



Submission

Objective of Superannuation

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Submission by:

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Introduction

2. Unions NSW is the peak body for trade unions and union members in NSW. It has over 65 affiliated unions and trades and labour councils representing approximately 600 000 workers across NSW.
3. Our union affiliates cover the spectrum of the workforce, stretching from workers in finance to footwear and construction to communications.
4. Superannuation is an important issue for unions and union members. We therefore welcome the Treasury discussion paper on the Objective of Superannuation released on 9 March 2016.
5. We welcome the opportunity to make a submission to this process.
6. Unions NSW is aware of the submissions of the ACTU, AIST and other financial services sector interests and supports those submissions to the extent that they are consistent with this submission.

Question 1 - Do you agree with the objectives recommended by the FSI? Why?

7. The objectives of the superannuation system should provide a clear principle on which the superannuation system operates to scrutinise the system's effectiveness and to guide reform.
8. The Government proposes to adopt the following primary objective:

To provide income in retirement to substitute or supplement the Age Pension.
9. Unions NSW does not support this primary objective. We believe it moves too far from the original intention of Treasurer Dawkins, when he introduced the Superannuation Guarantee (SG) in 1992. Treasurer Dawkins referred to 4 objectives:
 - A higher standard of living in retirement than relying on the Age Pension alone;
 - The ability to increase the Age Pension for those that continue to rely on it, thereby improving their standard of living in retirement;
 - Increase the flexibility in the Budget;
 - Increase the national savings pool to fund development.

10. The narrow Government proposal is superficial and only deals with superannuation as an income source that interacts with the Aged Pension. It sets no aspiration against which the system might be judged.

Question 2 - If you do not agree with the FSI recommendation, what do you think should be the objective of superannuation? Why? What are the implications of this objective?

11. Unions NSW submits the following principle objective for the superannuation system is far more appropriate:

“To fairly provide retirement income for all Australians that, when combined with or in replacement of any public pension, would sustain their standard of living.”

12. The proposed Unions NSW principle deals much more adequately with the issue of increasing retirement incomes beyond the Aged Pension level. Allowing for the maintenance of a retiree’s standard of living is the more appropriate goal.

13. The Unions NSW principle would allow for the creation and implementation of measures that are complementary to the primary objective such as targets or strategies to improve gender equity, boost retirement savings for those on low incomes, address the growth in self-employment, facilitate transparency and manage long-term expectations.

Question 3 - In which piece of legislation should the objective be legislated and why?

14. Unions NSW agrees that the objectives should be located as a preamble to the SIS Act.

15. Unions NSW would be pleased to provide further information to the consultation process if required.