



Catholic Women's League Australia Inc.

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**'Open our ears to hear God's word by entrusting ourselves
fully to Him and to believe in His love'**

Submission from the Catholic Women's League Australia Inc.

**(The endorsement given by Catholic Women's League Australia do not
reflect the views of the Catholic Women's League of Victoria and Wagga
Wagga.)**

Economic Security for Women in Retirement

October 2015

For I know the plans I have for you, declares the Lord, plans for welfare and not for
evil, to give you a future and a hope.

Jeremiah 29:11

1. Introduction

Catholic Women's League Australia Inc. (CWLA) is the national peak body representing the League's six member organisations located throughout Australia. We are a Non-Government Organisation and have consultative (roster) status with the Economic and Social Council of the United Nations. We are also a member of the World Union of Catholic Women's Organisations. One of CWLA's four principle aims is to influence legislative and administrative bodies at all levels of government in order to preserve the dignity of the human person and support for the family as the basic unit of society. Our particular focus rests with the supporting, protecting and promoting the fundamental human rights of women and children and thus we feel compelled to contribute a submission to this particular Senate inquiry.



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We are writing to you because we are concerned for the future of women in Australia facing retirement. We believe that women play an important, valuable and active role in both the workforce and with their families and that their contributions are not adequately recognised. We furthermore believe that women throughout Australia need to have their contributions properly recognised via adequate superannuation or pension support, and that they have the right to face their retirement in the belief that they will enjoy the financial support that they both deserve and need.

We acknowledge that we live in an ageing society; that on-average women live longer than men; require greater access to aged care services; and that there are more women in care in their latter years. These facts alone bring social policy challenges.

2. Human Rights Law Relating to Non Discrimination and Women's Rights

The international human rights law provides a framework and foundation for supporting and promoting the rights of women in the workforce, to look after their children and to be protected from discrimination.

Article 3 of the International Covenant on Economic, Social and Cultural Right states that governments have not only a duty to prevent discrimination, but also to ensure that women and men equally enjoy the economic, social and cultural rights contained within the Covenant.

Article 11 of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) furthermore states the following:



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"State Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular...

(d) The right to remuneration, including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work;...

(e) The right to social security, particularly in cases of retirement, unemployment, sickness invalidity and old age and other incapacity to work, as well as the right to paid leave."

Women in Australia are suffering from discrimination in terms of the superannuation savings that they receive upon retirement.

3. Current Situation relating to Women Facing Retirement

The basic statistics relating to women and retirement are alarming and point to an urgent need for reform in this area:

* Half of all women aged 45 to 59 have \$8,000 or less in their superannuation funds, compared to \$31,000 for men¹;

* The average superannuation payout for women is a third of the payout for men, i.e. \$37,000 compared with \$110,000²; and

¹ Simon Kelly, 'Entering Retirement: the Financial Aspects' (Paper presented at the Communicating the Gendered Impact of Economic Policies: The Case of Women's Retirement Incomes, Perth, 12-13 December 2006).

² Ross Clare, 'Are retirement savings on track?' (The Association of Superannuation Funds of Australia Limited 2007).



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* In Australia women working full-time today earn 17.9 per cent less than men according to the Australian Bureau of Statistics³.

The Association of Superannuation Funds of Australia reported that in 2006 the average superannuation account balance for women was \$35,520 compared with men of \$69,0505. In 2004 the superannuation account balance for women was \$23,000 compared to men for \$56,400, resulting in an improvement from 42 to 51%. Although this represents an increase, the gender gap relating to superannuation between men and women remains still significant⁴.

It is evident that women are being discriminated against and not receiving either the same pay or superannuation benefits that men receive in the workforce. This is despite the fact that women work hard to earn a living and/or to raise their families. By the time they retire they often have a lot less to show for their efforts when compared to their male counterparts.

4. Causes for the Gender Gap in Retirement

Superannuation is a system whereby people working in the paid workforce earn money that is accumulated and saved for their retirement. Thus, the more years employed in the workforce the higher superannuation earnings that will be available at retirement. By its very nature the superannuation system inherently disadvantages women. Women's participation in the workforce is 58.7% compared

³ <https://www.wgea.gov.au/addressing-pay-equity/what-gender-pay-gap> (viewed 20 October 2015).

