



The Treasurer
Budget Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

28 January 2022

RE: 2022-23 PRE-BUDGET SUBMISSION

Women in Super has prepared this submission in response to the invitation from the Minister for Housing and the Assistant Treasurer for public submissions regarding the 2022-23 Commonwealth Budget.

WOMEN IN SUPER

Women in Super (WIS) is a national advocacy and networking group for women employed in the superannuation and wider financial services industries. WIS advocates to improve women's retirement outcomes and access to superannuation.

OVERVIEW

Prior to the introduction of the Superannuation Guarantee (SG), only 32% of workers had superannuation¹, and with only 50% of women working², very few Australian women were receiving super. Even this figure was inflated because many of those women usually lost all but their own contributions if they left employment (or were forced to resign) when they married or had children.

The Superannuation Guarantee has extended superannuation to many more women, however older women have spent most of their working lives with no super or a low rate of SG. The system is designed around continuous full-time employment and pays no regard to women's employment patterns or unpaid caring responsibilities³. There are gaps in the system - for example the SG does

¹ Parliament of Australia, 2010.

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/0910/ChronSuperannuation

² Australian Government Treasury, 2021. https://treasury.gov.au/sites/default/files/2021-04/p2021-164860_australian_labour_force_participation.pdf

³ Industry Super Australia. <https://www.industrysuper.com/understand-super/gender-equality/women-and-superannuation/>



not apply to the self-employed⁴, and superannuation tax concessions direct the most assistance to those on high salaries with big superannuation balances (mostly men⁵) rather than to low- and middle-income earners (mostly women). Men receive two thirds of all superannuation taxation concessions⁶.

There have been improvements (for example the LISTO that refunds the tax on super paid by low-income earners), however not enough for the system to deliver decent outcomes for women. With 93.5% of women taking Primary Parental Leave⁷, women are spending more time than their partners on a form of leave that does not attract the SG, irreparably damaging their superannuation balances⁸.

Often measures to improve women's superannuation balances rely on voluntary contributions from women, many of whom are on low incomes.

The rate of the Superannuation Guarantee is much more important for low- and middle-income earners to achieve an adequate level of savings however the legislated increase to 12% SG has been long delayed⁹.

Women have been slowly improving their retirement savings, and younger women are far more likely to have superannuation than their mothers¹⁰, however the system is not equitable for women and we now must consider the impact of COVID-19. The pandemic has seen women more likely to

⁴ Australian Taxation Office, 2018. <https://www.ato.gov.au/individuals/super/getting-your-super-started/self-employed/>

⁵ Workplace Gender Equality Agency, 2021. <https://www.wgea.gov.au/publications/australias-gender-pay-gap-statistics#:~:text=Currently%2C%20Australia's%20national%20gender%20pay,ordinary%20fulltime%20earnings%20of%20%241%2C837.00.>

⁶ Australian Institute of Superannuation Trustees, 2019. <https://newsroom.aist.asn.au/2019/08/16/12-sg/>

⁷ Australian Bureau of Statistics, 2020. <https://www.abs.gov.au/statistics/people/people-and-communities/gender-indicators-australia/latest-release#work-and-family-balance>

⁸ ASFA, 2021.

https://www.superannuation.asn.au/ArticleDocuments/402/2112_Super_stats.pdf.aspx?Embed=Y

⁹ ASFA 2021-22 Pre-Budget Submission.

https://www.superannuation.asn.au/ArticleDocuments/1588/ASFA_Pre-Budget_Submission_2021-22.pdf.aspx?Embed=Y

¹⁰ Per Capita for Women in Super, 2020. <https://percapita.org.au/wp-content/uploads/2020/08/The-Herstory-of-Superannuation-FINAL-1.pdf>



lose employment¹¹, and many young women and low-income earners have been forced to drain¹² their superannuation accounts through the Early Release of Super scheme. With the current uncertain job climate, many women will never recover up to \$20,000 of savings and the 20, 30, or 40 years of compound interest that would have been earned¹³. We urgently need to make long overdue changes, and develop payments that recognise caring and assist women to secure good jobs and recover their savings depleted during the pandemic.

