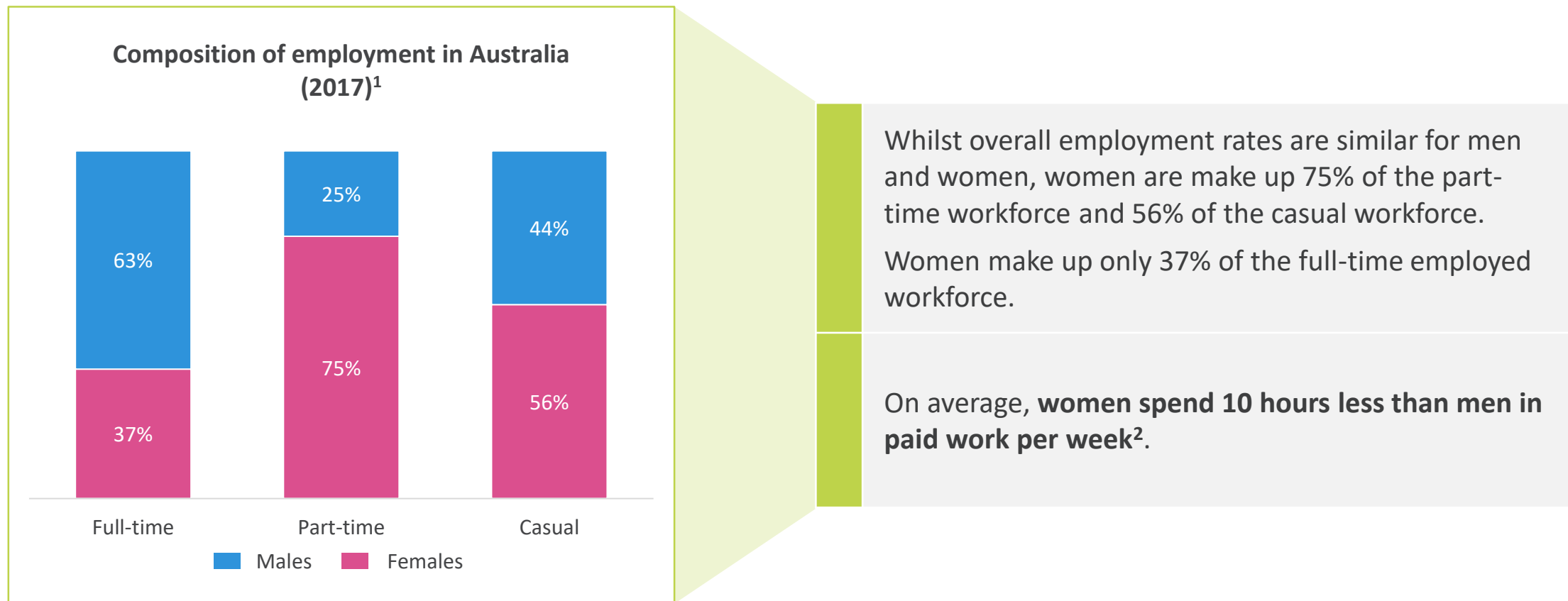
- In households with children, women will, on average, spend 26 hours more per week than men in performing household and care work – resulting in a 22 hour gap in average time spent in paid employment.
- The responsibilities of caring for a newborn greatly impact women's engagement in paid work:
  - Mothers take, on average, **32 weeks maternity** leave from work (paid and unpaid) for their child's birth and subsequent care<sup>2</sup>.
  - For mothers with a child under two years, **34% have not returned to work and are not on paid or unpaid maternity leave** – the primary reason being mothers choosing to stay home to care for their child<sup>2</sup>.

The combined responsibilities of household duties and childcare limits women's engagement in the workforce, **adversely impacting their earnings, career progression, and opportunities.**

Source: 1 – Melbourne Institute Applied Economic and Social Research, 2018: The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16; note that data is for de facto households – the time allocation for married households with children is similar  
2 – ABS: 4102.0 – Australian Social Trends, November 2013



## Women represent a higher proportion of the part-time and casual workforce



Source: 1 – Melbourne Institute Applied Economic and Social Research, 2018: The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16  
2 – Workplace Gender Equality Agency, 2018. Viewed at: [http://data.wgea.gov.au/industries/1#pay\\_equity\\_content](http://data.wgea.gov.au/industries/1#pay_equity_content);



## Lower average financial literacy scores impact on women's financial resilience

**Difference in financial literacy scores between men and women (positive values indicate men scored higher)<sup>1</sup>**



The 2018 HILDA survey found a gender divide in financial literacy over five key categories, with the average score for women lower across the board.