⁴ Ross Clare, Retirement Savings Update (2008) p 3. Available at <http://www.superannuation.asn.au/Reports/default.aspx> (viewed 11 February 2009) found at <https://www.humanrights.gov.au/submission-australias-future-tax-system-retirement-income-system-2009#fn44> , paragraph 54.



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to 72.9%⁵. Although it has increased over the years this variance does much to explain why women retire with less superannuation than men.

Women are furthermore more likely to balance family commitments and caring duties with work participation. This is reflected in the statistic that 71% of all part-time workers are women⁶. The situation is furthermore exacerbated when one considers that women, overall receive a lower rate of pay compared to their male counterparts. As of May 2015 the gender pay gap stood at 17.9%⁷.

Thus, the fact that women have a lower participation rate in the workforce and a higher participation rate in terms of staying at home and caring for family compared to men, can only translate in the figures discussed previously, i.e. a lower superannuation balance at the point of retirement. The system clearly disadvantages and discriminates against women. A better system is required in order to address this disadvantage.

5. Unforeseen Events

Another difficulty that arises is when a woman experiences an unforeseen or unplanned event later in life. It may be that a woman who is married plans to share her living expenses upon retirement with her husband, and that both partners may contribute their superannuation with a view to retiring on those savings together. However, the situation becomes problematic when an unexpected event happens to a woman later in life and near the age of retirement, such as a divorce, a significant health issues arises, a job termination etcetera. For a woman who has not accumulated sufficient superannuation, the results on her life can be devastating.

⁵ Australian Bureau of Statistics, Labour Force, Australia Cat No 6202.0 December 2008 (2009)

⁶ Australian Bureau of Statistics, Labour Force, Australia Cat No 6202.0 April 2008 (2008).

⁷ Found on 19 October 2015 at

https://www.wgea.gov.au/sites/default/files/Gender_Pay_Gap_Factsheet.pdf.



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Sometimes such an unexpected event in one's life is the point at which some women may first realise just how inadequate their superannuation savings are and how this can have an adverse impact on their lives. The following case study from a report prepared by St Vincent de Paul's titled "'Sick with Worry" Stories from the Front-line of Inequality, 2015' provides an example of such a scenario:

Eighteen months ago, when Monash Medical restructured its admin section after funding cuts from the government, Maria's job disappeared and she was laid off.

Maria tried desperately to find work, but she was unsuccessful. Being over 55, Maria was able to access her \$9,000 superannuation fund. She used it to supplement her unemployment benefits, but in July 2014 it was exhausted.

Maria has nothing. Her only income is her government employment benefit of \$630 per fortnight. However, her rent and utilities are \$600 per fortnight. With only \$30 a fortnight left to live on, Maria is unable to pay for an internet or phone connection, so is cut off from the world and the job market. She relies on charity for food. However, she is now unable to meet her rental and car payments. When her car is repossessed she will be cut off from her only means of potentially securing the employment she is so desperately seeking. Maria faces imminent homelessness and absolute poverty, and there seems to be nothing she can do about it.⁸

The case above highlights what can happen when a woman confronts a life-changing situation, is forced to rely on the meagre superannuation savings that she has accumulated, and has no other means of financial support.

⁸ Found on 17 October 2015 at
https://www.vinnies.org.au/page/Publications/National/Articles_Reports__Speeches/Sick_with_worry_2015_national_report/.



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Even with women who are employed, there are some that work so few hours that they do not earn enough money to reach the income threshold and thus their employers are not required to pay the superannuation levy. By employing a large number of employees who only work a few hours such employers take advantage of a loophole that saves them thousands of dollars in superannuation payments. Steps should be taken to ensure that such a loophole is eliminated and that employers do not disadvantage women by adopting such an approach.

For women who do earn a reasonable amount of salary, more could be done to encourage them to make contributions to their superannuation. In this way, they are able to accumulate greater superannuation savings upon retirement and are thus able to access a better standard of living upon retirement as a result.

