

Financy Women's Index



MARCH QUARTER 2020

*Looking at the
impact of COVID-19
on women's
financial progress*

Fearlessly Supporting the
Economic Progress of Women



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Financy Women's Index[®]

Looking at the impact of COVID-19 on women's financial progress

JANUARY – MARCH 2020

A Financy initiative, fearlessly supported by OneVue, AMP Australia & AFA

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Fearless

The Financy Women's Index is a scorecard showing the financial progress of Australian women each quarter.

It is made possible with the sponsorship support of OneVue Holdings, AMP Services and the Association of Financial Advisors.

Economic modelling for the Financy Women's Index is produced by Deloitte Access Economics, drawing on a range of publicly available data sources including the Australian Bureau of Statistics.

Each quarterly report brings together a collection of insights on gender equality, workplace trends, pay gaps and leadership and also explores gender differences in superannuation and education.

We aim to provide a timely and comprehensive picture of economic equality in Australia and the factors driving or holding back women's financial progress relative to men.

The Women's Index is written for Australian women, business and government.

The report is authored by Bianca Hartge-Hazelman and is reviewed by the Women's Index Committee members; Dr Shane Oliver, Nicki Hutley, Roger Wilkins, Joanne Masters, Heidi Sundin, Bruce Hockman as well as the Australian Bureau of Statistics.

Ultimately, the purpose of the Index is to help inspire women to live courageously and confidently – to be Fearless.

Inspiring women through insights to live more courageously & confidently

– to be **FEARLESS**

EDITOR'S NOTE: The impact of COVID-19 on progress

In times of extreme crisis, society tends to have a choice – change or be changed.

In the early 1940s during World War 2, Australian women were encouraged to move into the paid workforce while men were asked to fight abroad.

The outcome was one of tragedy in lives lost despite victory in defending our freedom.

For women who entered the paid workforce, it led to a defining moment of empowerment and one that changed society into being a little more accepting of the female money earner.

The opportunity boosted female participation in the workforce, all while giving many women a taste of financial independence.

Now 80 years on, humanity's latest battle is against the Coronavirus (COVID-19) global pandemic, which has infected over 3-million people worldwide and killed over 200,000 people, with slightly more male deaths than female, according to the World Health Organisation.

COVID-19 has forced us to live differently as we try to both protect our health and cushion the economic blow of the crisis, and thereby enhance our recovery outlook.

From an economic perspective, past downturns and wars helped advance women's financial equality, but only this time, early indicators suggest that COVID-19 appears to be driving a setback.

For the Financy Women's Index (the Index), which measures the economic progress of Australian women each quarter, the impact of COVID-19 is showing early signs that women are being hit hard and fast by job cuts and lost income.

Such findings may be just temporary and are also yet to be fully factored into the Index, however they do present us with a warning of what could come if we don't see a significant and sustained breakthrough in COVID-19 cases in Australia and abroad.

Of course, I understand that these themes may be sideline issues at the moment, as we prioritise addressing the health impacts of COVID-19 first and foremost.

However, it is the financial disadvantages facing many women, such as gender gaps in superannuation and wages, which makes me worry about the long-term impact of COVID-19 and the potential derailment of progress in pursuit of economic equality.

We're now being shown very clearly just how financially vulnerable many women are, particularly those who work in undervalued and underpaid sectors. Indeed, COVID-19 has demonstrated the importance of essential services occupations like Nursing and Teaching.

There is arguably an opportunity for governments and the private sector to recognise the value of traditionally female-dominated industries and also implement permanent changes to flexible working policies permanently, which could significantly benefit women in the long-term.

The Federal Government also has an opportunity to peer through the gender lens at what measures should be taken to better support female workforce participation and financial security as we emerge from this crisis.

Already the temporary introduction of free childcare for any family whose children are enrolled in an approved child care service is being celebrated by some as a step in the right direction towards changes that could better support working families.

Childcare and widespread flexible work arrangements are often major barriers stopping women from more fully engaging in paid work.

If we can rapidly adapt to fight COVID-19 from a health perspective, perhaps we can also learn from successful temporary measures and then change to better support the financial security and progress of individuals, particularly women, in post COVID-19 world.

Bianca Hartge-Hazelman
Founder of the Financy
Women's Index



LEADERSHIP THOUGHTS: The recovery must not leave women behind

The latest Financy Women's Index has been released this week, and it paints a concerning picture about how COVID-19 will affect women's pay parity long after the virus has been eradicated.

It's worth noting that the pace of quarterly progress in the Women's Index - rose by 0.3 percentage points to a revised 71.3 points in the March quarter, up from 71 points in the December period - reflects the worst March quarter in five years.

Growth in female employment was already slowing in the March quarter, before the Government introduced social distancing measures, and this has inevitably slowed since then now that numerous businesses are shutting down, temporarily suspending operations or cutting costs (or all of the above).

But that's only the beginning. Consider that women are, on average, more likely than men to hold less secure types of employment - casual, part-time and so on - often because of outside-work responsibilities such as caring for children.

Now that so many children are home from school, these responsibilities will take up even more time in the day.

Given that women overwhelmingly tend to be the primary carers of children and family members, the share of unpaid work in the household during the pandemic could even increase, unless men do significantly more unpaid work than women over the period ahead.

The fact that this may also widen the pay gap between men and women as this crisis continues is but one part of the problem.

We must also look at how this will - for each individual woman whose pay has been reduced, hours have been cut and so on - have a material and lasting effect on their retirement outcomes as well.

As the report explains, women already retire with 31% less in their retirement savings than men. How much farther will this gap widen due to the current crisis - especially if women are forced to withdraw from their savings in order to manage COVID-related hardship?

The current situation is likely to worsen things at a leadership level, too.

Research has shown a correlation between economic growth and the pace of growth in improved gender diversity in company leadership, so the effects of COVID-19 on the economy mean we're unlikely to see any significant increase in gender diversity on the boards of Australian listed companies for the rest of 2020.

What these figures show us is that while the entire world has been affected by COVID-19, there are clear effects that occur along gendered lines.

This is not the time to become complacent, nor to create excuses as to why women continue to suffer financially more than men during difficult economic periods and continue to have fewer leadership opportunities.

Any further Government response to this situation, as well as the remuneration practices of the private sector, must take this into account if women aren't going to be left even further behind in the coming years.

Connie Mckeage
CEO
OneVue



LEADERSHIP THOUGHTS: Staying afloat through the crisis

If you had asked me when I wrote my last piece for Financy what I would be writing about this quarter, I could never, in a million years, have predicted that it would be about a global pandemic.

We are dealing with a health crisis which no one in our lifetime has experienced, and which is having an impact on global and domestic economies that no one could have forecast.

Entire industries – tourism, entertainment and hospitality – have ground to a halt, and with them jobs.

For these Australians, not only are they dealing with difficulties of living in isolation as they look after their health, they no longer have the structure and routine of work, or the critical income it provides.

The Federal Government estimates that around 6 million¹ workers will receive financial assistance in the coming months, having lost all or part of their income due to COVID-19.

As we've seen time and time before, the Australian spirit to support and look after one another shines brightly in a crisis.

Government and large corporates have stepped up to help with a range of assistance packages, which, when combined with our relative economic strength and robust financial system, means we're as well placed as any country to get through the crisis and, I'm sure, ultimately emerge stronger for it.

But in the meantime, those that are displaced from work and many small businesses are confronted with a challenging financial reality.

Here are five strategies we're recommending to our clients, which I'd like to share with readers of this report, that may help during this crisis.

1. Take advantage of government assistance.

A range of measures to support both businesses and individuals have been announced, including the JobKeeper payment, a wage subsidy program, a new Coronavirus supplement, household stimulus payments, and support for retirees. Assess your options and eligibility based on your needs.

¹ Prime Minister of Australia (2020):

\$130 Billion JobKeeper Payment to Keep Australians in a Job

2. Understand the impacts of accessing super early.

Superannuation is your money and if you need it, you should consider applying for early release. In doing so, consider how much you need and that whatever you do withdraw will impact your retirement savings. Using ASIC's assumptions on projected returns, AMP's research indicates that a 40-year-old could expect to receive between \$34,000- \$73,000 less in retirement at age 67 by withdrawing \$20,000 of this money now. If you need it, apply for it, but once you are back on your feet, consider topping up your super to replenish the balance.

3. Reduce spending.

The first step is to evaluate where your finances stand today. When you need to make immediate changes to your budget, starting with the largest targets can have a big impact and searching around for the best deals can certainly make a difference.

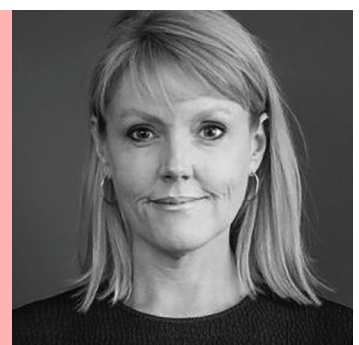
4. Manage your debt.

It's worth considering your options – for instance it may be possible to temporarily pause or defer certain payments. If you're juggling multiple debts, the general rule is to pay off debts in order of interest rate charged, from highest to lowest.

5. Utilise information hubs.

Take advantage of free online resources which provide useful tips and information to help you make the best possible financial decisions. The government's Money Smart website is a great resource, while financial services companies, like AMP, also have dedicated COVID-19 resources available.

Lara Bourguignon
AMP Managing Director
Superannuation



KEY RESULTS

COVID-19 threatens female progress

March Report 2020 – Released 7am Monday May 4th 2020

KEY FINDINGS & RESULTS:

- **The Financy Women's Index rose by 0.4 percentage points in the last quarter to a revised 71.3 points.**
- **The quarterly pace of progress is the weakest since September 2018 and the slowest start to a calendar year since 2015.**
- **Year-on-year the Index is up 1.9% in March 2020 versus 3% growth in the year to March 2019.**
- **Women's financial progress is at risk of slowing further in 2020 on expectations of weakness in female employment relative to male, rising unpaid work, a widening of the gender pay gap and weakness in the pace of female corporate board appointments to the ASX 200.**
- **The Index also shows that women are 32 years from achieving economic equality with men but this timeframe is likely to change depending on the long-term impact of COVID-19.**

There are early signs that Australian women are being hit the hardest from the Coronavirus (COVID-19) pandemic, in an economic sense.

The scorecard of women's financial progress in Australia, the Financy Women's Index moved marginally higher in the March quarter however the pace of improvement reflected the slowest start to a calendar year since 2015.

The Financy Women's Index (The Index) rose by 0.4 percentage points to a revised 71.3 points in the March quarter up from 71 points in the December period.

The result was affected by a slowdown in female employment growth during the March quarter with the number of women in full-time work up 0.1% to 3.35 million, compared to a gain of 0.9% to 5.54 million for men.

Prior to COVID-19, full-time employment growth for females was stronger than males. Today it is not only the opposite, but men's full-time employment growth is close to ten times that of women's.

The result, which marks the weakest quarter since September 2018, could become worse if statistics continue to show weakness in female indicators relative to male as a result of COVID-19.

KEY RESULTS

CHART 1: The Financy Women's Index by Quarter

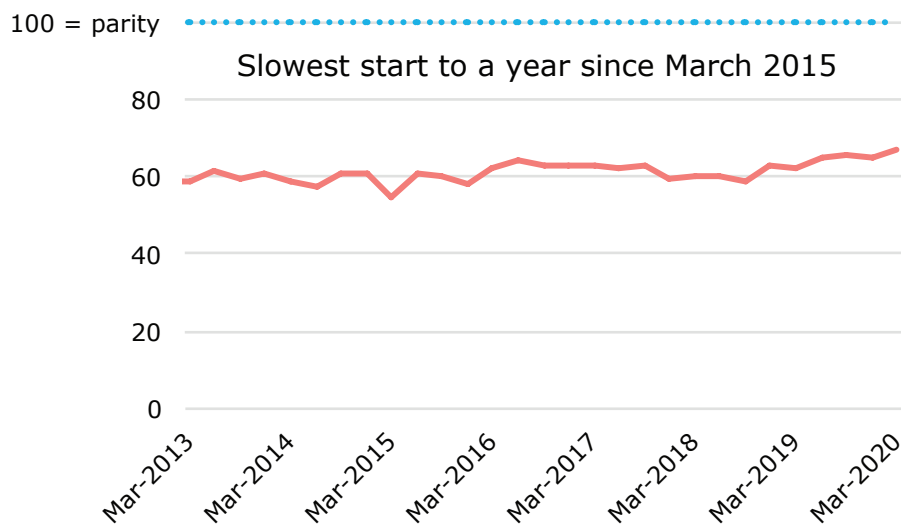
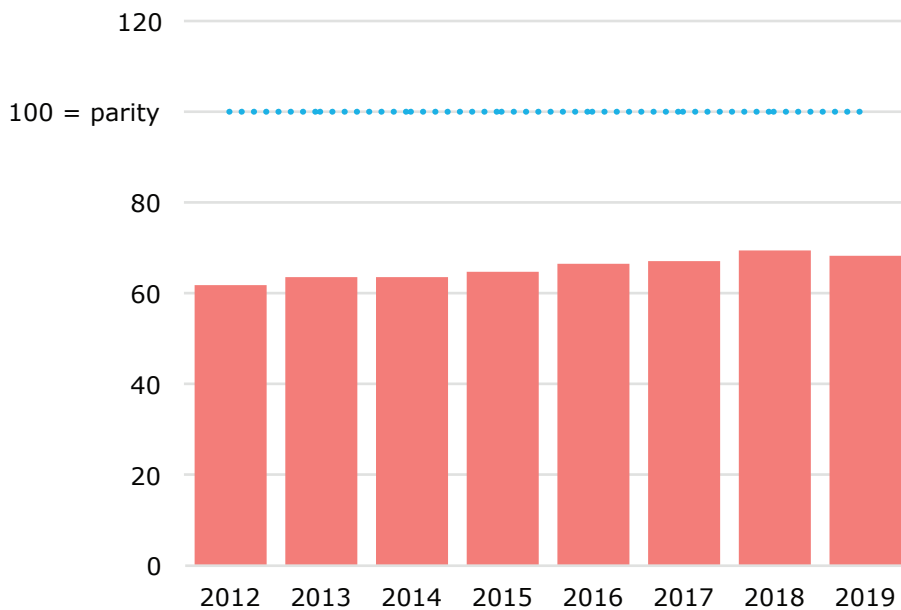


CHART 2: The Financy Women's Index by Year



Source: Financy, Deloitte Access Economics, March 2020.

