

Joint Remarks on Superannuation from the Equality Rights Alliance and National Womens Safety Alliance

Women and Superannuation

A combination of factors affect women's lifetime economic security and make it more likely that over a lifetime, women will earn less than men, be less likely to advance their careers as far as men and accumulate less superannuation and savings than men. These factors combine to result in women being more likely to live in poverty in retirement. Single women, in particular, are over-represented in the population below the poverty line and more likely to be financially vulnerable than the general population. Women are also overrepresented as victim survivors of family, domestic and sexual violence impacting their ability to participate fully in the work force and can impact future earning potential through early exposure to trauma.

- 1. Implement recommendation 7 of the *Review of the Workplace Gender Equality Act 2012*, December 2021. Relevant employers should report to WGEA whether they pay superannuation when an employee is on paid, unpaid, employer-funded and/or government funded parental leave.**

ERA and NWSA welcome the passage of the *Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Bill 2022*, which extends reporting requirements to Federal public sector agencies and the introduction of the Workplace Gender Equality Amendment (Closing the Gender Pay Gap) Bill 2023 to parliament this month. *If passed, this Bill will address the above recommendation. But in the event that it doesn't pass or is amended to remove this provision, we will continue to make this recommendation.*

The WGEA Review noted that gaps in the data set currently collected by WGEA mean that the true state of gender inequality across Australian workplaces is not being measured. We are encouraged by the recent steps taken to establish the gender equality reporting platform under the Victorian Gender Equality Act 2020 (covering the public sector, universities, and local councils and with obligations framed in terms of “positive duties”). We are also looking forward to the nationally consistent framework for measuring progress on women’s economic security, which is currently in development through the National Cabinet. However, the development of multiple portals, indicators and reporting regimes creates a risk that data collection will be duplicated and that datasets might become incompatible as different definitions and indicators are adopted in different jurisdictions and for different purposes. We also note that Australia is subject to a range of international

commitments relating to gender equality in the workplace, with various indicators and definitions under each agreement.¹ Implementing recommendation 7 is an important way to close the data gap and bring the WGEA data into line with other data sets to enable useful comparisons.

2. Reform superannuation:

a. Extend superannuation payments to government-funded parental leave.

As of late 2022, Australia's national gender pay gap was 14.1%.² By the time women get to retirement, the retirement income gap is around 47%.³ It's one of the reasons why an increasing number of older single, retired women now live in poverty and experience economic insecurity in retirement.⁴ Women over 55 years are the fastest growing homeless people in Australia.⁵ Women continue to miss out on crucial years of superannuation accumulation due to career breaks to undertake unpaid care work. Our superannuation system is a prime example of unconsciously biased government policy – the system assumes the target individual works according to a male pattern of employment.

As one small step towards addressing this bias, two of the government's own advisory bodies recommended extending the superannuation guarantee to the Paid Parental Leave (PPL) scheme: the Productivity Commission's 2009 report into PPL and the 2013 Australian Human Rights Commission's *Investing in Care* report.⁶ Applying a superannuation guarantee to the Commonwealth PPL scheme will help address foregone earnings from interrupted paid work and better safeguard women's economic security.⁷

b. Amend the Superannuation Guarantee (Administration) Act 1992 to include employer-paid parental leave entitlements as ordinary time earnings.

Some women are entitled to PPL through their employer. While many enterprise agreements ensure that superannuation guarantee is payable on PPL, not all employees are covered under these enterprise agreements. PPL is excluded from the definition of ordinary time earnings, whereas other leave entitlements including annual leave, long service leave, and annual leave loading are all included. Ordinary time earnings are the figure used to calculate an individual's superannuation guarantee entitlement. Failing to include PPL penalises women for providing unpaid

¹ See for example the indicators to the Sustainable Development Goals and the La Serena Roadmap for the Inclusion of Women and Inclusive Growth (2019-2040).

² Workplace Gender Equality Agency, (2022) [Gender pay gap data | WGEA](#). The pay gap widens for migrant, refugee and Indigenous women.

³ Data from the [Association of Superannuation Funds of Australia Limited](#) (2022).