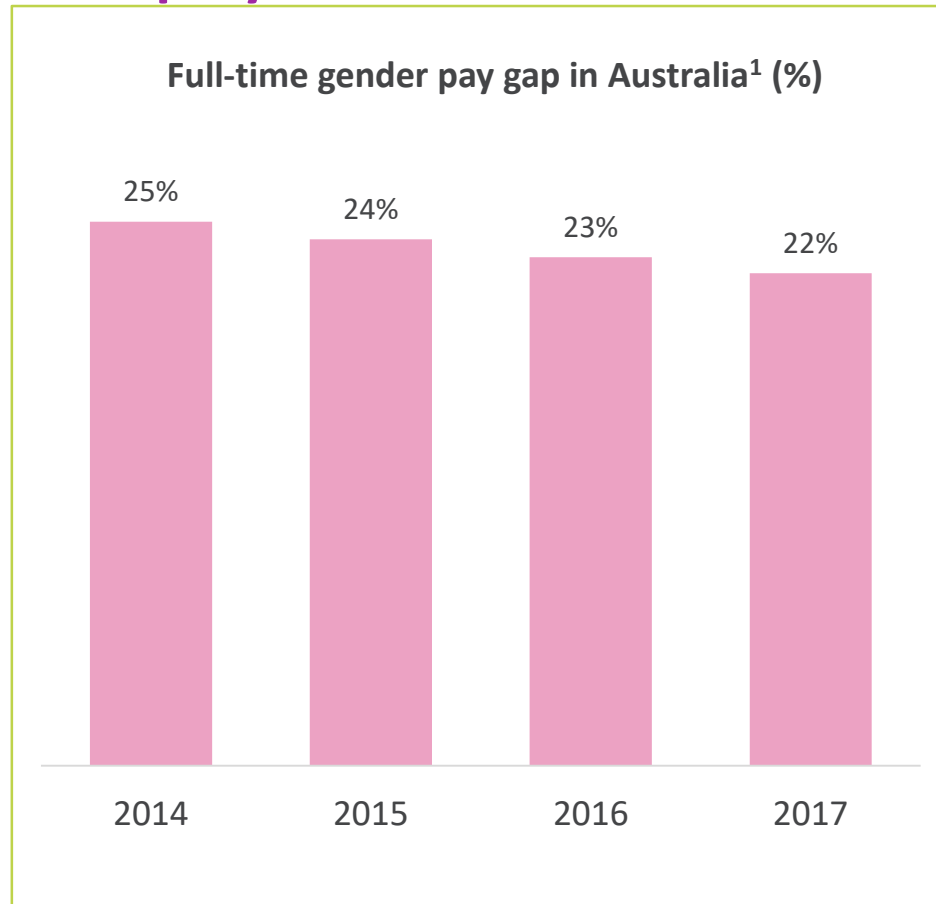
The survey recognised that lower literacy rates affected financial behaviours, resulting in lower:

- **willingness to take financial risk** – which may negatively impact investment decisions (such as purchasing a home)
- **involvement in household finances** – reducing awareness of day to day costs
- **propensity to save regularly** – limiting the amount of cash available to meet unexpected costs
- **likelihood to hold a credit card** – reducing access to emergency funding.

This literacy gap, and the associated financial behaviours, **has a negative impact on women's financial resilience.**



## There is a 22% gap between women and men in total remuneration for full-time employees



Despite awareness and advocacy for pay equality, the gender pay gap has only reduced by 3% in the past three years.

The gender pay gap is influenced by a number of factors, including:

- bias in hiring and remuneration decisions
- women's disproportionate share of unpaid caring and household work
- women's disproportionate representation in lower paid 'caring' professions – e.g. childcare, personal care
- lack of flexible workplaces that accommodate caring and other responsibilities, particularly in senior roles
- women's greater time out of the workforce impacting career progression and opportunities.

