

Financy

DECEMBER QUARTER 2023

Dollar pressure
and heightened
social demand
for change

Women's Index™

A United Nations Women's Empowerment Principles Signatory and aligned
gender equality initiative: Measuring economic equality in Australia

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Update on gender financial equality

Highlights

- Progress to gender equality went backwards in 2023 with the FWX down 1 point to 75.5 points in the Dec qtr from 76.5 points in Dec qtr 2022 due to worsening gender gaps in underemployment and unpaid work.
- Erasing gains from earlier in the year was a 2 point decline in the December quarter, from 77.5 points in Sept qtr 2023.
- The FWX Unpaid Work sub-index worsened to 67.7 points in Dec 2023 from 69.3 points in Dec 2022 as men spent disproportionately fewer hours than women doing unpaid housework and childcare.
- The FWX Underemployment sub-index also worsened to 65.5 points in Dec 2023 from 67.7 points in Dec 2022 as more women relative to men found it difficult to secure paid employment.
- In good news, the FWX Gender Pay Gap sub-index improved with a narrowing of the underlying gap in full time adult weekly earnings to a record low of 12% in the Dec qtr, from 13% in June qtr.
- Timeframes to gender equality include a median 27.7 years, a best case 6.3 years for ASX 200 Board Leadership 33.5 years in Underemployment, 21.9 years in the Gender Pay Gap, 29.5 years in Employment and 45.5 years in Unpaid Work.

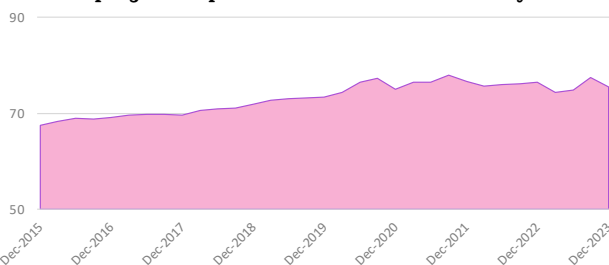
Summary

The Financy Women's Index (FWX) fell 1 point to 75.5 points out of 100 over the 2023 calendar year, signalling a backwards year of progress to economic equality in Australia. The FWX December quarter and 2023 full year results, were largely affected by a deterioration in the gender differences relating to Underemployment and Unpaid Work. These FWX sub-index areas fell by 1.56 points and 2.19 points respectively over 2023 – the most of any of the 7 areas measured by the Women's Index. During the December quarter of 2023, we saw the release of 2022 Unpaid Work data by HILDA which shows that men's output in unpaid housework returned to levels prior to the COVID pandemic – a period which saw the rise of working from home and lockdowns.

The result is indicative of the worst annual decline in the Unpaid Work gender gap since December 2020 as women continued to do the bulk of domestic activities in Australian households during a period of low unemployment, rising financial pressures and an exhaustion of savings buffers. The pressures are likely to have played a role in influencing more people into paid work as well. 2023 was nonetheless more progressive than previous years on the social and regulatory front. The federal government agency, the Workplace Gender Equality Agency (WGEA) brought a significant focus to gender pay gap transparency in the lead up to 2024 publishing the wage gaps of nearly 5000 private sector companies.

On the social front, a combination of key events achieved phenomenal success and provided further proof that women are just as good as men in sports, entertainment and in business. This started in the middle of 2023 with the Matilda's playing in the FIFA World Cup, the Barbie Movie and more recently Taylor Swift Era's tour, which sold out in minutes online and left millions still chasing tickets as Swift became the first entertainer in Australian history to sell out Sydney's Accor Stadium four nights in a row.

Chart 1: FWX progress slips backwards in 2023 calendar year



Source: Financy Women's Index December 2023

The most significant changes in financial gender equality in 2023

Despite there being a positive shift in social attitudes towards gender equality in 2023, cost of living pressures and labour market constraints in largely female dominated sectors appear to have put the brakes on progress.

According to the Australian Bureau of Statistics in 2023, all five Living Cost Indexes (LCIs) rose between 4.0% and 6.9%. Insurance and financial services and alcohol and tobacco were the main contributors along with increases in mortgage interest charges. At the same time the Australian National Accounts data shows that Australians continue to draw down on their savings to fresh lows at 1.1% in September 2023, compared to 7%, 12 months earlier.