Notes: Economic modelling for the Financy Women's Index is produced by Deloitte Access Economics, drawing on a range of publicly available data sources, including the Australian Bureau of Statistics. The Financy Women's Index (The Index) tracks progress of eight economic indicators affecting women on a quarterly basis from March 2017. In this Index, we have temporarily removed tertiary education, which would have otherwise been unchanged in March, as we are reviewing how best to consider the progress of women relative to men in future publications.

We have back cast the Index to 2012 to show a longer term trend in our measurement. Previously, yearly targets have been used. Revisions to the Financy Women's Index are made in each quarter based on revisions in the underlying data. The Index uses seasonally adjusted data where available.

KEY RESULTS

In annual terms, growth in the Index has almost halved, slowing to a five-year low of 1.9% compared with 3% in March 2019.

The Index result means that Australian women are unlikely to achieve financial equality with men for at least 32 years.

Based on the current rate of progress, we expect it will take 32 years for equality to be achieved in unpaid work, 31 years in full-time employment, 30 years in the underemployment rate, 24 years in the gender pay gap, 19 years in the participation rate and superannuation but only five years for women on boards.

But with COVID-19 driving expectations that female employment will worsen and exacerbate gender gaps in pay, superannuation and unpaid work, it's likely that the pace of progress will slow further and impact the timeframe to economic equality with men in Australia.

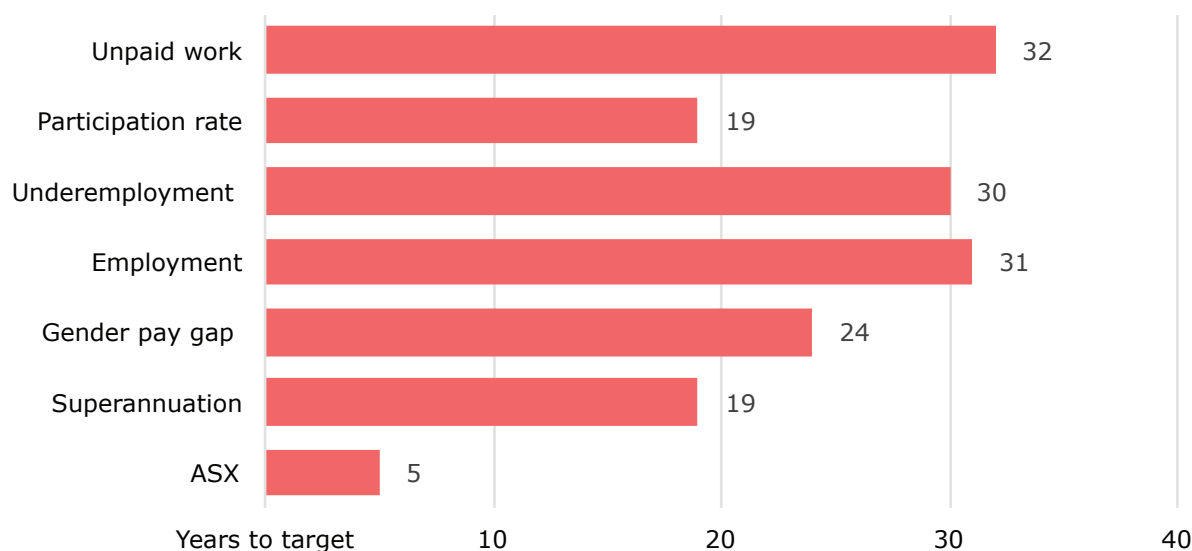
The slowdown in female full-time employment growth in the March quarter is likely to reflect the early impact of COVID-19 in terms of job cuts and reduced hours worked before March 14.

In addition, COVID-19 job statistics released by the Australian Bureau of Statistics and the Australian Tax Office show that between March 14 until early April, women also made up the largest percentage of job cuts across 14 sectors of the economy, while there were more male job losses in the remaining five industries.

During this period, Australia recorded its 100th confirmed COVID-19 case and the Federal Government introduced self-containment measures on March 23.

According to Nicki Hutley, Partner at Deloitte women are currently faring worse from an economic sense for a number of reasons.

CHART 3: Timeframe to economic equality



Source: Financy and Deloitte Access Economics, March 2020.

KEY RESULTS

“Women tend to be more highly represented in the most vulnerable sectors, such as Retail, Education and Hospitality, which have been hardest hit by job losses and or reductions in hours and wages. If the shutdown persists, more sectors will be affected over time as the economic impact broadens, so we would see more male-dominated sectors, like construction, hit harder and the balance may shift.

“Women are also more affected as they are more likely to be in casual work and anyone working less than 12 months in casual work does not qualify for the JobKeeper payment.

“Women are also predominantly the primary care givers to children. We don't know exactly how this is playing out at the moment but with schools only just starting a staggered return and home-schooling continuing for now, it seems highly likely that more women will have to sacrifice work to look after kids.

“And, as many women already do 50% more unpaid work than men, the COVID-19 crisis is likely to mean worse outcomes again. For those trying to combine their work with full-time parenting with teaching of school age kids, I'd expect they will probably end up working much longer hours doing both paid and unpaid work,” said Ms Hutley.

The most significant female job cuts by percentage and sector have so far been seen in Accommodation and Food Services at 27.2%. The sector has also seen a 24.8% reduction in male jobs.

We expect the financial impact of slightly larger female job cuts and therefore reduced income to exacerbate gender inequality in the gender gap in unpaid work, in wages and superannuation.

The latest data on superannuation balances shows that women already retire with 31% less in their retirement savings than men.

Based on the median account balance, the average woman had only \$45,000 in her superannuation account while the average man had \$65,000 as of the 2017-18 financial year.

Financial hardship from reduced income, particularly for single-parents families, of which there are more headed by females, could also be a driver of women withdrawing superannuation under the Federal Government's early release scheme.

There is also a risk that the gender gap in unpaid work for couples, regardless of whether they have children, could widen in 2020 as the total number of hours spent on childcare and unpaid home-based tasks looks also set to increase.

History has shown that the unpaid work gender gap narrows when male unemployment is higher than female. But it is less likely to narrow when female unemployment is higher than male.

That said, COVID-19 presents an opportunity for the breaking down of gender stereotypes in unpaid work with containment measures limiting the activities of all Australians outside of the home.

The gender gap in unpaid work shows women in relationships doing 60% more unpaid tasks than men. This disparity is widely considered a significant barrier to female work participation and therefore financial progress.

KEY RESULTS

In paid employment, the average wage disparity between full-time working women and men narrowed to 13.9% in the March quarter from 14.02% in the previous quarter.

But the latest COVID-19 job statistics suggests that this could be affected by reduced wages in many occupations.

Women have suffered the most pay cuts in percentage terms, in 11 of the 19 sectors of the economy. This leaves eight industries where men have had the biggest wage reduction.

Accommodation and Food Services has cut female wages by the most of any sector at 32.3% versus a 27.3% reduction in pay for males.

The COVID-19 health crisis has had an unprecedented impact on the global economy and economic activity in Australia is suffering despite wide ranging stimulus by the government to help business and individuals.

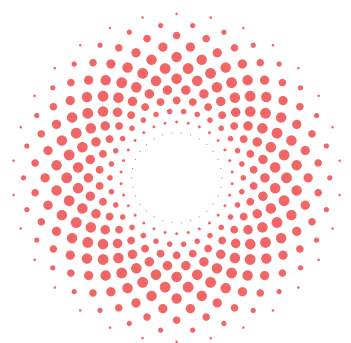
Indeed, we do know that when economic growth has been stronger, so too have improvements in gender diversity on boards.

While these are not normal times, history may provide us with a guide on what to expect on the number of female directors holding ASX 200 company board positions this year.

Currently the percentage of women on these boards has remained unchanged at 30.7% since December 2019.

The financial progress of women as measured by the Financy Women's Index, is calculated by looking at the performance of women relative to men across eight areas; tertiary education, employment, workforce participation, underemployment, wages, unpaid work, ASX 200 board numbers and superannuation.

In this Index, we have temporarily removed the tertiary education indicator in our calculations, but not our commentary, as we work with Deloitte Access Economics on its enhancement for the upcoming June quarter.



WOMEN IN THE WORKFORCE

There are early signs that female workers are faring worse than male because of the impact of COVID-19.

Full-time female employment growth slowed in the March quarter with the number of women in full-time work up by only 0.1% to 3.35 million, from 3.34 million in December 2019.

Prior to COVID-19, full-time employment growth for females was stronger than males. Today it is not only the opposite, but men's full-time employment growth is close to ten times that of women.

Male full-time employment rose by 0.9% to 5.54 million from 5.49 million over the same period.

By contrast, female employment growth rose by 1.4% in the March quarter of 2019 and 1.3% in the March quarter of 2017.

The March quarter of 2018 was relatively unchanged for both genders as the Australian economy slowed to a crawl in the second half of 2018.

The number of women in part-time employment rose by 0.7% to 2.82 million in the March quarter compared to December, while for men it fell by 2% to 1.32 million over the same period.

What could be affecting recent part-time job numbers for women are reduced employment opportunities and/or early signs of the need to work more flexibility because of school and office closures.

The female unemployment rate rose by 5 percentage points (ppt) to 5.2% in March from 4.9% in February while the male unemployment rate remained steady at 5.3%.

In addition, the COVID-19 job statistics released after March 14, show that women have also been more impacted than men by job losses and pay cuts as the Coronavirus shutdown impacts.

The total number of jobs performed by both genders declined by roughly the same percentage between March 14 and 28. Female jobs decreased by 5.9% versus 5.8% for males.

Between March 28 and April 4, female jobs decreased by 5.7% while males fell by 5.1%.

Of the 19 sectors of the economy, the percentage of job losses were dominated by females across 14 sectors, while there were more male job losses in five industries.

Accommodation and Food Services recorded the biggest job cuts since the Coronavirus outbreak with 27.2% of female jobs gone and 24.8% of male jobs lost.

Businesses within the Arts and Recreation Services reported the next biggest reduction in female occupied roles with 22.1% of positions cut compared to 18.3% of male.

This reflects the fact that less than half of the businesses within Arts and Recreation Services are trading as a result of the Coronavirus, according to ABS data.

The female dominated Health Care and Social Assistance has seen 2% of female jobs cut and 1.4% of male jobs.

Education and Training was the only sector which actually increased its workforce from March 14 with 1.4% more female employees added and 1.8% more males added.

The longer the Coronavirus outbreak remains without a treatment or vaccine, the more likely it is that it will hurt the financial progress of women.

WOMEN IN THE WORKFORCE

We acknowledge that government assistance to help people stay in paid work such as the JobKeeper payment, which will be classified as employment, may skew the ABS employment data, but this information may also take some time before it is captured in official figures given processing times.

The weakness in female jobs in light of COVID-19 is likely to reflect that women tend to occupy lower paid and less secure forms of employment in terms of casual and part-time work – leaving them more often financially vulnerable.

There is also a high concentration of women working in caring industries and essential services roles, which are also considered undervalued in terms of pay.

Most sectors of the Australian economy (17 out of 19) are male dominated in terms of having more full-time workers compared to full-time females.

The picture is almost the reverse in part-time work with 16 out of 19 sectors dominated by females and only three dominated by males.

If we look at the top five industries for having the highest percentage of businesses that are operating at close to normal levels during this crisis, all are male dominated in terms of full-time employees such as Professional, Scientific and Technical Services (96%), Construction (93%), Transport, Postal and Warehousing (96%) and Rental, Hiring and Real Estate Services (94%) and Financial and Insurance Services with 96% of businesses operational.

Health Care and Social Assistance (Health) and Education and Training sector are the only two sectors that are dominated with full and part-time female employees.

Health has the largest number of female employees and 93% of businesses within this industry are still operating, which is encouraging and could help to stabilise a reduction in female job cuts across other industries.

Education and Training has 88% of businesses operating. While some businesses have closed, particularly those that could only provide face-to-face training, others have actually had to increase their workforce. In some cases this has been to support online learning and boost hygiene efforts.

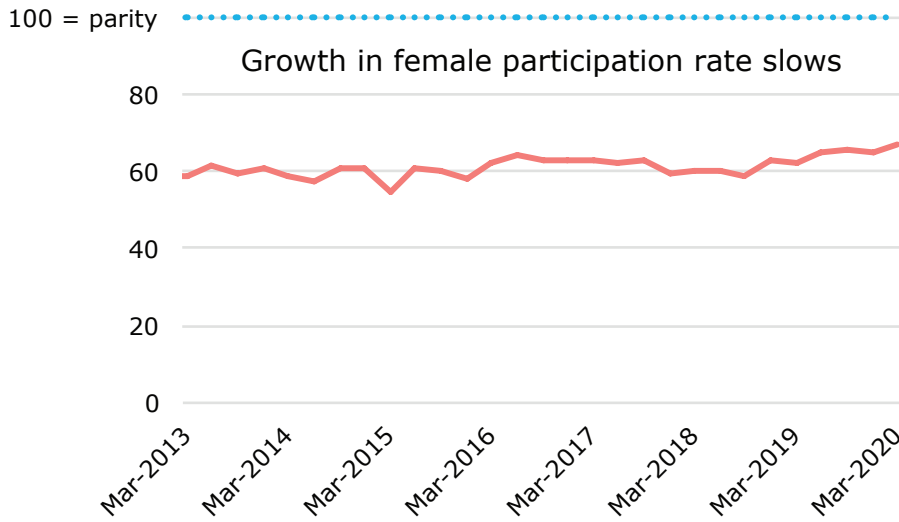
The female participation rate, which takes into account full and part-time employment, rose to 61.3% in the March quarter from 61.2% points in December. The male participation rate fell to 70.8% from 70.9% over the same period.

The rate of growth in the female participation rate has slowed in comparison to a year ago. The male participation rate has been slowly declining over many years in contrast to the female participation rate which had been steadily rising.



