

## Discussion Paper

### The economic security of women in rural, regional and remote Australia Challenges, Opportunities and Optimism March 2021

Women in rural, regional and remote (RRR) areas of Australia face many different challenges to their sisters in the big towns and cities. These challenges are limiting the ability of many women to build their economic and financial security and indeed, are feeding into longer run and broader issues relating to financial insecurity.

THE Rural Woman, in partnership with economic Security4Women (eS4W), has researched the issues confronting RRR women with the goal of examining the main issues that are working against building the economic security of women in those areas. In addition, the goal was to develop a series of recommendations on how those problems can be addressed and corrected for the benefit of all women in RRR areas. These recommended reforms will require policy action and changes at the Federal, State and local government levels.

The basis of the findings and the analysis in this report were a virtual round table discussion with women from RRR areas plus a more formal survey which had 192 respondents. To those respondents, thank you for your often candid, private and insightful feedback. We hope we have done justice to all of your concerns and goals.

We note that this paper is not the be all and end all of research and work in this space. It is the next building block that can be discussed, enhanced and implemented in what will be a long road before we can be sure that all women in RRR areas have economic security.

### Background issues and findings

As expected, there were a diverse range of views on the issues confronting women in RRR areas of Australia in terms of dealing with and enhancing economic and financial security.

In broad terms, the lived experience revealed in the survey and discussion focussed on independence and self-esteem.

The path to these goals and to the associated benefit of greater financial security are summarised as being:

- additional income,
- confidence,
- skills and education, and
- connections with other like-minded women and men at a professional as well as a personal level.

With fewer opportunities for close personal and professional interaction than for those in the cities, many women in RRR areas were looking to create income around their lifestyle. Many indicated that they enjoyed the life of being on farms or in small towns and making a strong contribution in those communities, but the general feeling was that the opportunities in these areas were narrow and therefore limited.

### ***It need not be that way.***

Creating a small business from home with access to micro-finance was seen as an opportunity for women to show their entrepreneurial flair. Their remoteness from places that may be termed 'regular workplaces' was limiting. This fed into the wish to establish a small business, run from home, which would allow women to undertake their other work, including childcare, whilst pursuing more diversified opportunities.

Access to finance was seen as a critical part in creating opportunities to start up a small business, earn an income independently and build financial security. For women working on the family farm, for example, where much work is done with little or no pay because that was "expected", a more diverse lifestyle and opportunities to build financial independence was key.

For women with paid jobs in RRR, there were concerns that pay was lower than in the cities and employers expected to pay staff less than in the cities.

Some respondents commented that funding for small business start-ups and expansion of existing businesses was seen as less worthy than a career based on educational attainment. This attitude meant that many business plans were discouraged amongst their contacts. This perception made it difficult for women to gain access to finance for small business, particularly when the loan was unsecured.

For other women, education opportunities were seen as an important supplement to setting up and growing a small business. This extends from apprenticeships, schooling and universities which were seen as essential for better paying jobs and in understanding the key issues in running a small business.

## **Access to Finance / Microfinance**

According to the survey results, women in RRR Australia have strong entrepreneurial objectives when seeking to build and enhance their economic security and financial well-being.

Obtaining finance and access to capital were seen as fundamental building blocks. A frequent feature from the participants in the survey and the round table focussed on the difficulty of obtaining finance. This thwarted plans to start a small business or expand an existing one.

By way of some examples, finance was seen as a vital element including for administrative support, automation and IT, website development (especially important in RRR areas), legal and accounting advice to make sure the business was meeting all of its obligations, machinery, equipment, advertising and marketing, to name a few.

Access to finance was cited by survey respondents as another vital element in allowing women to enhance their skills and educational attainment. Most training and educational courses require fees which was a deterrent and, in some cases, a complete impediment for many respondents to get the qualifications which would allow them to get a 'better', higher paying job.

The amount of finance needed was generally low by most standards of small business assessment. Due to the nature of the current circumstances of many RRR women, including a lack of individual and personal bank accounts and incomes, banks were reluctant to lend directly to them.

## The type of loan needed

While there was a wide range of responses regarding the amount of funding needed to build their business or undertake additional education, overall the respondents were seeking relatively small sums of money.

Of those respondents wanting to access loans and funding, approximately 15 per cent needed a loan of less than \$3,000, while a further 35 per cent needed access to between \$3,000 and \$10,000 to start their business or expand it or to undertake additional education.

A further 20 per cent of those requiring access to finance said they needed between \$10,000 and \$20,000, 15 per cent needed \$20,000 to \$50,000 and the remainder required over \$50,000.

The results also showed that the preferred duration of the loans was relatively short-term. Well over three-quarters of those wanting to access finance indicated that they would need the money and would expect to repay it either in under 12 months, or for a period of 1 to 3 years.

There was an interesting correlation between the size of finance required and the time-frame that would cover.

The vast bulk of those wanting less than \$10,000 were seeking the finance for less than 3 years while those wanting \$50,000 and more were likely to say the finance was needed for more than 3 years.

This response fits with other data from the banking sector which shows larger loans generally focussed on longer term projects.