The Underemployment rate gender gap worsened in 2023 as female underemployment hit a two year high as fewer people, in particular women, were able to secure the work they wanted. This has come at a time of record unemployment, higher cost of living pressures and constraints in full time work hours in female-heavy industries like Accommodation and Food Services and Rental, Hiring and Real Estate Services.

In Unpaid Work, the gender gap widened, reflecting changes which occurred in the latest 2022 data set. Whilst both women and men spent 2% fewer hours in unpaid housework and childcare, progress wasn't realised because women continued to do the lion's share of it, according to the latest data released in February this year from the 2022 latest Household, Income and Labour Dynamics in Australia (HILDA) Survey.

As the late trailblazing Australian economist Margaret Power (1941 - 2024) noted in her many years of research, the imbalance in unpaid domestic work disproportionately burdens women and hinders their ability to fully participate in the workforce.

Unpaid Work – still a woman's domain

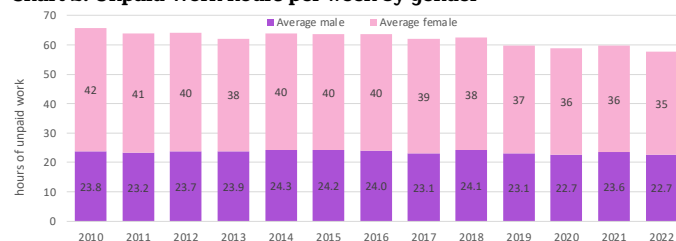
Despite three consecutive years of progress, the FWX Unpaid Work sub-index shows a disappointing setback in this area with the score falling to 67.7 points out of 100 in 2023, (based on 2022 data) from 69.3 in 2021 (as reported in 2022). Unlike previous years between 2019 and 2021 – over the pandemic, where men incrementally spent more of their overall time doing unpaid household work, 2022 was a spoiler of progress. During this time, the ratio of time spent in Unpaid Work for men declined to 40% compared to 42% in 2021. The average man spent 23 hours a week in Unpaid Work in 2022 compared to 24 hours in 2021. All male age groups, except those over 65 years, said they did less unpaid housework and care but spent more time in paid employment.

Women also continued to spend less time in Unpaid Work as a proportion of their total paid and unpaid work hours. The average female spent 59% of her total paid and unpaid work hours, doing some form of Unpaid Work in 2022, compared to 61% in 2021. The average woman spent 35 hours per week in 2022, compared to 36 hours in 2021 either looking after children and/or doing inside or outdoors housework.

The biggest decline in unpaid work was among women aged under 44 years, which is the period most full of child rearing duties given that the average age to become a first time Mother is 31 years. The decline in Unpaid Work hours comes as paid work hours also increased with the average female spending 24 hours per week in 2022 compared to 23 hours per week in 2021. This trend was most notable in women under 35 years and women over 45 years. Women aged between 35 and 44 years experienced a reduction in paid work hours.

The decrease in unpaid housework performed by both genders, particularly men, is likely to have been affected by the lowest unemployment rate since 1974 in 2022 and an environment of record job vacancies, which saw a corresponding increase in people in paid work. We also saw the end of pandemic lockdowns in 2022, and employers started to gradually encourage more of their workforce back to the office. The combination of these factors is likely to have lessened the visibility of domestic chores around the home, and is a real concern for gender equity progress. More work is needed to help shift the view that men often see unpaid work, childcare and housework as “women's work” and devaluing their time relative to paid work. If we are to achieve gender equality this is arguably the biggest milestone we need to overcome.

Chart 2: Unpaid Work hours per week by gender



Source: HILDA Survey 2022 & Financy December 2023

Update on economic gender equality

Gender Pay Gap

The Gender Pay Gap was increasingly in focus over 2023 as the underlying wage disparity between men and women improved and companies were told to prepare for their pay gaps to be published in February 2024. The FWX Gender Pay Gap sub-index improved by 1.3 points to 88 points in December 2023 from 86.7 points in December 2022. More recently the underlying gender pay gap, as measured by the ABS Full Time Adult Average Weekly Ordinary Times Earnings, fell to a record low of 12% in the December quarter of 2023, compared to 13% as reported in the June quarter 2023.