With a total remuneration gap of 22% in 2017, **women typically take home \$500 less than men per week** in total remuneration.

Note: Total remuneration includes all forms of benefits received through employment (base salary, bonus, other benefits etc.)  
Source: 1 – Workplace Gender Equality Agency, 2018: Gender Equity Insights 2018.





## At retirement, women typically have only accrued 42% of the super balance of men

On average, the super balance at retirement<sup>1</sup> is ...

**\$270k**

for men

**\$157k**

for women

... reflecting a **super balance gap** of

**\$113k** or **42%**

Women accrue a lower super balance during their working life to support themselves in retirement, driven by the cumulative effect of:

- spending less time in paid work per week;
- receiving lower total remuneration; and
- being out of the workforce for maternity or carer's leave.

The combined effect of these headwinds is that women have **\$113k less in super savings than men** at retirement age.



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## In this situation of systemic disadvantage, one or more triggers can push women into financial hardship

With all the systemic disadvantages which threaten women's financial security, one or more bumps in the road can be enough to push them into financial hardship.

Our research has identified **four key triggers** which can push women into financial hardship.

1

Women facing financial hardship are vulnerable to sudden changes to income

2

Separation and divorce can leave women in a precarious financial situation

3

Violent domestic situations often result in women and children leaving the family home

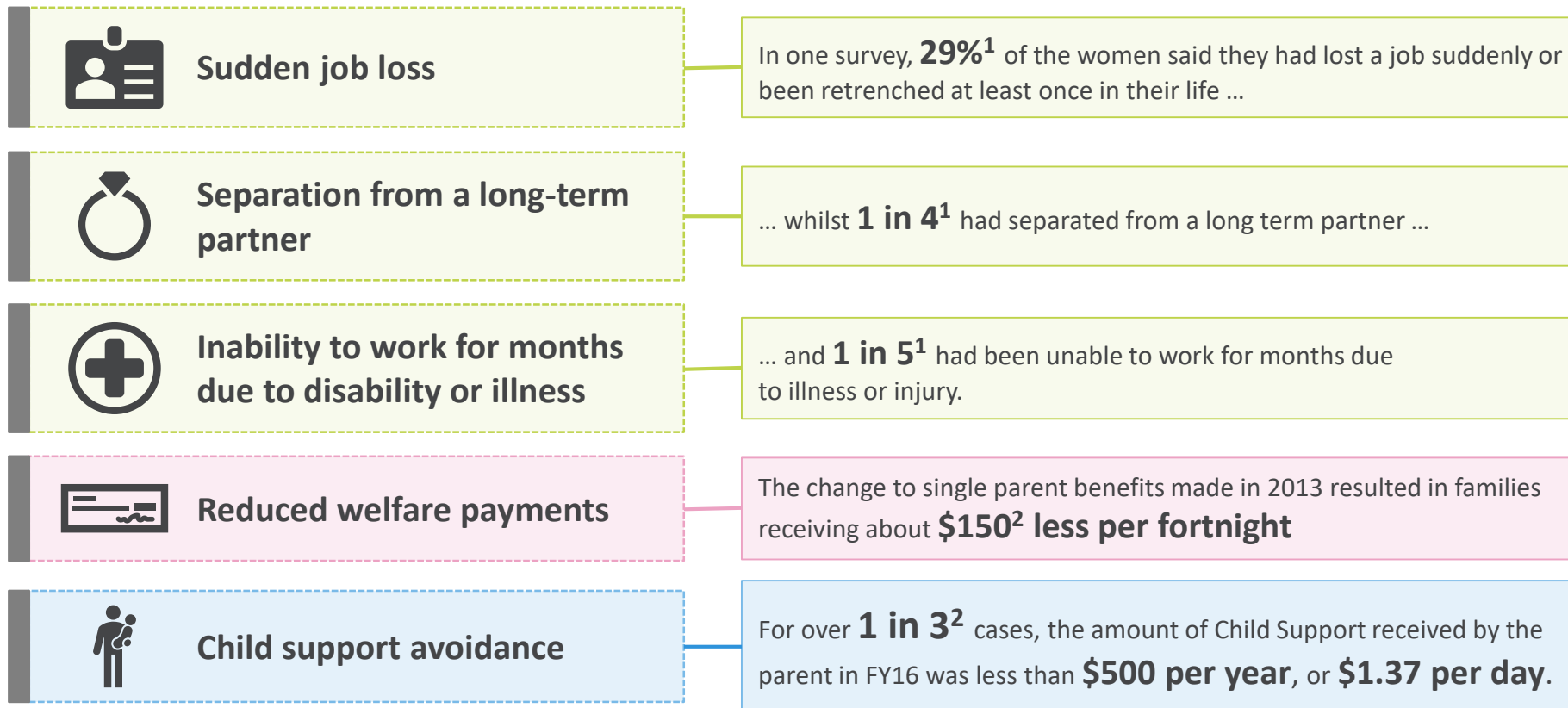
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A culture of victim blaming hinders women from receiving the help they need



