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Gender and Superannuation in Australia

An historical overview

Presentation, Australian Gender Economics Workshop
9 February 2018

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Research Questions

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- How has gender featured in historical debates on superannuation in Australia?
- What concepts of equality have flowed through these debates?
- What are the continuities and changes in framing the policy problem, and policy proposals to address the gender impact of superannuation?
- What does this history of gender and superannuation suggest for policy development today?



Methods

Sources

- **Archival research:**
 - Hancock Collection, Flinders University
 - Melbourne Institute papers, National Library
 - Richard Downing papers, State Library of Victoria
 - ACTU Collection, Noel Butlin Archives; State Library of Victoria Archives
 - National Archives
- **Elite interviews:**
 - Keith Hancock, Chairman of the Whitlam Government's National Superannuation Committee of Inquiry (1976-77)
 - Iola Mathews, Head of ACTU Action Program for Women Workers (1984)
- **Secondary literature**



Theory

Path dependency and the process of policy change

Australian superannuation has a much longer history than is ordinarily understood. Long term processes of continuity and change enable us to understand why policy has remained the same, or why it has taken a different course (Pierson & Skocpol).

Path dependency, the concept of increasing returns to a particular policy course over time (Pierson), is a useful way of explaining why:

- **The work-benefit nexus of contributory pension systems continues to disadvantage women. Would we need some kind of 'critical juncture' to change this?**
- **The growth of occupational superannuation as opposed to a model of national insurance-style superannuation.**
- **The continuing importance of the Age Pension for women.**
- **Did Australia's age pension system begin with a (male) 'wage earners' welfare state' and end up with one too? (Castles).**



Findings

Work, retirement and pensions

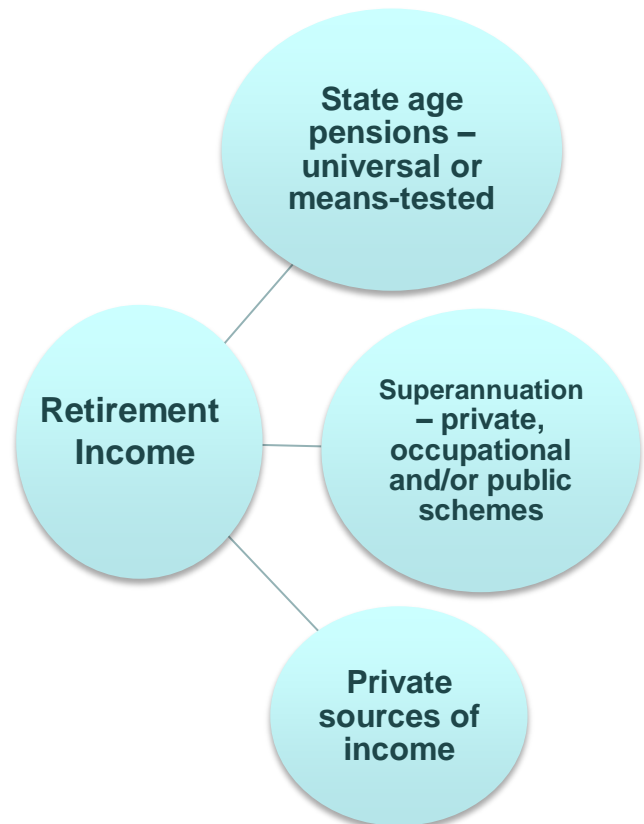
Working Life

Retirement

Retirement Income

**Pre-retirement,
income from
wages and other
sources of
income
generation**

**Post-retirement,
income from
pensions and other
sources of income
generation**



Federation-era pension debates

Concepts informing these debates:

- **Formal equality:** near-universal agreement that pensions should be paid to men and women, at the same qualifying age. Reflecting the new ‘turn-of-the century liberalism’ which disregarded gender distinctions (Roe, 1983).
- **The (male) wage earners’ welfare state (Castles):** Australian model of social protection through the wages system – basic wage, wage arbitration
- **British criticisms of contributory pension systems:** this was on the basis that working men’s wages were not sufficient to provide for old age. Contributory pensions were also regarded as an infringement of individual liberty and therefore not seen to be acceptable to people ‘of British origin.’

