THE 'HERSTORY' OF SUPERANNUATION

A DISCUSSION PAPER BY PER CAPITA
FOR WOMEN IN SUPER

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About Per Capita

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice. Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the public, not just experts and policy makers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country's future.

About the authors

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Emma is co-author of *Measure for Measure: Gender Equality in Australia,* published in March 2020; and co-editor, with Professor Janet McCalman, of the collection of essays *What happens next? Reconstructing Australia after COVID-19*, to be published by Melbourne University Press in September 2020.

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About Women in Super

Women in Super, founded in 1994, is a national advocacy and networking group for women employed in the superannuation and associated financial services industries. We provide opportunities for members to develop their networks as well as professional development training and promote equal participation of women at all levels within the superannuation and financial services industry. We work to improve women's retirement outcomes and access to superannuation through advocating for policy change. Our goal is to have a superannuation system without gender bias.

In 1998 we initiated the Mother's Day Classic walk/run in response to the significant numbers of women accessing insurance benefits through superannuation for treatment of and sadly dying from breast cancer. To date we have raised $37 million for the National Breast Cancer Foundation for breast cancer research and we fund the work of a promising young researcher annually through our Mavis Robertson scholarship.

Executive Summary

This report looks at the history of superannuation for Australian women, marks its progress towards equity, and identifies what more could to be done to improve the system in order to mitigate women's vulnerability to poverty in retirement.

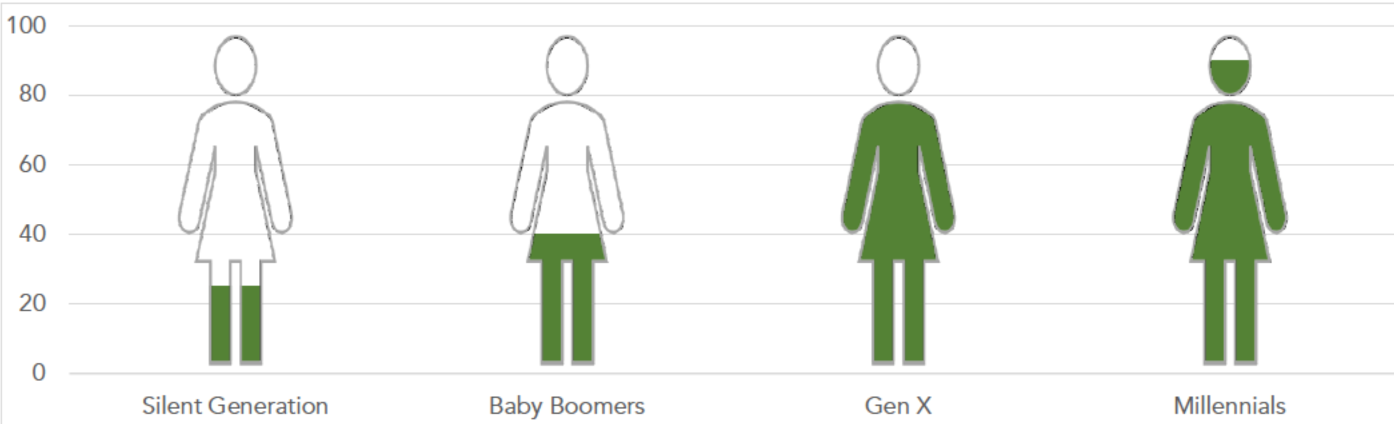
An overview of the various employer-designed superannuation schemes that existed prior to the introduction of universal superannuation reveals the history of direct and indirect discrimination against women in the provision of retirement saving systems. The slow rate of growth in coverage of Australian women by private superannuation schemes is outlined, and it reveals the historical reliance of women on their partner's income and retirement savings, and their resulting financial insecurity throughout the twentieth century.

To illustrate the incremental improvements in women's retirement incomes resulting from the gradual extension of superannuation to women over the last half century, the report tracks the transition from the experiences of the 'silent generation', who retired without significant independent superannuation funds, to the 'baby boomer' generation, who have begun to experience the benefits of superannuation incomes in retirement. This comparison clearly shows the positive impact on women's financial security of the superannuation revolution.

It is not until the 'Gen X' and 'Millennial' generations that women have been in receipt of compulsory superannuation throughout their working lives and have therefore been able to save for their retirement. Even so, our analysis shows that the design of universal superannuation, primarily its flat tax structure and its indifference to the nature of women's labour force participation, as well as a number of policy interventions in the years since its introduction that have deliberately favoured higher-income men, means that these younger generations of Australian women are also likely to retire with significantly less superannuation than are their male peers, and many will not accrue sufficient savings for a secure retirement.

The report concludes with some recommendations for addressing the gender inequity in retirement incomes that mean Australian women are significantly more likely to live in poverty in older age than are men.

Figure 1: Percentage of female population with superannuation on retirement by generation



Source: Per Capita analysis of ASFA data

Introduction

This paper looks at the history of women's retirement incomes in Australia, and exposes the economic insecurity that women experienced prior to the introduction of universal superannuation.

In Australia, the Federal budget of 1991 introduced the Superannuation Guarantee (SG), a universal system of superannuation support for Australian employees. The SG was a negotiated bargain as part of the Incomes and Prices Accord (the Accord) struck between the Hawke and Keating Labor Governments and the Australian Council of Trade Unions (ACTU), in which wage increases were deferred in return for compulsory superannuation savings, paid directly through the employer payroll system, initially at the rate of 3 per cent of annual income.

Early systems of superannuation were designed and delivered by employers. For decades prior to the introduction of universal superannuation by the federal Labor government in the early 1990s, the proportion of workers covered by employer superannuation schemes remained low, and disproportionately favoured full-time, male workers. The various schemes offered by both public and private employers featured many eligibility requirements that discriminated against women, both directly, by refusing them coverage based on their gender and/or marital status, and indirectly, by excluding workers who were employed part-time or had interrupted career paths or multiple employers across the life course.

Legislation making superannuation compulsory for all employees overcame many of these inherent design features that deliberately locked women out of employer-delivered, employee-vested retirement savings, and, in principle, made access to superannuation a universal right for all Australian workers.

Since it came into effect in 1993, the SG has provided broad coverage for Australian workers, initially boosting coverage to 80 per cent of the workforce. Over the next decade, coverage rose to 91 per cent, as the SG rate itself increased from 3 per cent to 9 per cent, rising more recently to 9.5 per cent. It was intended that the SG would rise to 12 per cent however this has been delayed because of the super freeze in 2014, on the (unfulfilled) premise that the money saved would result in higher take home wages for workers.[1]

Despite its universal nature, though, our superannuation system still produces inequitable outcomes in retirement incomes along gender lines. Because superannuation is an income-funded retirement savings system, contributions to superannuation, by definition, depend on earnings derived from employment. Therefore, women's retirement incomes are inextricably intertwined with the level of women's labour force participation and rates of pay throughout their working lives.

Due to their significantly higher rates of part-time work due to a disproportionate load of unpaid domestic work and years spent out of the paid labour force to care for children and other adults, women have fewer years of employment and lower incomes than men, meaning that they save considerably less toward their retirements than do men. As a result, they suffer a greater risk of poverty in retirement, especially if they do not live in a couple relationship in older age.

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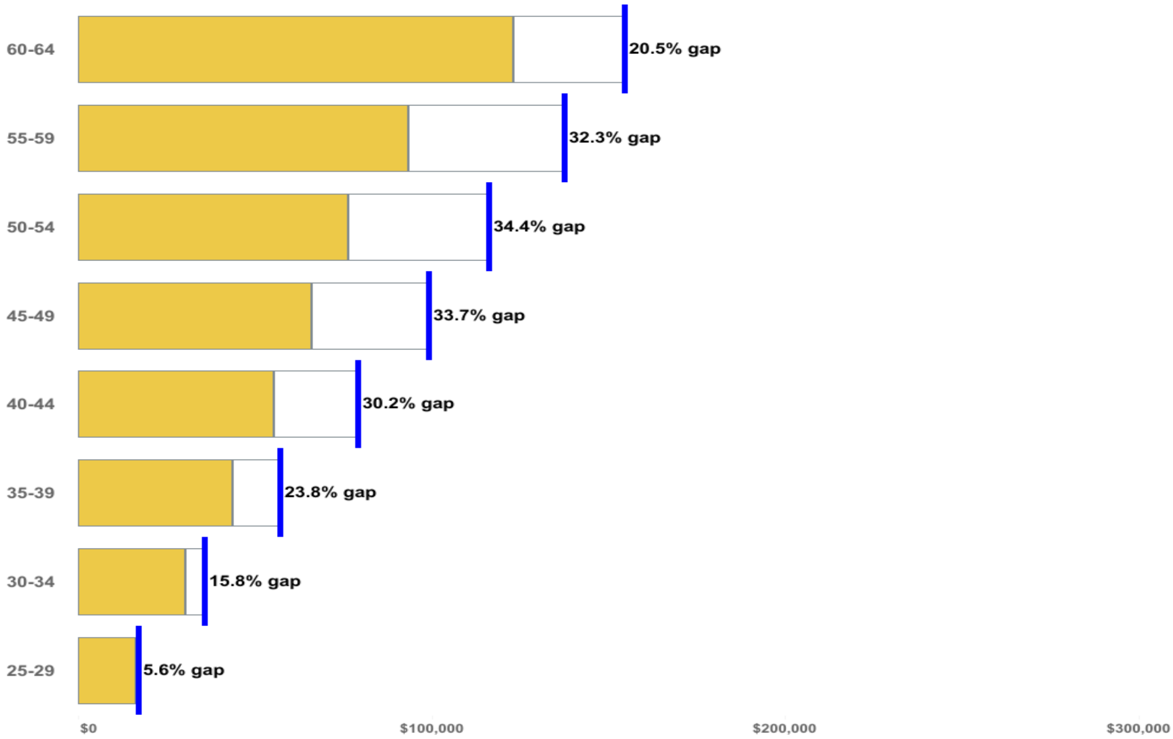
[1] Dawson, E. and Jackson, S. The Super Freeze: What You've Lost, Per Capita, Melbourne, 2020. https://percapita.org.au/our_work/the-super-freeze-what-youve-lost/

In a 2017 report *Not So Super, For Women* Per Capita found that, on average, women's retirement savings were 47 per cent lower than their male counterparts.[2] More recently, the Workplace Gender Equality Agency (WGEA) has published data that shows the prevalence of the gap in retirement savings between men and women in 2020, taking account of both superannuation savings and the age pension.

Figure 2: Retirement income gap by age and gender



Source: WGEA report, Women's economic security in retirement: Insight paper, March 2020[3]

Nevertheless, Australia's superannuation system is consistently ranked in the top three retirement schemes in the world, and is widely considered to have been one of the most successful social reforms of recent decades.[4] The universal superannuation system has underpinned a significant rise in the share of wealth held by older Australians: the share of household wealth held by people aged 55 and over has grown from 48 per cent to 56 per cent over the past fifteen years.[5]

That this wealth is shared unevenly between men and women should not be an insurmountable problem: there are many complex design features of our superannuation system that exacerbate gender inequity in the system, and which are ripe for reform. An examination of the history of superannuation in Australia is illustrative of the measures that were taken to remove direct and indirect discrimination against women prior to, and during, the development of universal superannuation in the 1980s and 1990s, while an analysis of the universal super system itself reveals a number of design features that could be altered to further improve retirement incomes for women.

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[2] Hetherington, D. and Smith, W. Not so super, for women: superannuation and women's retirement outcomes, Per Capita, Melbourne, 2017, p. 6. https://percapita.org.au/wp-content/uploads/2018/05/Not-So-Super_FINAL-v2-2.pdf
[3] https://www.wgea.gov.au/sites/default/files/documents/Women_per_cent27s_economic_security_in_retirement.pdf
[4] https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/other-publications/2013/Kelly_twenty-years-superannuation-guarantee.pdf
[5] 21st C retirement

Retirement incomes for Australian women

Australia's retirement income system is comprised of 'three pillars' — the Age Pension, compulsory saving through the Superannuation Guarantee, and voluntary savings.[6]

As this paper is concerned with the role of government policy in influencing retirement incomes, the function of voluntary savings is outside the scope of our analysis. Before turning to consideration of the efficacy of universal superannuation, however, a brief examination of Australian women's experience of the Age Pension will inform the broader understanding of the need for a robust system of universal retirement savings to provide an income sufficient to support a comfortable standard of living in older age.

A short history of the Age Pension in Australia

The Age Pension was introduced by the Commonwealth Government in 1908 and commenced operation from July 1909.[7] For the first 18 months, the pension was available only to men, before being extended to women in December 1910. Funded from general revenue, the new Commonwealth pension replaced state-based schemes that had been operating for several years in NSW, Queensland and Victoria. The pension was available to citizens and long-term residents of 25 years' standing (soon after reduced to 20 years) and was subject to both a means test and a 'good character' requirement. It was paid to men at age 65, and to women at age 60.

At the time of its introduction, life expectancy at birth was only 56 years, and only 4 per cent of the population were old enough to be eligible for the pension. For those who did receive it, the average time spent on the pension was around 12 years. The initial pension rate was just £26 per year, around a quarter of the basic wage. As such, it was not designed to provide a reasonable standard of living but was intended as a safety net of last resort.[8] Automatic increases in pension rates based on changes in the cost of living were introduced in fits and starts between 1933 and 1943, when automatic cost-of-living adjustments were repealed as they would have resulted in a drop in the pension rate. Supplementary assistance, now known as Commonwealth Rent Assistance (CRA), for single pensioners who paid rent and whose primary source of income was the Age Pension was introduced by the Menzies government in 1958, followed five years later by a higher rate of pension for single people.

Still, the adequacy of the Age Pension continued to erode as Australia's standard of living increased in the post-war years. The failure of the Age Pension to keep recipients above the poverty line was identified in the *Henderson Commission of Inquiry into Poverty* in 1972[9] and the Whitlam Government's National Superannuation Committee of Inquiry. Following these reviews, Whitlam raised the Age Pension rate to match the 25 per cent of average male weekly earnings benchmark by June 1975, and abolished the means test for those aged 70 years or more by May 1975. At this time, superannuation was in place for less than a third of employed Australians.

Further changes were made to the Age Pension by the Fraser government between 1975 and 1983, including the abolition of the assets test, and annual indexation of the rate of the pension in 1976. By the

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[6] https://www.pc.gov.au/research/completed/superannuation-post-retirement p.4

[7] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1314/SuperChron

[8] Hetherington, D and Smith, W. Op cit, P.12.

[9] Australia. Commission of Inquiry into Poverty. (1972-) (Henderson report)

end of the Fraser government, superannuation coverage had extended to 53 per cent of working people in Australia.

In the century since its introduction, then, the Age Pension has increased significantly from a poverty alleviation measure to a rate that is intended to provide an adequate standard of living in and of itself. It is now approximately two thirds of the minimum wage, compared to just one quarter at its introduction, and is a universal provision, limited only by a means test. Despite indexation to average male weekly earnings since the mid 1970s, though, the level of income provided through the Age Pension has not kept pace with the cost of living in Australia, which now has some of the highest levels of retiree poverty in the OECD. This poverty is concentrated; there are areas of severe deprivation, where particular groups go without adequate food, housing, heating, medical supplies, dentistry and other essentials.[10] The shortfalls are concentrated among single people and renters, both categories in which women are disproportionately represented.