## Women facing financial hardship are vulnerable to sudden changes to income

Financial shocks can come in many forms:



A survey conducted by the Commonwealth Bank of Australia shows the effects these financial shocks have on women today

**1 in 4<sup>1</sup>** women said they had been in **significant financial difficulty at least once in their lives**

Over **3 in 5<sup>1</sup>** of women surveyed felt unsure they had the resources to **withstand a financial shock**

Note:

Changes in single parent benefits is based on the base rate.

Source: 1 – Commonwealth Bank of Australia 2017, 'Enabling change: a fresh perspective on women's financial security'; National Council of Single Mothers 2017, 'Budget Submission'.

2 – National Council of Single Mothers and Their Children Inc, 2017: Budget Submission.



## Separation and divorce can leave women in a precarious financial situation

**1 in 3** marriages in Australia is likely to end in divorce. The impacts of separation on women are severe, and enduring. Women who are divorced will experience different impacts based on whether they have dependent children.

- Women are often the primary care giver to their children in a divorce.
- The additional responsibilities of being the sole caregiver adds severe direct and indirect costs.
- Despite having higher costs to meet after separation, women typically receive lower total remuneration, exacerbating the financial situation.

### Impacts of divorce for women **WITH** children

- Spend 21% more on basic items such as groceries, transport, and food than fathers
- 3 times more likely to rent rather than own
- 37% less assets immediately after divorce
- 68% less superannuation

### Impacts of divorce for women **WITHOUT** children

- 10% lower earnings per hour
- 15% lower home ownership
- 90% less total assets
- 29% less financial assets

Mothers who have been divorced for less than five years spend **two thirds** of their household budget on necessities

Nearly **one third** of separated or divorced mothers report that the costs of child care over the previous year were difficult for them.

**1 in 5** divorced mothers cannot afford school clothing, leisure activities or school trips for their children



## Violent domestic situations often result in women and children leaving the family home

Domestic violence is prevalent throughout our society and inflicts a severe price on the victims.

**1 in 3<sup>1</sup>** women will experience physical violence

- Women are most likely to experience physical and sexual violence in their home, at the hands of a male **current or ex-partner<sup>1</sup>**
- **73%<sup>1</sup>** experienced violence on **more than one occasion**
- **61%<sup>1</sup>** had children in their care when the violence occurred

Domestic violence is the **#1<sup>2</sup>** cause of homelessness and housing instability in Australia<sup>2</sup>

- **3 of 5<sup>2</sup>** people who engaged homelessness services were women, **1 in 4<sup>2</sup>** of these women do so because they're fleeing family violence
- **94%<sup>2</sup>** of clients of specialist homelessness services who were experiencing domestic and family violence were females and children
- Women and children form the majority of this vulnerable group

**45,813<sup>3</sup>** women were experiencing homelessness on census night in 2011<sup>3</sup>

In the same year...

- **85,000<sup>3</sup>** women were supported by homelessness services
- **17,845<sup>4</sup>** children were counted homeless

Note: Statistics on women who experience physical violence are based on ages 15 and above.

Source: 1 – ANROWS: 'Violence against women: key statistics'  
2 – Australian Government, 2008: 'The Road Home: A national approach to reducing homelessness'  
3 – Homelessness Australia, 2016: 'Homelessness and Women'  
4 – Homelessness Australia, 2016: 'Homelessness and Children'



## A culture of victim blaming stops women from receiving the help they need

Based on the 2016 Personal Safety Survey<sup>1</sup>...

