



14 February 2018

Division Head  
Early Release Review  
Retirement Income Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
By email: [superannuation@treasury.gov.au](mailto:superannuation@treasury.gov.au)

Dear Division Head

### **Review of the early release of superannuation benefits**

Thank you for the opportunity to provide a submission to this review. The Australian Human Rights Commission (the Commission) does not directly address each of the specific questions in the consultation paper. Rather, this submission outlines broad concerns with any proposed widening of the existing criteria for the early release of superannuation benefits due to its impact on women's lifetime economic security.

#### Women's economic position

The Commission draws the inquiry's attention to the range of gender equality gaps in Australia, all of which impact women's lifetime economic security, and many of which affect women's accumulation of superannuation and savings over their lifetime:

- Australian women are underrepresented in the workforce, with 78% of men aged 20–74 participating in work, compared with 66% of women.<sup>1</sup>
- The national gender pay gap is currently at 15.3% (based on full time, adult, Average Weekly Ordinary Time Earnings).<sup>2</sup>
- When employed, women are more likely to work in part-time or casual roles than men, which limits their access to paid leave entitlements and contributes to job insecurity.<sup>3</sup>
- Women are retiring with around half as much superannuation as men.<sup>4</sup> In 2015-16, a superannuation pension or annuity was the main source of income for 22% of men and 14% of women aged 65 years and over who were not in the labour force.<sup>5</sup> Australia Bureau of Statistics data reports that in 2015-16 men aged 55-64 had a much higher average superannuation balance than women the same age: \$310,145 compared with \$196,409.<sup>6</sup> Further, while there is less discrepancy

between men and women aged under 45 years, male superannuation balances are still higher in every age group.

- Compounding women's economic insecurity in retirement is the risk of homelessness for single, older women, which is becoming a significant problem throughout Australia. In 2016, 34% of single women over 60 were living in permanent income poverty.<sup>7</sup>

This data demonstrates the huge economic disparity between men and women in Australia. Women are more likely to experience financial hardship at all times during their lifespan and therefore may be more likely to seek early release of superannuation due to financial hardship, having the perverse result of placing them at a further economic disadvantage in retirement.

#### Gender impact assessment recommended

For this reason the Commission requests that before any change to the current system is proposed, Treasury undertake a gender impact assessment of:

- the current early release scheme; and
- any further amendments.

A gender impact analysis should also inform any proposed changes to the scheme.

The Commission reiterates the need for women in particular to preserve their superannuation benefits as far as possible, as the financial impact of having low superannuation will be much greater for women in retirement, and will further amplify their economic disadvantage.

Further, the Commission submits that allowing greater access to superannuation benefits at an early stage will result in a worse financial impact for the broader community in the longer term, as it will drive more people (and women in particular) to be reliant on social security benefits in retirement.

Thank you again for the opportunity to provide input to this review. We hope this information is of assistance.

Yours sincerely,



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- <sup>1</sup> Australian Bureau of Statistics, *Gender Indicators, Australia* (September 2017). At: <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Sep%202017~Main%20Features~Economic%20Security~4> (viewed 10 February 2018)
- <sup>2</sup> Workplace Gender Equality Agency, 'What is the gender pay gap?' At: <https://www.wgea.gov.au/addressing-pay-equity/what-gender-pay-gap>.
- <sup>3</sup> Australian Bureau of Statistics, *Gender Indicators, Australia* (September 2017). At: <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Sep%202017~Main%20Features~Economic%20Security~4> (viewed 10 February 2018)
- <sup>4</sup> David Hetherington and Warwick Smith, *Not So Super, For Women Superannuation and Women's Retirement Outcomes* (July 2017). At: <http://www.asu.asn.au/news/categories/super/170720-new-report-reveals-retirement-is-not-so-super-for-women> (viewed 10 February 2018)
- <sup>5</sup> Australian Bureau of Statistics, *Gender Indicators, Australia* (September 2017). At: <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Sep%202017~Main%20Features~Economic%20Security~4> (viewed 10 February 2018)
- <sup>6</sup> Australian Bureau of Statistics, *Gender Indicators, Australia* (September 2017). At: <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Sep%202017~Main%20Features~Economic%20Security~4> (viewed 10 February 2018)
- <sup>7</sup> Dr Susan Feldman and Dr Harriet Radermacher (Report prepared for Lord Mayor's Charitable Foundation), *Time of our lives? Building opportunity and capacity for the economic and social participation of older Australian women*, (March 2016). At: <https://www.lmcf.org.au/LMCF/media/05-Knowledge/PDFs/2016-03-07-LMCF-Time-of-Our-Lives-Report.pdf> (viewed 18 January 2018).