Australian women and the Age Pension

There are around 1.6 million women over the age of 65 living in Australia; on average, they can expect to live for another 22 years. Forty-six per cent of these women were married, 38% widowed, 10% are divorced, and 5% have never been married.11 The majority of older women in Australia, then, are single.

Overall, 24.2% more women than men are in receipt of the age pension; there are 31.5% more women than men on the full rate age pension and 13% more on a part pension. Fewer women in couple relationships rely on a full or part pension than do men, but more than twice as many single women rely on either the full or part pension than men; see Table 1. More than half a million single women in Australia - around a third of all women aged 65 and over - rely on the full age pension as their sole source of income.

Table 1 – Australian domestic age pension recipients

2017		Number of People			
		Full Pension	Part Pension	Total	No Pension
Male	Single	243,976	103,898	347,874	
	Partnered	399,383	321,618	721,001	
	Total	643,359	425,516	1,068,875	709,859
Female	Single	507,877	222,821	730,698	
	Partnered	338,449	258,302	596,751	
	Total	846,326	481,123	1,327,449	699,969
				Total	1,409,828

Source: Department of Social Services. Note: inclusive of supplementary payments.

[10] https://percapita.org.au/wp-content/uploads/2018/05/Pension-Adequacy_Final.pdf

[11] Feldman, S and Radermacher, H: Time of Our Lives? Building opportunity and capacity for the economic and social participation of older Australian women, Lord Mayor's Charitable Foundation, Melbourne, 2016. P. 13.

Relying on the Age Pension leads to poverty for women

Women retire with a greater dependence on the Age Pension because they lack independent retirement incomes, and this greatly increases the likelihood than they will live in poverty in older age.

According to Dr Susan Feldman and Dr Harriet Radermacher, who undertook a study of the circumstances of older women living in poverty in Australia for the Lord Mayor's Charitable Foundation in 2016, 34 per cent of single women over 60 in Australia live in permanent income poverty, compared to 27 per cent of single older men and 24 per cent of couples.[12]

Feldman and Radermacher found that "[t]he higher incidences of poverty among older women are rooted in the quality of their employment histories," including lower-paid work, career interruptions, and a higher incidence of part-time employment to accommodate unpaid domestic labour and care. They identify family breakdown or the death of a spouse as key 'triggers' that increase the risk of poverty for older women.

In short, women without male partners, who generally have low levels of financial security due to a lack of independent retirement savings, are at significant risk of poverty in retirement.[13]

It is unsurprising, then, that the report of the Australian Senate Economics Reference Committee on the 2016 Inquiry into achieving economic security for women in retirement was titled 'A husband is not a retirement plan'.

As the Australian Education Union told the Inquiry, the poverty experienced by many older single women in Australia today is due to inequities in the treatment of women in the workforce over previous decades:

> *For example, in some states, upon marriage, women were excluded from teachers' superannuation funds and only allowed access to 'married women' schemes with inferior conditions. In most states, superannuation was only available to 'permanent employees' and being a permanent employee meant being full time and available for any position across the state, thus excluding many women who were part time or were unable to move due to family responsibilities. Before unpaid maternity leave was secured in the mid 1970s, many women had to resign in order to have children…Many of these women took on primary care of children with the understanding that their husband's superannuation would provide the family's retirement income, but then lost access to this money due to marital breakdown.*[14]

The following overview of the history of women's access to superannuation unpacks these inequities in the treatment of women in the workforce in the 20th century, and the battle to secure women's retirement incomes before the introduction of universal superannuation in the early 1990s.

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[12] Ibid.

[13] Ibid

[14] Senate Economics Reference Committee, A husband is not a retirement plan: achieving economic security for women in retirement, Commonwealth of Australia, 2016. P 108.

The long road to universal super

Box 1: The path to universal superannuation

1974	The Australian Bureau of Statistics (ABS) conducted the first national survey of superannuation coverage 32 per cent of the workforce was covered by superannuation: 36 per cent of men and 15 per cent of women 24 per cent of private sector employees had superannuation compared to 58 per cent in the public sector
1975	Means test removed for persons aged 70 to 74 inclusive Pensions linked to 25 per cent of average weekly earnings, to be indexed annually
1976	Pensions become subject to automatic increases twice yearly Age Pension assets test abolished
1977	The Hancock Inquiry – National Superannuation Committee of Inquiry – final report
1978	Pension increases to be adjusted only once a year
1979	Fraser government rejects the recommendations of the Hancock Inquiry
1983	Base pension for those aged 70 and over subject to an incomes test
1983-86	The Statement of Accord (Prices and Incomes Accord) National Wage Case – 3 per cent superannuation contribution by employers to be paid into an industry fund, in lieu of a wage increase
1986	National Wage Case established guidelines to require new industry superannuation schemes to conform to Commonwealth operational standards
1987	Insurance and Superannuation Commission (ISC) established as an industry regulator Occupation Superannuation Standards Act 1987 (OSSA) introduced
1989	Better Incomes: Retirement Income Policy into the Next Century statement established the "twin pillars" of the Age Pension and private superannuation, specifically rejecting the option of a National Superannuation Scheme

Source: Adapted from APH Chronology of Superannuation[15]

Pre-Whitlam: superannuation for high-income men

Prior to the campaign for universal superannuation in Australia, there were hundreds of occupational and industry-based retirement schemes in operation. These schemes began in the late 19th century and, by the 1970s, covered about 30 per cent of workers in the finance industry, large corporations, and people who had long semi-professional or managerial tenures at big firms.

These private superannuation schemes were based on a 'defined benefit model', with the employer bearing the actuarial risk of funding an employee's pension for life.[16]

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

[16] Millane, E. (2019). The Ghost of National Superannuation (Doctoral dissertation, PhD Thesis. Australian National University. Pre-published).

In addition, Commonwealth employees had been entitled to contribute to superannuation since 1922 when the Superannuation Act 1922 (the 1922 Act) was legislated. In 1976, the Commonwealth Superannuation Scheme (CSS) was established by the Superannuation Act 1976 (the 1976 Act).[17]

Temporary employees were omitted from the CCS, leaving many employees, such as journalists at the ABC, without coverage.[18] This condition changed over the years so that by 1990, when the CSS closed, temporary employees only had to be an employee for one year with a certificate by the employer that they would be employed for a further three years to be eligible for coverage.

Another significant super scheme pre-SG was the white-collar Superannuation Scheme for Australian Universities (SSAU). Overall, private, industry-based superannuation was restricted to professional, higher-income white collar workers. It was not until the early 1970s, under the Whitlam Government, that the push towards universal superannuation began in earnest.

The 1970s

In February 1974, the ABS conducted a survey to obtain information about employed persons covered by superannuation-type schemes and those not so covered, and about other persons who were receiving or had received benefits from such schemes.

The survey shows the extent to which blue-collar and lower income workers lacked superannuation cover compared to those in government or professional occupations.

Even in government jobs, though, superannuation coverage for women was poor with only 37.4 per cent of female workers being covered. Of all women counted as being employed at this time, only 16.5 percent contributed to a superannuation scheme.

Table 2 – coverage by sex and occupational groups

	Men		Women	
	Covered (%)	Not covered (%)	Covered (%)	Not covered (%)
Employers and self-employed	9.3	90.7	2.7	97.3
Private	31.5	68.5	11.1	88.9
Government	66	34	37.4	62.6
Total	40.8	59.2	16.5	83.5
Total employed	35.6	64.4	15.1	84.9
Manual workers	25.5	74.5	6.1	93.9
Non-manual workers	55	45	20.1	79.9

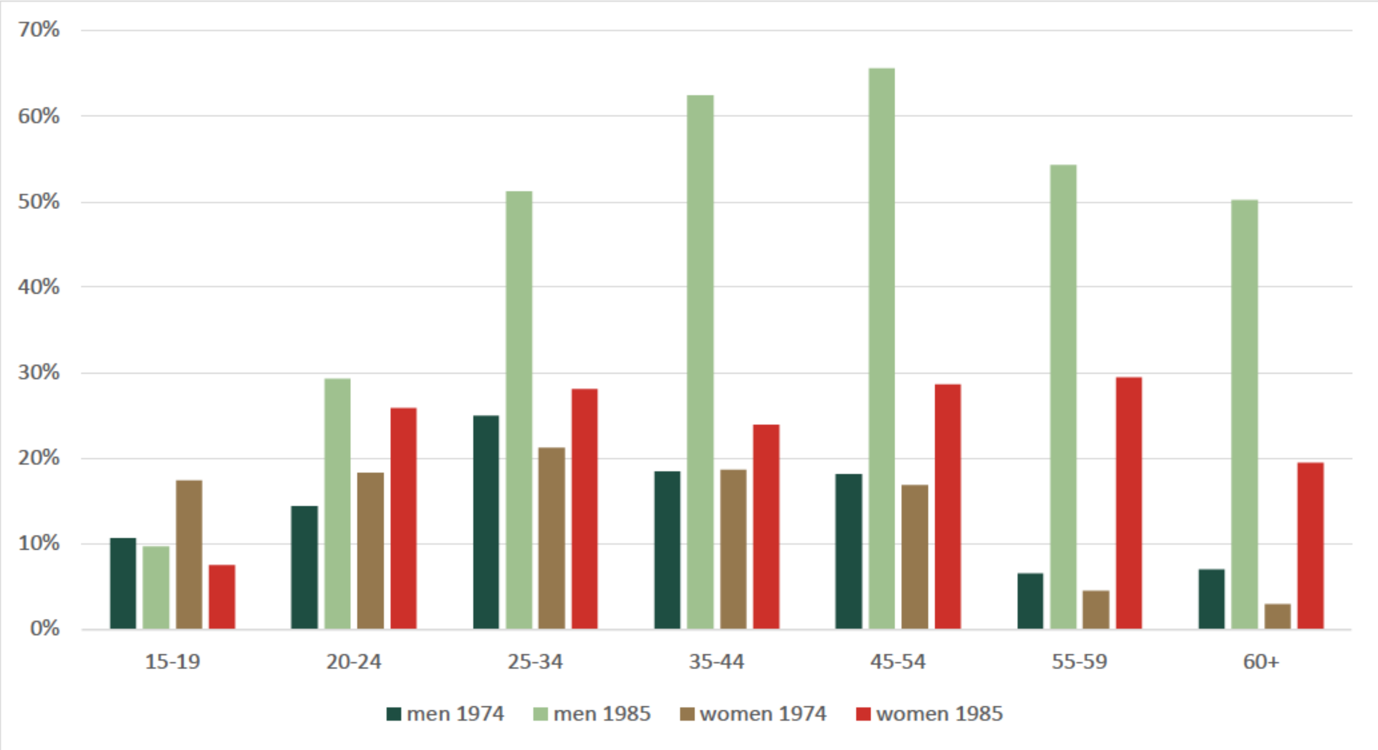
Source: Adapted from ABS Yearbook 1974: p.732[19]

[17] Report: Superannuation claims of former and current Commonwealth Public Service employees
[18] Employees of the ABC were left out because Journalists were classified as temporary employees.
[19] https://www.ausstats.abs.gov.au/ausstats/free.nsf/0/B96E49EADF9E9EF1CA257AF700115325/$File/13010_1974.pdf

The 1980s

During the 1980s, a concerted campaign by the Australian Union Movement was instrumental in driving a significant increase in coverage of superannuation by pushing for the inclusion of superannuation or pensions in Industrial Awards. Figure 3 below shows the increase in the number of people covered by superannuation between 1974 and 1985.

Figure 3: Super coverage by age and gender 1974-1985



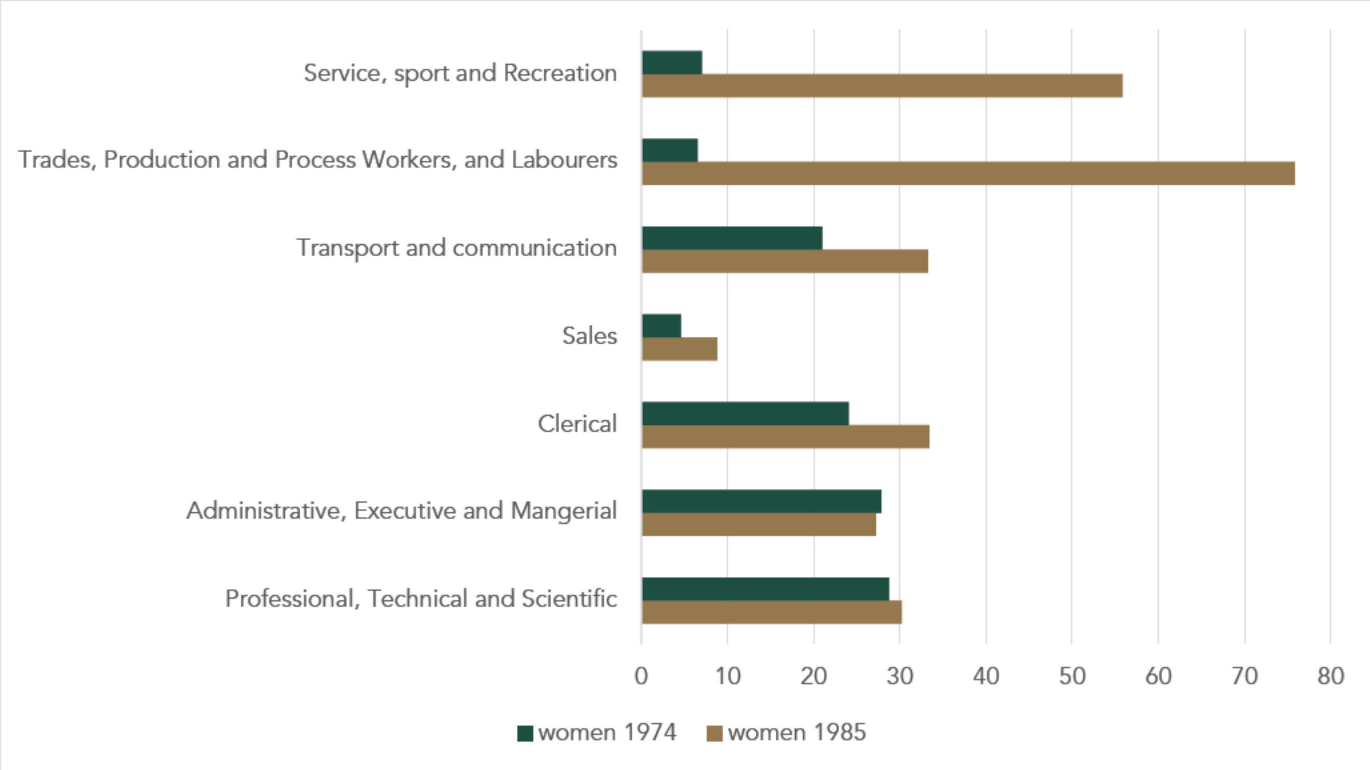
Source: Per Capita calculations from ABS Yearbook (1974) and ABS 6334.0 (1985).

However, as the chart above clearly shows, the gains in superannuation coverage through the award negotiations in the 1970s and early 1980s overwhelmingly favoured men.

This was largely due to the fact that men were more likely to work in large, unionised workforces than were women, as remains true today. Where women did benefit from the unions' push for superannuation, it was in those industries that were dominated by male workers, and benefitted from stronger union representation, as shown in Figure 4.