6. Homelessness Amongst Older Women

The statistics point to an ever-increasing number of older Australian women facing homelessness. From 2011 – 12 to 2013 – 14 the number of women aged 55 years and over accessing specialist homelessness services increased by 26 per cent. Approximately 10,000 older women accessed such services in the last financial year⁹. This situation of homelessness is often influenced by the lack of savings that women often have as they face retirement. Felicity Reynolds, CEO of the Mercy Foundation described this as the “mummy penalty” where women have “had extended periods of their life out of the paid workforce, and therefore haven’t necessarily acquired savings, haven’t necessarily acquired superannuation and [are] without a partner...They’re poor and they’re priced out of the market”¹⁰.

⁹ Found on 19 October 2015 at <http://www.news.com.au/lifestyle/real-life/older-women-are-the-fastest-growing-group-of-homeless-australians/story-fnu2q5nu-1227409739637>.

¹⁰ Ibid.



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7. Possible Reforms to Address the Issue

The current situation in Australia for women suggests that significant reform needs to take place in order to ensure that women do not continue to face disadvantage or discrimination and are able to retire without facing serious challenges that can impact on their ability to survive.

For women who choose to remain employed as they rear children, it is important that employers are encouraged and supported so that they are able to offer flexible work solutions to their female employees. Thus, working from home or working on a part-time basis could be ways for women to continue earning money and accumulating superannuation, while ensuring that they are still in the workforce and able to return to employment once their child caring responsibilities may not be so demanding as they are in the younger years.

For women who would prefer to stay at home and spend more time dedicated to raising their children, the government should formulate a superannuation system whereby women continue to receive superannuation paid by the government, notwithstanding the fact that they may choose to stay at home and look after their children or parents. The amount paid in superannuation during the years spent at home looking after children should be calculated based upon the average financial income needs of a retiree, to ensure that upon reaching the retirement age the woman who chooses to stay at home is able to accumulate the superannuation that she will need in the future. Thus, the gap between what men and women accumulate in superannuation at retirement would be significantly reduced and women could face retirement in a much more financially secure position.



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It is evident from available research that children benefit greatly from having their mothers care for them from at a young age as opposed to relying on day care to look after them. Children under the age of 4.5 years are not developmentally ready for spending long hours with bigger groups and social company with peers.¹¹ Several longitudinal studies, including a major U.S. based, peer reviewed and longitudinal National Institute of Child Health and Human Development (NICHD) study initiated in 1989 show a correlation between increased hours in out of home care before 54 months (4.5 years) and behavioural problems in childhood and risk taking as teens.

Eva Rusz a psychologist also suggests that day-care before two years of age could be damaging to the children's emotional health and attachment. *"Life-long consequences could include, low self esteem, anxiety and heightened psychological vulnerability."*¹² There are long-term psycho-social, cultural and economic benefits to the family, children and society by having women care for their pre-school aged children. Thus, the value of having mothers look after their children themselves should be acknowledged via the government offering superannuation support for women while they are looking after their children. The government needs to provide incentives to encourage women to home-care their children, particularly during the pre-school years.

¹¹ Dr. Gordon Neufeld and Dr Gabor Mate, of Vancouver, are Canadian Researchers who wrote a book on the importance of strong attachment forming between parents and their children, called *Hold on to your kids: Why parents need to matter more than peers*. Also quoted in Jonas Himmelstrand, *Swedish daycare 11*.

¹² Eva Rusz Quoted in Mariola O'Brien, *Happy first Birthday! Now its time to leave the nest*. http://www.mercatornet.com/family_edge/view/happy_1st_birthday_now_its_time_to_leave_the_nest July 31st 2013.



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It can be difficult for women to re-enter the workforce after having left it for a significant amount of time to care for a family. Initiatives targeting women in such a situation need to be implemented so that they are enabled to re-enter the workforce when they are ready. This could include providing training so that they can update their skills in their chosen profession or retraining in completely new career directions.