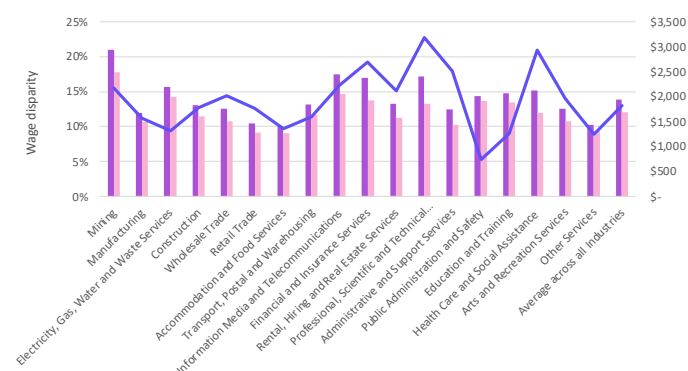
Australian women now earn an average full-time weekly wage of \$1768.10 compared to \$2078.40 for men, reflecting a gap of \$310 compared to \$317 in the June quarter. This result is likely to have been affected by gender pay gap awareness and increases in the minimum wage, which has had a particular impact on female wages growth due to their being more women occupying low income roles than men.

The past 12 months has undoubtedly seen more of a focus on the gender pay gap and encouraging companies to act and employees to apply internal pressure, following amendments to the Workplace Gender Equality Act 2012 passed by Federal Parliament in March 2023. As part of these changes, WGEA published employer gender pay gaps on February 27 with the purpose of recognising companies that are performing well and encouraging laggard organisations to do better. The result brought significant media attention to the issue, cast a spotlight on certain companies, and also enabled discussion to largely shift from: what is the gender pay gap to what are companies doing about it.

Based on the 2024 WGEA gender pay gap transparency campaign, we would expect that gender gap gaps will slowly improve across industries but for progress to truly accelerate, the recipe is complicated. It will depend on stakeholder pressure, and how organisations respond to it, the removal of any conscious of unconscious gender bias, making it easier for women to return to and stay in a company after childbirth and also the number of women in not only leadership positions but those working in male-dominated industries such as Construction. This sector topped WGEA's list as being the worst performing industry in the gender pay gap.

We also need to see greater change among men embracing the juggle of work and family life balance that women are more familiar with. Pay gaps emerge at the very start of people's careers. Researchers have documented small but consistent pay gaps between men and women graduating from the same university programs in the same year. Those gaps widen over time in dollar terms, as employers administer pay rises, fixed and varied, as a percentage of an employee's current salary and award bonuses and overtime payments. The gaps widen further when women take extended career breaks to accommodate family responsibilities. One way of closing the gap would actually be via higher pay increases for women – equating to no loss for male employees, but allowing the gap to close.

Chart 3: Gender Pay Gap by industry



Source: Financy and ABS September 2023

Employment & Underemployment

The FWX Employment sub-index improved to 72.9 points out of 100 in 2023, up from 72.4 in 2022, as women increased their number of monthly hours worked by 1.6% during the calendar year, outpacing the rate of growth among men's monthly hours work, up a comparable 0.8%.

The capacity of the available female workforce in Australia to engage in paid work is now running at 63% compared to 87% for men.

We continue to see an increase in part-time employment growth among women and men. Female part-time employment rose by 5% over 2023, to 2.94 million in January while male part-time employment 9% to 1.46 million over the year.

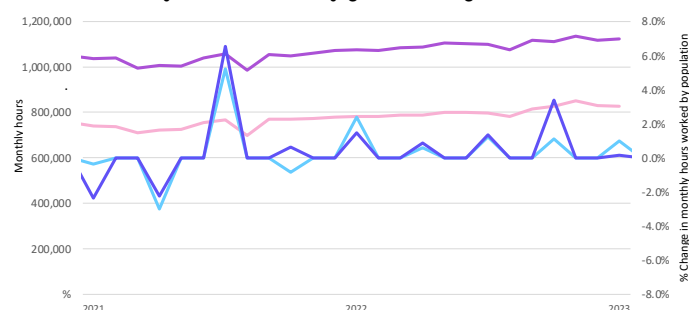
Female full time employment rose by 1.1% over 2023 to 3.83 million in January, narrowly outpacing the growth seen in male full-time employment, which rose 1% to 5.97 million in January. Whilst the rate of growth was not as strong for women as it was in previous years (8% in 2022), the result does provide details on what helped to narrow the gap in employment and puts women on track to breaking through 4 million full-time workers in 2024.