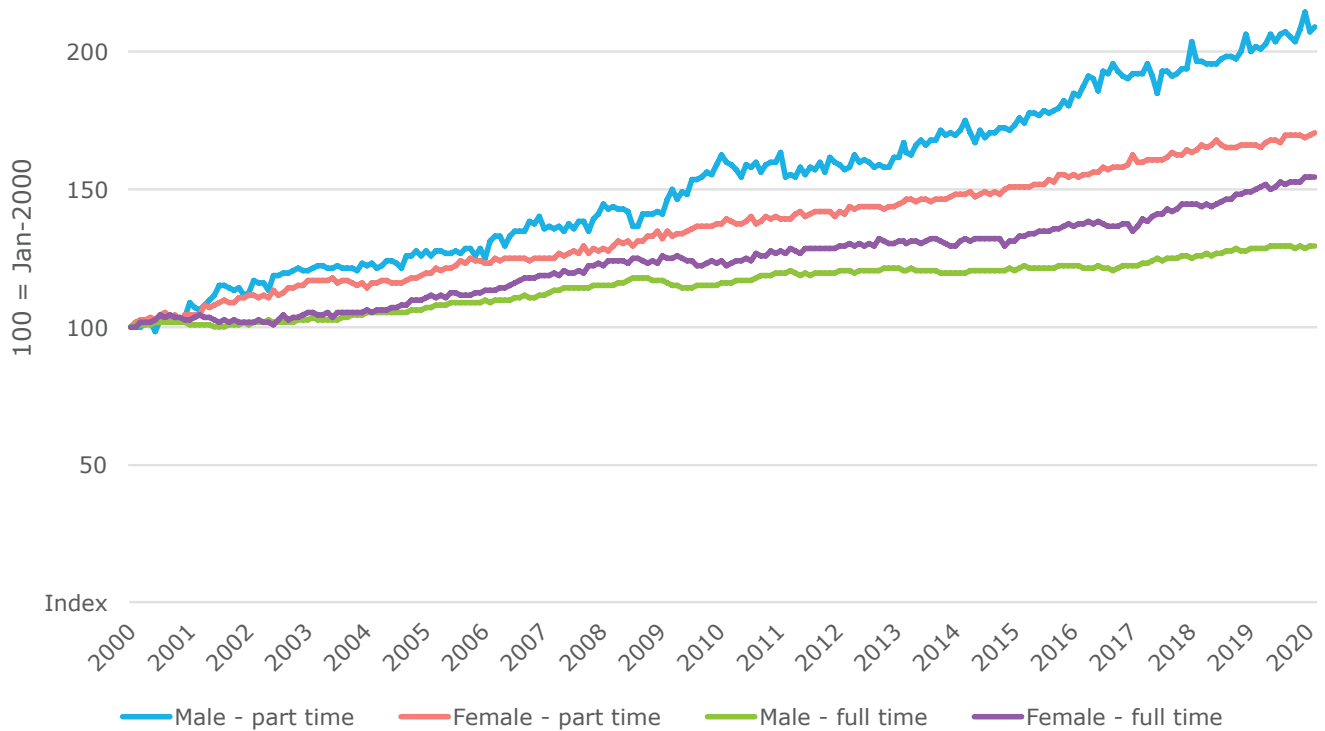
WOMEN IN THE WORKFORCE

CHART 4: Female participation rate



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

CHART 5: Employed persons by gender and full time / part time (Index, 100 = Jan-2000)



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

WOMEN IN THE WORKFORCE

Spotlight on industries

As many as eight sectors of the economy reduced their full-time female workforce in the March quarter just as the Health and Education sectors recorded a slight drop in female employment growth.

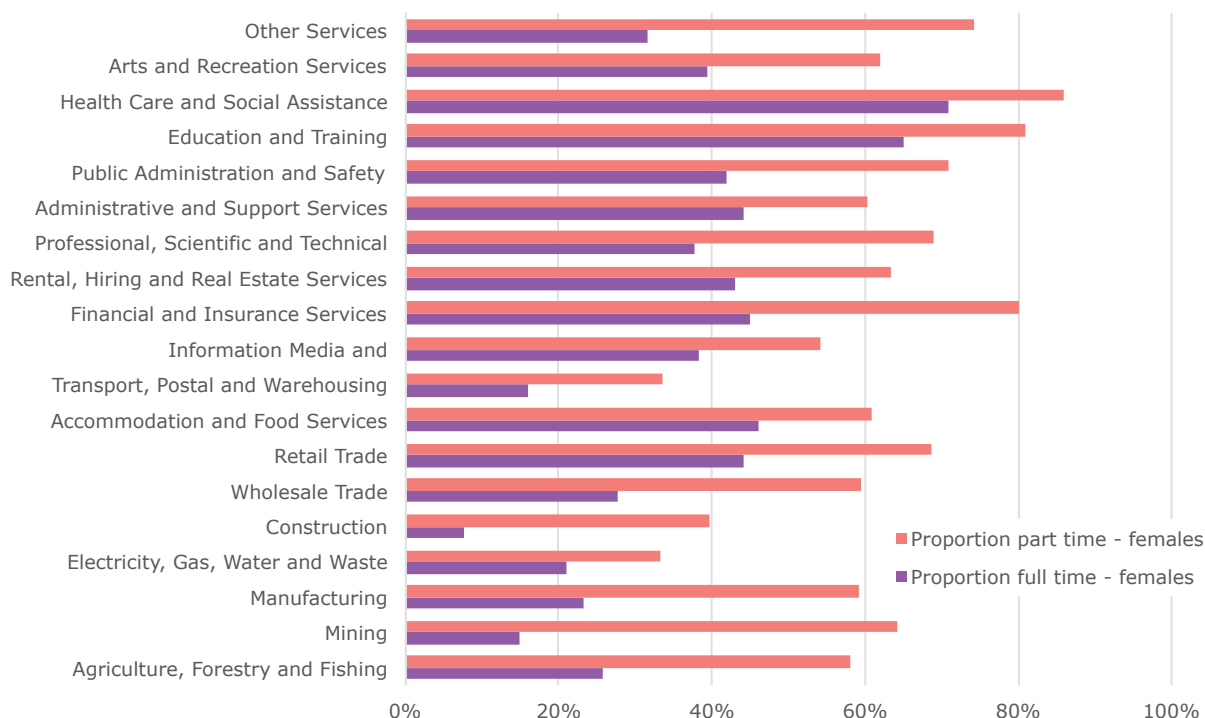
TABLE 1: Full and Part time work by gender and Industry ('000)

| Industries: | Employed full-time > Males | Employed full-time > Females | Employed part-time > Males | Employed part-time > Females |
|---|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Agriculture, Forestry and Fishing | 186 | 65 | 36 | 50 |
| Mining | 195 | 34 | 4 | 6 |
| Manufacturing | 594 | 180 | 55 | 80 |
| Electricity, Gas, Water and Waste Services | 97 | 26 | 9 | 4 |
| Construction | 927 | 75 | 110 | 72 |
| Wholesale Trade | 230 | 88 | 28 | 41 |
| Retail Trade | 354 | 281 | 198 | 434 |
| Accommodation and Food Services | 192 | 165 | 226 | 351 |
| Transport, Postal and Warehousing | 440 | 83 | 96 | 48 |
| Information Media and Telecommunications | 100 | 62 | 23 | 27 |
| Financial and Insurance Services | 219 | 180 | 15 | 60 |
| Rental, Hiring and Real Estate Services | 87 | 65 | 23 | 39 |
| Professional, Scientific and Technical Services | 575 | 348 | 78 | 172 |
| Administrative and Support Services | 151 | 119 | 72 | 109 |
| Public Administration and Safety | 405 | 291 | 39 | 95 |
| Education and Training | 240 | 448 | 78 | 331 |
| Health Care and Social Assistance | 289 | 705 | 113 | 694 |
| Arts and Recreation Services | 83 | 54 | 44 | 71 |
| Other Services | 232 | 108 | 40 | 115 |

Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

WOMEN IN THE WORKFORCE

CHART 6: Female share of full and part-time workers



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

Employment by age group

The youngest and the oldest women in the workforce have been most affected by job cuts in the March quarter.

The number of full-time employed females aged 15 to 24 years fell by 3% to 378,000 in March from 392,000 in December. This is an age group that tends to occupy more casual and part-time roles.

Women aged 55 and over have seen a 5% reduction in full-time jobs from 480,000 in the December quarter to 457,000 in March.

This finding is likely to be a setback in the progress of older women engaging in the paid workforce. It also has long-term implications as previous economic recessions show that older Australians who become unemployed are less likely to re-enter gainful employment.

Financial security is of critical importance to older women, particularly those with inadequate superannuation balances and retirement income streams, and who may not own their own homes.

A higher cost of living in a low interest rate and low returns environment has also made it more difficult for self-funded retirees therefore adding to the pressure for older Australians to keep working.

The number of women over 55 years of age who were homeless increased by 31% to 6,866 in 2016, up from 5,234 persons in 2011, according to the most recent Census by the ABS in 2016, as reported in 2018.

WOMEN IN THE WORKFORCE

By contrast the number of men in this age group who were homeless increased by 26% to 11,757.

The most active female participants in the full-time workforce are those aged 25-35 years with 975,000 employed in March, up 1% on December.

For many women this is the key career-building time of their lives, but it is also the period where many start to consider career breaks as a result of having children.

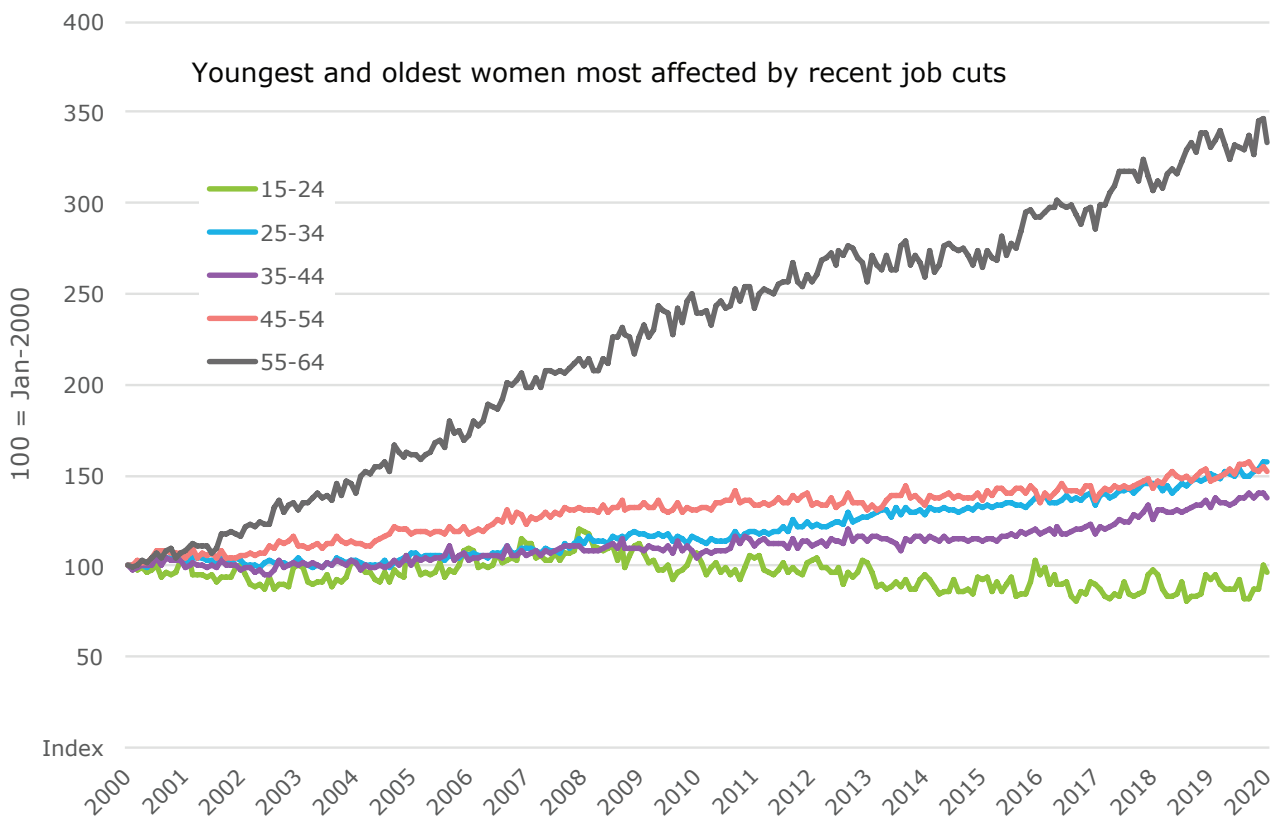
There were 721,000 women aged 35–44 years in full-time employment in the March quarter, reflecting a 2% drop in employment growth on the previous quarter.

This drop is likely to reflect more women working part-time as they try to balance career with a growing family and unpaid caring commitments.

The arrival of COVID-19 has also increased the need for home-based care of the family, particularly where it relates to the unprecedented need for parents to provide home-schooling support for their children.

Participation then picks back up again among women 45-54 years to 770,000 female employees in the March quarter, which is only a 1% increase in growth from the December period.

CHART 7: Employed females by age group (2000=100)



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

WOMEN IN THE WORKFORCE

The gender gap in the underemployment rate narrowed in the March quarter despite increasing for both sexes.

The underemployment rate for women rose by 0.47 points to 10.83% in March compared to 10.36% in December.

The male underemployment rate rose by 0.52 points to 7.26% in March from 6.74% in December. The male underemployment rate has been fluctuating around these levels for much of the past five years.

The female underemployment rate grew by 5ppt in the March quarter, which is actually significantly worse than it has been in well over two years.

The quarterly percentage change in the female underemployment rate has ranged between 0.1ppt and -2ppt since March 2018.

The female underemployment rate has been getting worse over the past decade, which is often attributed to a number of economic trends including international labour competition, the growth of the so-called “Gig economy” and a structural rise in part-time work.

This underemployment rate reflects the number of people who are employed over the age of 15 years and who are available for and who want to work more hours than they currently get from their workplace.



“Prior to COVID-19 female full-time employment growth was stronger than male.”

WOMEN IN THE WORKFORCE

COVID-19: THE WAY FORWARD



There is likely to be good and bad implications for women's financial progress in terms of the impact of COVID-19 on employment participation.

What COVID-19 should hopefully do is bring into focus the importance of essential services such as female dominated Education, Health and Childcare – which have largely been considered as undervalued in the economy.

We could also see increased interest among women in Science, Technology, Engineering and Mathematics (STEM) careers, particularly Science, which is attracting increased funding as governments worldwide inject desperate funding into research in search of a cure and vaccine for COVID-19.

