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Retirement Income Review – Another attack on Women

Here we go again.

The Australian Services Union (ASU), Australian Nursing and Midwifery Federation (ANMF) and the SDA, the union for retail, fast food and warehouse workers, represent over half a million working women in Australia. Our members are essential workers who have been at the centre of the response to the COVID-19 pandemic working in health, aged care, disability and community services, local government, retail, warehousing and fast food

Responding to early reports on the Retirement Income Review, we are very concerned this government has no intention of closing the gender super gap.

“The reports suggest a focus on home ownership and financial literacy as the fix for retirement outcomes,” said Julia Fox Chair of the ACTU Womens Committee and SDA Assistant Secretary.

“Yet for many of our members, on average annual incomes of around \$45,000, home ownership is simply not a reality.”

The evidence clearly shows that women face a stark future in retirement.

- 1 in 3 women retire with no super - nothing. (Senate Inquiry: A Husband is not a retirement plan: Achieving Economic Security for women in retirement 2016)
- Women retire with 47% less super than men (ASU& Per Capita report 2017: ‘Not So Super for Women’)
- Older women (55+) were the fastest growing cohort of homeless Australians between 2011-2016, increasing by no less than 31%. (AHRC: Older Women’s Risk of Homelessness Background paper, April 2019)
- Single elderly women, aged over 60, living in Australia belong to the lowest income earning family group, earning on average less than \$30,000 p.a. It is the most likely household type to live in poverty. (2017 HILDA Survey)
- In 2016-17, there were approximately 1.02 million employees who earned under \$5,400 per year of employment income (equivalent to \$450 or under per month); more than half of these low income employees were women (55%) and therefore not eligible for compulsory superannuation contributions due to the \$450 monthly minimum earning threshold. (Australian Bureau of Statistics (ABS), Jobs in Australia, 2011-12 to 2016-17)

“Credible research has repeatedly demonstrated that the gender super gap is the problem and what is the government’s plan to fix it?” said Ms Fox.

“Improved financial literacy apparently, which of itself is neither the answer nor is it the fundamental problem.

“The review also declares that paying the SGC during paid parental leave would make little difference to retirement.

“This is clearly absurd given the findings of the well documented Motherhood Gap Research, which clearly show that motherhood is the most significant driver of diverging accumulation pathways.

“Research confirms that males appear to be rewarded for becoming parents whereas females are penalised for taking time away from paid work to care for newborns,” said Ms Fox.

“Furthermore, the current structure of superannuation means that women can never catch up to comparable retirement savings without a range of interventions designed to benefit women.”

Women have already been hit by the governments 2014 SG freeze. The impact of the current freeze has been profound. By the time a 52 year old women, who is a single parent working full time as a nurse retires, she will have lost an estimated extra \$27,000 in her retirement savings.

Any delay on the pathway to 12% by 2025 will disproportionately impact women, who we know are already at greater risk of retiring in poverty and homelessness.

Women cannot afford another freeze.

To prevent women retiring into poverty the government must;

- Ensure super is paid on every dollar earned
- Abolish the \$450 minimum earning threshold for compulsory super contributions
- Increase the Super Guarantee to 12%
- Pay the Super guarantee on both paid and unpaid Parental leave
- Fix the historical undervaluation of women’s work
- Fix the gender pay gap.

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