Younger women were the most vulnerable to job losses in 2023 with females aged 15-24 years experiencing a 6% fall in full-time employment. The majority of other age groups were relatively unchanged in terms of employment growth, with the exception of older women aged 65 and older who experienced a 9% jump in full-time work.

The FWX Underemployment sub-index deteriorated to 65.5 points in 2023, from 67.7 points in December 2022. The result was due to female underemployment worsening to a greater extent than male. The female underemployment rate rose by 11 percentage points (ppt) over the December quarter to finish the year at nearly a 2-year high and at 8.12% in January. Male underemployment rose by 6% over 2023 and stood at 5.48% in January. The underemployment rate is typically used to measure spare labour market capacity. The rate captures the number of people who would like to and are available to work more hours. The decrease in the Underemployment gender gap suggests that fewer women are working to their desired potential.

The industries which saw the biggest jumps in full-time female employment growth in 2023 were Mining (30%), Arts and Recreation (28%) and Agriculture, Forestry and Fishing (22%). Full-time male employment growth over the year was largest in Education and Training (8%), Other Services and Wholesale Trade – both 7% growth. The industry which saw the biggest reduction in females working full-time was Accommodation and Food Services (-10%) whilst Rental, Hiring and Real Estate Services was the worst performing industry in terms of job cuts for male full-time employees (-13%).

Chart 4: Monthly hours worked by gender and growth



Source: Financy and ABS December 2023

The impact of the Matildas, Barbie and Taylor Swift on gender equity in 2023.

If Australia needed any indication that there was demand and indeed support for seeing gender equality realised, we need only reflect on the success of three culturally significant events in 2023: The Matildas, Barbie and Taylor Swift.

In July, Australia hosted the FIFA Women's World Cup which packed out stadiums, broke television audience records and saw a nation unite with high hopes behind the Matildas football team lead by superstar Sam Kerr.

At the same time, Hollywood released the Barbie Movie, starring our own Margot Robbie. The movie has been a global hit for its feminist agenda and yet ability to entertain and educate men and women on the overdue need for change. Barbie has collected over \$1.4 billion in global box office sales and has become the highest grossing film in Warner Bros.' 100-year history, as well as the highest grossing film ever from a female filmmaker at the domestic box office; and was the largest worldwide film release of 2023.

Update on economic gender equality

To add to this formidable force, tickets for Taylor Swift's February 2024 Eras tour, went on sale in July 2023, selling out in minutes. Critical to Swift's impact has been her relatability, assertiveness to work that much harder than men to be recognised as equals, and her astute business acumen showing that she is not prepared to be exploited by unfair males (or anyone) and has learned from the experience of previous generations of pop stars – who don't have the rights to their own songs. Taylor has also been praised for her gender equity influence by using clever lyrics with songs like The Man, such as "I'm so sick of running as fast as I can. Wondering if I'd get there quicker if I was a man."

What all three of these significant events have shown is that there is a largely unmet social demand, indeed craving among girls, women and non-binary individuals to see themselves reflected on the sporting field, movies, music and business.

The groundswell of support for such events in 2023 and into 2024 reflect a changing of attitudes towards feminism and the desire for gender equality in this country and in much of the developed world. This is indeed something that business and political leaders need to be mindful of when it comes to making key decisions in Australia.

Timeframes to equality in Australia

The median timeframe to gender equality in Australia is 27.7 years, helped by two notable improvements in the FWX sub-indexes in 2023, including Employment and ASX 200 Boards.

The FWX ASX200 Board Leadership sub-index continues to be the best performing area, and we are hopeful of seeing equality on ASX 200 boards by 2030. Years to equality fell to a revised 6.3 years in the December quarter from 6 years in the 2022 December quarter.

The FWX Employment sub-index fell to a revised 29.5 years from 30.2 years in 2023 helped by the increase in women's monthly hours worked.

The FWX Gender Pay Gap sub-index fell to a revised 21.9 years in 2023 from 23.3 years in 2022.