The pandemic is also responsible for removing the gender lens on flexible work by encouraging everyone who can, to work from home.

This is a significant step forward because flexible work has been largely seen as something typically only taken up by, and given to, women.

Indeed, research from Bain & Company and Chief Executive Women shows that men are twice as likely as women to have their request to work flexibly rejected.

It is possible that as more people work from home, and business is forced to make it work through available technologies such as Skype or Zoom Internet conferencing, that we could see increased utilisation and normalisation of flexible work arrangements in the future.

This could greatly aid the financial progress of women if more are able to participate in the workforce, particularly those who are returning after having children.

The availability and normalisation of flexible work practices is also essential to enabling gender equality.

However, there is also a risk that as businesses respond to COVID-19 and many cut costs, that policies and strategies developed to support gender equality could be forgotten, rather than just put on hold for the time being.

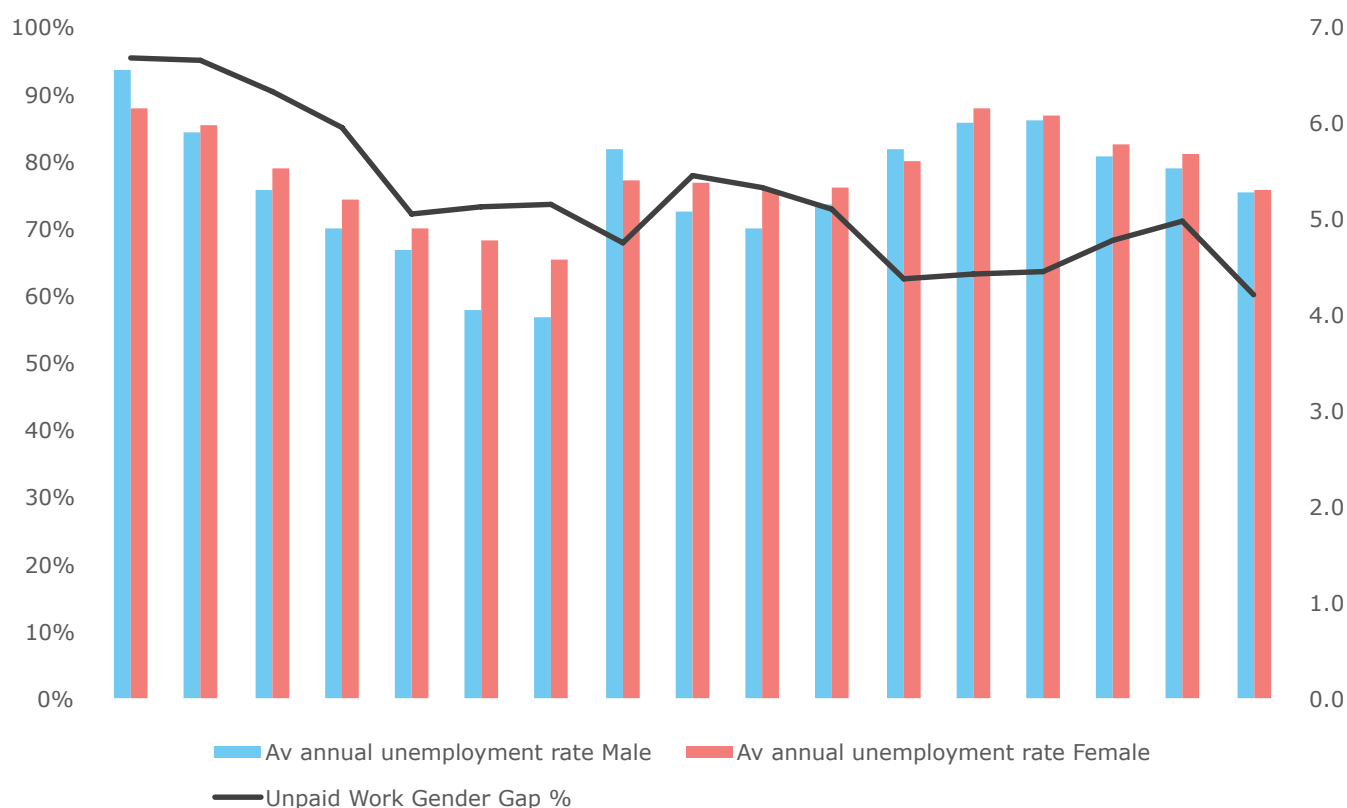
WOMEN IN UNPAID WORK

History tells us that in periods of higher male unemployment, the gap between the genders in unpaid work has narrowed.

For example, between 2003 and 2018, our analysis of unemployment rates by gender and of unpaid work, shows that in 2009 and 2013, male unemployment was much higher than female unemployment and during these years the unpaid work disparity actually declined by 8ppt to 68% and 14ppt to 62% respectively.

However, the tricky thing with the current environment is we have never been here before and in past periods of higher male unemployment, there weren't the social restrictions in place or periods of home-schooling – all of which are likely to add to the total number of hours spent on unpaid work.

CHART 8: Female unpaid work load versus unemployment rate by gender



Source: Financy and Deloitte Access Economics, using ABS data and the HILDA Survey, March 2020.

WOMEN IN UNPAID WORK

But with female unemployment appearing to rise at a faster pace than male during the March quarter, it's possible that the gender gap in unpaid work could get worse for women.

What we do know is that the amount of time spent doing unpaid work such as caring for children, home-schooling (even temporarily), running household errands and outdoor tasks, can limit a person's ability to participate in the paid workforce.

For women, the amount of time spent on unpaid work, where it relates to caring for children, is often cited as being a major obstacle to financial progress and it can hinder long-term financial security.

Roger Wilkins co-author of the HILDA Survey which collects data once a year on unpaid work, expects that women are likely to find themselves doing more unpaid work as a result of COVID-19 due to their tendency to be the primary carers of children.

That said, he notes that men too are also likely to be doing more unpaid work than ever before, particularly those who are working from home or have lost their jobs.

He said self-containment measures and the limitations in place on what else people can do outside of their homes, make it almost a certainty that unpaid work hours will increase for both genders.

“If female employment recovers more slowly than male employment, that would tend to widen the unpaid work gap. On the other hand, if men get more involved in home life during the shutdown, new habits may form that persist beyond the shutdown,” said Mr Wilkins.

Before COVID-19, when we look at the proportion of time spent by women on unpaid work, it exceeds that of paid employment and takes up to 63% of their time, whereas for men it takes up 41% of their time and the rest goes towards paid employment.

This gap describes the proportion of time spent on unpaid work, when unpaid and paid work are combined, for those in a coupled relationship, with and without children under 18 years of age living with them and is based on data from the 2018 Household, Income and Labour Dynamics in Australia (HILDA) Survey.

In 2018, the average woman in a relationship did 38.9 hours per week of unpaid work compared to 24.3 hours a week for men.

The gender gap in unpaid work has been improving over the past 20 years, which is a period, that reflects a rise of dual income families, rising female financial independence, more people delaying marriage and a decline in the total fertility rate.

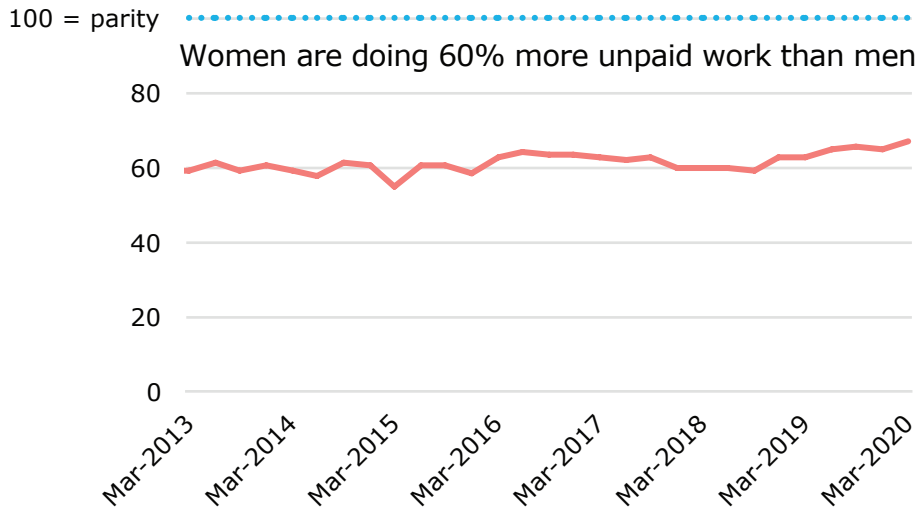
The median age for women to become first-time Mothers was 31 years as of 2017, while for men to become Fathers it was 33 years.

The gender gap in just unpaid work, for couples regardless of whether they had children, showed women were doing 95% of the load in 2002 at 41.2 hours per week, nearly double that of men.

Since then the gender balance has improved with women doing about 60% more unpaid to men, which is down from 71% in the year before.

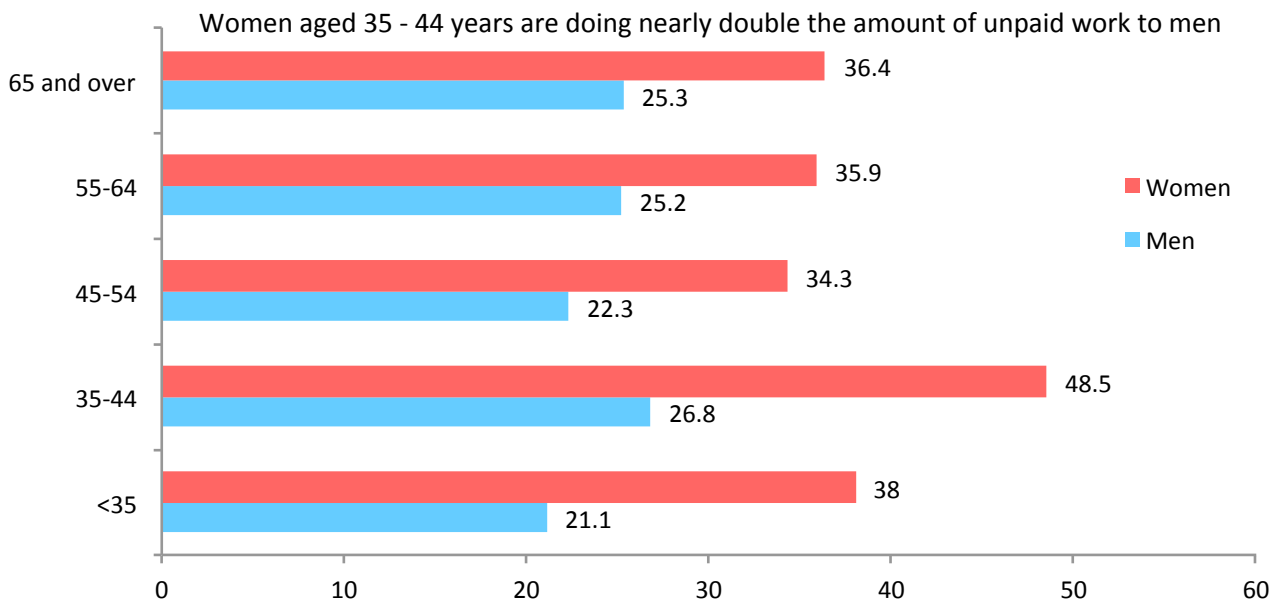
WOMEN IN UNPAID WORK

CHART 9: Unpaid work gender gap has been closing in recent years



Source: Financy and Deloitte Access Economics, using the HILDA Survey, March 2020.

CHART 10: Unpaid work hours by age for couples with or without children



Source: Financy and Deloitte Access Economics, using the HILDA Survey, March 2020.

WOMEN IN UNPAID WORK

If we look at specific age groups in terms of unpaid work for those in a coupled relationship, there's a definite reduction in hours worked for those under 35 years.

In 2018, women under 35 years were doing 6% less, or doing 38 hours per week compared to 40.4 hours a week in 2017.

Men under 35 were doing 5% more unpaid work in 2018 at 21.1 hours per week versus 20.1 in 2017.

Interestingly women aged 35-44 were doing the most unpaid work of any age group and that's despite doing 6% less than they used to.

The number of unpaid hours for women aged 35-44 was 48.5 a week in 2018, compared to 51.7.

It's the opposite for men of this demographic who in 2018 did 4% more unpaid work at 26.8 hours per week compared to 25.8 in 2017.

This shift in those under 45 years is likely to reflect changing social, work and family dynamics and more men taking on a greater level of responsibility for caring for children and household tasks.

Couples could also be getting a little better at sharing the load in unpaid work.

Over the past 30 years, the female fertility rate for those aged 35-39 has more than doubled and for those aged 40-44 it has tripled. By contrast, teenage fertility has nearly halved, according to the ABS Births Australia data.

Older women in coupled relationships were doing 9% more unpaid work than in 2017 but the number of hours is still less than younger women.

Women aged 55 and over were doing 35.9 hours per week unpaid in 2018 compared to 32.8 in 2017.

Men of the same age were doing a 13% more unpaid hours at 25.2 hours per week in 2018, up from 22.4 the year before.

“If female employment recovers more slowly than male employment, that would tend to widen the unpaid work gap,”

Roger Wilkins

WOMEN IN UNPAID WORK

COVID-19: THE WAY FORWARD



COVID-19 presents Australian society with an opportunity to examine unpaid work dynamics and whether the current disparity changes in relationships with children when individuals are spending more time at home.

Women have traditionally always done the bulk of unpaid work but with more men working from home now, many would be taking on more of the domestic tasks and care work, or at the very least have greater visibility of it. Indeed, it will also work in the reverse where women have more visibility of what men do in terms of the paid and unpaid workload.

Broader acknowledgment of the unpaid work load is needed in society and removing the gender stereotypes associated with who does what, will be key to affecting lasting change.

For couples with school age children, having them at home has introduced an additional workload of being an educator, some couples have shared this, while for others the work may be fallen more on the woman or the man.

During this period, it is possible that additional unpaid work in home isolation may also add stress to relationships, particularly for those experiencing financial hardship or in domestically violent relationships.

According to a new report titled Gender perspective on COVID-19 by the National Women's Alliances, "Isolation due to COVID-19 will intensify this kind of coercive control by abusers."