Nevertheless, with the emergence of award-based superannuation, many other funds that had been formed across various industries came to be associated with the burgeoning union-sponsored movement, and the momentum towards universal superannuation gathered pace.

Figure 4: Percentage of employees covered by industry 1974-1985 (women)



Source: Per Capita calculations from ABS Yearbook (1974) and ABS 6334.0 (1985).

The Accord

As part of the Prices and Incomes Accord (the Accord) struck between the Hawke and Keating Labor Governments and the ACTU, the trade unions agreed to forgo a national 3 per cent pay increase in return for an equivalent payment which would be put into a new superannuation system for all employees in Australia.

The legislation of this agreement effectively created universal superannuation in Australia.

In 1992, under the Keating Labor Government, the compulsory employer contribution scheme became a part of a wider reform package addressing the challenge of the growing cost of the age pension.
With the passing of the *Occupational Superannuation Standards Act 1987* (OSSA) operating standards were prescribed for the vesting of benefits from employer and employee contribution; preservation of benefits until age 55; more member involvement in the control of superannuation funds; and the security of members benefits.[20]

There were a number of interrelated reforms relating to the tax system, social security, and retirement savings throughout the 1990s[21]. In summary, these reforms focused on the interaction between the taxation system, and the regulation of income generated and paid out through super funds.

[20] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1314/SuperChron/ChronSuperA2

[21] Parliamentary Library's chronology

Box 2: Timeline of the Accord

1983	The Statement of Accord (Prices and Incomes Accord) between the ALP and the ACTU was endorsed in February, shortly before the federal election
	Claims for wage increases were to be restricted to movements in the CPI
	Hawke Labor government expressed support for the principles of employee superannuation
1984	CBUSS (superannuation for the building industry) was created, from an idea shared by building union leaders and ACTU officials; regarded as a world first, the funds owned and controlled by a board comprising equal numbers of employer and employee or union representatives
	A number of other similar funds established in the following years; these funds are called industry funds
	Age Pension assets test reintroduced; family home excluded
1985	Renegotiation of the Accord identified superannuation as a key issue
1986	Labor joined with the ACTU in seeking a universal National Wage Case; 3 per cent superannuation contributed by employers to be paid into an industry fund, in lieu of a wage rise
	Accord Mk II stipulated that compensation to employees should be 6 per cent to keep pace with inflation; this was to be 3 per cent employer superannuation contribution, a 2 per cent wage rise, and tax cuts
	Agreement was endorsed by the Conciliation and Arbitration Commission

Source: Adapted from APH Chronology of Superannuation[22]

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

The struggle for women's super

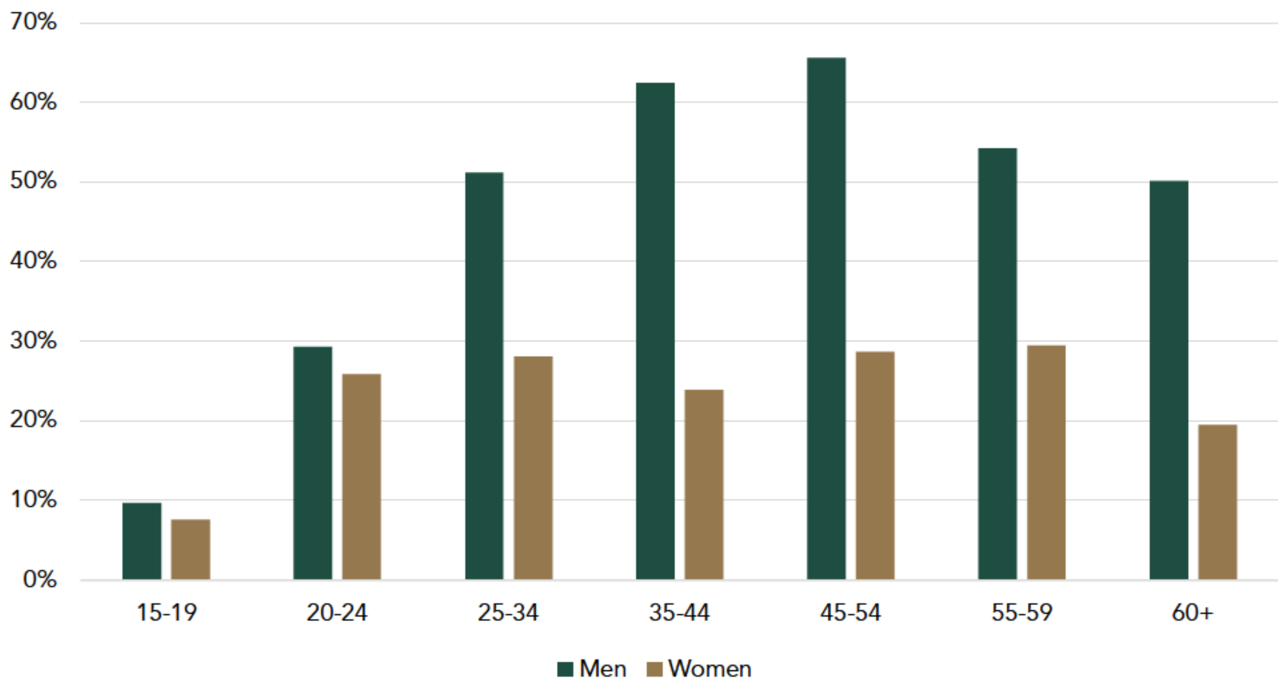
Gender bias in private super

In the 1970s, Australia's system of private, industry-based superannuation was under-regulated and under-developed, and women were especially disadvantaged by the design of the schemes:

> *The majority of schemes lagged behind the increasing participation of women in the workforce, and were created at a time when women were expected to cease employment after marriage. The lower retirement age for women, set by some schemes as low as 50, and the interruptions to working life concomitant with raising children meant that, besides earning less than men, women also had fewer working years to contribute, making a decent retirement income based on superannuation virtually impossible.*[23]

The majority of women's benefits from these schemes were as family beneficiaries if their husband died before retirement, and/or after death as part of the family assets, which could be contested during probate. Mees and Brigden observed that specialist women's schemes had existed which took into account the different patterns of female employment, but none of these survived the institution of sex discrimination legislation in the late 1970s because of the specialist provisions. So even by 1985, only 24 per cent of working women had superannuation cover, compared with 50 per cent of working men; see Figure 5.

Figure 5: Superannuation Coverage in 1985, by Age and Gender.



Source: ABS (1985) 6334.0, Table 8

[23] Mees, B & Brigden, C. (2017). Workers' capital : Industry funds and the fight for universal superannuation in Australia. Sydney: Allen & Unwin.

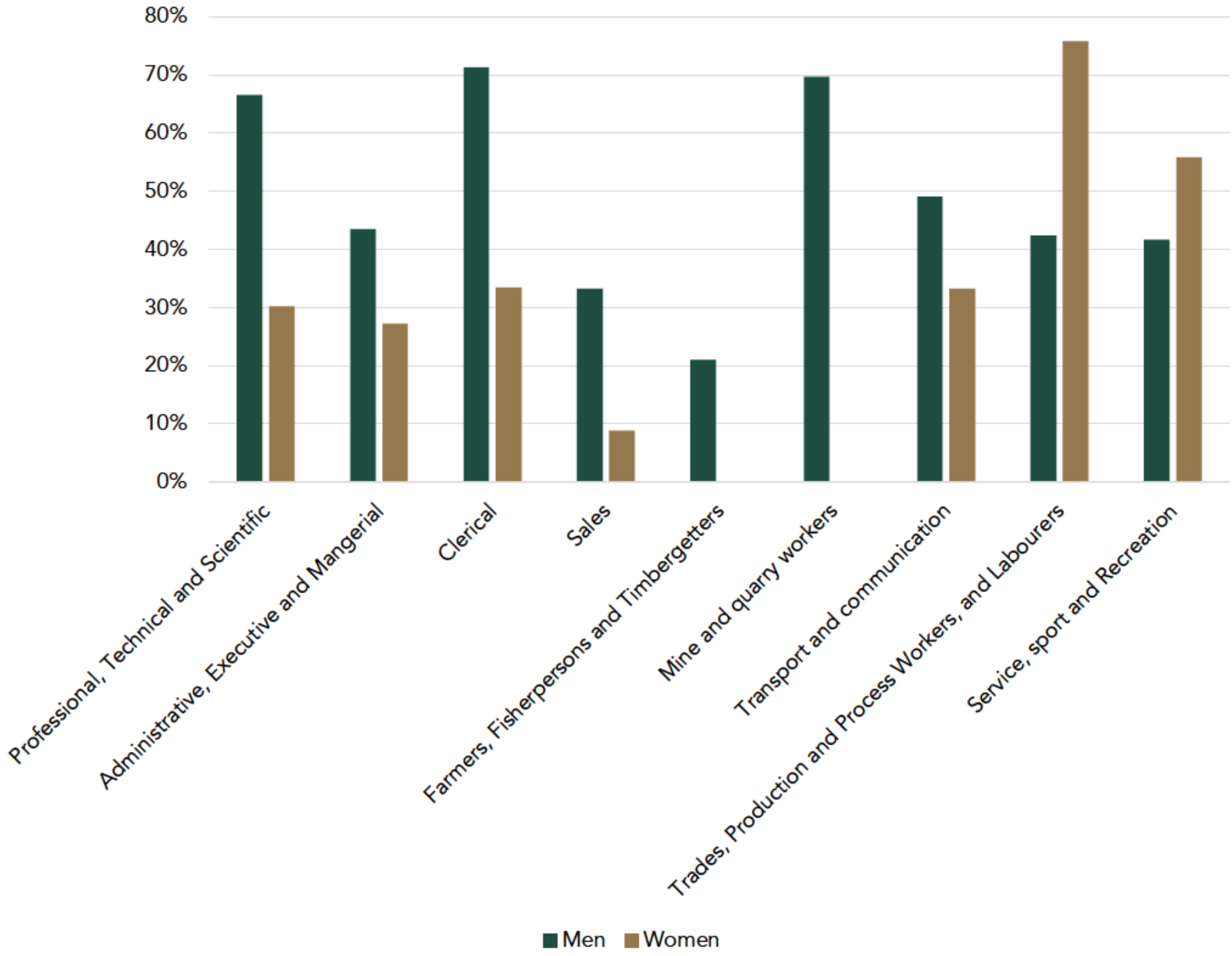
The union fight for women's super

The evolution of access to superannuation by women is reflected in the story of the representation of women in the union movement, through successive eras of award representation and collective bargaining. The process of reform was led by feminised unions in concert with the feminist movement.

In a seminal paper for the ACTU in 1986, *Superannuation and Women*, Iola Mathews mounted a compelling case that the campaign for universal superannuation, being prosecuted by then ACTU Secretary Bill Kelty through the negotiation of the Accord Mk II, must aim to overcome the exclusion of three out of four women from superannuation coverage.

At the time, women across all industries and occupations were half as likely to be in receipt of superannuation as were their male co-workers; see Figure 6.

Figure 6: Superannuation Cover, By Occupation and Gender.



Source ABS (1985) 6334.0, Table 5.

Mathews observed that private superannuation schemes discriminated against women directly by having different rules for women than men (for example, men could join, women couldn't) or indirectly, by having rules which were the same for both sexes but which disadvantaged women in their implementation (for example, schemes which did not permit part-time employees to join).[24] A survey of a number of large superannuation funds was undertaken by ASFA in 1980, covering 368 funds with 978,000 members and assets worth A$11 billion. The survey showed that many funds had taken steps remove direct discrimination.

Table 3: Removal of discrimination from superannuation schemes

Q. Have you taken steps within the past two years to remove sexual, racial or marital status discrimination?		
	Government (%)	Private Schemes (%)
No discrimination in fund	48	42
Yes, steps taken	39	28
No, no steps taken	13	29

Source: ASFA 1980 Survey of Superannuation Funds. P.44, reproduced from Mathews (1986).

Table 3, reproduced from Mathews' 1986 paper, shows that of the 368 funds in the ASFA 1980 survey, 13 per cent of government funds and 29 per cent of non-government funds still had discriminatory provisions in 1980 and had not taken steps to remove them.[25] Based on analysis of the 1982-1983 Census of Superannuation Funds Australia 1982-83 of over 18,000 superannuation funds in the government and nongovernment sector[26] Mathews' analysis identified the following discriminatory eligibility requirements.

Table 4: Eligibility requirements for membership of superannuation funds

Eligibility Requirements	No. of Funds
Sex	34
Earnings	208
Managerial Status	817
Permanency	942
Full-Time Status	1316
Period of Service	4567
Minimum Age	3330
Membership Voluntary	3803
Membership by Invitation	11065

Source: Census of Superannuation Funds Australia 1982-83 ABS Cat. No. 5636.0 p.20-21, reproduced from Mathews (1986).

[24] Mathews, I, Superannuation and Women, (D26-1986), ACTU 1986.
[25] ASFA 1980 Survey of Superannuation Funds, issued by the Association of Superannuation Funds of Australia, December 1981
[26] ABS Cat. No. 5636,0 p.20-21)

Per Capita has summarised the key elements of these various forms of direct and indirect structural discrimination against women in super schemes, as identified by Mathews, in Table 5.

Table 5: Structural discrimination in the superannuation system; 1986 snapshot

Form of discrimination	Type and quantum
Sex	34 funds in the ABS survey conducted in 1982-83 restricted membership on the basis of sex, the majority being for men only. Some companies had different schemes for male and female employees (5 per cent of government schemes, 3 per cent of private schemes).
Marital Status	Some schemes did not allow women to join if their husband was in the scheme and both worked for the same organisation. In some schemes, it was compulsory for the husband to join, but voluntary for the wife.
Income	208 schemes restricted eligibility to join on the basis of earnings, i.e lower paid workers are not eligible to join. The data showed that lower income earners had much less superannuation cover than higher income workers. As women were more likely than men to be among the lower paid workers, this was another reason they were less likely than men to have superannuation cover.
Managerial Status	817 schemes in the ABS survey restricted membership to management employees only. As women were less likely to be in the management group, this was another form of indirect discrimination.
Permanency/ Full-time Status	942 schemes restricted membership on the grounds of permanency. As women made up the majority of temporary and casual workers, this eligibility rule was another form of indirect discrimination against women. 1316 schemes restricted membership to full-time employees only. Contemporary ABS labour force statistics showed that women made up 78.9 per cent of part-time workers, therefore many women were unable to join superannuation schemes because of this eligibility requirement.
Length of Service	4567 schemes restricted membership to employees who had worked for a minimum period of service. Of these funds, 1283 restricted membership to those with at least 12 months service. Such a rule affected women in particular because they were more likely to be temporary or short-term employees.
Age	3330 schemes restricted membership to a minimum age. In general, this discriminated against young men as well as young women (only two schemes had different minimum age qualifications for men and women).
Non-compulsory Membership	While some schemes surveyed were compulsory, 3803 were voluntary and a large number (11,065) permitted membership by invitation only. Where schemes were by invitation only, women may not have been invited to join because of one or more of the eligibility factors outlined above. Where schemes were voluntary, women were less likely than men to join, because women earned less and often could not afford the high contribution rate. Other reasons why women did not join voluntary schemes were because they did not intend to stay in the company to retirement, or because schemes were not designed for the needs of female workers.
Vesting	Vesting means the employer's contributions are owned by the employee. In most schemes, there was no vesting of employer benefits unless the employee took the superannuation payout at the specified retirement age, or for death or permanent disability. Employees who left before retirement usually left the scheme with only their own contributions (i.e. not employer contributions) and a small amount of interest earned or, in some cases, no interest. This lack of vesting particularly affected female

	employees, who often had broken patterns of employment due to family commitments.
Portability, preservation and breaks in employment	Portability means the ability to maintain or transfer your entitlements when you change your job. If a worker left their employer before retirement they did not get any employer contributions back. Again, the lack of vesting particularly disadvantaged female employees, due to the higher likelihood of broken work patterns. In most schemes, women who joined or re-joined the scheme at a later age, after child-rearing, could expect a meagre superannuation payout on retirement because of their shorter service. In some schemes, especially in government employment, employees who joined or re-joined the scheme in later life could purchase extra 'units' to give themselves the same benefit on retirement as if they had joined the scheme earlier. Such 'catchup' arrangements, however, required a crippling financial burden because they required the employees to pay their own retrospective contributions as well as the employer's retrospective contributions.
Maternity leave	Most schemes did not make provision for women on maternity leave, so that women lost their entitlements during this period.
Retirement and life expectancy	Most women left the workforce before the official retirement age and never qualified for their superannuation payout. Furthermore, superannuation pensions and annuities were usually paid at a lower rate for women, or women were required to pay higher contributions or premiums to get the same annuity as men because of the rationale that they retired earlier and lived longer than men.
Death in Service Benefits	Many schemes gave higher payouts for the death (in service) of a male employee than a female employee. Some schemes did not pay a death benefit at all if the female employee died in service. This was due to the presumption that men were always the primary breadwinner for Australian families.

