

Demands for superannuation reforms

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Federation has called on government to implement initiatives requiring all superannuation funds to be more transparent and accountable.

As a matter of urgency policies need to be implemented to achieve more equitable superannuation outcomes, including specific policies that solely improve outcomes for women superannuants.

In 2016, then Minister for Revenue and Financial Services Kelly O'Dwyer announced the Federal Government wanted, on matters of governance, to "lift superannuation funds to at least the same standard as other financial services organisations like banks and life insurance companies".



The Minister was not intending to be either humorous or ironic. Two years and a Royal Commission later the government retains an ideological animosity towards the not-for-profit superannuation sector and industry superannuation funds in particular.

Industry superannuation funds and public sector superannuation funds are charged with maximising returns to fund members.

Retail superannuation funds, such as those established by banks and insurance companies, necessarily must act in the interest of their shareholders, not solely their superannuation fund members.

It is not surprising then that the member-focused, not-for-profit superannuation funds have delivered better returns than retail funds for fund members in the short, medium and long term.

While industry funds have emerged largely unscathed from the Royal Commission, counsel assisting has recommended that thousands of criminal charges be laid against super funds run by banks and for-profit entities.

Superannuation is too important to be the ideological plaything of government, whatever its political persuasion.

There are significant issues that need to be addressed with superannuation, not least being the need to close the gender superannuation gap and tackle unpaid super, a problem rife in the private sector as well as employment models designed to avoid the payment of superannuation entirely.

The purpose of superannuation is to ensure an adequate income sufficient to ensure a dignified retirement. No doubt, everyone will have a view as to what is adequate.

I'm attracted to the principle reported in November 2015 briefing paper for the European Union , which stated, in part, "The adequacy of pensions is measured by their ability to prevent poverty, the degree to which they match the level of pre-retirement income and how they compare to the average incomes of people below pensionable age." ("European Union pension systems — Adequate and sustainable?" by David Eatock, European Parliamentary Research Service)

If superannuation is to properly meet the needs of Australians in retirement then the superannuation contribution should be increased from its present 9.5 per cent to 12 per cent without further delay.

Women retire with an average of 47 per cent less super than men. In 2012, approximately 40 per cent of single women in retirement were living in poverty, as well as having a higher dependency on the age pension than men.

The fastest growing rate of homelessness is among older, single women. To address the gender gap in superannuation a number of initiatives need to be implemented including, but not limited to:

superannuation contributions being paid on all parental leave, whether paid or unpaid

retention of the Low Income Superannuation Tax Offset, which ensures that very low paid employees who are not subject to income tax, are not disadvantaged because their superannuation is otherwise subject to a 15 per cent contributions tax

the abolition on exemption from employer superannuation when workers earn less than \$450 a month.

There are other options for addressing the superannuation gender gap, however, governments cannot simply allow the status quo to continue.

Rod Brown is the retiring Deputy Secretary, Research/Industrial and Professional Support. He has been writing on superannuation and retirement incomes policy more generally since 1992