In Australia, Women's Safety New South Wales Australia has reported a 40% increase in women approaching services for emergency assistance relating to domestic violence since the COVID-19 outbreak.

Governments need to ensure that anti-domestic violence campaigns go as far as acknowledging how significant gender imbalances in unpaid work can become magnified because of COVID-19 containment.

If government, business and society can do more to successfully breakdown gender stereotypes around unpaid work during this crisis, then we have a chance of seeing lasting change in a post-COVID-19 world.

GENDER PAY GAP

The gender pay gap narrowed to a new low of 13.9% in the March quarter from 14.02% in the period before but could worsen if more women find themselves out of employment or working reduced hours because of COVID-19.

The average woman employed full-time earned \$1,509.50 in November, as reported in February 2020, compared to \$1,485.50 in May, as reported by the ABS in August 2019 (September quarter).

This latest result means the average woman working full-time earns was earning \$242 per week less than the \$1,751 earnings of the average full-time employed man. This has hardly changed over the past six months.

COVID-19 job statistics released after March 14, show that women have suffered a higher percentage of pay cuts than men.

Payments in terms of wages to females fell by 7% versus a fall 6.4% for males between March 14 and 28. However they both decreased by 5.1% in the period after that.

The data also shows that females experienced pay cuts in 11 of the 19 sectors of the economy. This leaves eight industries which have given men the most significant wage reduction.

Accommodation and Food Services cut female wages by the most of any sector at 32.3% versus a 27.3% for men. Arts and Recreation Services cut female wages by 17.6% versus 14.1% for men.

Retail Trade gave the third biggest cut to female wages by 10.3% versus 5.2% for men. However, it was Mining that gave men the biggest cut on pay, down 9.5% compared to 9.3% for women.

At this point in time it seems that women are less susceptible to pay cuts in the public sector compared to the private sector.

The industry which best captures this is Public Administration and Safety which has seen a 4.7% reduction in female wages compared to a 5.2% drop for males.

The gender pay gap varies significantly between the private and public sector with women earning more on average in government related positions compared to women working in non-government positions.

The public sector, which has a gender pay gap of 10.6% compared to 17.2% in the private sector, pays the average full-time working woman \$1,713 per week, versus \$1,423 for women in the private sector.

Men working full-time in the public sector earned \$1,917 per week compared to \$1,719 in private sector roles over the March quarter.

The sector with the worst gender pay gap is Health Care and Social Assistance, which is also the industry which employs the most women and is arguably at high risk of infection in light of the Coronavirus.

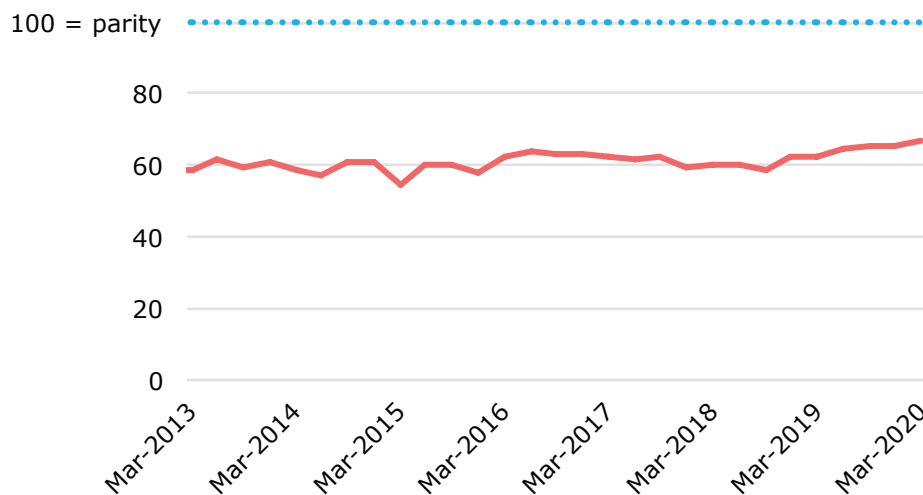
The average woman working full-time in this sector takes home \$1,465.90 a week compared to \$1,885.50 for men.

“Female wages fell by 7% v 6.4% for male.”



GENDER PAY GAP

CHART 11: Women still earning less than men but the gap is closing



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

The industries which have achieved the biggest reduction in the gender pay gap in the March quarter include Arts and Recreation Services, Professional, Scientific and Technical Services and Financial and Insurance Services.

While still slightly higher than the national average, the gender gap in Arts and Recreation Services is down 5.2ppt from 19.8% in the September quarter to 14.5% in the March quarter.

The gender pay gap in Professional, Scientific and Technical Services is down 2.2ppt from 24.3% in the September quarter to 22.1% in the March quarter while Financial and Insurance Services is also down 2.2ppt to 22.2% over the same period.

Financial and Insurance Services employs more men full-time than women and has had previously had the biggest gender pay gap for at least three years. The average full-time woman working in Financial and Insurance Services earns \$1,694.40 compared to \$2,177.30 for men.

Retail Trade has been the sector with the most disappointing widening of the gender pay gap, up by 4.6ppt to 8.5% in the March quarter from 3.9% in the September quarter.

Women working full-time in Retail earn on average \$1,181.20 a week compared to \$1,291 for men. The majority of full-time Retail workers are men (56% male versus 44% female) while the majority of part-time workers are women (31% male versus 69% female).

Other Services has continued to hold the title of the sector with the smallest gender pay gap despite seeing a small widening to 4.1% in the March quarter, up from 3.5% in the September quarter.

This sector encompasses a broad range of personal services, as well as religious, civic, professional and other interest group services including repair and maintenance activities; and private households employing staff.

GENDER PAY GAP

The gender pay gap as measured by the ABS Average Weekly Earnings data is reported twice a year in February, reflecting November data and August, reflecting May outcomes.

The wage disparity is the difference between women and men's average weekly full-time earnings, expressed as a percentage. Trend data is used.

The national gender pay gap is influenced by many interrelated work, family and societal factors, among which include gender stereotypes about work and the way women and men should engage in the workforce, according to the Workplace Gender Equality Agency (WGEA).

The three best paying industries for women include Mining and Information Media and Telecommunications – both of which have seen a slight widening in their respective gender pay gaps.

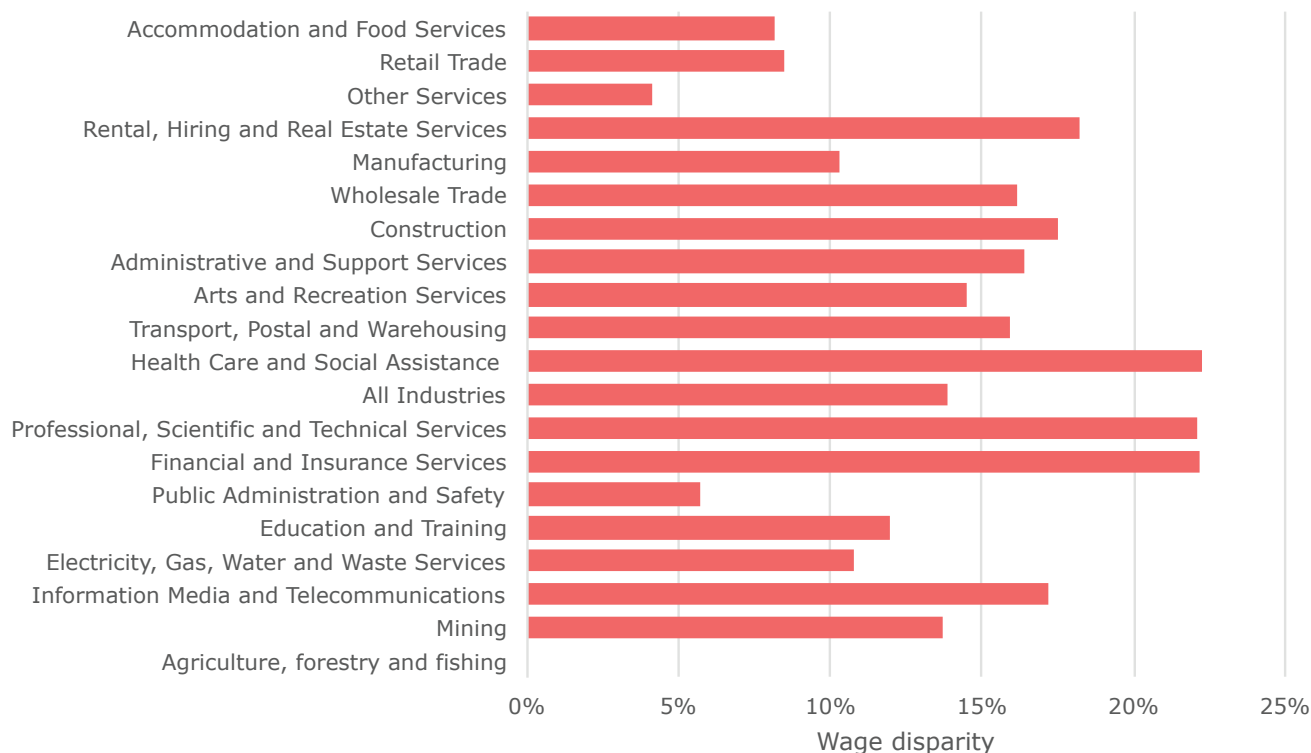
Mining has been reducing its gender gap over the past three years to 13.7% in the March quarter, but this is actually up from the 12.7% in the September period.

Information Media and Telecommunication has reduced its gender pay gap to 17.2% in the March period from 17.1% in the September quarter. It is also down from 18.5% in March 2017.

The third best paying sector for women is Electricity, Gas, Water and Waste Services, which reduced its gender pay gap to 10.5% in the March quarter from 11.5% in the period before.

The female dominated Education and Training sector is still the fourth best paying career path for women but has actually seen its gender pay gap widening to 12% after keeping it steady at 11.5% over the course of 2019.

CHART 12: Gender pay gap by industry



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

GENDER PAY GAP

TABLE 2: Jobs breakdown by Industry and pay

| Industries | Earnings; Males; Full Time; Adult; Ordinary time earnings | Earnings; Females; Full Time; Adult; Ordinary time earnings |
|---|---|---|
| Agriculture, Forestry and Fishing | n.a. | n.a. |
| Mining | \$2,668 | \$2,302 |
| Information Media and Telecommunications | \$2,121 | \$1,757 |
| Electricity, Gas, Water and Waste Services | \$1,940 | \$1,732 |
| Education and Training | \$1,948 | \$1,715 |
| Public Administration and Safety | \$1,799 | \$1,697 |
| Financial and Insurance Services | \$2,177 | \$1,694 |
| Professional, Scientific and Technical Services | \$2,067 | \$1,610 |
| All Industries | \$1,751 | \$1,508 |
| Health Care and Social Assistance | \$1,886 | \$1,466 |
| Transport, Postal and Warehousing | \$1,707 | \$1,436 |
| Arts and Recreation Services | \$1,629 | \$1,393 |
| Administrative and Support Services | \$1,665 | \$1,392 |
| Construction | \$1,683 | \$1,389 |
| Wholesale Trade | \$1,654 | \$1,386 |
| Manufacturing | \$1,504 | \$1,349 |
| Rental, Hiring and Real Estate Services | \$1,585 | \$1,296 |
| Other Services | \$1,295 | \$1,242 |
| Retail Trade | \$1,291 | \$1,181 |
| Accommodation and Food Services | \$1,220 | \$1,121 |

Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

GENDER PAY GAP

COVID-19: THE WAY FORWARD



There is an opportunity to further narrow the gender pay gap in a post COVID-19 Australia by valuing women in the work they do and embracing more flexible work arrangements to support female work participation.

That said, many women will experience financial hardship in terms of job losses and reduced income as a result of COVID-19. If this proves significant, it will exacerbate the gender gaps in pay and superannuation.

If we are to continue to support the participation of Australian women in the workforce in light of containment measures, the Government's free childcare measure provides us with an opportunity to gauge the effectiveness of improving the existing system to ensure it provides long-term support for those who want to work while having children.

That said, the budgetary cost of free child care will be a huge barrier to making it permanent in its current form particularly given the blow out in public debt in light of the Government's COVID-19 stimulus response.

The cost of childcare is often seen as one of the biggest barriers to women's full participation in the workforce.

In addition to that, the absence of flexible work arrangements across many workplaces has left many women and men with little choice but to leave work altogether or pursue casual and lesser paying roles that allow them to also raise a family.

What COVID-19 should teach us is that it is possible for the Government and businesses to better support women in the workforce and in doing so this is more likely to help increase the number of women in leadership, executive roles and CEO roles. This would then also flow through to improved pay outcomes.

WOMEN ON BOARDS

The percentage of women represented on ASX 200 boards remains at 30.7% and is unlikely to change while uncertain business and economic conditions persist because of COVID-19.

Over the past decade, the best years for growth in female board appointments such as 2011, 2016 and 2018 have coincided with years where Gross Domestic Product (GDP) rose by at least 2.7%.

However according to International Monetary Fund (IMF) forecasts, the Australian economy is set to contract by 6.7% in 2020 because of the impact of the COVID-19 and government lockdowns.

It is because of this that we may see less improvement in the number of women on ASX 200 boards during 2020.

A recovery from COVID-19 by way of a treatment, vaccine or radical decline in transmission cases is what's needed to help the Australian economy and indeed the world regain confidence and rebound.

Once business activity starts to ramp back up and business return to normal, we could expect a renewed focus once again on gender diversity at a corporate level and possibly even a stronger focus on a higher target for female board representation.

Women on Boards Australia believes the 30% target set by the Australian Institute of Company Directors (AICD) needs to be raised to 40% to prevent complacency on gender diversity.

As it stands, the boards of Australian listed companies continue to be dominated by men with 105 appointed and 69 women appointed as directors in the March quarter, as reported in the AICD's latest Gender Diversity Progress Report.

In 2015, the AICD set a 30% target for female board representation on the ASX 200 with a deadline of December 2018, which was an ambitious target at the time given the level of female board members was just 21.7%.

While the target wasn't reached by the set date, it was achieved in December 2019, which subsequently meant that due to the lack of action, last year became one of the weakest years of the decade for improving gender diversity on Australian corporate boards.

The pace of progress was the disappointing factor as the number of female board members rose by just 1% in the whole of 2019.