**46%**

... of women who experienced current partner violence and ....

**37%**

... of women who experienced previous partner violence **did not** seek advice or support after the incident.

In 2016, nearly half of women who experienced violence from a current partner, and one third from a previous partner, chose not to seek support or advice.

Of these women, the main reasons included:

- **believing they could deal with the issue** themselves (50%)
- believing the incident **wasn't serious enough** (36%)
- feeling **shame or embarrassment** (11%)

Roughly **634,000** women chose not to seek advice or support after suffering domestic violence in 2016.

Attitudes that condone or tolerate violence play 'a central role in shaping the way individuals, organisations and communities respond to violence' (VicHealth 2014)<sup>2</sup>.



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## This woman faces extreme difficulty in caring for her child whilst meeting the increasing costs of living

- I am a single mum of one almost 15-year-old.
- I have been in and out of work for most of her life. I am currently working. On call and in a call centre.
- This is my state of play: I am almost \$900 behind in rent, \$700 behind in electricity, and my car rego is looming. I have next to no food in the house. These debts were incurred when I was out of employment.
- I cannot afford a new pair of work shoes at \$12 a pair. I wear two pairs of socks, always remembering to put the dark pair on top so the small holes in the canvas of the shoes will not be so obvious. That is my dream: brand-new shoes from Kmart.
- How can a single parent survive each week as it is, as well as play catch up on bills, when we can't get a fair go? The income free threshold is stupidly low on Newstart. I get furious when I hear 'the best way out of poverty is a job'.
- Newstart is hell and it really needs an increase more than anything. Even if they set it at a higher rate for a certain period of time to give people a chance to get a leg up when starting work- say 4-6 months- then drop it- even that would help.
- These days people need at least \$1000 minimum per week in their pocket to survive comfortably. The cost of living is so high.
- If people could feel comfortable knowing their finances were good a lot less people would suffer anxiety and depression.

### Key challenges faced in this case:

High cost of living

Solely responsible for her daughter

Inadequate government support

Income isn't meeting basic needs



## This woman struggles to find and keep work that fits in with her parenting responsibilities

- I have raised 3 kids on my own for past 9 years.
- As they are getting older and have more needs it's getting tougher for us all.
- They are now aged 12, 13, and 15. I need to take them to school, pick them up, take them to extracurricular activities, and ensure their health and wellbeing is monitored as they have been through so much hardship - so much pain.
- I feel we on Newstart are disadvantaged beyond what anyone in Australia would think was fair. Although I had an agency assigned through Centrelink to assist me in finding work it's difficult when I have 3 dependants and really at times their services were so poor.
- I ended up searching on my own when I was able to and found a contract job. I had three-months when my head wasn't whirling at each night. I've forgotten what it was like to lay in the dark and not fear what was going to happen in the morning.
- I had the ultimate joy of knowing that if my car needed petrol, we could go to the service station and fill up. The first pay came in and we celebrated. Big time, we bought fish and chips. Not the cheap black and gold option but the real deal, from a fish and chip shop.
- The contract is coming to an end, I've made a dent in my debt but no savings. I'm in a dark place and hang in for my three precious children.

### Key challenges faced in this case:

High cost of living

Solely responsible for her children

Inadequate government support

Difficulty in finding flexible work which allows her to care for her children



## Meeting the daily costs of raising twins becomes a desperate situation when the father abandons his responsibilities

- I'm so humiliated. I've just phoned the bank to tell them that I'm officially "in hardship" and that I need help just to keep the roof over our heads.
- I have twin boys aged nine. I've not been able to fix a broken window, fortunately it's at the back, and so the black plastic and sticky tape is working and not causing too much public shame.
- I've now got to go to Centrelink and talk about superannuation in hardship. I think I have about \$8000. I don't want to do it, I really don't want to do it.
- Every time I have to, I'm reminded of how much of a failure I am.
- I supported (my ex partner) while he went to university, while he went on field trips, and while he met someone else. I thought my heartache was bad but nothing surpasses the humiliation of not providing the basics, just the basics, for my boys.