## How quickly is the money needed?

The survey showed that women are 'ready to go' with their plans for their businesses and education. More than half of the respondents would 'ideally need the funds' within a month. This suggests many have well established plans and intentions that can be implemented quickly. A further 30 per cent indicated that they needed the funds within 90 days.

***This is encouraging feedback.***

If reforms are implemented that give women in RRR areas access to finance, it is likely that they will quickly implement their plans and strategies. This would not only benefit them in a relatively short time frame but would feed quickly into a stronger economy and help to drive the broader recovery from the COVID-19 recession.

From the perspective of the bank or lender that provides or underwrites the loan, there seems to be little risk of the loan going bad. 100 per cent of those who had taken out a loan in the past had successfully managed the repayment schedule and repaid the loan. It was no surprise that those looking for finance now were 'confident', 'reasonably confident' or 'very confident' in their ability to repay a new loan.

Indeed, with the bulk of the loans being relatively small, the scope for repayment from other sources would appear to be high. This is an important consideration in our recommendations, outlined below.

## Financial education and literacy

While many women had a strong understanding of issues relating to finance, there were a significant number wanting to be able to tap into extra questions and resources relating to strategies to build their financial well-being.

A lot of the concern, especially at the round table discussion centred on superannuation. Many participants acknowledged that they would reach retirement with dismally low levels of retirement savings and would have to rely on close family and the pension to be relatively comfortable.

As an aside, the issue of superannuation has been an issue noted widely by eS4W in its other roundtables and research over recent years. This is especially for women at the cusp of retirement or within about a decade of retirement. Years with no income, or part-time and casual work had left them with low superannuation balances.

For RRR women, having a user-friendly approach to financial information with detailed answers to questions was seen as a necessary policy objective. This was likely able to be delivered through a government platform, where often simple issues and questions could be addressed.

This was not just for superannuation, but for government assistance payments, taxation issues and broader questions of finance, mortgages, savings and investment.

## Why this matters for economic security

The small business sector in Australia, including sole traders, is a vital aspect for generating economic growth, investment and job creation. Indeed, it is likely that the recovery from the COVID-19 recession and then the path to strong economic growth will be driven in large part by a vibrant and dynamic small business sector.

***This is where RRR women have a vitally important role to play.***

From the results of our survey, if women from RRR Australia can gain access to small or even micro finance, not only will they be able to enhance their financial security, but they will be a vital contributor to the overall economic growth performance of the Australian economy.

## Key recommendations

- Establish a financing facility for women in RRR Australia. The structure of the loan facility would be based on many of the usual commercial terms but underwritten by the government sector. Loans would attract interest and have to be repaid. Given the vast bulk of loans would be to entities with an ABN, the loan process could be administered and monitored through the quarterly Business Activity Statement.
- If the Commonwealth government is to create the program, it can underwrite the loan through its bond borrowing program and structure the scheme so there is **no net cost to the budget**. We are acutely aware of the issues confronting the government's budget position at the present time and are mindful of the cost of the recommendations.
- The government could, for example, through the Commonwealth Government bond market, borrow money for a 3-year term at a cost to it of approximately 0.1 per cent per annum. It could, through a financial intermediary, on-lend the money to RRR business women at an interest rate that covers administrative and other costs including an allowance for loans that are 'bad' and not repaid. We estimate the loans could be provide to RRR women at an annual rate around 3 per cent.
- While we would need to undertake more work to determine the size of the total loan facility, our preliminary estimate is that \$100 million would cover 10,000 loans with an average initial balance of \$10,000.
- Procurement policies from governments at all levels and their entities towards women owned business in RRR areas. Direct procurement policies currently exist in a large range of government contracts, particularly in relation to 'buy Australian'. We are recommending one additional step to this and "buy from businesses owned and run by Australian women in rural, regional and remote areas". There would be a register of such businesses established which would be a point of call for government procurement managers.
- Aboriginal and Torres Strait Islander women must be a critical part of these broader strategies outlined above. ATSI often have to work from more remote areas with an associated further shortfall in important connections and infrastructure.
- Training and education in areas of finance and business skills was seen as a critical part of broader economic security issues, but also to those seeking finance for their business plans. In relation to this, we recommend the creation of a government body that answers questions on all aspects of finance in a clear and comprehensive way.

## Acknowledgement

[eS4W](#) and [THE Rural Woman](#) acknowledges the expertise of the economist in residence, [Stephen Koukoulas](#). Thank you also to THE Rural Woman members for sharing their insights at the roundtable and to those who responded to the online survey.



### **economic Security4Women**

economic Security4Women (eS4W) is a national women's alliance, funded by the Australian Government through the Office for Women in the Commonwealth Department of Prime Minister and Cabinet.

Contact:

Sharen Page, Finance & Project Officer / Public Officer

P: 1300 918 273

E: [coordinator@security4women.org.au](mailto:coordinator@security4women.org.au)

W: [www.security4women.org.au](http://www.security4women.org.au)

[THE Rural Woman](#)

E: [rebel@theruralwoman.com.au](mailto:rebel@theruralwoman.com.au)

W: <https://community.theruralwoman.com/>