



Financial security



Main findings

- Queensland women earn an average of \$548.90 per week – \$290.90 less than men.
- Men with qualifications earn more than women with the same qualifications, even after taking into account women's greater propensity for part-time work. The largest gap between men's and women's pay is in the natural and physical sciences.
- The highest-paying occupational groups in Australia are information technology (IT), engineering, science and the environment, and accounting, finance and management. In 2002, women represented 19.7% of IT professionals and 28.2% of support staff. Women made up 5.8% of engineers, 39.8% of workers in science and the environment, 40.7% of accountants and 26.3% of accounting and finance managers. Generally, 28.1% of managers and administrators were women.
- The lowest-paying occupational groups are cleaning, hospitality and tourism, gardening and farming, sales assistants and storepersons. Women are over-represented as sales assistants, and in the hospitality and tourism occupations.
- Women are predominantly employed in the clerical, sales and service roles (31.7% of all employed women), followed by employment as health and education professionals. These industries also have high levels of part-time and casual employment.

- Responsibility for child-rearing is the primary reason many women are not in a position to increase their financial security through workforce participation. Nationally, 29.7% of sole mothers and 48.1% of partnered mothers with children under 4 years were in paid work in 2001.
- In 2002, 60.9% of employed Australian mothers with children under 15 worked part-time, with employed sole mothers being slightly more likely to work full-time.
- The unemployment rate for Queensland women was 6.1% (June 2004), slightly above that for men (5.7%).
- Sole mothers and their children are the most likely household type to be living in poverty.
- More women than men are dependent on government pensions and benefits.
- 43.9% of the 6,037 people declared personally bankrupt in Queensland in 2002–2003 were female.
- Women have significantly lower superannuation balances than men.
- 35% of Australian women own shares in their own name.

Introduction

Financial security enables people to participate in society. It reduces their vulnerability to poverty and the range of disadvantages – poor educational, health, housing and employment outcomes – that poverty creates. Such disadvantages are far-reaching. They have a multiplier effect and can flow on to other generations. With women being the primary carers for children, it is important to consider the effects of women's poverty upon children.

Women are more highly educated than men, yet this does not translate into higher incomes. Men are consistently employed in more senior positions than women, and in more highly-paid professions.

Women, particularly women with children, are consistently among the lowest income earners in Australia, leaving them vulnerable to economic and social stress. Women's unpaid caring roles and their choice to work part-time, casually or not at all in order to fulfil that role are major factors limiting earning ability. It also makes many women and children dependent on a male full-time worker to avoid poverty.

Traditionally many women, particularly in their child-rearing years, have been dependent upon a male income for financial security. In the context of a high divorce rate, this may not represent a high level of security for women.

Being financially secure in retirement is an increasingly important issue, particularly given Australia's ageing population. It is particularly important for women, given longer life expectancy and likelihood of lower superannuation balance. Provision for retirement is critically dependent upon occupation (and thus education), employment status, and time in the workforce. Having a dual role as both carer and worker impacts directly upon all of these. Career breaks, part-time work, and concentration in low-paying jobs all reduce the amount of superannuation women accumulate. The effect of this is more pronounced in rural and remote areas, and among Indigenous women, as fertility rates are higher for these groups, and employment is more likely to be low-paid.¹



Financial security

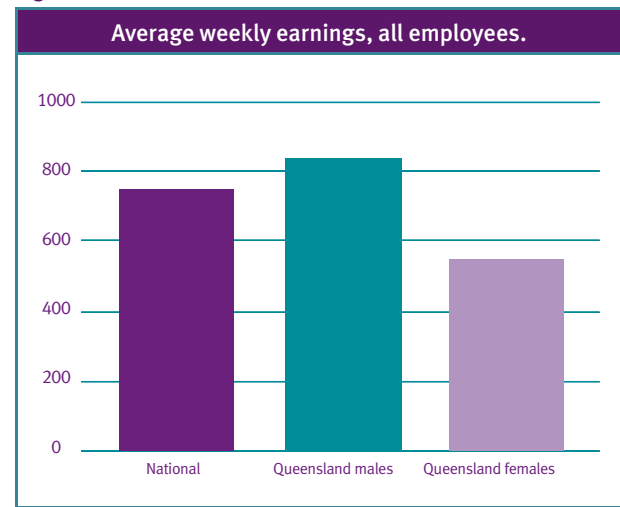


In a society with a high rate of relationship breakdown, having independent financial security to see a woman through life has never been more important.

Numerous studies have found that divorced women are particularly vulnerable to low retirement incomes. During marriage, and often afterwards, their labour force participation patterns mean they have not accumulated sufficient superannuation to live comfortably.² The *Commonwealth Family Law Legislation (Amendment) Act* was passed in 2001, allowing superannuation to be taken into account when assets are distributed during divorce proceedings. Previously there was no legal entitlement for one partner to have access to the retirement savings built up by the other partner during the marriage. This has often left a non-working spouse (usually the woman) without a retirement fund.³

Income

Figure 22



Source: ABS, 2003. Cat. No. 6203.0. *Average Weekly Earnings*. Canberra, February 2004.

