

Inquiry into economic equity for Victorian women – August 2021

HESTA superannuation welcomes the opportunity to make a short submission to this important inquiry.

Background

HESTA is an industry super fund with a strict profit-to-members model that was created to meet the specific needs of employees working in the health and community services sector.

HESTA holds \$62 billion of assets on behalf of more than 880,000 members in the health and community services sector, 80% of whom are women.

HESTA advocates and acts to improve financial systems that deliver gender equal outcomes for our members and aspires to end disadvantage for women in Australia. We advocate for a fair, healthy community and a sustainable economy so that our members can face the future with confidence.

The typical HESTA member is well known to Australia. She is skilled, vocationally driven, and will spend time out of the paid workforce to care for others and is currently 43 years old.

Our members:

- Are mostly women (80%), and are likely to take career breaks, live longer, and more likely to be dependent on the Age Pension in retirement;
- These women earn \$52,400 per year on average, with our male members earning 20% more than this;¹

¹ <https://www.hesta.com.au/content/dam/hesta/Documents/HESTA-Vital-Signs-Report.pdf>

- Predominantly light blue/blue collar workers in non-desk-based roles, required to perform some manual tasks as a part of their role; and
- Are time poor – generally balancing work and family responsibilities.

Unfortunately, HESTA members are some of the most vulnerable and marginalised workers in Australia.

Australia has a sophisticated retirement system; however, its design rewards those with unbroken careers. Women typically move in and out of the workforce, face wage discrimination and live around five years longer than men, leaving a stark gender gap in retirement incomes.

According to the Workplace Gender Equality Agency, in 2017-18, across all age groups women's median superannuation account balances were 30.8% lower than men's.² This is unacceptable.

We acknowledge that superannuation and retirement policy are largely the responsibility of the Commonwealth Government; however, we believe the Victorian Government can still play a valuable role through advocacy and leading by example in this important area.

We have attached several HESTA submissions and research that are relevant to improving women's economic equity. These include:

- **Retirement Income Review submission**
 - This submission highlights the structural problems and inequality faced by women in relation to our superannuation system and retirement settings.
- **Vital Signs**
 - A HESTA research report highlighting the challenges faced by HESTA members and Australian women more broadly.

² <https://www.wgea.gov.au/publications/womens-economic-security-in-retirement>
There are different calculations of the superannuation gap; however, any gap is unacceptable.

- **Childcare submission: Senate Select Committee on COVID-19.**
 - This submission highlights the significant benefits that high quality, accessible, affordable childcare could deliver for women’s workforce participation, career development and retirement outcomes.

- **Submission to the COVID-19 Commission Advisory Board**
 - This submission highlights how the COVID recovery presents a once-in-a-generation opportunity to address the structural weaknesses that have been holding back female participation and the subsequent full potential of our economy.

Recommendations:

The Victorian Government explore all ways to:

- 1. Value unpaid caring roles in an appropriate way that recognises the economic contribution made by this work;**
- 2. Ensure all Victorian Government employees receive superannuation on paid parental leave;**
- 3. Advocate for superannuation to be paid on Commonwealth Paid Parental Leave;³**
- 4. Provide funding to support access to high quality and affordable Early Childhood Education and Care (ECEC) in Victoria.**
- 5. Encourage the Federal Government to significantly increase funding for ECEC providers through childcare subsidies to parents, and direct payments to providers.**
- 6. Safeguard a fair recovery for working women by investing in social infrastructure that enables female workforce participation.**

³ This position was recommended by the Productivity Commission in its 2009 report *Paid parental leave: support for parents with newborn children* and was also a recommendation of the 2016 Senate Economics Committee Report, *A husband is not a retirement plan*.