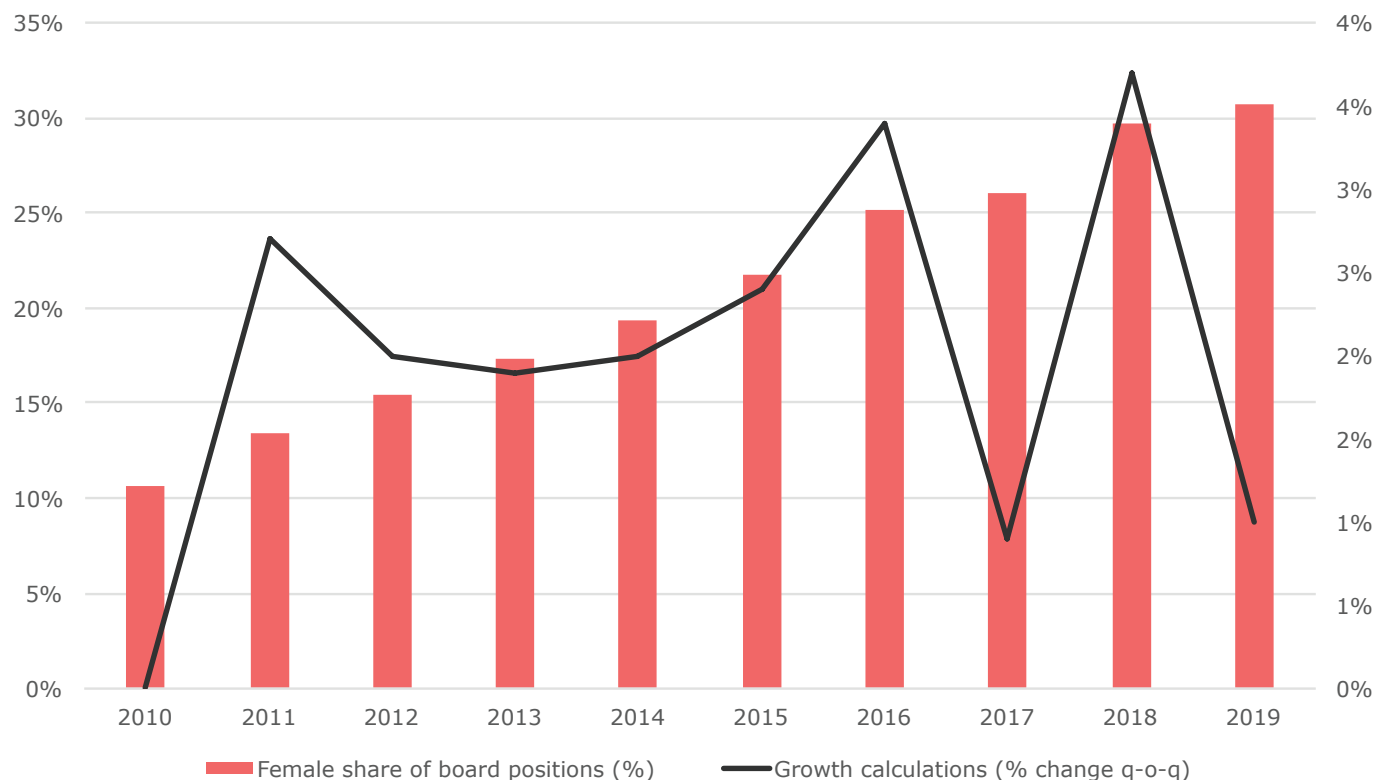
To date the best year on record was 2018, when female appointments to ASX 200 board positions rose 3.7 percentage points.



“When economic growth has been stronger, so too have improvements in gender diversity on boards.”

WOMEN ON BOARDS

CHART 13: ASX 200 female board representation as % and economic growth



Source: Financy and Deloitte Access Economics, using IMF and AICD data, March 2020.

Research shows that the bigger the company, the more likely it is that they have a greater level of gender diversity on their board. This is often said to be due to the influence of sophisticated investors who are more likely to invest in larger companies than smaller ones and in doing so apply pressure on board composition.

In September last year, the country's biggest super fund, AustralianSuper, announced that it would vote against the election of directors at more than 50 listed companies that it was invested in under its new policy of requiring companies to have at least two women on their boards.

Such pressure in support of gender diversity has had an impact on the board composition of the ASX 200 with female board representation rising to 36% in the March quarter from 34.8% a year earlier.

Within the ASX 200, there were only six companies without a woman on their board in the March quarter.

These include TPG Telecom Limited, Speedcast International Limited, HUB24 Limited, NRW Holdings Limited, Pro Medicus, New Hope Corporation Limited and Silver Lake Resources Limited.

There are 15 ASX 200 companies which have achieved gender equality on their boards while Bapcor Limited has more women than men on its board.

Women represented 39.4% of overall managerial positions in a dataset of over 4.3 million employees in the 2018-19 financial year, compared to 35% in a dataset of 3.9 million employees in the 2013-2014 reporting year, according to WGEA.

WOMEN ON BOARDS

TABLE 3: ASX 200 standouts for improving gender diversity

| Account Name | Female | Male | Female | Male |
|----------------------------------|--------|------|--------|-------|
| Bapcor Limited | 3 | 2 | 60.0% | 40.0% |
| NIB Holdings Ltd | 4 | 3 | 57.1% | 42.9% |
| Woolworths Group Ltd | 5 | 4 | 55.6% | 44.4% |
| Medibank Private Limited | 5 | 4 | 55.6% | 44.4% |
| Commonwealth Bank of Australia | 5 | 5 | 50.0% | 50.0% |
| Fortescue Metals Group Ltd | 5 | 5 | 50.0% | 50.0% |
| Mirvac Limited | 4 | 4 | 50.0% | 50.0% |
| The A2 Milk Company Limited | 3 | 3 | 50.0% | 50.0% |
| Spark New Zealand Limited | 4 | 4 | 50.0% | 50.0% |
| Incitec Pivot Limited | 4 | 4 | 50.0% | 50.0% |
| Ansell Limited | 4 | 4 | 50.0% | 50.0% |
| Abacus Property Group | 3 | 3 | 50.0% | 50.0% |
| CSR Limited | 3 | 3 | 50.0% | 50.0% |
| Clinuvel Pharmaceuticals Limited | 3 | 3 | 50.0% | 50.0% |

Source: Financy and Deloitte Access Economics, using AICD data, March 2020.

COVID-19: THE WAY FORWARD



There is a real risk that the momentum we saw at the end of 2019 in greater gender diversity on ASX 200 boards could slow this year as a result of the impact of COVID-19.

But if ever there was a need for a reminder of the benefits of diversity to company performance it is now.

2018 research by consultancy firm McKinsey found that companies with more culturally and ethnically diverse executive teams were 33% more likely to see better-than-average profits.

In a recent Ernst & Young article Kerrie Waring, CEO of the International Corporate Governance Network said that “Board quality is dependent on Board diversity – and for this, we need a combination of skills and experience. This transcends gender and includes ethnicity, social class and cognitive reasoning. Diverse boards are less prone to ‘groupthink’ and more likely to embrace new approaches to meet future threats and opportunities.”

Increasing the level of diversity on boards can increase the culture of constructive challenge and questioning. A key factor to increase the number of women on boards is a deeper understanding of the need for change.

During this time, women may also be in a position to do more for themselves to become board ready from an educational and networking perspective.

SUPERANNUATION GAP

The gender gap in superannuation is likely to widen if COVID-19 has a sustained impact on the employment trends of women in what would be a major setback for the financial progress of women.

The ABS latest data shows that women retire with 31% less in their retirement savings than men from the 2017-18 financial year.

However new data provided to the Financy Women's Index from Australia's largest superannuation fund AustralianSuper shows the gender gap among its members in the most popular Balanced fund option narrowed to 25% at the end of March.

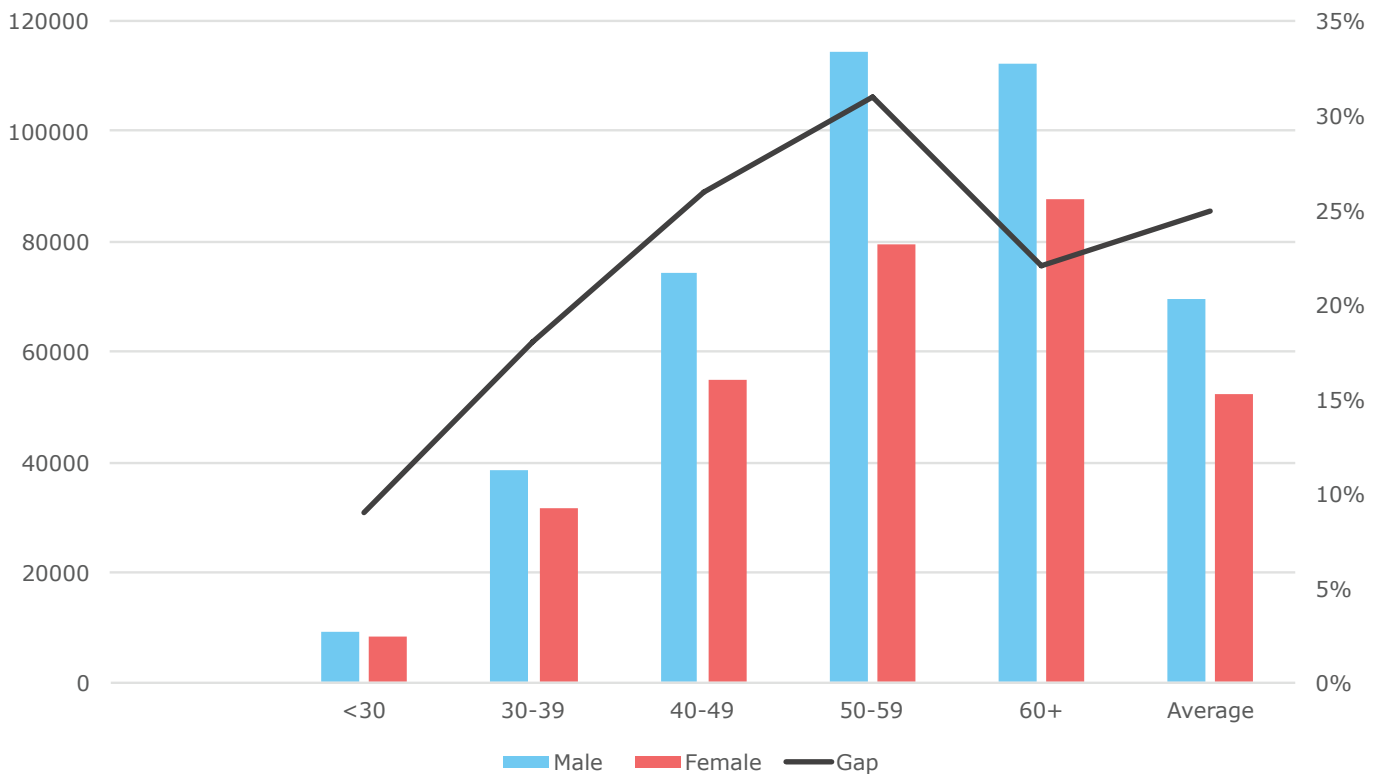
This could be the result of increased contributions by women and improvement in wages and the gender pay gap.

The median superannuation account balance reported by the ABS for the 2017-18 financial year shows that the average women had only \$45,000 in her superannuation account while the average man had \$65,000 as of the 2017-18 financial year.

In the two years to June 2018, women saw their account balances grow by 11% compared to 5% for men helped by increased contributions and greater female work participation.

When you look at the mean superannuation balance, the average woman had \$121,000 in retirement savings compared to \$168,500 for the average man in the 2017-18 financial year. This reflects 15% growth for women and 6% for men.

CHART 14: Gender gap in AustralianSuper balanced option



Source: Financy and Deloitte Access Economics, using AustralianSuper data, Mar 2020.

SUPERANNUATION GAP

However, these improved growth rates in contributions could decline if we see a sustained and greater impact from COVID-19 on female employment and wages relative to men.

As a result, the Government's early release of superannuation scheme, for those impacted by COVID-19, has already been taken up by half a million people at the time of publishing this Report.

Given that many women are already at a financial disadvantage to men, it is likely that many will seek to access their super early.

Early access could significantly reduce the amount of savings that women with inadequate balances currently have. And this will dramatically weigh on their retirement saving via the impact of compounding returns.

It's important to note that about a quarter of women don't have any superannuation at all compared to about a fifth of men (23.5% versus 20.5%), according to ABS Gender Indicators data for the 2017–18 financial year.

Young women and those over 55 years are more likely than any other age group to have no superannuation at all.

About half of 15 to 24 years have no superannuation at all and there is very little difference between the genders with 49.4% women and 50.3% men.

Of women aged 55-64-year-old, 22.4% have no super compared to 16.3% men.

Before the onset of COVID-19, modelling provided by Deloitte Access Economics forecast that the gender gap in superannuation would have narrowed to 29% in 2019 based on the compound annual growth rate (CAGR) over the past decade.

This forecast takes into account the fact that the gender gap in superannuation account balances has fallen by 12ppt since 2010 when the disparity was 43%.

But if the next batch of data shows that the rate of contributions has slowed, and has worsened for women relative to men, then not only will the gender gap in super widen but forecasts will be affected.

If COVID-19 contributes to a widening of the gender gap, it could then take many years to reverse unless additional changes are made to the superannuation system that address the inadequacy of female account balances.

Research group SuperRatings recently modelled the impact of withdrawing \$10,000 this financial year, and a further \$10,000 in the next – (total) \$20,000 under the government's early release program.