In February 2004, women in Queensland earned an averageⁱ of \$548.90 per week. Men earned an average \$839.80 – a difference of \$290.90 per week.⁴ Women earn just 65.4% of men's earnings. A partial explanation for the variance is women's higher (and increasing) rate of part-time and casual employment: in 1998 women comprised 56.5% of the casual workforce in Queensland⁵, and 67.3% of the casual part-time workforce in 1999.⁶

ⁱ Seasonally adjusted

The greater rate of part-time and casual work for women, however, is not the full explanation for the pay disparity. Even when full-time workers' earnings alone are compared, across all industries and employment sectors, the disparity remains: women in Queensland in 2004 still earned only 87% of men's earnings – a difference of \$120.40 per week (overtime excluded). This gap in earnings has been increasing steadily since 1996, when men earned \$104.80 per week more than women.⁷

Poverty

To live in poverty in Australia is to have living standards below a generally accepted community standard and be restricted from full participation in general community activities. Income is a key enabling factor in terms of living standards and community participation. It is also the most readily measurable indicator of poverty.

The poverty rate increases with the number of children living in a household. Poverty risk is estimated to be higher for children than adults, with 14.9% of children and 12.3% of adults being in poverty in Australia in 2000. Young people aged 15 to 24 years had the highest poverty rate in 2000 at 15.9% (although many of these would be living with parents and have low housing and other costs). While poverty has traditionally decreased with age (presumably as assets are acquired), the rate of poverty among those aged over 65 years has increased significantly over the past decade, from 7.3% in 1990 to 11.2% in 2000. In the over 65 age group, there are 63.3% more single women than single men living in poverty. However, for single people under 65, single men have a significantly higher poverty rate.⁸

Sole parents (of whom 87.7% across Australia in 2002 were women) and their children are the most likely of any household type to be living in poverty. In Queensland in 2002, families headed by a sole mother represented 22.6% of all families with children aged under 15. Of Queensland sole parents with children under 15, 52% are not employed.⁹ More than one in every five Australians who live in sole parent families live in poverty.¹⁰

Table 25

Estimates of poverty rates of individuals, by family type, Australia, 2000.	
Family type	Poverty rate
Sole parent	21.8%
Single person	18.3%
Couples with children	12.2%
Couples without children	6.4%
All family types	13.0%

Note: Using the before-housing half average income poverty line (Henderson equivalence scale).

Source: Harding et al., 2001. *Financial Disadvantage in Australia, 1990 – 2000: The persistence of poverty in a decade of growth*. NATSEM/The Smith Family, Sydney, 2001.

In 2002, 548,000 Australian children under the age of 15 were growing up without a parent in employment. 63% of those families were headed by a sole parent, most of whom were women.¹¹

Income support

More women than men are dependent upon government pensions and benefits. In June 2003, there were approximately 930,000 Centrelink payments made to Queenslanders, 58.8% of them to women. Women are particularly over-represented as recipients of Parenting Payment Single (91.5% of recipients), reflecting the higher number of women who are sole parents. More women than men also received the Age Pension (59.8%) in June 2003, reflecting women's receipt of this pension at a younger age, and their longevity. Women's greater caring responsibilities are further reflected in their receipt of 75.8% of Carer's Allowances and Carer's Payments.

In June 1998, there were 77,155 people receiving Parenting Payment Single.¹² The increase to 97,702 in the five years to June 2003 reflects the increase in the number of sole parent households over that time. There has been no reported increase in the number of births to unpartnered women in that time, so this is most likely the result of relationship breakdown.¹³