The role of the Sex Discrimination Act

The Sex Discrimination Act (1984) was legislated after Australia signed the United Nations' International Convention on the Elimination of All Forms of Discrimination Against Women. It was an important contributor to the campaign for super for women because it enshrined and enforced equality in employment practices. As Mees and Brigden[27] observed in a submission to the inquiry, the Women's Bureau of the Department of Employment and Industrial Relations detailed the structural factors in labour markets that disadvantaged women in occupational superannuation schemes.

The Senate Standing Committee did not recommend making occupational superannuation mandatory "at this stage," but it did advocate requiring employees to take the benefits accrued from employer contributions as pensions. It also recommended changes to the federal Sex Discrimination Act, from which superannuation funds were largely exempt in order to protect women members from unfair treatment.

[27] Op cit.

Universal superannuation: towards equality

As we have seen, in the years leading up to the introduction of universal superannuation, there were many forms of direct and indirect discrimination against women in superannuation schemes in both the government and private sectors. These structural forms of discrimination were functions of the design of the various superannuation funds in place at the time and were effectively eliminated by the creation of universal superannuation in the early 1990s.

Nevertheless, the operation of our world-leading superannuation system remains structurally biased against women in its indifference to the nature of their employment status and the demands of unpaid work and care.

According to the latest data available, just under a quarter (23.5 per cent) of women aged 15–64 years old had no superannuation coverage at all in 2017–18, compared to one in five men (20.5 per cent) of the same age.

As we noted in 2016, the design of universal superannuation was predicated on the 'male breadwinner' model of reliable, full-time employment that, even 30 years ago, was rapidly disappearing. The assumption underpinning the scheme was that:

> *Implicitly, the benefits of superannuation would largely flow to women through their male partners. What's happened since is that many more women have entered the workforce to earn and save independently, but the nature of work available to them has been more intermittent and lower paid than that of their male counterparts. This combined with the fact that women still do the overwhelming majority of unpaid housework, caring and parenting, means that the benefits of super, which move in direct proportion to pay, have not flowed to female recipients as hoped.*[28]

This problem was noted as early as 2002, when a review of the state of inequality in retirement incomes found that women's superannuation contributions continued to be limited by high rates of casual employment, the gender pay gap, (women's average full time earnings were only 84 per cent of male average full time earnings), and because women are more likely to have interrupted careers due to child rearing and other unpaid work; such that women spent 17 years on average in the paid labour force, compared to 39 years for men.[29]

This review highlighted concerns that occupational superannuation and social security policy were not well integrated and noted the (now largely resolved) problem of the division of superannuation assets in the event of relationship breakdown.

A further inquiry into women's economic independence by the Australian Human Rights Commission in 2007 re-affirmed the persistence of the issues that are still relevant to understanding inequities in retirement incomes. The primary issues were again identified as the gender pay gap, career interruptions for child rearing, and higher incidences of casualisation and insecure work.[30]

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[28] https://percapita.org.au/wp-content/uploads/2018/05/Not-So-Super_FINAL-v2-2.pdf
[29] Kelly et al (2002)
[30] https://humanrights.gov.au/our-work/3-theme-one-economic-independence-women-listening-tour-report#heading3_2

Improvements in universal superannuation for women

There have been many attempts to address these inequities over the last two decades. The following summarises the significant policy changes that addressed some of these issues.

One of the most significant reforms to address gender inequities in the super system was the change to the Family Law Act in 2002 that enabled a partner's superannuation to be divided upon divorce or separation. Further, in 2006 'Contributions Splitting' took effect so that super contributions could be split between partners, meaning that higher income partners could share payments with a low-income spouse.

Women in same-sex relationships benefited from the introduction of Same-Sex Relationships (Equal Treatment in Commonwealth Laws— Superannuation) Act 2008.

Measures to improve super contributions for low income workers, the majority of whom are women, were introduced in 2003 with the government co-contribution for low/middle income earners. In 2010 the government co-contribution rate was set at $1 for every $1 of personal contributions made by those receiving an adjusted annual income less than $31,920 p.a.

From 1 July 2009, the expanded definition of 'ordinary time earnings' for the superannuation guarantee included over award payments, shift loadings and allowances, which benefitted women working in insecure jobs.

The 'Employee Choice of Fund' reforms in 2004 enabled higher levels of portability, which benefited women whose contributions were disrupted by breaks in employment; this was also the year that reforms enabling the surviving partner of an interdependent relationship to receive tax free payment of superannuation benefits following their partner's death.

In 2007 employee redress to recover unpaid superannuation amounts from employers that had ceased operating were enhanced. This improved women's access to lost super contributions due to their higher likelihood of changing employers, through 'Find My Super'.

More recent initiatives that have improved super balances include the implementation of the Henry Tax Review's recommendation to increase the rate of super. However, this has progressed incrementally because of ongoing political uncertainty, and is again under threat of being frozen under the guise of concern for wages growth due to the COVID-19 pandemic. This issue is explored in more detail later in this report.

The low-income superannuation contribution (LISC) was introduced on 1 July 2012 and effectively refunded the 15 per cent tax paid on contributions such salary sacrificed super contributions for individuals with an adjusted taxable income up to $35,087 (from 1 July 2014). While the maximum refund is $500 per year, when the tax payable is less than $10, the ATO will round up the benefit to $10.

The LISC was abolished by July 2017 and was replaced by the low-income superannuation tax offset (LISTO) for those with an adjusted taxable income less than $37,000. The LISTO also provides a benefit to low-income earners of up to $500 per year.

In 2019, 'Protecting Your Super' reforms were implemented, which capped fees at 3 per cent of the balance for all accounts of less than $6,000, and allowed the Australian Taxation Office (ATO) to consolidate the funds from inactive accounts under the same balance threshold with an active account.

Box 3 summarises the various policy changes that have been effected since the introduction of universal superannuation, and which have improved the performance of the scheme in relation to gender equity.

Box 3: Improving superannuation coverage for women

	Keating government
1992	Labor government implements the Superannuation Guarantee (SG), which extends retirement savings to 72 per cent of workers
1994	Pension age for eligible women to be raised to 65, in a phased process
1995	80.5 per cent of employees covered by superannuation
	Howard government
1997	Limited access to superannuation made possible on compassionate grounds and financial hardship
	Introduced superannuation surcharge to tax higher income earners
	Age permitted to receive SG contributions increased from 65 to 70
2000	87 per cent of workers (both part- and full-time) covered by superannuation
2002	Superannuation assets able to be divided between the parties in a marriage breakdown
2003	Superannuation surcharge reduced from 15 per cent to 12.5 per cent
	Government co-contribution for low/middle-income earners introduced
	Superannuation assets total $546.8 billion, or 65.2 per cent of GDP
	90 per cent of employees have employer-provided superannuation
2004	'Employee Choice of Fund' reforms pass the Senate, to come into operation in 2005
	Tax fee payment of superannuation benefits can be made to the surviving partner in an interdependent relationship
	Superannuation government co-contribution increased to $1500
2006	Introduction of 'contributions splitting' by which an employee's SG and other contributions can be split with their spouse
2007	Employee's ability to recover unpaid superannuation amounts from employers that have ceased operating enhanced
	Tax-free benefits paid to members with terminal illness
	Rudd government
2008	The Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Bill 2008 passes Parliament
	Unlimited access to superannuation entitlements if diagnosed with a terminal illness
2009	Expanded definition of 'ordinary time earnings' for SG purposes takes effect; now includes over award payments, shift loadings, and allowances
2010	Government response to the Henry Tax Review released: SG rate proposed to be raised to 12 per cent between 2013-14 and 2019-20; SG age limit to be increased to 75 from 1 July 2013; Government co-contribution rate to be set permanently at $1 for every $1 of personal contributions made by lower-income earners; Qualifying age for the Age Pension to increase by six months ever two years until it reaches 67 years in 2024
	Gillard government
2011	Limited refund of excess concessional contributions where breaches are less than $10,000

2012	Government low income superannuation contribution (LISC) introduced; a maximum of $500 High income earners with more than $300,000 to pay increased tax on contributions from 15 per cent to 30 per cent
2013	Trustees to provide reasons for decisions re. complaints and increase in time to lodge complaints with Superannuation Complaints Tribunal re. Total and Permanent Disability Claims Relaxing Excess Contributions Tax (ECT); members can withdraw from fund to pay the ECT; and now taxed at marginal rate (not the highest marginal rate)
	Abbott government
2014	No equity reforms
	Turnbull government
2017	Introducing $1.6m transfer balance cap Lowering concessional contributions cap, non-concessional contributions cap, and adjusted income thresholds Replacing abolished LISC with LISTO Increasing access to concessional contributions by abolishing work test
2019	Capped investment and administration fees on low-balance accounts (less than $6,000) at no more than 3 per cent of the account balance Closed accounts with a balance of less than $6,000, referring funds to the ATO to allow them to deposit into the member's active account

Source: Adapted from APH Chronology of Superannuation[31] and Is Australia's Superannuation Law Equitable? A Look Back and Then Forward[32]

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

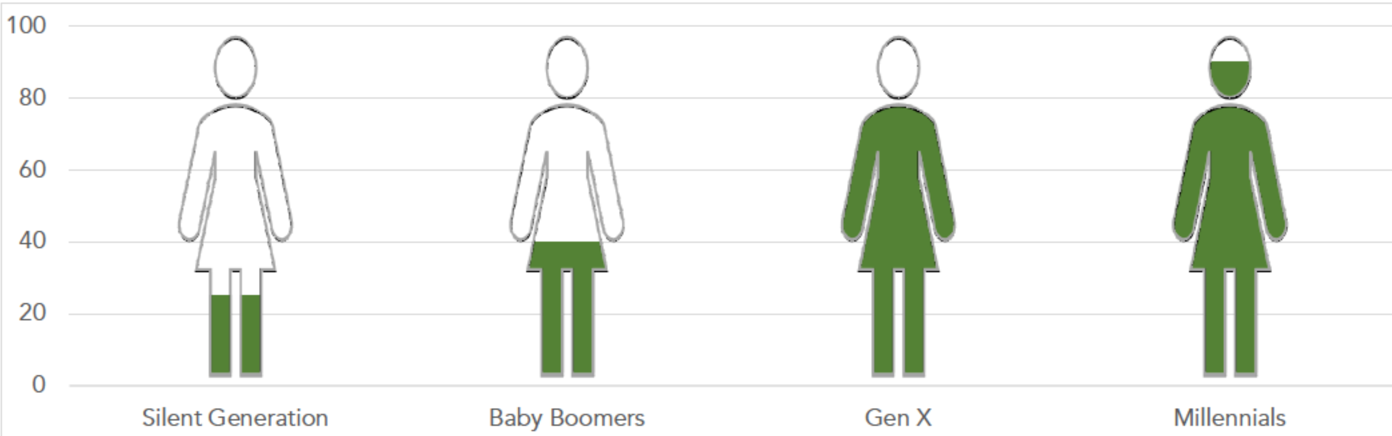
[32] https://blogs.adelaide.edu.au/law/2017/07/21/is-australias-superannuation-law-equitable-a-look-back-and-then-forward/

Intergenerational change in women's retirement incomes

In this section, the retirement incomes of the 'silent generation', most of whom retired with little to no superannuation savings, are compared with the 'baby boomer' generation who have begun to experience the benefits of superannuation incomes in retirement. By outlining the stylized retirement income scenarios of the 'silent generation' and the next generation of 'baby boomers', it is possible to observe the effects the extent and potential of the superannuation revolution.

Since 'Gen X' and 'millennials' are the first generations to enjoy lifelong superannuation coverage we also provide an overview of average retirement income projections for them and discuss some emerging issues related to retirement income adequacy for these generations.

Figure 7: Percentage of female population with superannuation on retirement by generation



Source: Per Capita analysis of ASFA data

The chart above illustrates the percentage of the female population with superannuation coverage by generation. The shaded area represents the population level coverage based on ABS data. Note that this data pre-dates the recent 'Superannuation Early Access Scheme', legislated by the Morrison Government in response to the economic collapse due to COVID-19. As a significant number of women, especially in the millennial generation, are believed to have emptied their super accounts through this scheme, the percentage of those covered by super will likely be lower. This issue is addressed later in this report.

It should be noted that even a life-long contribution to superannuation does not guarantee an adequate retirement income. Throughout the whole period covered by the analysis of silent generation and baby boomer retirement incomes, reliance on a partner's income has been the primary source of retirement income for women, and that will likely remain so for a significant proportion of younger women due to the structural inequalities affecting women's labour force participation and earning power, and the still-inadequate rate of SG.

See the Appendix for information about retirement income standards in Australia.

The 'silent generation'

Hugh Mackay wrote that the silent generation had "stable marriages, stable work patterns, and good fortune in having had a life-cycle in fortuitous phasing with the economic cycle."[33] The silent generation came of age before the women's liberation era of the 1960s and 1970s achieved more economic, reproductive and social freedoms. Women of this generation were born between the Great Depression and World War II (1928-1945) and reached retirement age between the early 1990s and 2010.

The retirement incomes of the silent generation contrast with baby boomers because universal super was introduced in phases in the 1990s. This means, by and large, that the silent generation retired without the economic independence afforded by superannuation; rather they relied on the Age Pension or their husband's retirement incomes. They also faced barriers to workforce participation such as the marriage bar which, not lifted until 1966, meant women could not remain in public sector employment once they were married.[34]

The following image from the ABS Retirement Incomes data from 1983 illustrates the extent of this dependence. It shows that 80 per cent of women did not belong to a retirement scheme, and that 40 per cent were dependent on another person (i.e. their husband/partner) at the time of their retirement.