RECOMMENDATIONS

Immediate implementation of 2021-22 Budget commitment to remove the \$450 monthly earning threshold for Superannuation Guarantee (SG) payments

WIS calls on the Treasurer to schedule the *Treasury Laws Amendment (Enhancing Superannuation Outcomes for Australians and Helping Australian Businesses Invest) Bill 2021* for consideration by both the House of Representatives and the Senate on 8 and 9 February 2022 to ensure the legislation is passed by both houses and referred for Royal Assent prior to the election, ensuring implementation by the announced date of 1 July 2022.

Include Superannuation Guarantee payments in the Government Paid Parental Leave scheme as recommended by the Productivity Commission and legislate a requirement for employers to pay SG on other Paid Parental Leave entitlements

It is unfair and discriminatory in modern Australia that one of the only forms of leave that does not attract the SG is accessed predominately by women, when other forms of paid leave such as sick leave, annual leave and long service leave attract SG payments¹⁴.

¹¹ McKinsey Global Institute. <https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-countering-the-regressive-effects>

¹² HESTA, 2020. <https://www.hesta.com.au/about-us/media-centre/Early-release-super-scheme-sees-younger-women-drain-super-HESTA.html#:~:text=19%20June%202020&text=HESTA%20data%20on%20members%20accessing,has%20been%20for%20many%20people.>

¹³ Australian Institute of Superannuation Trustees, 2021. <https://www.aist.asn.au/Advocacy/Policy-advocacy/Early-Access>

¹⁴ Australian Bureau of Statistics, 2020. <https://www.abs.gov.au/statistics/people/people-and-communities/gender-indicators-australia/latest-release#work-and-family-balance>



Adjust the Low-Income Superannuation Tax Offset (LISTO) to match changes to the second tax bracket and SG rates

Men receive two thirds of all superannuation tax concessions¹⁵ due to their higher incomes and consequently higher superannuation balances. To maintain consistency, the LISTO should apply to those earning up to \$45,000, and the maximum payment should be adjusted to reflect the superannuation tax paid at that salary level as the SG rises to 12%. Two thirds of those impacted by the LISTO are women.

Maintain the current timetable of Superannuation Guarantee increases to achieve 12% SG on 1 July 2025

Increasing the SG is crucial for low- and middle-income earners, especially given the gendered impact of the COVID-19 pandemic on women's employment and superannuation balances. Many young women and those with low incomes and/or insecure employment have been particularly adversely impacted by the COVID-19 pandemic through the need to access their super through the Early Release Scheme.

Introduce a Carers Credit Framework in Australia's Retirement Income System

Unpaid caring roles should be valued in an appropriate way that recognises the economic contribution made by this work – carers credits can do this. Carers credits renumerate a person's superannuation fund while they are out of the workforce providing care.

Undertake a gendered review of the likely impact of the COVID-19 pandemic on retirement outcomes for women and develop measures to help women recover their super balances withdrawn under ERS

With women's already lower super balances drained by COVID-19 Early Release, as well as greater job insecurity throughout the pandemic, it is imperative that these impacts are examined and attended to. Significant steps have been taken in recent years to close the gender super gap and ensure that more generations of women are not condemned to a retirement in poverty, and it is important that the pandemic does not take us backwards.

Consider sectors of the economy where super is not yet paid

WIS is increasingly concerned with the sectors of the economy that are growing rapidly but sit outside the compulsory super system, in particular the gig economy. The gig economy is growing

¹⁵ Australian Institute of Superannuation Trustees, 2019. <https://newsroom.aist.asn.au/2019/08/16/12-sg/>



partly in response to the demand for flexible, challenging, and diversified work, and the ability to provide extra income as wages stagnate while the cost of living grows.

Publish gender analysis of the impact of budget measures including changes to superannuation

WIS strongly supports a gender-based analysis of all existing policies, and any proposed or future budgetary measures, to ensure women are not unfairly or disproportionately impacted purely because of their gender, in addition to prioritisation of measures targeted at reducing the gender savings gap. WIS also supports the reinstatement of the Women's Budget which would allow proper analysis of the impact of the budget on women, and could help in rectifying the gender super and gender pay gaps.

Introduce a Benchmark for Retirement Adequacy That Doesn't Shaft Women

The Retirement Income Review defined equity as "[providing] similar outcomes for those in similar circumstances".

Replacement rates and this definition of equity would, if implemented, perpetuate the profoundly gendered design of our retirement income system, and would justify the preferential distribution of super tax concessions to men in building their retirement savings.

CONTACT

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Kind regards,

A handwritten signature in black ink, appearing to read 'K. Keys'.

Kara Keys
National Chair, Women in Super