Financial security

Table 26

Centrelink customers, payment type by age by sex. Queensland, June 2003.											
	15-18		19-25		26-60		61-65		66+		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total
Age Pension	–	–	–	–			8,462	38,506	120,172	153,179	320319
Austudy Payment	–	–	215	171	4,683	3,530				–	8599
Bereavement Allowance	–	–	–	–	–		–	–	–	–	0
Carer Allowance	53	84	215	792	6,235	35,260	1,350	2,839	4,532	7,144	58504
Carer Payment	40	63	218	302	4,305	8,784	838	590	94	136	15370
Disability Support Pension	1,499	964	4,610	3,222	59,869	42,076	14,695	2,346	119		129400
Double Orphans Pensions	–	–				158					158
Except. Circ. Relief Payment	–	–		–	933	203	159	31	196	49	1571
Farm Family Restart	–	–			166	43	25		24		258
Mobility Allowance	423	313	823	679	3,267	2,467	189	113	147	56	8477
Newstart Allowance	–	–	17,449	9,221	62,627	26,550	1,592	176	–	–	117615
NSS Mature Age Allowance	–	–	–	–	973	344	7,592	488	–	–	9397
Parenting Payment Partnered		426	220	4,970	4,440	29,113	36	28			39233
Parenting Payment Single	21	1,260	490	15,548	7,678	72,581	67	57			97702
Partner Allowance	–	–	–	–	1,245	15,812	1,146	2,473	88	125	20889
Sickness Allowance	–	–	205	80	1,102	499	65		–	–	1951
Special Benefit	21		62	28	158	127		23	186	145	750
Widow Allowance	–	–	–	–	–	7,848	–	1,095	–	296	9239
Widow B Pension	–	–	–	–	–		–	361	–		361
Wife Pension	–	–	–		–	9,605	–	1,114	–		10719
Youth Allowance	19,063	20,966	18,220	21,267	353	287	–	–			80156
Total	21120	24076	42727	56280	158034	255287	36216	50240	125558	161130	930668

Note: excludes Rent Assistance, and values lower than 20. Source: Centrelink, Unpublished data, 13 June 2003.

Debt

Women made up 43.9% of the 6,037 people declared bankrupt in Queensland in 2002–2003.¹⁴ However, male bankruptcy may also affect women caring for children, given their dependence upon male incomes.

Personal bankrupts cited unemployment (37.4%), excessive credit (21.2%) and domestic discord (15.8%) as the main reasons behind their financial situation in 2002. For business-related personal bankruptcies, economic conditions (28.1%), lack of capital (11%) and lack of business ability (11.8%) were key causes.¹⁵

“Sexually transmitted debt”

“Sexually transmitted debt” is an umbrella term, describing situations where women have run into serious financial difficulties because of other people’s behaviour. Often this is because of blurred ownership of money, and the importance of relationships to some women.¹⁶ These situations include women who co-sign for loans and to be guarantors to loans for their partners (knowingly or otherwise) or joint credit cards where debts are run up by a partner. In many of these cases, women assume the risk, but do not benefit from the financial decisions.¹⁷

Superannuation

Table 27 shows that men have significantly higher superannuation balances than women and that people who have leave entitlements (that is, those employed on a permanent rather than a casual basis) are more likely to have higher superannuation balances. 65.6% of people employed on a casual basis have superannuation balances below \$5000, and only 28.1% of people employed permanently fall into that category. Women are much more likely than men to be employed on a casual basis.

A recent major study predicts that by 2030, the average female superannuation balance will lift from 45% of the average male balance in 1993 to 70%. This still leaves a lot of women retiring between now and 2030 with insufficient income for financial independence.¹⁸

A commonly held view is that we need 60% of our pre-retirement income to live comfortably. The Age Pension (currently) provides 25% of Average Male Weekly Earnings (AMWE) and superannuation at women’s current levels will add an extra 11–23%: this is still considerably less than 60% of AMWE.¹⁹

Given that women generally live longer than men, their superannuation must last longer too.

Table 27

Pre-retired persons with superannuation coverage, total superannuation balance by sex and labour force status, Australia, 2000 (%).					
	\$1-\$4,999	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000-\$39,999	\$40,000+
Females	44.0	17.5	15.6	10.0	12.9
<i>Females aged:</i>					
15-24	93.1	6.9			
25-34	45.2	23.5	18.5	8.1	4.7
35-44	39.1	17.7	17.3	10.7	15.1
45-54	23.9	19.4	18.7	16.2	21.8
55-69	19.4	11.0	20.0	16.0	33.7
Males	29.2	13.8	16.3	14.0	26.7
Employed FT	27.5	15.1	18.0	14.4	25.0
Employed PT	53.2	16.7	12.1	7.3	10.8
With leave entitlements	28.1	15.6	18.3	14.0	24.0
Without leave entitlements	65.6	15.3	8.9	4.5	5.7
Unemployed	65.1	11.6	10.5	4.2	8.6
Not in labour force	56.2	16.8	10.6	7.4	9.0

Note: The population is comprised of those with a superannuation account and a balance that could be determined. (Around 16.4% of those with an account could not determine the balance and these have been removed from the population).

Source: ABS data from Cat. No. 6360, and table reproduced from Austen, 2003. *Women and Australia’s Retirement Income System*.