### Key challenges faced in this case:

High cost of living

Solely responsible for her children

Inadequate government support

Shame from her situation

Difficulty in finding flexible work which allows her to care for her children



## Having to jump through time-consuming and unnecessary hoops has stopped this woman from getting the help she needed

- I've just sent my seven-year-old boy to school with a can of tuna and a stick of celery.
- I have half a tank of petrol, no money, and the cupboards are bare.
- I've had a well-paying job (compared to so many), but I was retrenched.
- I thought I would bounce back into work really quickly, but it hasn't happened.
- I contacted Centrelink to apply for the parenting payment but told I couldn't until I took out a child-support claim. This is going to take several weeks, possibly months.
- I couldn't believe it, I contacted my local MP, they checked and said this was correct.
- This is madness, it's like we are living in the 18th century, where we just throw the women who are doing the toughest gig to the wolves and see who survives.

### Key challenges faced in this case:

High cost of living

Solely responsible for her children

Inability to access basic government support due to red tape

Difficulty in finding work whilst supporting her child



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## Right Lane's theory of change identifies five levers that influence women's financial security





## Lever of change: Financial resilience





## Financial resilience enables women to cope with adverse events and experiences, adapt to changing circumstances, and manage financial demands

We have identified an individual's financial resilience to come from two areas<sup>1</sup>:

1. The **RESOURCES** that a person has— this is primarily driven by their financial resources and their access to social capital
2. The **CAPABILITIES** of an individual to use their resources – this is primarily driven by their knowledge and behaviour, and their access to financial solutions.

### Resources

#### Financial resources

- Income
- Savings
- Debt
- Ability to raise money in an emergency
- Ability to meet day-to-day expenses

#### Social capital

- Access to a family or social support in times of crisis
- Social and familial connections
- Access to community and government support

### Capabilities

#### Knowledge and behaviour

- Knowledge of financial solutions
- Confidence in using financial solutions
- Prudent financial decision making
- Willingness to seek, and access to advice

#### Access to financial solutions

- Access to a bank account
- Access to credit for expenses and emergencies
- Access to insurance





## Women suffer from systemic disadvantages which reduces their financial resilience

Due to the systemic challenges addressed in the first section of this pack, women are short changed across the elements of financial resilience. This in turn impacts their ability deal with financial shocks.

### Systemic challenges



Financial resources

Lower participation rate and total remuneration limit the financial resources available



Social capital

Lower participation in employment, combined with significant responsibilities for the household and family, impacts women's opportunities to develop social networks



Knowledge and  
behaviour

Lower average rates of literacy impact on the knowledge behaviour towards personal finances, resulting a lower likelihood to make investments (due to risk aversion), and hold a credit card to access funds in an emergency.



Access to financial  
products and services



Many organisations advocate for greater equality in resources and financial knowledge, but a gap remains to see the change we want



### The change we want to see:

- Confidence in, knowledge of, and access to financial solutions to help women experiencing financial difficulties face adverse events and experiences.
- Equality of financial resources, supported by government and community initiatives to support women facing financial hardship.



## Lever of change: Social and economic participation





## Social and economic participation refers to the ways in which women are engaged in their communities

### Economic participation

- Paid employment
- Training and education
- Self-employment

Paid employment equips women with the financial resources required to endure 'bumps on the road'

### Social participation

- Social engagement (sporting and community events, meals with non-household members)
- Civic engagement (leadership and participation in local communities)
- Accessing services (child care, parent education, and health or welfare services)

- Active engagement in the community provides a network of social support that is crucial for achieving financial stability
- Active engagement in the community builds on two of the four key aspects of financial resilience which enables women to tackle the day to day costs of life, as well as adverse events and experiences



## The significant role women play in household duties and caring for family limits their participation in paid work and the community

**Responsibilities for the household and family**



**Paid employment**

Meeting the significant demands of family care and the household can leave less time available for paid employment than men. This adversely impacts their long-term earnings, career progression, and opportunities.



**Social and civic engagement**

Women facing financial hardship can be so overwhelmed from the constant demands of working and supporting their family, that they have little to no social engagement outside their daily responsibilities



## Advocacy groups promote equality in participation, whilst some commercial organisations take affirmative action to address issues such as the pay gap



### Equality of opportunity for men and women in:

- distribution of household and caring duties
- rates of full- and part-time employment
- rates of pay
- involvement in the community
- access to a social support network.



