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Committee Secretary  
Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Senate Economics  
Committee  
24 SEP 2015

Dear Committee Secretary

Thank you for the opportunity to provide a submission to the Senate Standing Committees on Economics in relation to economic security for women in retirement.

The *Tasmanian Women's Plan 2013-18* outlines the Tasmanian Government's gender equality agenda. The Plan aims to ensure that Tasmanian Government policies and services are responsive to the needs of women and girls, are representative of their views and reduce barriers to their participation across six priority areas including economic security and financial independence for women. A copy of the Plan is enclosed for the Committee's information (refer to Attachment 1).

As the Senate has noted, although women's increasing workforce participation has contributed significantly to Australia's economic productivity and to women's financial independence, significant socio-economic disparity remains between men and women, illustrated by the pay gap between men and women and the gap in superannuation at retirement.

A recent report released by ANZ: *Women's Report, Barriers to Achieving Financial Gender Equity*, drew on a number of sources from international and non-profit organisations through to public sector and academia to examine some of the causes of financial inequality in Australia today.

The report highlights that although female workforce participation has risen by more than 25% over the past three decades, full-time female workers nationally were paid 18.8% – or \$295 per week – less than men. This difference equates to \$15 000 a year or \$700 000 over the entire career of a woman.

Last year the Tasmanian Government released the *Women and Girls in Tasmania Report*. This is the first report in a series of biennial reports profiling the status of women and girls in Tasmania. This Report provides data for measuring change over the coming years. As new data becomes available the outcome areas will be updated. It will help us to assess our progress in achieving equality for women and girls in Tasmania.

As noted in this Report, statistics indicate that women in Tasmania are less likely than men to have a superannuation account, and have significantly lower superannuation account balances where accounts do exist.

There are substantially higher rates of women in Tasmania that have never had a superannuation account (29.7%) than men (18.7%). There is also a high percentage of women with low value superannuation accounts (balances between \$1 and \$9 999). Of those categorised in the lowest account balance level, 61.3% are women and 38.7% are men. Women are also overrepresented in the second lowest balance category (\$10 000 to \$24 999) in superannuation funds. Men are more likely to have high superannuation

accounts, with 65.1% ranked in the \$50 000 to \$99 999 category and 64.3% in the \$100 000 or more category.

The most serious consequence of this is the likelihood of poverty for women in retirement. The ANZ *Women's Report*, found that 90% of women will retire with inadequate superannuation savings. Single women are most likely to be reliant on the full Age Pension as their sole source of income and are at greatest risk of persistent poverty. Women on average are living longer than men, so women who do have a superannuation lump sum balance at retirement are required to spread this over more years than men.

As well documented, women's economic security in retirement is inextricably linked to the gender wage gap. The gender wage gap is related to women's lower lifetime earnings compared to men. There are many reasons for this, including women being overrepresented in lower paying jobs; the lack of women in higher paid leadership roles; the concentration of women in casual or part-time employment; women more likely to have interrupted work patterns, particularly following the birth of a child or caring for family members, and as the ANZ *Women's Report* points out, women in Australia continue to earn lower wages simply because of their gender.

Occupational segregation contributes to financial gender inequity in Australia. The 2014 Graduate Careers Australia's report, *An analysis of the gender wage gap in the Australian labour market*, found that males' starting salaries were 9.4% higher than female starting salaries. The researchers attribute part of this gap to the fact that employees in male-dominated fields such as engineering are more highly remunerated. But even when the field of education, enrolment and occupational characteristics of graduates were controlled, males' starting salaries overall were still 4.4% higher than those for females.

The gender wage gap cannot be explained by way of education attainment. The *Workplace Gender Equality Agency* recently released figures around this and found that of all women aged 20 to 24, 89.5% had attained year 12 qualifications or above, compared to 83.4% of men in the same age bracket. Of all women aged 25 to 29, 42% had achieved a bachelor degree or above, compared to 30.6% of men in the same age bracket.