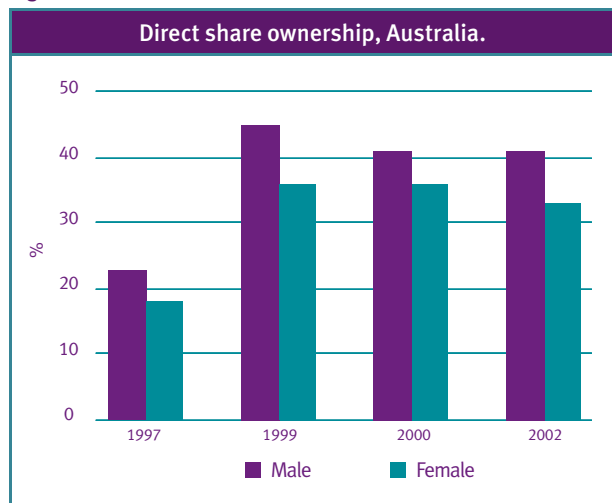
Financial security

Share and property investments

Men are more likely to hold direct shares than women. This gender gap has increased slightly since 2000. From 2000 to 2002, the rate of ownership by men remained static at 41%, but increased to 44% in 2003. The rate of ownership by women decreased from 36% to 33% between 2000 and 2002, but increased in 2003 to 35%.^{20, 21} This does not necessarily mean that women are investing less: women may instead be investing in other markets, such as property. Women aged 35 to 49 years are 50% more likely to have an investment property than men in that age group.²² The average value of share portfolios held by men and women in Australia is \$35,800. Qualitative research suggests that women are more likely to hold their shares for longer (ie. they trade less) and that both men and women participate in investor education.²³

As income and education levels increase, so does the likelihood of direct share ownership.

Figure 23



Source: Australian Stock Exchange, 2003. 2002 Australian Share Ownership Study. Sydney.

References

- ¹ Austen, S., Jefferson, T., and Preston, A. 2003. *Women and Australia's Retirement Income System. Women's Economic Policy Analysis Unit, Curtin University of Technology, WA.*
- ² ABS, 2001. *Cat. No. 3310.0. Marriages and Divorces, Australia. Special Article: Divorced Women and their Socioeconomic Status.*
- ³ Austen, S., Jefferson, T., and Preston, A. 2003. *Women and Australia's Retirement Income System. Women's Economic Policy Analysis Unit, Curtin University of Technology, WA.*
- ⁴ ABS, February 2004. *Cat. No. 6302.0. Average Weekly Earnings.*
- ⁵ Queensland Industrial Relations Commission, 2001. *Worth Valuing: a report of the Pay Equity Inquiry. Page 28.*
- ⁶ Queensland Government, 2000. *Submission to the Pay Equity Inquiry, Queensland Industrial Relations Commission. Page 27.*
- ⁷ ABS, February 2004. *Cat. No. 6302.0. Average Weekly Earnings.*
- ⁸ Harding, A., Lloyd, R., and Greenwell, H. 2001. *Financial Disadvantage in Australia, 1990 – 2000: The persistence of poverty in a decade of growth. The Smith Family, Sydney.*
- ⁹ ABS, 2003. *Cat. No. 4102.0. Australian Social Trends 2002 – Family. Canberra, June 2003.*
- ¹⁰ Harding, A., Lloyd, R., and Greenwell, H. 2001. *Financial Disadvantage in Australia, 1990 – 2000: The persistence of poverty in a decade of growth. The Smith Family, Sydney.*
- ¹¹ ABS, 2003. *Cat. No. 4159.0. 2002 General Social Survey: Summary Results Australia..*
- ¹² Office of Women's Policy, Queensland, 1999. *A Social and Economic Profile of Women in Queensland 1999.*
- ¹³ AIHW, 1999, 2002. *Australia's Mothers and Babies.*
- ¹⁴ Insolvency and Trustee Services Australia (ITSA), 2003. *Report on the Operation of the Bankruptcy Act 1966, 2002-2003. Canberra.*
- ¹⁵ Insolvency and Trustee Services Australia (ITSA), 2003. *Report on the Operation of the Bankruptcy Act 1966, 2002-2003. Canberra.*
- ¹⁶ NSW Anti-Discrimination Board, 1986. *Women and Credit. Cited in Consumer Law Centre, Victoria, 1996 'Do Women Pay More'. Melbourne.*
- ¹⁷ Consumer Law Centre, Victoria, 1996 'Do Women Pay More'. Melbourne.
- ¹⁸ Kelly, S., Percival, R., and Harding, A. 2001. *Women and Superannuation in the 21st Century: Poverty or Plenty? NATSEM, Canberra.*
- ¹⁹ Kelly, S., Percival, R., and Harding, A. 2001. *Women and Superannuation in the 21st Century: Poverty or Plenty? NATSEM, Canberra.*
- ²⁰ Australian Stock Exchange, 2003. *2002 Australian Share Ownership Study. Sydney.*
- ²¹ Australian Stock Exchange, 2004. *2003 Australian Share Ownership Study. Sydney.*
- ²² Australian Stock Exchange, 2001. *2000 Australian Share Ownership Study. Sydney.*
- ²³ Green, Gervase. 2003. *National Manager, Corporate Relations, Australian Stock Exchange. Personal communication.*



www.women.qld.gov.au



Queensland
Government