

# Economic security for women in retirement

## Additional Comments—Australian Greens

28 April 2016

1.1 The Australian Greens believe that all Australians deserve a secure retirement. The persistence of a gap in retirement incomes between women and men in 2016 is an indictment of the current retirement incomes system.

1.2 We were pleased to co-sponsor this inquiry, and we are pleased to support all of the Committee's recommendations. Indeed, many of the recommendations are long-standing Greens policy which we have been advocating in the Parliament for many years.

1.3 The Greens would like to thank each organisation or individual who made a submission to the inquiry, or appeared at a public hearing, and the Secretariat.

### **Progressive super tax reform**

1.4 In relation to superannuation tax reform (recommendations 8 and 12), the Greens' plan for progressive tax rates on super would close tax loopholes for the very wealthy and would tax low income earners less, increasing their balances. Women make up the bulk of part time workers and lower income earners, meaning that they are disproportionately affected by our current unfair super tax system. Our proposal for progressive superannuation taxation was released in March 2015, well before this issue moved to the centre of national debate. Our proposal would remove the current flat tax rate of 15 per cent for everyone, and replace it with a progressive system based closely on the individual employee's marginal tax rate.

1.5 Two illustrative case studies are:

- A worker earning \$30,000 per year who currently pays 15% tax on her super contributions would pay only 4% tax under our proposal, equating to a \$40,000 boost over a typical lifetime, retiring with savings of \$330,000.
- By contrast, a worker on \$200,000 who currently pays 30% tax on contributions would pay a tax at a rate of 32%, or \$110,000 more over a typical lifetime, retiring with savings of \$1.6 million.

1.6 In relation to paid parental leave (recommendations 6 and 9), the Greens have long advocated for a policy of 26 weeks (or six months) paid leave for primary carers, including superannuation to ensure that women are not left behind while they are caring for young children. As noted by the Productivity Commission, a well-crafted paid parental leave scheme delivers long run productivity benefits and increases women's lifetime workforce participation and earnings. Australia should be moving towards a paid parental leave scheme that matches the best in the world.

## **Gender-lens budgeting**

1.7 The Greens also particularly support the restoration of a Women's Budget Impact Statement, which was abandoned in 2014 for the first time in 30 years. Crucially, the statement must come with a commitment to a gender-lens budgeting, so that spending and revenue decisions are taken with their impacts on women in mind. Adoption of a Women's Budget Impact Statement and gender lens budgeting would complement and build on recommendation 15.

## **Flexible working arrangements**

1.8 We strongly support access to flexible working arrangements such as part-time work, and flexible working hours. Expanding access to flexible working arrangements and helping to change the gendered expectations and culture of work are key to achieving workplace equality, including more equal retirement incomes. The Greens' Fair Work Amendment (Better Work/Life Balance) Bill 2012 extended the right to request flexible work arrangements to all employees with 12 months service, long term casuals and employees with caring responsibilities. It also allowed Fair Work Australia to arbitrate and issue orders in disputes with employers. Labor and the Coalition voted together against the bill.

1.9 Those proposed changes would have substantially implemented the content of recommendation 4, but they were defeated in the Parliament by Labor and the Coalition, so we welcome the Committee's position as a somewhat overdue development.

## **Super top-ups for women**

1.10 In relation to recommendation 16, the Greens welcome the Committee's position in support of the reforms proposed in the Greens' Sex Discrimination Amendment (Boosting Superannuation for Women) Bill 2014 which would ensure employers are able to contribute more super for women employees than male employees without being considered to have breached anti-discrimination legislation.

## **Housing affordability**

1.11 The Greens support the Committee's recommendation 19 reiterating an earlier recommendation designed to address the increasing number of older Australians, including a large number of older women, experiencing difficulties or housing stress.

1.12 The Greens have already announced a Homelessness Services Action Plan as part of our National Housing Affordability Plan which would double the current funding for specialist homelessness services in Australia for at least the next ten years under the National Partnership Agreement on Homelessness and National Partnership Agreement on Affordable Housing.

1.13 Our plan to phase out unfair negative gearing and capital gains tax discounts would cool the overheated housing market, raise much-needed revenue and fund

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construction of affordable housing. The proceeds from phasing out negative gearing would directly fund construction of 7000 new homes for the homeless by 2020 and 7500 new social housing dwellings over the forward estimates. This would be enough to house every person currently sleeping rough or without adequate shelter, and take more than 15,000 people off the social housing waiting list in just the next four years.

### **Gender pay gap - pay transparency**

1.14 Many workers, especially those who receive a salary and those in the private sector, are not allowed to talk about their pay with colleagues. Many employment contracts include a “gag clause”, which means that workers can be disciplined or even sacked for discussing their pay.

1.15 Pay secrecy can help hide discrimination, unconscious bias and bad decision making, such as where two people are paid differently for doing the same job. Pay transparency makes sure employers have to justify pay decisions.

1.16 Data collected by the Workplace Gender Equality Agency (WGEA) shows that where pay is set in secret, the gender pay gap is worse. For instance, the gender pay gap is much smaller in the public sector (12.3%) where workers are allowed to talk about their pay compared to the private sector (22.4%) where discussion is often prohibited.

1.17 The Greens' Fair Work Amendment (Gender Pay Gap) Bill 2015 would amend the Fair Work Act 2009 to ban pay “gag clauses” which restrict women from comparing their pay with others. The proposed new law would not force anyone to discuss their pay, but it would make sure that bosses could not pressure their employees to stay quiet. The Education and Employment Legislation Committee is currently conducting an inquiry into the Fair Work Amendment (Gender Pay Gap) Bill 2015.

1.18 We welcome the Committee's conclusion in Chapter 3 that “The committee does not see any compelling reason for employers to impose these restrictions on employees.”

1.19 The Greens will continue to work for full equality for women in retirement incomes and at every other stage of life.

**Senator Larissa Waters**  
**Australian Greens Senator for Queensland**