The FWX Underemployment sub-index increased to a revised 33.5 years in 2023 from 28.8 years in 2022.

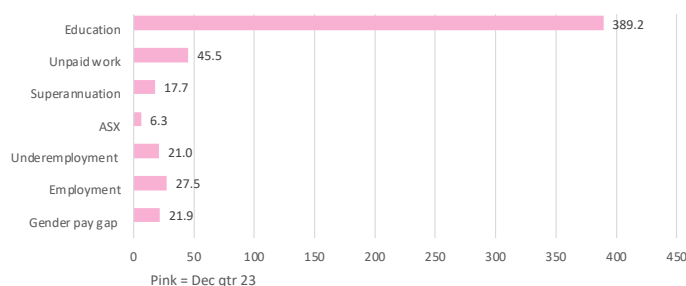
The FWX Superannuation sub-index was unchanged at a revised 17.7 years based. The underlying data that we base this on is reflective of 2019 ABS release which comes out every two years. In 2017, the time to equality stood at a 20.1 years.

The FWX Unpaid Work sub-index increased to a revised 45.5 years in 2023 from 44.6 years in 2022.

The FWX Education sub-index has been refined over time so that it reflects not just educational attainment, but areas of education which has longer term financial implications for the gender gap. As flagged in the September quarter, this December quarter report saw a correction to how we calculate the years to equality, which has meant the years to equality is standing at a revised 389 years. This is a very long time and should be treated with some caution.

The good news is that the broad trend has been improving since 2013. But only marginally. The result reflects the fact that the primary education fields of study selected by women are less linked to higher potential earnings than they are for men, and progress in this area is extremely slow and acts as a major drag on overall economic equality.

Chart 5: Timeframes to equality in Australia



Source: Financy Women's Index December 2023

“2023 was a spoiler of gender equity progress in Australia.”

Thought leadership piece for the quarter

Advancing Women's Economic Empowerment

International Women's Day allows us to reflect on progress and focus on what we need to achieve. UN Women has identified the theme of "Count her in: Accelerating gender equality through economic empowerment". Globally, women encounter numerous barriers to economic empowerment, including wage disparities, workplace discrimination, limited educational access, and societal norms. While every country differs in its level of progress, the benefits of favourable economic fundamentals have not been evenly shared in Australia. The evidence for Australia confirms that women are persistently and overwhelmingly less economically secure than men.

Achieving greater women's economic empowerment requires collaborative efforts across government, community organisations, and the corporate sector. Governments play a pivotal role in enacting and enforcing policies that promote gender equality, equal pay, maternity leave, and protection against discrimination. Investment in education, healthcare, and infrastructure further supports women's economic empowerment. Many community organisations advocate for women's economic rights and offer support services, addressing specific challenges women face. Companies are urged to foster inclusive workplace cultures, implement diversity and inclusion policies, and support women-owned businesses in procurement. Training and development opportunities, flexible working arrangements, and quotas for women in leadership positions contribute to women's representation at decision-making levels.

Turning the Tide: Countering the setback in female financial equality

The latest Financy Women's Index (FWX) could not be more timely or relevant. We're collectively processing revelations about the gender pay gap in Australia in the latest report from the federal government's Workplace Gender Equality Agency (WGEA), and we're on the cusp of celebrating International Women's Day with the UN appointed theme – 'Count her in: Accelerating gender equality through economic empowerment'.

Now is the perfect time to continue the conversation around the gender pay gap, and the knock-on effect on every facet of women's lives.

The government's new mandate for gender pay gap reporting for organisations with over 100 employees reveals a stark reality: men still earn 22% more than women, according to WGEA data. In real terms it means that for every \$100 a man makes, a woman only makes \$78.

Arguably, we're progressing in the right direction – but far too slowly. Unfortunately, this quarter's FWX results – a crucial measure of economic progress for women – fell 2 points to 75.5 points quarter-on-quarter and remained stagnant compared to last year.

Furthermore, the gaps between men and women for unpaid work and underemployment widened, as cost-of-living pressures intensify. The female underemployment rate declined by 11% over the December quarter to finish the year close to a two year high. These metrics indicate a deeply rooted and complex challenge: generally, women are paid less, but are also not working as many hours (for varying reasons), which compounds the challenge of achieving financial independence throughout our lives.