TABLE 3. SUMMARY OF CHARACTERISTICS OF PERSONS WHO RETIRED FROM FULL-TIME WORK AT AGE 45 YEARS OR MORE

	Males	Females ('000)	Persons	Males	Females (per cent)	Persons
Total	**763.6**	**519.7**	**1,283.3**	**100.0**	**100.0**	**100.0**
Main source of income at retirement—						
Superannuation	124.5	21.2	145.7	16.3	4.1	11.4
Life assurance and similar schemes	4.6	*	5.4	0.6	*	0.4
Invalid, Age, etc. pensions(a)	306.8	163.5	470.3	40.2	31.5	36.6
War pensions(b)	90.8	18.9	109.7	11.9	3.6	8.5
Dependent on another person	14.9	208.1	222.9	1.9	40.0	17.4
Investments	100.6	33.1	133.6	13.2	6.4	10.4
Savings, sale of assets	63.7	34.6	98.2	8.3	6.6	7.7
Part-time work	33.2	28.9	62.1	4.4	5.6	4.8
Other	24.6	10.6	35.2	3.2	2.0	2.7
Main source of income, September 1983—						
Superannuation	92.9	18.5	111.4	12.2	3.6	8.7
Life assurance and similar schemes	*	*	*	*	*	*
Invalid, Age, etc. pensions(a)	413.9	295.9	709.9	54.2	56.9	55.3
War pensions(b)	119.9	35.4	155.4	15.7	6.8	12.1
Dependent on another person	4.6	101.0	105.6	0.6	19.4	8.2
Investments	96.9	38.8	135.8	12.7	7.5	10.6
Savings, sale of assets	10.8	4.8	15.6	1.4	0.9	1.2
Part-time work	14.6	19.4	34.0	1.9	3.7	2.6
Other	7.6	5.3	13.0	1.0	1.0	1.0
Type of payment from retirement scheme—						
Belonged to a retirement scheme and on retirement received—	385.4	99.9	485.3	50.5	19.2	37.8
Lump sum payment only	220.5	64.2	284.6	28.9	12.3	22.2
Regular payment only	72.2	14.1	86.2	9.5	2.7	6.7
Lump sum and regular payment only	65.8	9.1	74.9	8.6	1.8	5.8
Other	26.9	12.6	39.5	3.5	2.4	3.1
Did not belong to retirement scheme	378.2	419.8	797.9	49.5	80.8	62.2

(a) Includes invalid, age, suporting parents and widows pension. (b) Includes war disability, repatriation, service and war widows pensions.

Source: ABS Persons Retired From Full-Time Work, Australia (Preliminary) Sep 1983[35]

[33] https://www.aph.gov.au/senate/~/~/link.aspx?_id=55EBCBDD06BE48DD83503B1956A7366B&_z=z

[34] https://insidestory.org.au/the-long-slow-demise-of-the-marriage-bar/

[35] https://www.ausstats.abs.gov.au/ausstats/free.nsf/0/E4C3445159A22A72CA25852700793D5C/$File/62370_1983_09.pdf

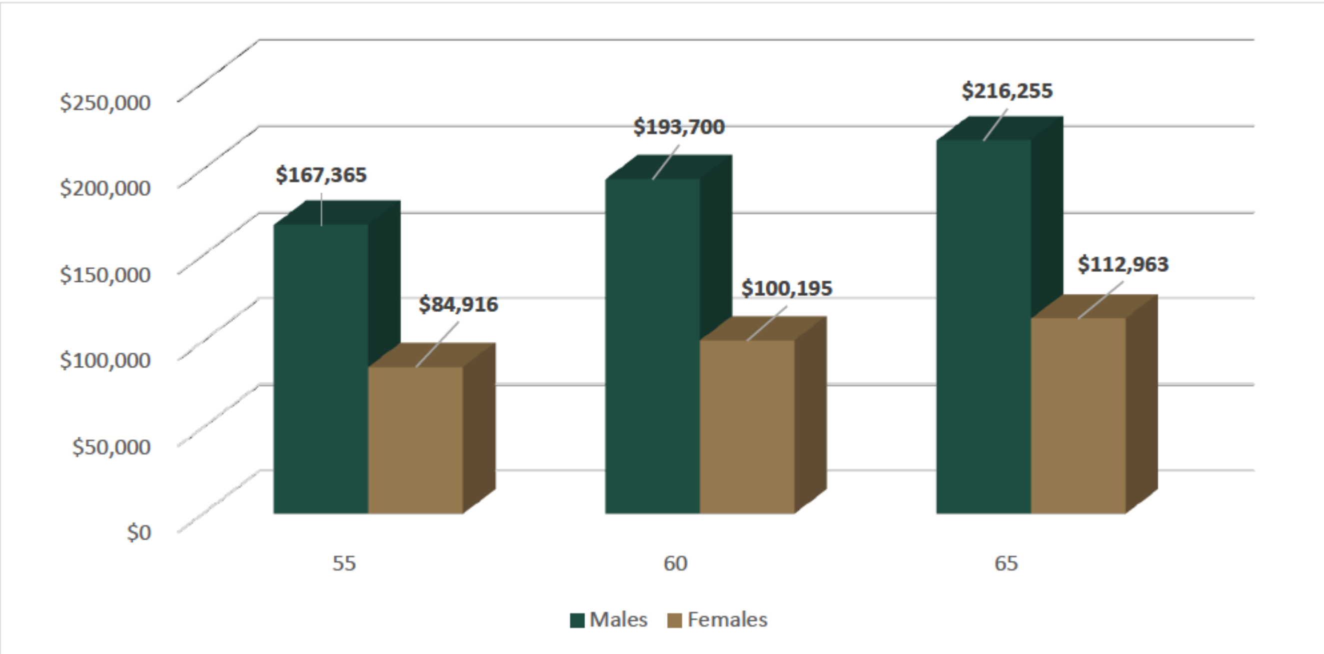
Our analysis of similar data from 1986 shows that just over one-third of all retired workers (34.99 per cent) had access to superannuation. Nearly half of men who had retired by 1986 had some form of superannuation (45.6 per cent) while only one in five retired women were covered by superannuation (18.77 per cent).

By 1997, more than half of all retired workers (57.45 per cent) retired with superannuation cover. More than two-thirds of men who retired had some form of superannuation (69.35 per cent), but less than half of all retired women received superannuation (45.73 per cent).

In 1993, a report for the Treasury's Retirement Income Taskforce (RIMT) was the first to report on superannuation assets across all super funds.[36]

The analysis showed that on average, male superannuation fund members of retirement age (55+) had superannuation assets in the range of $50,000 to $67,000. This compared with average superannuation assets in the range $21,000 to $31,000, less than half the male level, for women of retirement age.

Figure 8: Projected superannuation equivalent benefits for retirees (retiring end of 1992-93)



Source: Per Capita chart based on RIMT data; Brown et al 1993

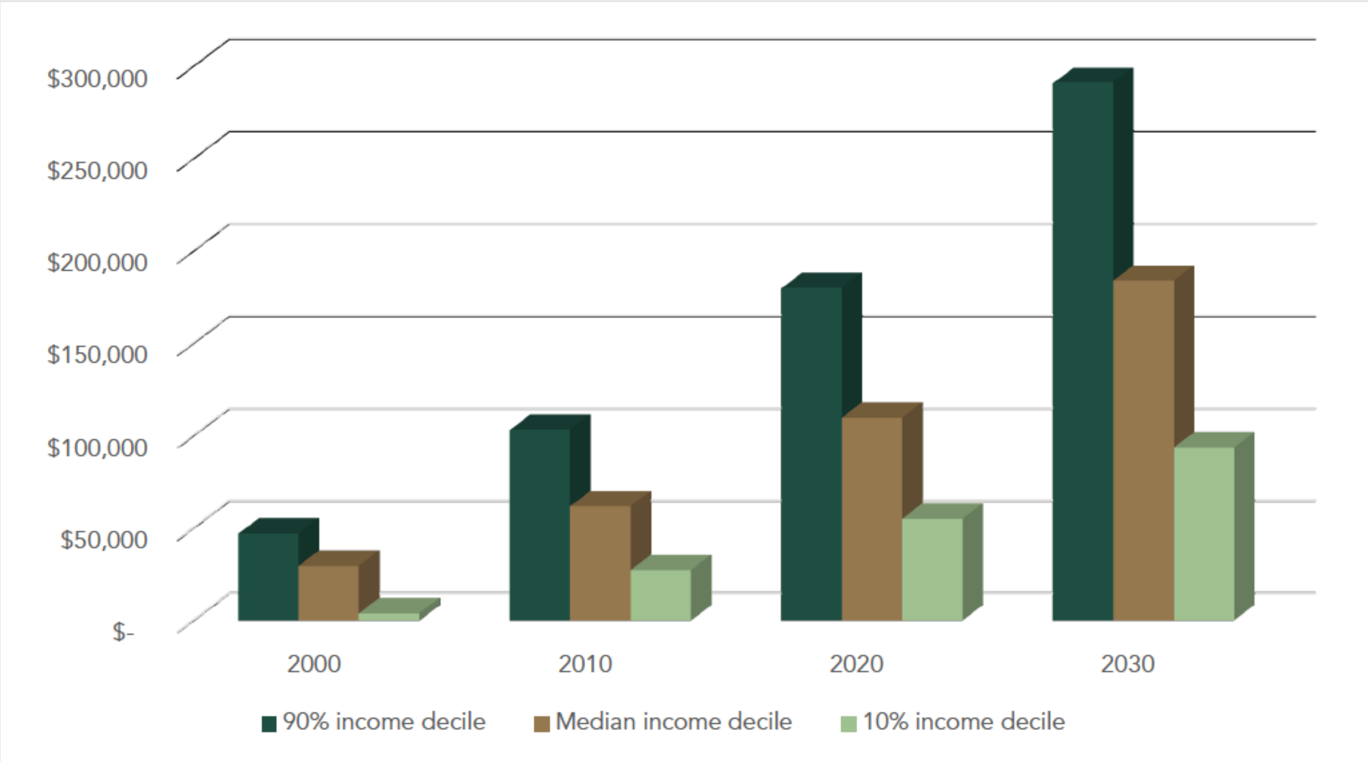
Modelling by the National Centre for Social and Economic Modelling (NATSEM) in 2002 showed that the average balance in superannuation was estimated to increase from $9647 in 1993 to $89,591 in 2030. For baby boomer women getting close to withdrawing their superannuation (aged 55-59) projected balances went from an estimated average of $24,000 in 1993 to $197,000 in 2030.[37]

By 2030 NATSEM estimates that 90 per cent of women aged 55 to 64 with superannuation will have accumulated more than $93,000 in their accounts. Figure 9 represents the difference the SG has made to

[36] Brown, C., & Force, R. I. M. T. (1994)
[37] Kelly, S., R. Percival and A Harding (2002) – see references

projected retirement balances for women. It also shows that these improvements are most marked for women on higher incomes, and that those in the lowest income decile will retire without enough super to live comfortably in retirement.

Figure 9: NATSEM Estimates of Superannuation Balances at retirement (females) 2000-2030 by income decile



Source: Per Capita representation of NATSEM 2002 data

As NATSEM researchers noted, universal superannuation would only supplement basic pension retirement income of between 11 and 23 per cent, meaning that retirement incomes would only be 36 to 48 per cent of average weekly earnings and less than what is required for a comfortable retirement.

'Baby boomers'

In contrast with the silent generation, the baby boomers were born in the immediate post WWII period, and have been reaching retirement age with 20 to 30 years of superannuation under their belts.[38] Social change has had a profound impact on the retirement outcomes of baby boomers that does not follow a linear path to higher retirement incomes.

For example, as researchers at Swinburne University have noted, the assumptions of the traditional life course approach no longer hold because midlife:

> *… is increasingly a period of transition and disruption rather than one of wealth consolidation. There are indications that women's vulnerability to housing insecurity and*

[38] Adapted from ABS 6238.0 - Retirement and Retirement Intentions, Australia, 2018-19: https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6238.0/

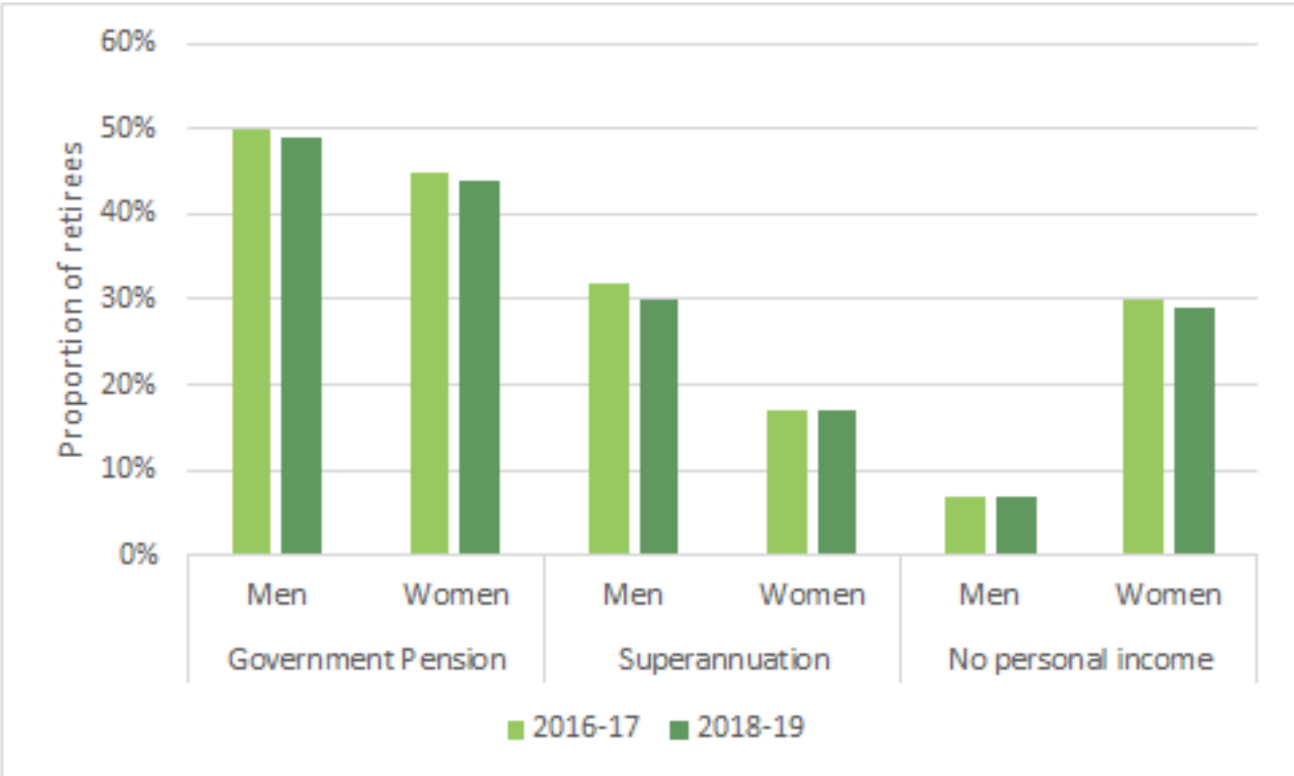
homelessness later in life has increased, with such social change contributing to an increase in the number and proportion of older, single women in the population, including many who never marry.[39]

In 2007, 93.07 per cent of workers aged 45 or over who intended to retire had contributed to a superannuation scheme during their working lives. Over half of men aged 45 or over who intended to retire expected that super would be their main source of income (56.66 per cent), but less than a quarter of retired men listed it as their main source of income (22.38 per cent). For women, over a third of women aged 45 or over who intended to retire expected that super would be their main source of income (39.24 per cent), but only one in twenty retired women listed it as their main source of income (6.64 per cent).