An investment in supporting of women to retire on an adequate level of superannuation is an investment in the future for all Australians. In the words of the Chief Executive Officer of the Council of the Aged (COTA):

"We should be seeing older people as a resource, and spending on them as an investment. For example, if you spend right in health promotion and illness prevention, and the pension is sufficient, you actually save money in the long term in acute healthcare and aged care."¹³

The same could be said with regards to superannuation. By investing in women having adequate levels of superannuation at retirement, the government would be helping women to become more financially independent when they reach the age of retirement.

The government furthermore needs to look beyond considering women in terms of their "economic productivity" and refocus on the valuable contribution that women who care for their family make to society at large. Such value is rarely calculated from an economic viewpoint but needs to be taken into consideration, given the valuable contribution that women make.

¹³ Found on 19 October 2015 at <http://www.cota.org.au/australia/News/NewsList/2015/wellbeing-of-older-australians-now-ranked-17th-in-the-world.aspx>.



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Women do not want handouts; just equal pay and more concessions and support while raising children. Concessions and support are equally important and should be available to men who share in the raising of children with the development of paternal leave, which is not offered by many employers in the current employment context. We note that women tend to live longer than men and this is another reason why it is crucial that they are able to accumulate an adequate level of superannuation to support them through retirement.

While this inquiry focuses on future directions for the superannuation system it is important to acknowledge the impact of inadequate superannuation savings that is currently felt by women who are retired and who have suffered discrimination in this respect. We highlight the adverse impact on women who have retired by bringing the following case of one of our members:

Louisa¹⁴ worked for a university in 1973, when superannuation was not an option for women. When it finally was introduced Louisa was in her forties and while she attempted to contribute diligently to her superannuation upon retiring at 68 she discovered that her superannuation would barely provide her with an income that was above the poverty line. Louisa was fortunate to be married to a man who had accumulated a significant amount of superannuation, enough for both of them to retire comfortably on. Had this not been the case Louisa would have been struggling to survive, only able to afford to pay for her basic needs but not enough to live comfortably in a house, pay bills, electricity etcetera.

Louisa was fortunate, but many other women are not so lucky.

¹⁴ Names in the following three case studies have been changed and pseudonyms used to protect the privacy of individuals.



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Beth was married to a man who was self-employed, a chronic gambler who ended up deep in debt and forced to remortgage the family home. After her husband died Beth sold the house to pay off the debts he had accumulated during his lifetime. Beth is now in her eighties, has no superannuation and was only able to survive when her three adult children stepped in and bought her house, until she herself dies. She is completely reliant upon Centrelink and the continuing financial support of her children.

A similar situation arose with Elizabeth.

Elizabeth is in her eighties and is a retired school teacher. The only way she can survive financially is by receiving support from her son. She barely has any superannuation after a career in teaching. She finds it extremely humiliating to be forced to rely upon her son for support.

8. Recommendations

In light of the issues that have been discussed we recommend that the government adopt the following recommendations with a view to improving retirement outcomes for women in Australia:

Recommendation One:

That Government gathers data about the minimum superannuation balance needed by individuals upon retirement, as a basis for all further discussion.

Recommendation Two

Research should be focused on creating and implementing models that strengthen superannuation support for women who choose to care for their children or elderly and infirm parents rather than participate in the workforce;



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Recommendation Three:

A model should be implemented that is supported by law, policy and practice, whereby women who do choose to stay at home to look after their children are provided with some kind of salary support and superannuation payment that reflects their efforts to look after their families, so that when they retire they do not face hardship and are able to retire with an adequate level of superannuation;

Recommendation Four:

For women who desire or need to enter the workforce while caring for family members, measures should be implemented to provide a fairer system. Stronger maternity leave provisions should be introduced including government support for paid maternity leave. Workplaces should be supported to enable employers to provide flexible work arrangements so that women can stay in the workforce while simultaneously caring for their families, if that should be their choice.

Recommendation Five:

Young people, particularly young women, should be encouraged and supported to seek financial advice and information on saving and accumulating superannuation with a view to being prepared for retirement. Such education and information could be given to children as young as 15, so that they might be well prepared for their future. It is imperative that everyone be encouraged to take responsibility and save for their retirement.



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We wish the Committee well in its deliberations.

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