

Pay Superannuation Guarantee on Paid Parental Leave

In modern Australia, it is unfair and discriminatory that one of the only forms of leave that does not attract the super guarantee is accessed predominately by women[1], when other forms of paid leave such as sick leave, annual leave and long service leave attract super payments[2]. Women's balances also suffer severely as a result of the breaks in contributions while they take time out of the workforce to raise children, with research showing a 'flat-lining' of women's superannuation balances between the ages of 38-47[3] - a pattern which has continued for the past decade[4]. This stagnation has serious implications for women at retirement with these missed years of accumulation resulting in an average difference of \$113,661[5] in retirement balances between women and men.

We propose:

Make Superannuation Guarantee payments on the Commonwealth Paid Parental Leave scheme, so that all parents (but especially mothers who currently still do the majority of unpaid caring) can continue to grow their superannuation while on parental leave. This will prevent some of the stagnation of growth of women's super-balances around child-rearing years and will decrease the super gap between women's and men's balances that widens significantly between ages of 38 and 47[6].

81% of employers who offer paid parental leave also pay superannuation on the payment[7]. This shows that a significant portion of employers are already recognising the importance of offering their employees super on their parental leave and employers should be encouraged to ensure all women are afforded this payment.

References

- [1] Australian Bureau of Statistics (ABS), 2020. <https://www.abs.gov.au/statistics/people/people-andcommunities/gender-indicators-australia/latest-release#work-and-family-balance>
- [2]Ibid.
- [3] The Association of Superannuation Funds of Australia (ASFA), 2017. https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx
- [4] ABS, 2013. <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4125.0main+features1230Jan%202013>
- [5] ASFA, 2017. Mean balances, aged 60-64. https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx
- [6] Industry Super Australia (ISA), n.d. <https://www.industrysuper.com/campaigns/closing-the-gender-superannuation-gap/>
- [7] Workplace Gender Equality Agency (WGEA), 2021. <https://www.wgea.gov.au/parental-leave#:~:text=According%20to%202020%2D21%20WGEA,access%20to%20paid%20parental%20leave.>

Super Balances by Age and Gender