Even though women outperform men in higher education, women are still underrepresented in leadership positions. Recently, the Tasmanian Government released the *Women on Boards Strategy 2015-20*; a five-year plan for improving gender equity on Tasmanian Government boards and committees. As of June 2015, women represented just 33.8% of members on Tasmanian Government boards and committees. The Tasmanian Government is committed to a target of 50% representation of women across Tasmanian government boards and committees by July 2020. A copy of the *Strategy* is enclosed for the Committee's information (refer to Attachment 2).

As the ANZ *Women's Report* states, women are underrepresented across the board in leadership positions. Women account for only 20.4% of the ASX 200 boards; hold just 12% of chair positions; and represent only 31% of all federal, state and territory parliamentarians. Further, the gender pay gap widens considerably for women in management roles. The Workplace Gender Equality Agency in 2015 found that the gender pay gap at key management personnel level was 28.9% and at executive/general manager level was 27.5%. This shows that women are not accessing the same earning opportunities as men in leadership positions and the gender wage gap is most prominent in senior leadership positions.

In terms of interrupted career patterns, women generally take time out of the workplace following the birth of a child. In addition, many women also combine periods of full-time work and part-time work across their working lives, particularly for caring responsibilities. This leads to lower levels of superannuation and retirement savings compared to men who are more likely to work full-time throughout their working lives, reflected in their much higher superannuation balances at retirement. Certainly the gender pay gap worsens for women who interrupt their careers.



As stated in the *Women and Girls in Tasmania Report*, women in Tasmania were much more likely than men to organise work arrangements around caring for children. Of families with children aged 0 to 12 years that had a female parent/guardian in employment, 76% of those women used some kind of work arrangement to care for their child. The greatest variants were seen in part-time work arrangements, with 46% of women using part-time work arrangements, compared to only 6% of men.

In the final point in the Committee's Terms of Reference regarding the suggestion of measures to provide women with access to adequate and secure retirement incomes, I refer to an issues paper: *Accumulating Poverty? Women's Experiences of Inequality over the Life-Cycle* released in 2009 by the Sex Discrimination Commissioner, Elizabeth Broderick. The paper suggests a number of policy reforms to redress women's disadvantage in the retirement income system. However, the crux of this multi-targeted proposal was to close the gender pay gap.

A number of suggestions are proffered by this issues paper and a plethora of other international and national papers and reports as to how to achieve this. Measures include providing more support to employees to obtain a balance of paid work and caring responsibilities across the lifecycle. Supporting working parents by providing flexible, accessible and affordable childcare plus other care services can help in assisting employees increase their workforce participation along with a system which provides for shared caring leave, particularly after the birth of a child. Such measures will assist in closing the gender pay gap and provide a more equitable economic security upon retirement.

A major driver for lower female representation across senior positions includes a lack of flexibility in senior management positions. Providing flexible work arrangements across all leadership and senior management positions will assist in increasing women's participation in these roles. This is an important step as the gender pay gap progressively widens and is most prominent in leadership positions.

Under the Tasmanian Government's *Workplace Diversity Plan* the Department of Premier and Cabinet's State Service Management Office is working to identify barriers to targeted employment participation, including women in the senior levels of the State Service.

As discussed, occupational segregation also contributes to financial gender inequity in Australia. The subject choices made by men and women in VET programs and at university have a direct impact on their earnings - and there are significant gender divisions in enrolment rates. Financial literacy and awareness campaigns around the impact of subject choices for women are increasingly important. For this reason, the Tasmanian Government has partnered with the University of Tasmania in a project to produce a series of fact sheets with an emphasis on the gender wage gap which will be distributed to female students to highlight the importance of subject choice and empower them to negotiate for better pay as they enter the workforce.

Thank you again for the opportunity to provide a submission on this very important issue. I wish the Committee well in its deliberations.

Yours sincerely

Hon Jacquie Petrusma MP  
Minister for Women

Attachments

- 1 Tasmanian Women's Plan 2013-18
- 2 Women on Boards Strategy 2015-20