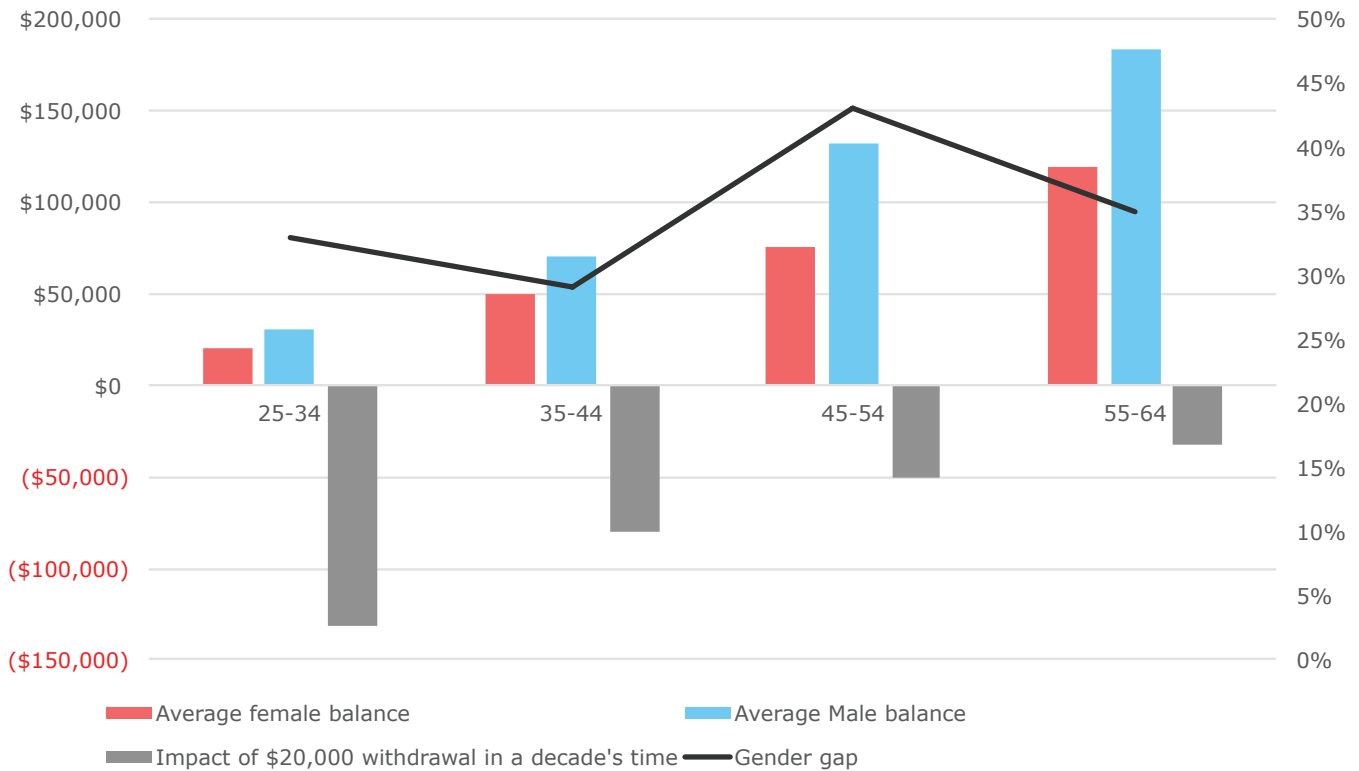
The biggest impact occurs in younger people as they are more likely to miss out on the long-term benefits of compound growth by withdrawing early.

“Young and over 55s women more likely to be affected by job changes.”



SUPERANNUATION GAP

CHART 15: Impact of \$20,000 early release scheme



Source: Financy and Deloitte Access Economics, using SuperRatings data, March 2020.

SuperRatings has based these assumptions on the Australian Securities and Investments Commission's MoneySmart calculator using a growth option with an assumed investment return of 5% before fees and taxes on earnings.

Prior to COVID-19, what has been effective in helping to narrow the gender gap in superannuation greater awareness raising of the adequacy of retirement savings and the strategies that can be used to take advantage of contributions limits.

The Association of Superannuation Funds of Australia (ASFA) notes that a number of measures particularly assist women, such as the Low-Income Superannuation Tax Offset. As well as lower contribution caps and the Division 293 higher rate of tax on contributions made by upper income earners, which have tended to reduce the scope for mostly men to accumulate very high account balances.

The low-income super tax offset is a government superannuation payment of up to \$500 per year to help low-income earners save for retirement.

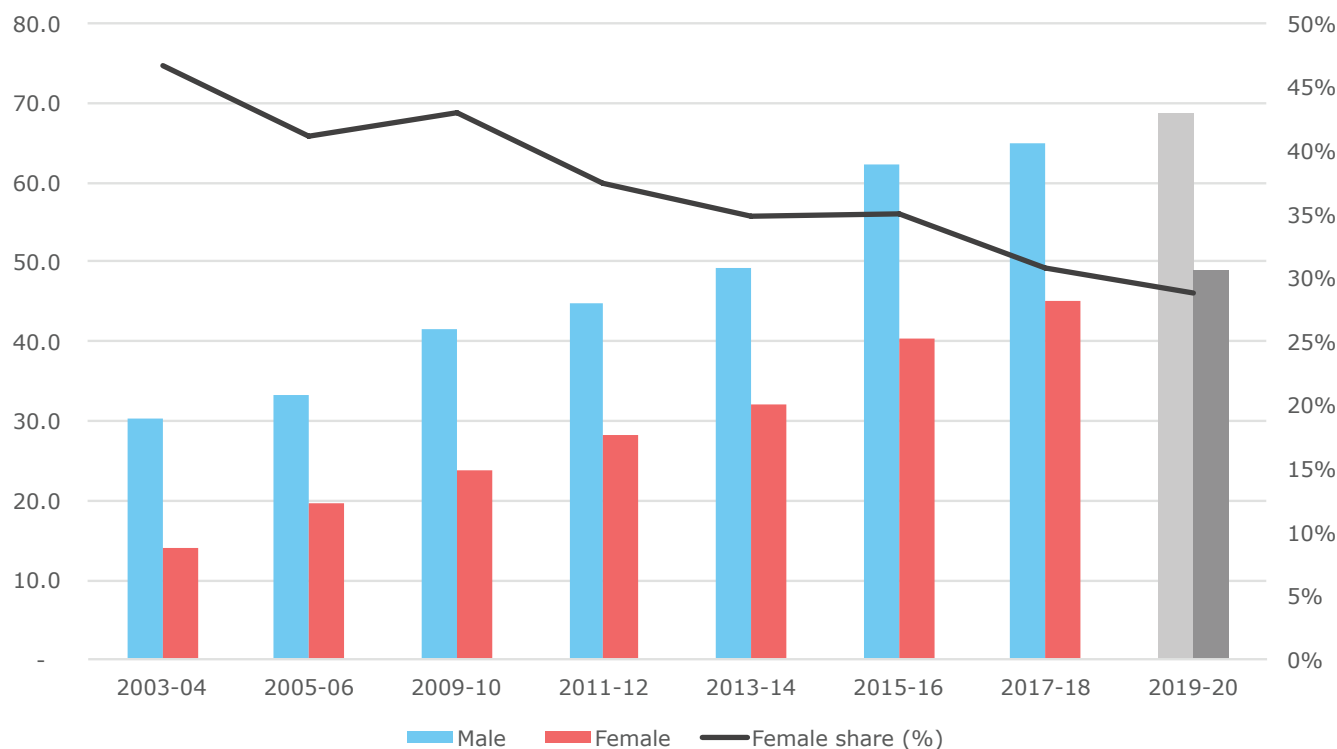
Analysis by the SMSF Association of the latest Australian Taxation Office data also found that women made the biggest contributions to self-managed super funds (SMSFs) during the 2016-17 financial year as many made use of tax efficient contributions limits.

The improvement in the retirement savings of women is also likely to have been influenced by an increasing number of organisations starting to offer improved superannuation benefits for women and those on paid and unpaid parental leave.

Such measures are likely to be effective in helping to retain women in the workforce and supporting their transition back to work after children.


SUPERANNUATION GAP

CHART 16: Superannuation by balances (NOTE: grey columns are forecast)



Source: Financy and Deloitte Access Economics, using ABS data, March 2020.

COVID-19: THE WAY FORWARD



Measures to further improve the superannuation gender gap will continue to be more important than ever as the COVID-19 crisis continues and even long after that.

The Government's early release of superannuation scheme could exacerbate the gender gap at a time when many women in part-time and casual work are likely to find themselves earning less or potentially on government benefits without super. It is also possible that some women in financial hardship will choose to not access their super early as they try to protect what funds they do have for retirement.

What's arguably now needed is a pathway for the way back for people who access their super, particularly women. Encouraging women through incentives to make the most of catch up limits, particularly for those who are unemployed or underemployed, should be considered by government as part of a broader range of policy measures to support women making additional contributions.

Of course, for many older women over 55 years, poor share market returns as a result of COVID-19 could deteriorate retirement savings. It would be very beneficial to provide free advice and education to older women in financial hardship in light of COVID-19.

TERTIARY EDUCATION

COVID-19 could have a positive if not revolutionary impact on tertiary education given the heightened focus towards online and remote learning.

Since 1987, female tertiary education enrolments have outpaced male enrolments and this trend is likely to continue as increased unemployment for both genders leads to a renewed focus on upskilling and workforce relevance.

The total number of females enrolled in tertiary education rose by 3% to 866,410 in 2018 compared to 839,278 in 2017. Male enrolments also rose by 3% to 695,111 from 673,401 over the same period.

As we reported in the December quarter Financy Women's Index, women are increasingly seeking out more male-dominated course areas with a technical focus but at the same time, female-dominated services fields are highly popular.

The top three areas for female enrolment growth over 2019 were all male-dominated areas and include Engineering and Related Technologies with 6% annual female enrolment growth compared to 3% for males, Architecture and Building with 12% female enrolment growth versus 9% for males and Information Technology (IT) with a 26% jump in female students versus 22% for males.

The gain in female IT enrolments reflects the most significant growth of any field of study by either gender, according to the 2018 tertiary education data released by the Department of Education in November 2019.

In 2018, the number of female IT enrolments increased by 132% to 22,519 from 9,723 in 2012.

By contrast, the number of male IT enrolments rose by 92% to 77,500 over the six years to 2018. We would expect that men and women to continue to gravitate towards this field of study in light of COVID-19.

The level of growth female IT enrolments is encouraging because the field is a pathway to the second highest paying employment sector for women and the skills obtained are increasingly in demand as business and industries continue to evolve.

Increased competition has put pressure on businesses to ensure employees have relevant skills for online platforms and social media across a range of professions, particularly in marketing and media, which are areas largely dominated by women.

Over the past six years, female enrolments in Engineering and Related Technologies rose 49% to 22,041 versus 97,892 for males and in Architecture and Building female enrolments climbed 46% to 17,472 versus 22,032 males.

This is also encouraging for women given the statistical likelihood of higher pay outcomes for women particularly in Engineering.

While the female dominated field of Education recorded a 2% drop for both male and female enrolments in 2018, the longer-term trend shows that men are leading the charge in terms of enrolment growth, albeit from a low base.

Since 2012, male enrolments in Education are up 10% to 32,404 versus 4% for women to 93,988 students.

The three most popular fields of tertiary education for women in 2018, by student number, include Society and Culture, Management and Commerce and Health.

Female enrolments in Society and Culture rose by 2% to 212,277 versus 1% in males. Management and Commerce female enrolments rose by 2% to 194,126 versus 1% for male, and Health gained 4% females to 188,407 versus a 2% increase for males.

TERTIARY EDUCATION

TABLE 4: Tertiary fields of study by gender, number and ratio

| CATEGORY | 2012 | 2012 | 2018 | 2018 | 2018 |
|---|---------|---------|---------|---------|--------------|
| | MALE | FEMALE | MALE | FEMALE | RATIO F TO M |
| Natural and Physical Sciences | 49,358 | 51,410 | 63,707 | 65,904 | 1:1 |
| Information Technology | 40,433 | 9,723 | 77,500 | 22,519 | 2:7 |
| Engineering and Related Technologies | 77,418 | 14,811 | 97,892 | 22,041 | 2:9 |
| Architecture and Building | 17,591 | 11,972 | 22,032 | 17,472 | 4:5 |
| Agriculture Environmental and Related Studies | 9,323 | 10,258 | 8,461 | 9,762 | 8:7 |
| Health | 51,818 | 132,935 | 67,684 | 188,407 | 25:9 |
| Education | 29,490 | 90,344 | 32,404 | 93,988 | 3:1 |
| Management and Commerce | 168,092 | 166,634 | 202,335 | 194,126 | 1:1 |
| Society and Culture | 100,415 | 178,436 | 113,344 | 212,277 | 15:8 |
| Creative Arts | 33,770 | 53,154 | 36,348 | 59,817 | 5:3 |
| Food Hospitality and Personal Services | 151 | 152 | 1,306 | 1,123 | 6:7 |
| Mixed Field Programs | 3,328 | 5,649 | 4,347 | 7,991 | 11:6 |
| Non-Award course | 7,729 | 10,433 | 7,365 | 11,993 | 13:8 |

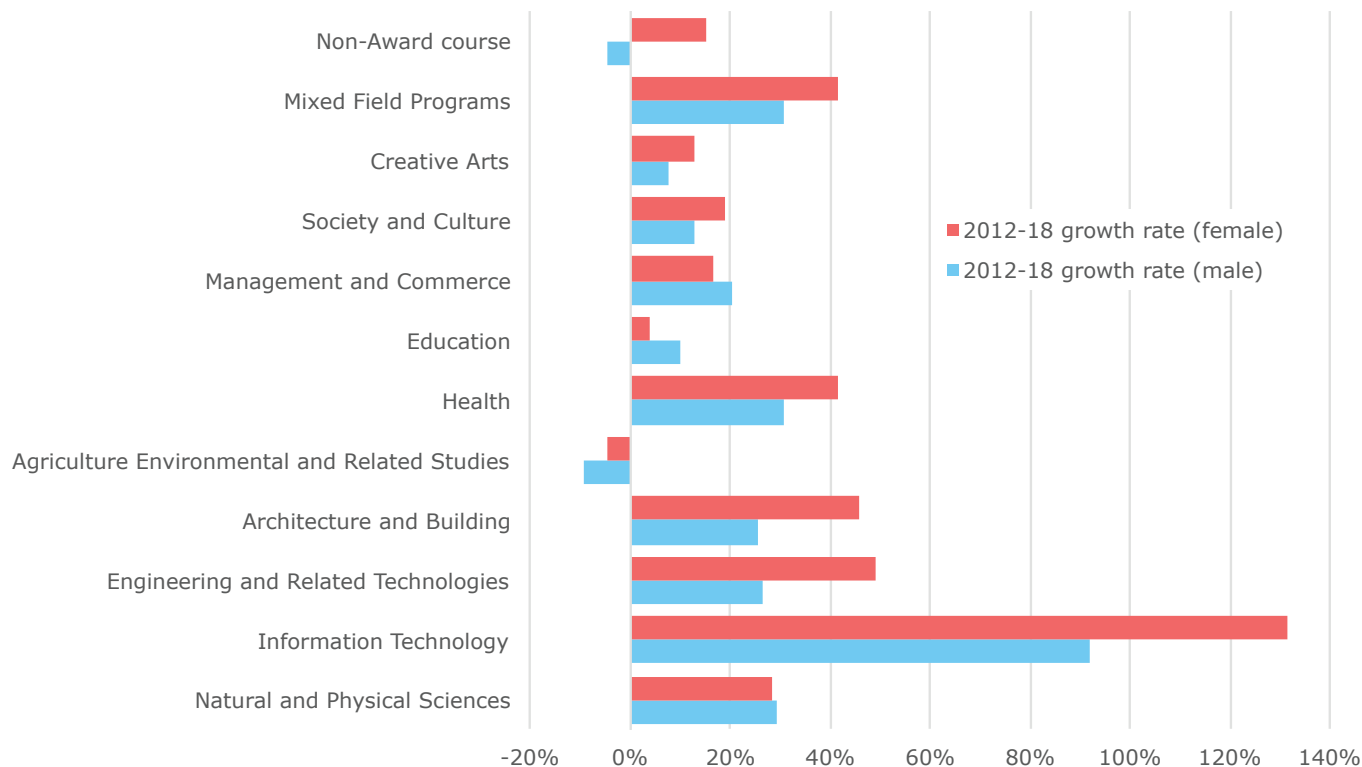
Source: Financy and Deloitte Access Economics, using Dept of Education data reported 2019, March 2020.