By 2017, 93.81 per cent of workers aged 45 or over who intended to retire had contributed to superannuation during their working lives. Approximately half of men aged 45 or over who intended to retire expected that super would be their main source of income (56.89 per cent), and almost a third of all retired men listed it as their main source of income (32.67 per cent). For women, half of workers aged 45 or over who intended to retire expected that super would be their main source of income (51.77 per cent), but less than one in five retired women listed it as their main source of income (17.03 per cent).

Retirees with no personal income (that is, they rely on the income of others) remained around 30 per cent for women and 7 per cent for men.

Figure 10: Main source of income at retirement



Source: ABS 6238.0 - Retirement and Retirement Intentions, Australia, 2018-19.

[39] https://apo.org.au/sites/default/files/resource-files/2016-10/apo-nid66261.pdf

Overall there has been a significant improvement in women's superannuation balances at retirement between the last of the silent generation in the early to mid-2000s, and the first of the baby boomers in more recent years, as can be seen in Table 8.

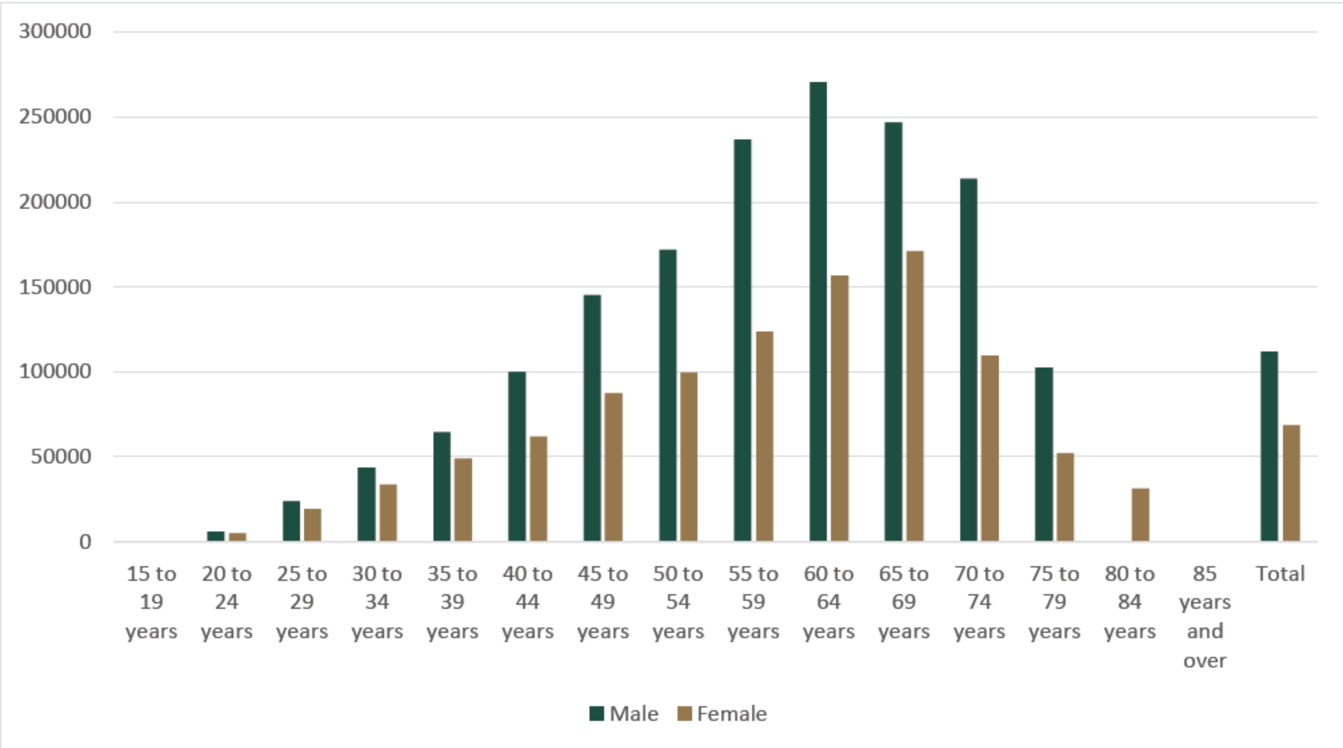
Table 8: Changes in women's superannuation balance, by quintile.

	2002	2006	2010	2014	2018
1st Quintile	$21,814.45	$17,276.92	$22,867.00	$35,679.17	$41,687.28
2nd Quintile	$23,421.32	$27,710.59	$32,633.89	$43,654.77	$57,279.45
3rd Quintile	$39,772.94	$49,386.46	$60,628.54	$68,912.62	$78,679.17
4th Quintile	$57,027.92	$83,197.35	$77,245.01	$89,312.10	$113,721.70
5th Quintile	$102,020.60	$118,311.3	$135,772.9	$144,271.10	$177,837.20

Source: Per Capita analysis of HILDA data

ASFA updated retirement income estimates in 2017, allowing for some more recent analysis of the impact of policy reforms.

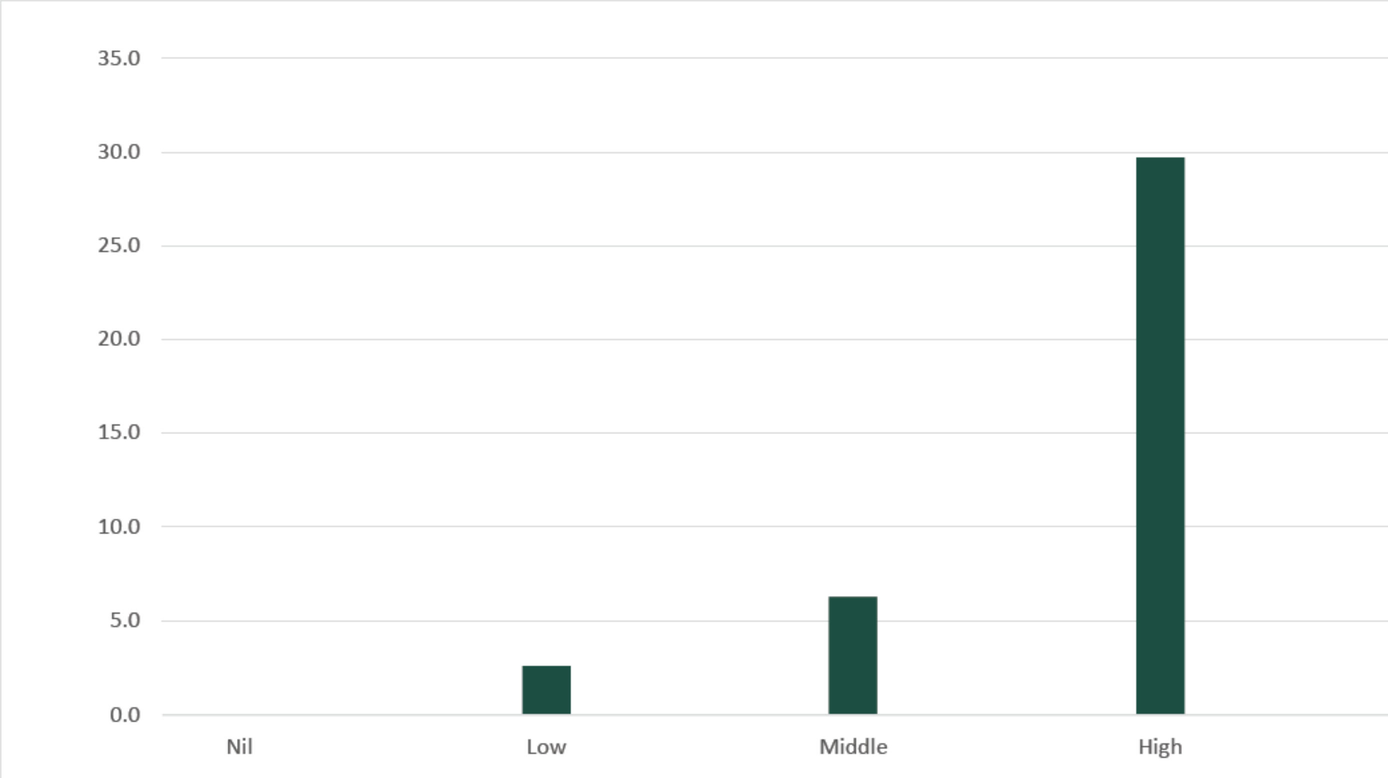
Figure 11: Average superannuation balance by age and gender, 2015-16



Source: ASFA Superannuation account balances by age and gender October 2017

However, this data masks significant contrasts between low-income workers and high-income women, and does not reveal the comparative proportions of men and women without super.

Figure 12: Share of total superannuation by income band; 2015-2016 women only



Source: ASFA Superannuation account balances by age and gender October 2017

'Gen X' and 'Millennials'

Gen X and Millennials will be the first generations to really benefit from universal super. Median superannuation balances at near retirement age (60-64 age bracket) are projected to grow from $154,000 to $323,000 for men and from $122,000 to $278,000 for women by 2040 if the super guarantee rate remains at 9.5 per cent.

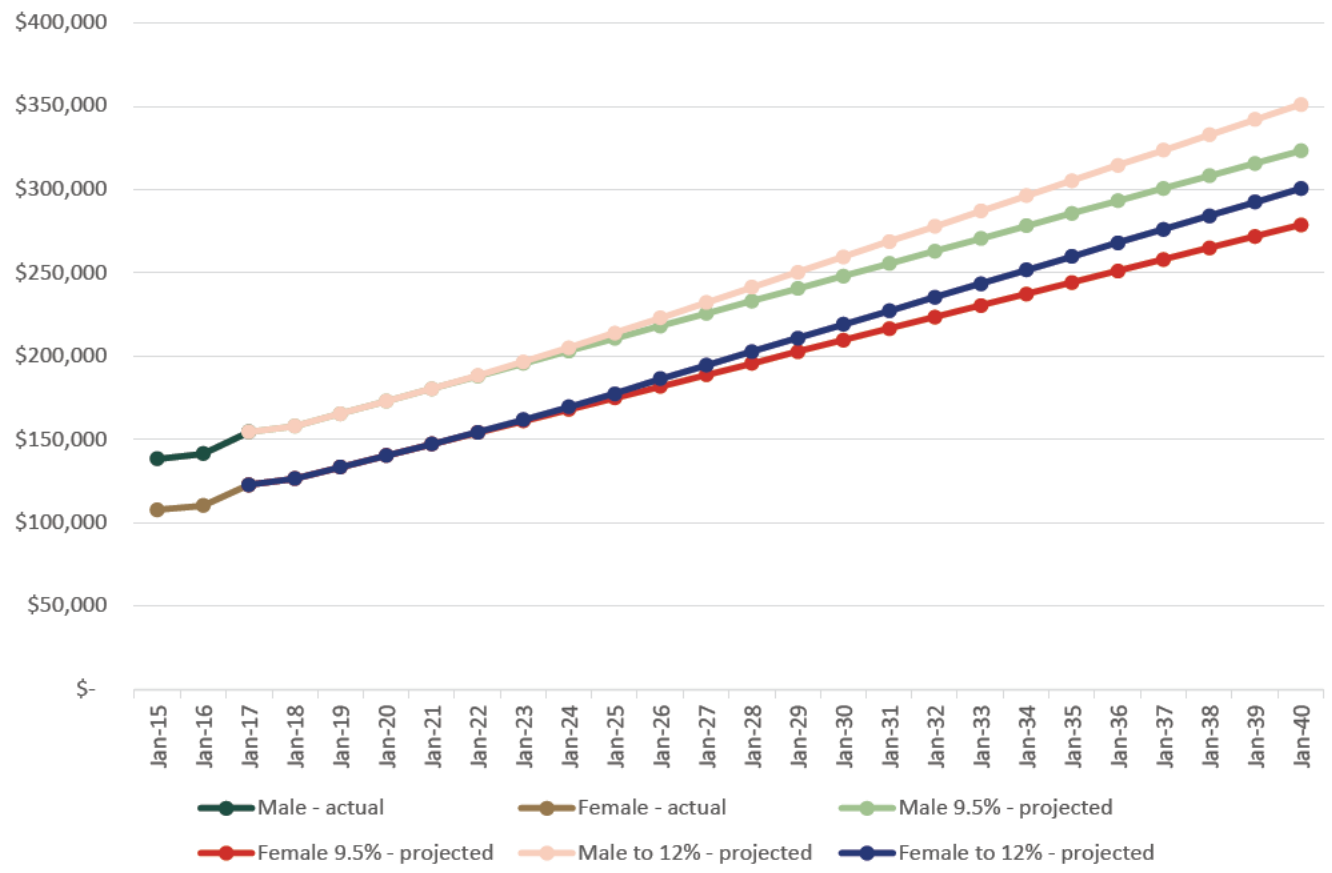
If the super guarantee rate is lifted to 12 per cent as currently legislated, the balances are projected to rise to $351,000 for men and $300,000 for women. In terms of the ASFA standards, this is a far healthier retirement income.

However, when the issues of women's work recognition, home ownership and debt are factored in, the projected retirement income for an Australian millennial woman relative to baby boomers does not look so rosy. In contrast with earlier generations, millennials have been the first generation hit hard by the housing affordability crisis. This means that despite the fact that their retirement incomes will be bolstered by their lifetime contribution to superannuation, lack of home ownership or the weight of debt in retirement will affect retirement wealth.

Millennials have also been affected by industrial deregulation and the shortage of secure jobs enabling them to lay down economic security. For example, in a recent report Per Capita calculated that a young retail worker experiencing typical underemployment for two years will be $40,000 worse off in terms of annual income, and their superannuation contributions around $4,000 lower, than if they were optimally employed.[40]

Over their career, the impact on superannuation would compound to a loss of over $46,000. Considering that most underemployed people are young, the implications for their long-term future, in terms of lost career opportunities, lower savings, and reduced security in retirement, cannot be ignored.

Figure 13: Projected median superannuation balances at age 60-64 (2017 dollars).



Source: Per Capita analysis of HILDA data

[40] Slack in the System: https://percapita.org.au/our_work/slack-in-the-system-the-economic-cost-of-underemployment/

Why women's retirement incomes are still falling behind

There are a number of reasons associated with women's life and workforce experiences that women still retire with lower superannuation savings than men: women are more likely to work part-time or casually, to take time out of the labour market to care for children or older parents, and to have lower incomes as a result of the underpayment of jobs in feminised industries.

Other factors that conspire to result in lower retirement incomes for women include the high cost and uneven availability of child care, high effective marginal tax rates for women seeking to return to full time work after having children, age discrimination that limits women's employment opportunities when they seek to return to work after career breaks, and the impact of relationship breakdowns in mid-life. Women also live longer than do men and therefore need to make their superannuation income last longer.