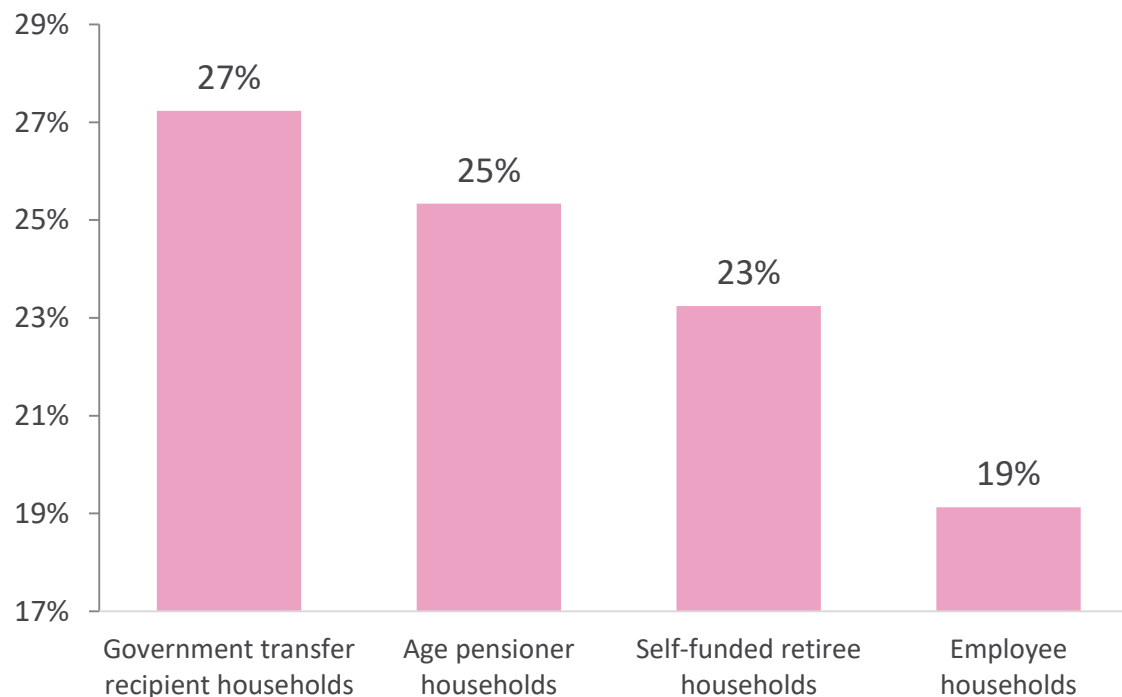
## Lever of change: Cost of living





## The cost of living lever captures the day-to-day expenses women must meet to get by

**Cost of living growth for households in Australia over the past 10 years by source of primary income<sup>1</sup>**



- Over the past 10 years, households depending on government support to meeting daily expenses have experienced the fastest growing cost of living compared to all other household categories.
- This is a persistent problem – the cost of living for households receiving government benefits has seen the fastest growth for the past 3, 10, and 20 years – indicating a systemic issue that isn't likely to change without action.
- Women who are facing, or are vulnerable to, financial hardship are more likely to depend on government benefits to meet their daily expenses.
- Furthermore, older women who have left the workforce are highly dependent on the age pension to meet their daily expenses.

Women who primarily rely on government support – or the aged pension – for meeting their daily expenses, are faced with the fastest growing cost of living.





## Several organisations offer services to individuals facing financial hardship, while others advocate for political and social change

**The National Council  
& of Single Mothers  
Their Children Inc.**

 **Good Shepherd**  
Australia New Zealand

  
**acoss**

**the  
power  
of  
humanity** 



### The change we want to see:

- A network of support services to meet the basic living requirements of women facing financial hardship.
- Access to financial hardship initiatives offered by organisations who are delivering relevant services (e.g. utilities)