Note: Food Hospitality and Personal Services has been reclassified by the Dept of Education the figures are not as reliable have been left out of commentary.

“Women are increasingly turning to more technical fields of study.”

TERTIARY EDUCATION

CHART 17: Educational attainment by field of study



Source: Financy and Deloitte Access Economics, using Dept of Education data reported 2019, March 2020.

Most Society and Culture graduates work as Solicitors, Social Workers, Professionals, Law Clerks and Policy Analysts. The top five occupations for women in Health include Registered Nurses, Physiotherapists, Occupational Therapists and Resident Medical Officers.

It will be interesting to watch whether Health continues to attract female enrolments at the same level in light of COVID-19.

Health workers are on the front line when it comes to the illness and the sector may be revered with a sense of pride as a result of this crisis or there could be heightened fear about what it means to be exposed to uncertainties like this.

According to the latest ABS Gender Indicators Report, women are more likely than men to have attained a Bachelor degree or above qualification and this is unlikely to change in the near future based on the number of female enrolments.

Despite this, and the perception that having a degree is more highly valued, female tertiary graduates are still likely to earn less than male.

TERTIARY EDUCATION

COVID-19: THE WAY FORWARD



For many decades, Australian women have been more active participants in tertiary education than men, but their engagement has been met by reduced pay outcomes.

A majority of women have chosen to study fields like Teaching, Health and Childcare, that have been undervalued by society compared to higher paid areas like Engineering and Information Technology.

But there is an opportunity for this to change in light of COVID-19 on two fronts.

Firstly, if government, industry, business and society were to place a higher value on the work of people in these front-line services, it could attract not only higher pay outcomes to employees, but also future students to various professions.

Such outcomes would be appealing to women who tend to dominate roles in these sectors, or though not in terms of management.

More broadly improved pay would also be beneficial to both genders and could assist in the breaking down of stereotypes which have largely kept many men away from Nursing and Teaching.

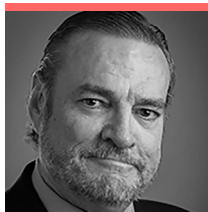
Secondly, the widespread adoption of remote learning in response to schooling closures and self-isolation, could also entice more people to enrol in tertiary education over the next 12 months.

It's possible that where women had been delaying a decision to upskill that they may now be more motivated to, if the time permits.

To encourage this further, the roll out of free educational courses such as that seen by TAFE is likely to be beneficial to the financial progression of those who use this time to take on board additional learning during this period.

FWX ADVISORY COMMITTEE

The Financy Women's Index is supported by an Advisory Committee, who are helping to grow the Women's Index as a credible and reliable data source on the economic progress of Australian women, while also ensuring the overall integrity of each report is maintained and strengthened over time.



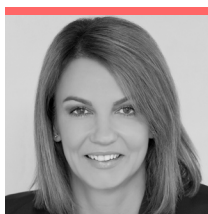
Bruce Hockman: Chief Economist, Statistical Services Group, Australian Bureau of Statistics.

Bruce has an economics degree from Adelaide University and he also did post-graduate studies at Macquarie University. Prior to joining the ABS Bruce worked at the RBA, Deutsche Bank and as CEO of the Anglican Diocese of Newcastle. He joined the ABS in 2005 as Director of Quarterly Economy Wide Surveys and Prices in Sydney, the team provides around 60% of the data used for the quarterly national accounts. Bruce was appointed as Assistant Statistician of National Accounts Branch, in Canberra, in 2010. Bruce was promoted to First Assistant Statistician in February 2012 and was the Division Head of the Business, Industry and Environment Statistics Division. In July 2015 he transferred to Macroeconomic Statistics Division as the General Manager.



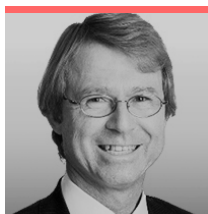
Nicki Hutley: Partner at Deloitte Access Economics.

Nicki has worked for both public and private sectors, and in financial markets, investment management, and economic consulting. In addition to macroeconomic modeling and forecasting, Nicki is particularly skilled in the application of economic modeling and analysis in addressing policy issues relating to urban renewal, social and economic infrastructure investment, affordable housing, climate mitigation and adaptation, and social impact investing. Nicki is a sought after keynote speaker and she appears regularly on Sky Business and ABC's The Drum, as well as other media.



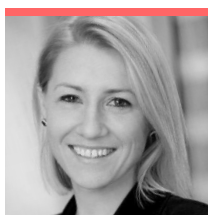
Joanne Masters: Chief Economist Ernst & Young Oceania.

Jo has been an active part of the economic debate in Australia for the last 15 years. Passionate about driving discussions around the traditional and disruptive forces that shape the economy. Jo is a well-regarded thought leader across economic and policy issues in Australia and the global economy more broadly. Prior to joining EY, Jo was a Senior Economist in the Australian Economics Research team at ANZ. Prior to that, Jo spent over a decade at Macquarie Bank in Economic Research and Foreign Exchange. As a leading female in economics, Jo works to champion women's equality in the workforce and be a driving voice for better gender outcomes.



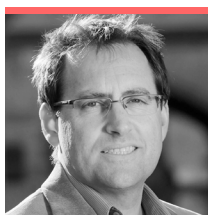
Dr Shane Oliver: Chief Economist and Head of Investment Strategy at AMP Capital.

Shane has extensive experience analysing economic and investment cycles and what current positioning means for the return potential for different asset classes such as shares, bonds, property and infrastructure. Shane is Co-Head of the Investment Strategy and Dynamic Markets team, responsible for the provision of economic and macro investment analysis and more importantly the management of the Dynamic Markets Fund and the determination of AMP Capital's asset allocation policy which is applied across more than \$65 billion invested in multi-asset funds. Shane is a regular media commentator on economic and investment market issues and engages regularly with investors at public events and forums.



Dr Heidi Sundin: Director of The Agenda Agency and an advisor to FlexCareers.

Heidi is a specialist in corporate transformation and diversity and inclusion strategy. In the area of diversity and inclusion Heidi's clients include corporates across industry sectors, various Australian Government Agencies, not-for-profits and a number of Australian universities. Heidi is also an affiliate of Mercer Australia's Diversity and Inclusion Practice. Heidi's most recent roles included Group Manager, Transformation, Strategy and Renewal at Coates Hire; Executive Manager Education and Innovation, Workplace Gender Equality Agency; Director of the Office of the CEO, KPMG and various client facing roles at KPMG. Heidi was a lecturer at the UTS Business School and has worked for the World Business Council for Sustainable Development.



Professor Roger Wilkins: Deputy Director of the Melbourne Institute of Applied Economic & Social Research at the University of Melbourne.

Roger is also the Deputy Director (Research) of the HILDA Survey. His research interests include the nature, causes and consequences of labour market outcomes; the distribution and dynamics of individuals' economic wellbeing; and the incidence and determinants of poverty, social exclusion and welfare dependence. Roger produces the annual HILDA Survey Statistical Report. He has also produced the Australian income component of the World Inequality Database (WID) since 2014. Roger is a member of the ABS Labour Statistics Advisory Group, the Australian Housing and Urban Research Institute (AHURI) Research Panel, and the Department of Social Services 'Building a New Life in Australia' Survey Technical Reference Group, and is a Policy Adviser for the Australian Council of Social Service. He is also a Research Fellow at the IZA Institute of Labor Economics.

METHODOLOGY

The Financy Women's Index is now supported by Deloitte Access Economics, which provides economic modelling and analysis to assist with the development and creation of the Index and Reports.

The Index focuses on eight key areas aimed at reflecting a woman's working life cycle. These include unpaid work, tertiary education, full-time work, workplace participation, underemployment, wage disparity, board representation of Australia's largest companies and superannuation balances of women compared to men.

The Index result is revised to reflect any changes in official statistics and developmental amendments aimed at improving the depth of research into the economic progress of women.

Executive Summary

Chart 1, 2 & 3 - The headline quarterly and annual Financy Women's Index (The Index) is the average of eight key indicators that have been converted to respective indexed series so as to track measurements of performance over a five year period. However in this March quarter Index we have not included Tertiary Education enrolments as women have already surpassed equality with men on this front. We have however included this indicator in the commentary and will reinstate into the actual Index calculations upon further discussion with Deloitte Access Economics on the best path forward.

Each of the key indicators of the Index are not weighted. Seasonally adjusted data is used where it is available. Data enhancements as well as underlying data revisions have also lead to revisions of the Index. One notable change includes the carry forward of unavailable data each quarter, such as superannuation which is released every two years. We have done this to ensure that all data is considered in the calculation of each Index.

The Timeframe to Economic equality chart looks at the compound annual growth rate of progress across the areas of the Index.

Women In The Workforce

Table 1, Chart 4, 5, 6 & 7 – ABS Labour Force participation data, age demographic data by gender and part-time to full-time job numbers by gender are based on seasonally adjusted data contained in the monthly data set 6202.0 - Labour Force, Australia. Also cited in this section has been Australian Taxation Office Single Touch Payroll (STP) data, As at 6 April 2020, approximately 99% of substantial employers (those with 20 or more employees) and 71% of small employers (those with 19 or less employees) were reporting through STP. This captures on average 4.7 million records every week. The ABS Labour Force Survey is a weighted sample survey and asks information from 26,000 households (or 52,000) people every month.

Women In Unpaid Work

Chart 8, 9 & 10 – Unpaid work figures have been provided by 2018 Household, Income and Labour Dynamics in Australia (HILDA) Survey. Chapter 5 - The division of paid and unpaid work among couples - contains some of the data featured in this Report where it relates to gender and hours worked. Unpublished HILDA Survey data in relation to age groups has also been analysed for this Report. The HILDA Survey comes out once a year.

Gender Pay Gap

Table 2, Chart 11 & 12 - Average weekly earnings charts are based on table 2 of the Australian Bureau of Statistics series 6302.0 citing table one and using trend data. Tables 10c and 10f of the same series have been used to extrapolate data for earnings by industry. The report comes out twice a year in February and August.

Table 2 - The detailed jobs by industry table is an aggregation of data used in the ABS detailed quarterly labour force report series, 6291.0.55.001, 6291.0.55.003, 6202.0 ABS Labour Force data monthly and the aforementioned average weekly earnings data. Original data is used in respect to the industry breakdown and trend data is used for average wages as well as the wage disparity. Agriculture, Forestry and Fishing is not available given the seasonal and casualised nature of work across this sector of the economy.

Women On Boards

Table 3 & Chart 13 - The percentage of women on ASX200 boards is based on board diversity data that is published by the Australian Institute of Company Directors (AICD). Data from the International Monetary Fund on GDP has also been cited here.

Superannuation Gap

Chart 14, 15 & 16 - Superannuation with reference to the average lifetime super balance by gender looks at the median for age groups that span 15 to 70 years plus. The data source is the ABS 6523.0 - Household Income and Wealth, Australia, 2017-18, data cube 12 superannuation by persons. The data available comes out once every two years. Data from AustralianSuper members by gender in the balanced option has also been used. Research undertaken by SuperRatings has also been used in superannuation modelling.

Tertiary Education

Table 4 & Chart 17 - Tertiary studying trends are the product of analysis conducted by Deloitte Access Economics and Financy using the Department of Education Ucube service. Enrolment growth and percentages are calculated citing various percentage changes. The annual data is updated once a year. Tertiary Education Attendee figures are derived from ABS Labour Force data category 6202.0 Table 15. Graduate salaries data provided by the Australian Government Department of Education funded organization, Quality Indicators for Learning and Teaching (QILT), and contained in the 2019 (Longitudinal) Graduate Outcomes Survey (GOS).

ABOUT THE WOMEN'S INDEX

DISCLAIMER



The Financy's Women's Index is authored by Bianca Hartge-Hazelman, who is also the publisher of women's money website Financy®

Bianca is a journalist specialising in women's money matters. She holds a Communications Degree, Master's Degree in Journalism and Graduate Diploma in Applied Finance.

The Index was launched in March 2017 on International Women's Day.

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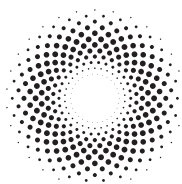
The Financy Women's Index presents the findings of analysis of publically available statistics.

These insights do not necessarily coincide with those of Financy.

The data presented in this report has been reviewed by members of the Advisory Committee, Deloitte Access Economics and the Australian Bureau of Statistics but any issues with the data or content commentary remains the responsibility of Financy.

Any comments on the Index by members of the Committee are their own and are not a reflection of the companies that they work for.

Any suggested actions raised in this Report to help the economic progress of women have not been provided by and do not necessarily reflect the views of the members of the Committee, the Australian Bureau of Statistics or Deloitte Access Economics.



Financy
Women's Index

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