These factors, which are compounded by superannuation policy settings, combine to create a structural imbalance within our economy that means that Australian women are more likely than men to retire into poverty. In *Not So Super, For Women*, Per Capita identified that the confluence of these many factors has resulted in the issue of women's poor retirement incomes in Australia having "taken on the features of a wicked problem,"[41] meaning that solving the problem requires concerted policy reform; see Figure 14.

It should be noted that most of these problems are not the result of the particular design of Australia's universal superannuation system; rather, they are inherent to any contributory employment-based retirement insurance scheme, as noted by Emily Millane in her PhD thesis, completed in 2019:

> *From the public debates about pension financing in the 1890s and 1900s, to the proposals for superannuation in the 20th century, right through to present-day debates, the disadvantage women face under contributory superannuation has been raised. Embedding a contributory, industrial model of superannuation means that gender equality in retirement savings is predicated on gender equality during working life: superannuation reflects wage inequalities, and these are gendered. Even in younger age brackets, women have lower superannuation coverage and lower account balances.*[42]

The challenge of 'fixing' retirement outcomes for women, then, is inextricably linked with the need to deepen and broaden women's workforce participation and improve their rates of pay. Essentially, this means that inequities in retirement incomes are, to a large extent, the result of the impact of the gender pay gap, and how the barriers to women's labour force participation and the devaluing of 'women's work' in our economy compound over women's lives to leave them with lower levels of independent wealth in retirement.

However, there are a number of factors identified in our earlier research that are features of the design of Australia's superannuation system, and which could be addressed to improve retirement incomes for women, without the need to wait for the gender pay gap to be closed.

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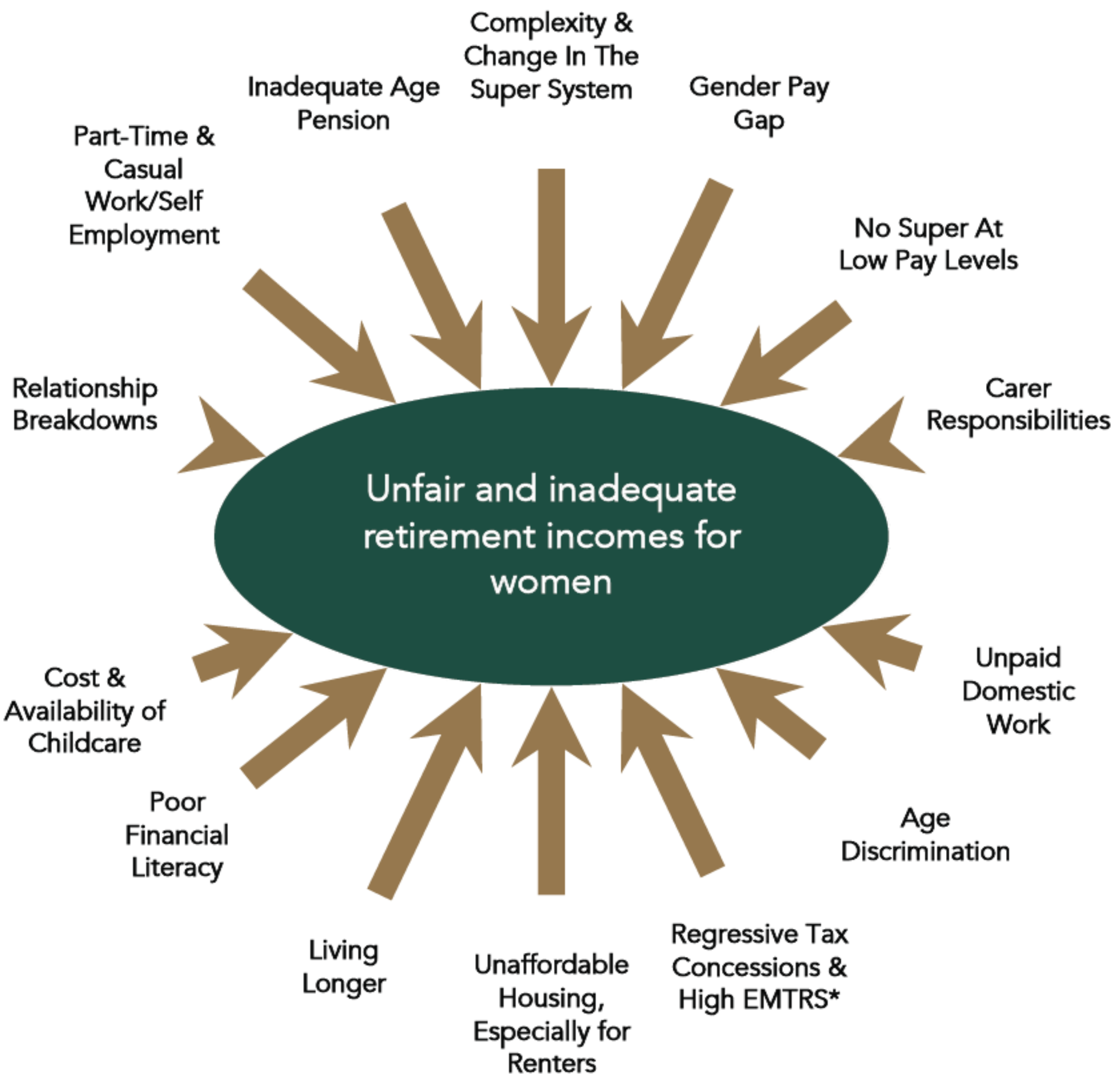
[41] Hetherington, D. and Smith, W. Op Cit, p.11.

[42] Millane, E. The Ghost of National Superannuation, Crawford School of Public Policy, Australian National University, 2019. p.232

Figure 14: a wicked problem



Reproduced from Not So Super, for Women, Per Capita 2017.

Improving super for women

There are a number of design flaws in our current system that exacerbate gender inequality in retirement incomes. Some are simply discriminatory and, as such, should be easy to fix, such as abolishing the monthly earnings threshold upon which super payments are compulsory, and paying superannuation on paid parental leave. Others are more complex and require government to grapple with the complexities of our tax and transfer system and make targeted policy changes to decrease inequities in the retirement income system that ignore women's unpaid work and deliberately favour high income earners at the expense of low paid workers. There are two key areas that must be addressed: taper rates of the Age Pension and inequitable tax concessions.

Age Pension taper rates

The age pension taper rate reduces the amount of the Age Pension received by retirees with capital wealth (assets) from which they may draw an income, including superannuation. It works in conjunction with the Asset Free Threshold, which sets a limit on the assets held by retirees, above which their pension payments are reduced.

The Turnbull government introduced significant changes to both the threshold and the taper rate, which took effect from 1 January 2017. These changes not only reduced the threshold, meaning that fewer retirees qualified for a part pension, but increased the taper rate from $1.50 to $3 for every $1000 held in assets above the taper rate, meaning that the part pension is reduced more rapidly to zero.

While the changes also increased the threshold of the assets test for eligibility for the full Age Pension, benefiting some 170,000 pensioners with low levels of savings, the increase in the taper rates of the Age Pension have created further inequities in the retirement income system.

Rather than reduce inequalities by targeting high income earners, overwhelmingly these reforms have reduced the retirement incomes of retired workers who received low to middle incomes while they were in the labour market.[43] Rather than reduce the number of people drawing a part pension, it has made retired workers more likely to draw a full pension after their modest super balances run out.

There is widespread support amongst economists and advocates for retirees to reduce the taper rate to $2, which will maintain the benefits achieved for retirees with low asset levels and reduce the impact on those with low to medium asset levels.

Superannuation tax concessions

By far the greatest distortion in our superannuation system is the influence of tax concessions.

For the majority of superannuation funds (taxed funds), contributions are taxed at 15 per cent on entry and 15 per cent on income, while benefits, whether paid in a lump sum or in income instalments, are tax free

[43] https://consult.treasury.gov.au/budget-policy-division/2018-19-pre-budget-submissions/consultation/view_respondent?sort=excerpt&order=ascending&uuId=70198471

for those aged 60 and over. In total, tax concessions on superannuation now cost the federal budget more than $30 billion a year in forgone revenue.

The Murray Financial System Inquiry in 2014 found that "tax concessions in the superannuation system are not well targeted at improving retirement incomes." The inquiry calculated that around 38 per cent of government support provided through superannuation tax concessions were going to the top 10 per cent of income earners, while the bottom 10 per cent of income earners, whose overall tax rate is below 15 per cent, are actually disadvantaged by the system.[44]

That is, the poorest workers are paying more tax on their superannuation savings than they would if the concessions were not in place, while high income earners are receiving government support to the tune of more than $10 billion per year, which would otherwise be paid in taxes to increase government revenue.

Tax concessions on superannuation are inherently regressive, as shown by Figure 15 below, which is reproduced from 'The Taxation of savings in Australia: Theory, current practice and future policy directions', published in July 2020 by the Tax and Transfer Policy Institute at the Australian National University. No other area of Australian tax law so unfairly benefits high income earners at the expense of the poor.

Because high income earners are overwhelmingly men working full time in high income occupations, and women are over-represented in part-time and casual work in low-income industries, the equity distortions caused by superannuation tax concessions are a key factor in gender inequality in retirement incomes.

Many of the most inequitable features of the superannuation tax concessions date back to changes introduced by the Howard government. Its 'Simpler Super' reforms of 2006 removed taxation of lump sum payments or income from superannuation for people over 60, provided generous annual contribution limits of $50,000 for concessional and $100,000 for non-concessional contributions, and abolished the Reasonable Benefits Limits imposed under the Keating regime, which was aimed at preventing the superannuation system being exploited to reduce income tax liabilities.[45] Between announcing these changes and them coming into effect a year later, the government also implemented 'transitional rules', which allowed wealthy people to stash up to a million dollars in their superannuation accounts.

Legislation passed by the Turnbull government in 2017 addressed the more egregious of these measures, by imposing a $1.6 million transfer balance cap, to reduce the incentive to use superannuation to minimise income tax, and lowering contributions caps. These measures were introduced at the same time as the changes to the pensions assets test thresholds that widened access to the full rate of the age pension, and the implementation of the Low Income Tax Offset, which reinstated support for low-income earners that had been lost when the Abbott government repealed the Low Income Superannuation Contribution.[46]

Effectively, these measures restored Keating's policy intention that universal superannuation should provide retirement benefits on a reasonable basis, in that they removed the measures introduced by the Howard government that encouraged very high-income earners to exploit the system as a tax minimisation tool.

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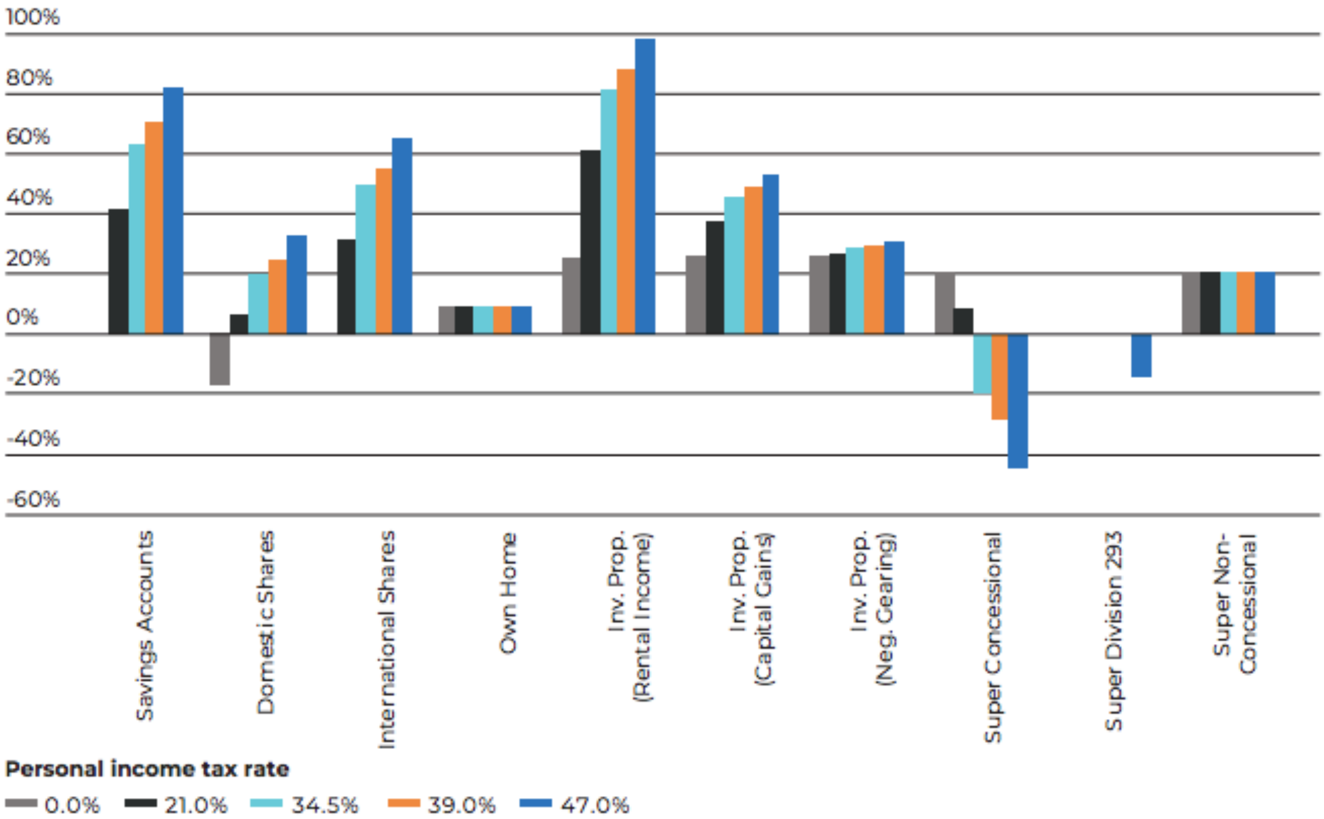
[44] Financial System Inquiry, Final Report, Commonwealth of Australia, 2014. P. 90
[45] Tax Laws Amendment (Simplified Superannuation) Act 2007, Commonwealth of Australia, 2007.
[46] Scott Morrison (Treasurer), Budget Speech 2016-17 (Accessed 5 August 2020), 3 May 2016.

However, most of the forgone revenue recouped through these changes was used to 'pay down debt', rather than redirected to measures that would meaningfully lift the retirement savings of low and middle-income workers. This was a significant missed opportunity to improve the fairness of the superannuation system and reduce the significant gender inequalities that lead to women's financial insecurity in retirement.

There remains significant forgone revenue available by reducing superannuation tax concessions for high income earners and redirecting it into solutions that will boost women's superannuation balances and reduce the gender gap in retirement incomes, as outlined at the end of this report. This is even more urgent in the wake of the economic shock brought about by COVID-19.

Figure 15: Effective Marginal Tax Rates of major Australian asset classes



Note: Domestic shares are assumed to make half of the return through capital gains, and half through dividends. Division 293 superannuation is only applicable to individuals in the highest tax bracket, and therefore the METRs for lower tax brackets are not defined. The negatively geared investment property uses a gearing ratio of -30%.