Women are hit harder by Australia's rising rents than men. Single women are the largest group of rent assistance recipients, and 62% of social housing tenants are women. Additionally, less than a quarter (24%) of properties in Australia are owned by a sole female compared to close to 28% owned by a sole male, according to CoreLogic's Women and Property: State of Play report.

Economic empowerment programs are designed to provide women equal access to resources and opportunities and offer benefits beyond individual empowerment. When women have income, their vulnerability to economic shocks is reduced, and they can better cope with unexpected challenges, health crises or family emergencies. The income generated benefits their families and the community and lessens the burden on government support payments. Furthermore, empowered women are more likely to invest in their children's health and education, breaking the cycle of intergenerational poverty. Society can move towards a more equitable and empowered future by addressing women's multifaceted challenges and implementing comprehensive initiatives. International Women's Day is a day for us to acknowledge the important contributions of women and continue to remove barriers to empowerment.

Dr Tracey West
Ecstra Foundation
Financial Education Manager



Women are also more at risk of housing insecurity than men, with older women recognised as the fastest-growing group of homeless people in Australia. Then, as they approach retirement, Australian women find they have 23.1% less superannuation than men of the same age.

There is no silver bullet to bridge the gap, but there are many steps we can take to incrementally work towards equality through economic empowerment.

The role of superannuation as a savings tool and source of education and advice cannot be overstated in this equation. As a superannuation fund with a predominantly female membership, we strongly believe in providing accessible and relevant financial education and financial advice, empowering them to make informed decisions about their financial futures.

Employers also have a role to play beyond addressing parity and we encourage employers to work with super funds to provide access to financial education to their employees.

Policy changes that encourage equal superannuation contributions throughout a career, regardless of caring responsibilities, are also crucial. We advocate for policies that don't penalise Australians, regardless of their gender, who are their family's primary carers, whether for children or elders. This includes childcare subsidies, flexible work arrangements and government policies like super paid on parental leave.

While the path to achieving gender equality is complex and multifaceted, there is no denying the urgency of collective action. We can all play a role. I'd like to see us leverage the insights from the FWX not just to measure progress, but to fuel our collective efforts towards a more equitable future.

Natalie Previtera
CEO
NGS Super



Financy Women's Index®

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Data source of Financy Women's Index: Tertiary Education Data source: Department of Education uCube service 2022 and Census 2021 data. Employment & Underemployment Data source: ABS Detailed Labour Force (quarterly) and ABS Labour Force (monthly) seasonally adjusted figures 2024. Industry data uses original figures. Women On Boards Data source: Australian Institute of Company Directors (AICD) Gender Diversity Report June 2023, published in August 2023. Gender Pay Gap Data source: Average weekly earnings Australian Bureau of Statistics, November 2023, published in February 2024. Women In Unpaid Work Data source: 2022 Household, Income and Labour Dynamics in Australia (HILDA) Survey, published in December 2023. Superannuation Gap Data source: the ABS 6523.0 - Household Income and Wealth, Australia, 2017-18, data cube 12 superannuation by persons.

For information on the data contained in the report, contact Financy: Financy Women's Index™
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Bianca Hartge-Hazelman:
CEO of Financy

The Financy Women's Index™ (FWX) is a quarterly measurement of the economic progress of women and timeframes to gender equality in Australia. The FWX provides a snapshot on gender equality progress across seven areas being education, employment, underemployment, wages, unpaid work, ASX 200 board gender diversity and wealth (superannuation.) The Index measures scores across the seven areas on a 0 to 100 scale. The scores are expressed as a percentage and reflect the portion of the gender gap that has been closed). The index headline score is the average of the seven areas that have been converted to respective indexed series to track measurements of performance over a five-year period. Each of the key areas of the Index are not weighted. Seasonally adjusted data is used where it is available. The Index is written by Financy founder Bianca Hartge-Hazelman and is reviewed by FWX Advisory Committee members; Dr Shane Oliver, Simone Cheung, Roger Wilkins, Leonora Risse, Bruce Hockman and Nicki Hutley and Rhiannon Yetsenga. The Index is proudly sponsored by NGS Super, the Ecstra Foundation, Seven Consulting and Aspire Planning. Creative Agency, We Are Why is entrusted with bringing our data to life through creative expression.

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