## Lever of change: **Government policies**





## A range of policies are inhibiting women's ability to achieve financial security

<p><b>Changes to income support payments</b></p>	<p>In 2013, policy was reformed to move single parents from Parenting Payment Single to Newstart once their youngest child turned 8. This has left single parent families considerably worse off and under pressure to meet Newstart requirements that do not support their parenting responsibilities.</p>		<p>Women heading single parent families are under severe financial pressure and stress.</p> <p>Low female workforce participation. Australia is among the bottom third of OECD countries for labour force participation of mothers.</p> <p>Insufficient savings over the life course, leading to financial hardship later in life.</p> <p>Women and children have to leave the family home, losing the security of housing and disruption to work.</p>
<p><b>Insufficient Paid Parental Leave</b></p>	<p>Australia's 18 weeks of minimum wage payments works out to 7.6 weeks of average full-time pay. This is the second worst rate in the world. Superannuation contributions are not paid for Paid Parental Leave.</p>		
<p><b>Costs of childcare</b></p>	<p>The cost of paid childcare remains prohibitively high. The interaction of childcare costs and the income tax system means that many women, who are predominantly the second income earners in households, get less take home pay. They therefore choose to work less.</p>		
<p><b>Failure to address family violence at a national level</b></p>	<p>While Victoria is moving ahead, the National Plan to Reduce Violence Against Women and their Children received no funding in the 2018 Budget. Nearly one woman a week dies in Australia from violence against them.</p>		

Source: OECD (2015) Family Database, cited by Irvine, J "Paid Parental Leave: Australian Parents will become the Worst Off in the Developed World," Sydney Morning Herald, 27 October 2016; Miranda Stewart (ed), Tax, Social Policy and Gender: Rethinking Equality and Efficiency (Canberra: ANU Press, 2017); Our Watch: [www.ourwatch.com.au](http://www.ourwatch.com.au).



## Policy advocacy is needed to drive policies that ensure women are more financially secure



### Policies which:

- Encourage women to work, and to do the hours of work they would like to do.
- Help women to accumulate assets over their lifetime, for example superannuation on Paid Parental Leave.
- Protect women from family violence, and give them the resources they need to deal with it.



## Lever of change: Community attitudes





## Changing community attitudes is key to achieving financial security in women

- Community attitudes are the beliefs, feelings, and values held by society which predispose them to act in a certain way.
- Changes in the attitudes held by the community will permeate into the other levers and drive actions.
- We have identified three attitudes which have significant impact on the financial security of women facing hardship.

<b>1</b> The devaluing of 'women's work'	<b>2</b> Attitudes towards domestic violence	<b>3</b> A culture of victim blaming
<ul style="list-style-type: none"> <li>• Women typically hold the primary responsibilities for caring of the young and elderly; in households with children, women typically contribute 57 hours of unpaid work a week towards these duties. This work is not seen as contributing to a shared, greater good and is unpaid.</li> <li>• There is a correlation between paid work that has traditionally been seen as 'women's work' (childcare, nursing etc.) and lower rates of pay.</li> </ul>	<ul style="list-style-type: none"> <li>• Volatile domestic situations remains a key driver of women and children leaving the family home, leading to social housing or homelessness, cost of living increases and entry to a cycle of poverty that becomes increasingly difficult to break</li> <li>• While community attitudes towards domestic violence have dramatically shifted, misconceptions persist about women's actions and responses when faced with domestic violence</li> </ul>	<ul style="list-style-type: none"> <li>• A culture of victim blaming persists in our community that blinds us from attributing the situation to the underlying causes of financial hardship</li> <li>• Without community support, decision makers in Australia who can have serious impact on women's financial security (e.g. policy makers, corporate and government leaders) are removed from the reality of women who are facing financial hardship and are unlikely to create the change required</li> </ul>



A number of organisations are active in advocating for change in community attitudes however more organisations and individuals need to help drive this change

economic S4W Lifelong Economic Wellbeing for Women

MELBOURNE WOMEN'S FUND *A Giving Circle*

VCOSS Victorian Council of Social Service

VicHealth



**The change we want to see:**

- A caring and fair community that actively pursues change to achieve social equality
- A fair distribution of work and responsibilities between men and women
- Community attitudes that completely reject domestic violence, whilst offering empathy and understanding towards victims



## Right Lane's theory of change identifies five levers that influence women's financial security



We believe that the most effective change initiatives will have an awareness of **multiple levers** across financial resilience, cost of living, economic and social participation, government policies, and community attitudes.

We are looking forward to engaging you in this thinking at our Women's Financial Security Forum on Thursday 13 September 2018, where we aim to use our collective skills to develop ideas to create this change.