⁴ ASFA (2022-23) [Pre-budget submission](#)

⁵ Australian Human Rights Commission (2019) *Older Women's Risk of Homelessness: Background Paper*.

⁶ Australian Human Rights Commission, *Investing in Care: Recognising and valuing those who care Volume 1-Research Report*, Sydney, 2013, p15.

⁷ KPMG (2022) *She's Price(d)less: The Economics of the Gender Pay Gap*.

care and contributes to the retirement income gap. The Superannuation Guarantee (Administration) Act 1992 should be amended to specifically include employer-PPL entitlements as ordinary time earnings.

c. Provide for a superannuation carers' contribution.

Women provide a disproportionate share of the unpaid care required by children, adults with disability, health or frail-age issues. Current policy settings fail to identify or value unpaid care work performed by women despite the considerable benefit we gain from its performance. ERA and NWSA advocate for a more equitable distribution of unpaid care work between the genders. In the interim, a nominal contribution to superannuation for unpaid carers would contribute to the retirement incomes of those performing non-negotiable care work and would also acknowledge the social and economic benefits we all derive when women stop paid work to care for someone.

d. Review existing tax concessions within the superannuation system with a gender lens to identify amendments which would increase the superannuation of women with low superannuation balances.

Economic modelling shows that Australia's tax concession system is stacked against women.⁸ In the medium term and in line with government plans to outline the definition of the purpose of superannuation, super tax concessions should be reviewed for their distributional impacts and the system reformed.⁹ The taxation of superannuation funds not in retirement phase should be on a progressive scale, based on the member's total superannuation balance. We support the capping of balances.

Scaling back superannuation tax concessions for wealthy Australians is supported by some large super funds¹⁰, and is in keeping with gender equality and wellbeing budget objectives.¹¹

⁸ Australia Institute (2021), Eliza Littleton and Matt Grudnoff, [Rich men and tax concessions](#).

⁹ In line with Grattan Institute analysis that shows the government would save about \$3B per year if it limited superannuation balances to \$2 million, a move that would affect 80,000 people, mostly older men. [Why super is a burden on the budget - Grattan Institute](#), Brendan Coates, 2021.

¹⁰ Read, Michael and Vickovich, Aleks *Big super backs tax crackdown on 'ludicrous' \$5m accounts* Australian Financial Review 8 Nov 2022 <https://www.afr.com/politics/labor-urged-to-cut-super-tax-breaks-for-higher-earners-20221108-p5bwe8>

¹¹ Ibid.

9. The Commonwealth Fund (2021). [When costs are a Barrier to Getting Health Care: Reports from Older Adults in the United States and Other High-Income Countries](#).

Considerations for Women who have experience Domestic, Family or Sexual Violence.

1. Women living in or who leave Violence are more likely to face homelessness and income instability.

- a. The intersections of violence and financial stability cannot be overlooked. Analysis from ANROWS shows that women with prolonged or repeated exposure to violence generally have worse economic outcomes¹². Women living in violence can have their earning capacity deeply influenced by the person using violence by restricting access to employment; reducing earning capacity through reproductive coercion, unpaid labour, and injury these factors have to be considered when looking at fair and equal access to superannuation payment structures and schemes.

2. Sexual Violence victims are more likely to have lifelong high financial stress¹³

- a. ANROWS longitudinal study demonstrates the severe impact financially on survivors across a broad age cohort contributing to women's economic security immediately and long term. Despite the difference in cohorts regarding educational outcomes and employment outcomes all cohorts were likely to be living in high financial stress that lasted past retirement age, impacting their ability to have secure housing and robust superannuation support.

Any changes to superannuation legislation must take into account the varying societal and situational impacts on women's financial participation. The long-term impacts of systemic inequality; through gender inequality or exposure to domestic, family and sexual violence can not be understated when mapping the future of women in the workforce.

¹² ANROWS (2016)

1) Domestic violence and women's economic security: Building Australia's capacity for prevention and redress: *Final report*.

¹³ ANROWS (2022)

2) A life course approach to determining the prevalence and impact of sexual violence in Australia: Findings from the Australian Longitudinal Study on Women's Health