Introduction to the Special Issue on Retirement Incomes in Australia

Siobhan Austen, Therese Jefferson and Rhonda Sharp

This edition showcases a number of peer-reviewed papers on the retirement incomes of Australian women. These papers were originally contributed to an Australian Social Science Academy (ASSA) workshop on the topic at the UNSW in December 2006. The workshop brought together academics, policy makers and post graduate students in a discussion of the gender impacts of Australian retirement income policy. It was motivated, in part, by previous research in the field, which had highlighted how the shift in emphasis towards occupational superannuation increases the economic vulnerability of women in retirement. The aim was to update this research knowledge and discuss policy initiatives that could address any inequities.

The papers presented in this volume clearly document the gendered nature of retirement incomes and the need for new and wide-ranging approaches to the design of retirement incomes policy. The paper by Siobhan Austen and Rhonda Sharp is focused specifically on recent policy on superannuation. It provides an analysis of the most recent set of budgetary changes in relation to superannuation which include, significantly, a range of concessional tax measures. The paper shows how these measures, which involve very sizeable revenue losses to the budget, allocate the greatest gains to those in fulltime work and on the highest marginal rates of tax and thus contribute to the already high levels of gender inequity in Australian retirement incomes.

The paper by Patricia Apps, Ray Rees and Margi Woods provides a broader perspective on the efficiency and distributional aspects of current fiscal settings – and on the range of appropriate policy approaches to retirement incomes. Using data from the Survey of Income and Housing Costs, the paper clearly demonstrates the financial penalties imposed on two earner families by current taxation and benefit arrangements. The paper convincingly links these penalties to the low participation rates and hours of work of Australian women. It, thus, identifies the design of tax rates and, especially, family benefit payments as a key source of the ‘fiscal problems’ (including insufficient retirement income) commonly attributed to an ageing population.

Julie Smith’s paper provides a different perspective on the efficiency aspects of the policy settings relevant to retirement incomes. She highlights the large resource costs associated with the care of infants and argues that it is imperative to have these costs reflected in labour market and other policies. Maternity leave is identified as a policy that would provide cost-effective quality infant care, as well as improving gender equity in the short and long term.

The papers by Therese Jefferson and by Craig Speelman, Marilyn Clark-Murphy and Paul Gerrans identify some further issues relevant to women’s retirement incomes.
by addressing the relatively poor engagement of women with retirement savings products. Therese Jefferson identifies how some of the most fundamental concepts, such as savings and retirement, do not have equivalent meanings when applied to men’s and women’s lives. Apparently many women undertaking caring roles do not perceive that they are ‘working’, nor do they necessarily identify a time in their lives when they will cease ‘working’. As a consequence, many women are not significantly engaged with either the concepts or the resources and processes necessary to accomplish sufficient private retirement savings. The data assembled by Craig Speelman, Marilyn Clark-Murphy and Paul Gerrans indicates that this conclusion is not limited to older women. Their comprehensive information on the superannuation choices being made by young Australian women shows that many are opting for low-risk, low-return strategies that are likely to limit their chances of securing an adequate retirement income. Both papers thus highlight the need for research and policy to take care to appreciate the links between women’s decision-making contexts, processes and outcomes and the ways these affect future access to economic resources.

In total, the papers in this special edition highlight the need for a re-resourcing of gender analysis of economic policies, such as those relating to retirement income. As noted in the Sharp and Austen paper in this volume, this type of analysis was a feature of studies of government budgetary processes in Australia in the mid 1980s. However, in contrast to international experience, where ‘gender responsive budgeting’ has continued to feature, the ‘Women’s Budget’ process has unravelled in Australia.

The papers in this volume and those presented at the workshop emphasise a continuing need for analysis of expenditure and revenue (and the policies and programs the budget supports) settings to determine how they differentially affect the retirement incomes of women and men. This is especially important given the gendered aspects of the trend towards an older population. The papers also demonstrate the need for this evaluation to go beyond consideration of policies that are directly linked to retirement incomes. Policies which affect the ability of women to engage in paid work and be employed on a full-time basis are central to retirement income results. Furthermore, the evaluation must encompass both paid and unpaid work if it is to contribute to a more efficient and equitable retirement income system.