Source: reproduced from The Taxation of savings in Australia: Theory, current practice and future policy directions[47]

[47] Varela, P., Breunig, R., and Sobeck, K. (2020), 'The Taxation of savings in Australia: Theory, current practice and future policy directions', Tax and Transfer Policy Institute (TTPI) Policy Report No. 01-2020, Canberra, Australia. P. 38.

The impact of COVID-19 on women's financial security

The economic shock caused by the COVID-19 pandemic is having a disproportionate impact on women. What some are calling the 'pink collar recession' is playing out quite differently to previous economic downturns, which evolved gradually and tended to affect the blue-collar male workforce more than any other demographic.

This time entire sections of our economy were shut down suddenly, and jobs in service industries and customer-facing roles, usually less vulnerable to economic downturns, were the first to get the chop as social distancing measures were enforced.

Female employees are over-represented in service roles, in industries such as Accommodation and Food Services, and Retail Trade. Many of those casual and part-time jobs, which are routinely low-paid to begin with, have gone, and some will not return.

As a result, and due to an increased need for at-home child care due to the temporary closure of schools and limitations on access to early childhood care and education, a significant number of women have stopped trying to find work altogether, or voluntarily reduced their working hours, as a result of COVID-19 and its impact on home life. ABS Labour Force data shows that, following the biggest decline in labour force participation since the early 2000s in March and April 2020, women were 50% more likely than men to have stopped looking for work.

Further, the ABS found that while men had reduced their hours of work by 7.5% in response to the pandemic, women have done so by 11.5%.[48]

These statistics almost certainly reflect the fact that women are taking on a disproportionate amount of additional unpaid work at home as families adjust to living in isolation. Studies into the Australian experience of sharing unpaid work during the pandemic are underway,[49] but international research already shows that women are taking on more of the extra care work needed during the lock-down, as children engage in online learning while schools remain closed.[50]

Given women in Australia already did 80% more unpaid work than their male partners before the pandemic struck - a significantly higher proportion than in comparable developed nations - it is unsurprising that women are the ones giving up paid work to cater to the needs of their families.[51]

While for many low-income women, who are often the 'second income earners' in their households, this may mean exiting the labour force altogether for some time, even higher income women with secure jobs are more likely than are their male partners to cut back on hours to pick up the load at home.

While the impact of the pandemic on women's labour force participation is due to long-standing structural inequalities in the division of unpaid work and systemic undervaluing of women's paid work, the design of the *JobKeeper* wage subsidy scheme also indirectly discriminated against women. Even in those

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[48] https://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0
[49] https://about.unimelb.edu.au/newsroom/news/2020/may/counting-our-time-under-covid-19-new-survey-on-work-and-care
[50] https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30526-2/fulltext
[51] Dawson, E, Kovac, T and Lewis, A, Op Cit, P. 19

businesses in receipt of the payment, many employees are missing out: sectors such as retail and hospitality have by far the highest number of casual employees with less than 12 months' service for their current employer, the majority of whom are women. As revealed by modelling from Rebecca Cassels and Alan Duncan at the Bank West Curtin Economics Centre, more than 200,000 female workers in customer-facing roles have missed out on the wage subsidy, and many have already joined the unemployment queues.[52]

The reduction in women's employment and incomes due to the COVID-19 economic shock will reduce their ability to save for their retirements, and further widen the gender gap in retirement incomes. But by far the biggest impact on retirement incomes from the pandemic is due to a deliberate government policy decision that fundamentally undermines the purpose of superannuation as a retirement savings scheme. The Morrison Government's 'Superannuation Early Access Scheme' has already seen more than half a million Australians, the majority of whom are under 35, entirely wipe out their superannuation savings.

This is certain to have a greater impact on women than on men, not least because many of the younger women who have emptied their accounts will enter the child-rearing years, and decades of interrupted careers and part-time work, with no super savings, which would otherwise have been accruing interest while they were not receiving employer contributions.

Based on current average balances, if they choose to withdraw the maximum $20,000 from their super, women's savings will be reduced by roughly 50% more than men's, resulting in even greater inequalities in retirement nest eggs due to the multiplier effect of the loss of that compound interest.[53]

Analysis of more than 750,000 early release applications to 30 June 2020 conducted by the Australian Institute of Superannuation Trustees for Women in Super showed that, while more men than women made applications for early release, across all age brackets women withdrew a greater portion of their balance than did men. Women aged 25 to 34 withdrew 35 per cent of their balance on average, while men in the same age bracket withdrew 29 per cent of their balance. The withdrawals have already significantly increased the gender super gap for the women accessing the scheme.

The impact was most striking for women aged 25 to 34. Before taking early release, these women had 21 per cent less in super savings on average than did men in the same age bracket. After taking early release these same women had 45 per cent less. The impact of this will be profound for younger women, who will now enter their child-rearing years with a much a lower savings base on which to accumulate interest, during the years when they are less able to make contributions. This will likely be compounded by the second tranche of the Early Release Scheme.

The scheme will further reduce women's economic security in retirement, particularly for women who were already struggling with low incomes and insecure work, and therefore already facing a retirement savings gap. It is imperative that women can rebuild their retirement savings, so that the measures taken to meet their immediate need for income support do not rob their future selves of a dignified retirement.

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[52] https://bcec.edu.au/assets/2020/03/BCEC-COVID19-Brief-3-Job-Seekers-and-Keepers_FINAL.pdf
[53] https://qsuper.qld.gov.au/news-hub/articles/2019/08/07/06/10/what-is-an-average-super-balance

Why lower-income women will benefit from an SG rate of 12 per cent

Opponents of increasing the SG rate to 12 per cent argue that most retirees in Australia enjoy a more affluent lifestyle in retirement than they do during their working lives. Perhaps the most widely accepted argument against increasing the rate of the SG – or, even more radically, making super optional for low-income earners – is that any increase in the SG rate will reduce, or at least slow the rate of increase, of real take-home wages today, and that low and middle-income workers would be better off with the 'money in their pockets'.

However, recent research by Per Capita's indicates that this argument is flawed. It is one thing to argue that previous increases in superannuation have come partly from wages; it is quite another to prove that holding down the rate of superannuation will result in bigger pay packets in future.

The Super Freeze: What You've Lost, published in February 2020, looked at what has actually happened to wages and superannuation savings since the Abbott government froze the SG rate in 2014, on the promise that the money saved would result in higher take home wages for workers.[54]

We analysed the rate of real wage growth in the five years since the implementation of the SG freeze and quantified the amount of superannuation workers have lost as a result of the freeze. We found that, on any objective measure, workers have suffered a significant loss in net income, calculated as changes to real wages and forgone superannuation contributions combined, over the five-year life of the SG freeze.

Further, we found no reason to expect that these losses would not compound over the next five years if the SG rate is again frozen at 9.5 per cent instead of increasing incrementally to 12 per cent by 2025, as currently legislated.

Our analysis shows that, since the super freeze was implemented in 2014, a worker on the full time median wage has lost $4,332.99 in superannuation.

Over the same period, the median wage rose from $1,000 to $1,066 per week, or from $52,000 to $55,432 per year. However, when we adjusted for inflation, and looked at real, rather than nominal, wage growth, the median wage actually fell. In 2014, the real median wage was $56,524 in today's dollars and now it is $55,432.

Therefore, as a result of the freeze on the SG rate in 2014, the average worker has lost $4332.99 in super over the intervening five years, and their take-home pay has declined by $1092.00 a year in real terms, giving them a net loss of $5424.99.

An assessment of real-life case studies of low- and middle-income women using this analysis found that a woman on the minimum wage has lost around $4,500 in super due to the freeze, and a woman earning $95,000 a year has lost almost $7,000 in super since 2014. During this time, wages for workers on the minimum wage have gone backwards by over $1,000 annually in real terms, and those of middle-income women have barely kept pace with inflation.

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[54] Dawson, E and Jackson, S, 'The Super Freeze: what you've lost', Per Capita, Melbourne, February 2020.

The problem of low wages due to part time and underpaid work is compounded for women through the structural imbalances in our superannuation system. Given the proportion of women exiting the labour market during motherhood who return to part-time work, and who, on average, earn 14 per cent less for the same work as men,[55] a higher rate of compulsory employer contributed superannuation can accelerate the accumulation of retirement savings, and bridge the gap between retiring in poverty, and retiring with an adequate income to provide a life of frugal comfort in older age.

It is workers on the minimum wage, whose pay rates are set by arbitration under the award system, who will benefit from an increase in the SG. Higher income workers on Enterprise Bargaining Agreements, or those with individual workplace agreements in professional roles, are more likely to be receiving superannuation contributions in excess of the SG rate already.

Proceeding with the legislated increase in the SG rate to 12 per cent, then, is critical for the financial security of low-income Australian women in retirement.

[55] https://www.wgea.gov.au/data/fact-sheets/australias-gender-pay-gap-statistics

Conclusion and recommendations

Australia's system of universal superannuation is among the world's best retirement savings scheme, and the introduction of the Superannuation Guarantee in 1993 was by far the greatest policy intervention to improve retirement incomes for women.

It is imperative that superannuation remain universal, compulsory and preserved for retirement and that policy settings are adjusted to improve equity for women by compensating for women's lower levels of workforce participation, the gender bias that pervades economic policy and wage setting, and the disproportionate load of domestic labour and care carried by women. The system as it currently operates continues to produce grossly inequitable outcomes between the financial security of Australian men and women in retirement.

Economists and policy makers across Australia are growing more vocal in their calls for the reinstatement of gender responsive budgeting, and of the application of a 'gender lens' to economic and social policy decisions at all levels of government. Per Capita's seminal report on gender equality in Australia, *Measure for Measure,* demonstrated the need for comprehensive monitoring and reporting on the progress towards gender equality, and for analysis of the impact of key government policy decisions on women to be embedded in the legislative process.[56]

The need to apply a gender lens to policy making has become acute as the impact of the economic shock caused by COVID-19 has disproportionately affected women, through higher rates of unemployment and income loss, increased domestic demands, and the Superannuation Early Access Scheme.

In *Measure for Measure*, Per Capita called for a bi-partisan commitment to producing an annual gender equality performance scorecard, funded federally and informed by rigorous data analysis by the Australian Bureau of Statistics. We identified the state of women's retirement incomes as a key metric to be included in such a scorecard.

In *Not So Super, For Women*, Per Capita and the Australian Services Union recommended that government consider topping up the balances of low-income earners with low levels of superannuation savings, along with tax relief and a number of other measures.[57]

As the nation's leading voice calling for gender equality in superannuation, Women In Super has long advocated for the increase in the Superannuation Guarantee to 12 per cent as crucial to improve retirement outcomes for women. Further, the overdue removal of the $450 monthly earnings threshold, and payment of superannuation on Paid Parental Leave, are two simple legislative amendments that would help women who are denied superannuation contributions.

Women in Super and Per Capita reiterate the call on government to support the proposed five point plan from the Women in Super *Make Super Fair* campaign, and implement measures to support women and low income earners to achieve better retirement incomes.

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[56] https://percapita.org.au/our_work/measure-for-measure-gender-equality-in-australia/
[57] Hetherington, D and Smith, W. Op Cit.

Key recommendations from Make Super Fair

1. Additional annual $1,000 government contribution into super for low income earners, to better support those with inadequate retirement savings
2. No further delay to scheduled SG increases
3. Pay SG on the government paid parental scheme
4. Remove the $450 monthly income threshold on SG contributions
5. Require government to undertake and publish a gender impact statement for any changes to age pension or retirement income policy; ongoing tracking by WGEA of women's retirement gap

Modelling of a proposal included in the *Make Super Fair* campaign for government payments early in life to low income earners with low superannuation balances demonstrated it would significantly improve outcomes for women. Given the economic impact of COVID-19 on women, these proposals are more important than ever.

Women in Super and Per Capita further call on the government to review superannuation tax concessions with the objective of ensuring they are fairer, more targeted and sustainable, and not used as a method of encouraging wealth accumulation.

In light of the significant impact of COVID-19 on women's jobs and financial security, there should also be an examination of the need for additional targeted measures to help women to recover their withdrawn superannuation savings.

Appendix

Retirement income standards

The Association of Superannuation Funds Australia (ASFA) has developed retirement standards that aim to reflect retirement income adequacy at a comfortable and modest rate. These bands reflect capacity to contribute to retirement savings from earnings from employment.[58]

Table 6: Superannuation balances required to achieve a comfortable retirement

The lump sums required for a comfortable retirement assume that the retiree/s will draw down all their capital, and receive a part Age Pension.

Category	Savings required at retirement
Comfortable lifestyle for a couple	$640,000
Comfortable lifestyle for a single person	$545,000

All figures in today's dollars using 2.75 per cent AWE as a deflator and an assumed investment earnings rate of 6 per cent.

Table 7: Superannuation balances required to achieve a modest retirement

The lump sums needed for a modest lifestyle are relatively low due to the fact that the balance of the Age Pension (plus various pension supplements) is sufficient to meet much of the expenditure required at this budget level.

Category	Savings required at retirement
Modest lifestyle for a couple	$70,000
Modest lifestyle for a single person	$70,000

All figures in today's dollars using 2.75 per cent AWE as a deflator and an assumed investment earnings rate of 6 per cent. The fact that the same savings are required for both couples and singles reflects the impact of receiving the Age Pension.

Source for Tables 6 and 7: ASFA Retirement Standards 2018-19

Per Capita's analysis has highlighted problems with assessments of the adequacy retirement incomes. As people retire and adjust to a post-work lifestyle, the relationship between income and expenditure changes remains central to any understandings of a good retirement.

Beginning with the baseline of household necessities, some strong interactions are observable between income and expenditure amongst retired workers. While the overwhelming majority of retired workers own their homes outright, a growing number are having to pay housing costs after retirement.

[58] https://www.superannuation.asn.au/ArticleDocuments/269/ASFA-RetirementStandard-Summary-2018.pdf.aspx?Embed=Y

Drawing on HILDA data, it becomes clear that housing costs are increasingly a factor for retired workers. This suggests that housing costs have become an important consideration that has yet to be properly factored into the future calculation of retirement income adequacy for Gen X and Millennial retirees; see Table 8.

Table 7: Per Capita's estimate of adequate weekly retirement incomes including average housing

	2006		2017	
	$	%	$	%
Home				
Rent	$117.91	25.52	$175.83	32.61
Utilities	$13.96	2.80	$17.43	3.23
Telephone + Internet	$16.81	3.64	$19.62	3.64
Other Insurance	$10.80	3.02	$10.76	3.33
Shopping				
Food	$72.45	15.68	$74.11	13.75
Non-Food Groceries	$19.89	4.30	$19.50	3.62
Alcohol	$18.16	3.93	$20.00	3.71
Clothes	$11.38	2.46	$9.64	1.79
Leisure				
Recreation[59]	$70.21	15.20	$125.87	23.34
Meals (Outside the Home)	$16.16	3.50	$23.78	4.41
Transport				
Public Transport	$12.12	2.62	$12.54	2.33
Vehicle Expenses	$29.28	6.34	$26.03	5.63
Average Super Income (per week)	$704.21		$828.44	

Source: Per Capita's analysis of HILDA data

[59] Recreation spending not included in HILDA data, so it was drawn from ABS 6350.0 Household Expenditure Survey. The survey does not run annually, so data was drawn from 2003-04 and 2015-2016 respectively, with total recreational spending being determined by the age of reference person being over 65 years old.

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