Federation-era pension debates

The strenuous character of life to-day demands that the wage-earner must be generally efficient, and capable of working at high pressure. In the factories, the very extensive use of automatic machinery paralyses, to a large extent, the skilled mechanic, and demands the quickness of comparatively young men; while in commercial circles "cannibalistic" competition provides no place for worn-out or dull-witted men. The position is accentuated by the invasion of woman. She now fills positions which hitherto were largely occupied by elderly men, who, while not absolutely effective, were able to do the required work. These and other disabilities have magnified the "crime of growing old" to a distressful extent. In fact, the conditions described by Foster Fraser, in his *America*

- Evidence presented to the 1906 Commonwealth Commission on Old Age Pensions

Federation-era pension debates

1896 Select Committee on Pensions, New South Wales: New South Wales rejected a contributory pension system, noting concerns that it would leave the unskilled, casual workers, the sick, unemployed and non-working women without coverage (Dixon).

1897 Royal Commission on Old Age Pensions, Victoria: a focus on women as distributors of non-state welfare – Ladies' Benevolent Societies.

1906 Royal Commission on Old Age Pensions, Commonwealth:

John Cash Neild, Senator for New South Wales:

...there is still another and very numerous class for whom personal contribution schemes are not only impossible, but a mockery; and yet this class is the most self-denying and thrifty in the community. I refer to married women. From what source is the wife and mother to derive an income sufficient to meet the personal contribution requisite to enable her to claim an old-age pension?

The Hancock Inquiry: responding to structural gender inequality through the tax system

1977 Final Report of the National Superannuation Committee of Inquiry on Occupational Superannuation in Australia:

Of their nature, (occupational) superannuation schemes cannot include a major section of the population – women who are not in paid employment – and their coverage of the self-employed is low.

The problem of protecting superannuation rights is linked to wider questions pertaining to maternity leave and rights of re-employment.

Those concerned to improve the economic and social status of women should not

...fall victims to the illusion that a non-contributory scheme, because it pays identical benefits to men and women, contributes more to equality than does the partially contributory scheme recommended in this report. The relative treatment of men and women must be judged in the context of a scheme as a whole, especially the relation between benefits and contributions.

1980s: ‘universal’ occupational superannuation

A shift away from national (government) superannuation to a broader coverage of occupational superannuation. In this context, the Labor Party and the Australian Council of Trades Unions led a push to expand occupational superannuation schemes to include women.

As well as access to superannuation schemes, superannuation vesting and portability became topics of debate with a particular importance for women.

Some women’s advocacy groups, such as the Womens’ Electoral Lobby, advocated for a higher age pension rather than the spread of superannuation:

As well as the overt exclusion of women from schemes, there is discrimination built into the system as superannuation was designed for certain types of employees and few women are found among those types.

- Mary Owen, “Superannuation was not meant for women”, 1984.

Superannuation legislation, for a percentage of an employee’s wages to be paid by their employer into their nominated superannuation account, passed in 1992. No redistribution through the tax system.

A Husband is not a Retirement Plan: enough focus on the welfare system?

The bipartisan report is the most comprehensive public analysis of the issue to date, drawing together the economic, legal and social issues relevant to women's economic security as they age. It looks at both superannuation and the age pension, as well as other elements like housing which, cumulatively, provide one's standard of living in retirement.

The report addresses structural inequality through a mix of recommendations directed to the superannuation system, the tax system, the welfare system and private sector best practice standards.

The report proceeds from a position that **workforce measures** are critical to achieving equal retirement savings by men and women. It is focused on addressing the structural inequalities which lead to women retiring with lower private savings than men. The Committee describes its nineteen recommendations as being,

'intended to help women increase their participation in the workforce and (therefore) improve their superannuation savings as a means of achieving dignity and economic security in retirement.'

Enough focus on the transfer system? Recommended reviewing adequacy of Commonwealth Rent Assistance, retention of age 67 as pension eligibility age and current method of pension indexation and benchmarking.

What does this history of gender and superannuation suggest for policy development today?

- The work-benefit nexus is embedded in our superannuation system and it is unlikely that its inherent gender bias can be overcome.
- Welfare policy is the most direct means of addressing gender discrimination in the superannuation system.
- However, to improve the superannuation system for women, consider:
 - Workforce measures which address pay equity and remove disincentives for women to work, such as effective marginal tax rates, as a focus of long term policy.
 - More immediate term policies dealing with the superannuation system itself, such as superannuation on Paid Parental Leave and a government co-contribution for women at the start of their working lives.



Questions and Comments