

CONSULTATION ON THE OBJECTIVE OF SUPERANNUATION

April 2016

Submission by:

Mr Peter Lawlor

Director

CDI Consulting Pty Ltd

INTRODUCTION

This submission proposes an additional “subsidiary objective” for Australia’s superannuation system. The objective is designed to facilitate the system’s compliance with contemporary social equity principles and practices.

PROPOSED SUBSIDIARY OBJECTIVE

i *Be socially inclusive*

The superannuation system should aim to optimise retirement benefits for all Australians. Working life disruptions can diminish fund member contribution rates. Consequently, the system should aim to negate this impact by facilitating choice, flexibility and equal opportunity for all fund members.

As shown, the proposed subsidiary objective is designed to ensure that policy makers are mindful of the need to proactively improve the system’s compliance with contemporary social equity principles and practices. The objective seeks to encourage policy makers to develop legislation which is “socially inclusive” and devoid of unfair discrimination.

An example of the objective in practice would be the development of policies which improve retirement outcomes for fund members who experience disrupted employment patterns due to child rearing or carer responsibilities.

PROPOSAL BENEFITS

Benefits associated with the proposed subsidiary objective are:

- (i) The development of innovative policy proposals which seek to improve retirement outcomes for fund members who experience disrupted employment patterns.
- (ii) Reduced reliance on the age pension by fund members who engage in child rearing or carer responsibilities.

- (iii) An equity principle against which regulatory instruments can be tested for fairness and social inclusion.

SUMMARY

The addition of a “social inclusion” objective to Australia’s superannuation system recognises the need to address the impact of working life disruption on a fund member’s capacity to adequately fund their retirement needs.

Social responsibilities such as child rearing or the provision of care to a dependant with a disability can significantly affect a fund member’s capacity to make adequate contributions to their retirement savings accounts. As such, it is vital that the superannuation system encourages policy makers to develop innovative proposals which can negate the impact of working life disruption.

A superannuation system which fails to express this intent in a clear and prominent way cannot be considered fit for purpose by a modern and socially inclusive Australia.