



FAIR GO FOR PENSIONERS (FGFP)

COALITION VICTORIA INCORPORATED

A0061591N

Email: fgfpcoalition@gmail.com

LEGISLATING THE OBJECTIVE OF SUPERANNUATION

RESPONSE TO CONSULTATION PAPER: March 2023

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THE OBJECTIVE OF SUPERANNUATION



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WHO WE ARE

Fair Go for Pensioners (FGFP) Coalition Victoria Incorporated was established in Victoria in 2007. It is an independent not-for-profit coalition of community-based organisations, unions, faith groups, peace groups and individuals advocating for social justice for pensioners, single parents and their children, unemployed people, affordable housing for renters in all housing types, especially public housing tenants and other low-income groups marginalised by financial hardship, poverty and inequality. FGFP is non-party political.

WHAT WE DO

FGFP advocates for and mobilises pensioners, single parents and their children, unemployed people and other low-income groups and their supporters to gain significant improvements in living standards, income and related services for those living in poverty or in financial hardship.

Our work includes direct action, advocacy, community organising, building the coalition, media, public education and research and is underpinned by human rights and activism. We work towards a just society where everyone counts.

COALITION MEMBERS

Representative organisations on FGFP Victorian Steering Committee include Australian Unemployed Workers' Union, Australian Manufacturing Workers' Union (Retired Members Division), Council of Single Mothers and their Children, Ethnic Communities' Council of Victoria, Friends of Public Housing Victoria, Housing for the Aged Action Group, Living Incomes For Everyone (LIFE), Maritime Union of Australia (Victorian Veterans), Independent Peaceful Australia Network, Melbourne Unitarian Peace Memorial Church, Polish Community Council of Victoria, Rail Tram and Bus Union Victoria, The Pen, Les Twentyman Foundation, Victorian Trades Hall Council.

FGFP joins other community groups including churches, faith groups and peace groups on a single issue or a range of issues and/or endorse our annual activities. FGFP also has an individual section established in December 2013.

Executive Committee

Jo Montero – President
Colin Ormsby – Vice President
Vera Considine – Secretary/Treasurer
John Speight
Brian Oates

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THE OBJECTIVE OF SUPERANNUATION

To deliver adequate standards of living in retirement in an equitable, sustainable, and cohesive way. Or,

FSI: -“To provide income in retirement to substitute or supplement the Age Pension”.

We contend both of these statements are contentious in their ambiguity, especially the latter. Does this mean you foresee a phasing out of the Age Pension? Are you putting the cart before the horse?

In response to the Consultation questions:

1. What are the practical benefits or risks associated with legislating an objective of Australia's superannuation system?

The introduction of the mandatory Super Guarantee provided some savings for low income earners, but no way near enough to substitute the Age Pension or for a dignified retirement. High earners have benefited significantly. Low income earners are at risk of living in poverty. Please consider this:

Today, a single retiree requires *a minimum of \$480,000 in retirement invested funds* to live comfortably from retirement at 65 years of age, to a life expectancy of 85 years of age. A couple require 18% more *and these will increase with inflation.*

Clearly, the mandatory Super Guarantee Fund (SGF) does not work for everybody. It actually discriminates against low income earners and the most vulnerable citizens; - many of whom are amongst the greatest contributors to our national wealth.

Before legislating such an extremely discriminating objective, please consider the following and the socio-economic consequences of consigning vulnerable citizens to poverty in retirement. The fact is that there are many essential voluntary hours contributed by unpaid workers, - Australian citizens who will never qualify for SGF. Their only safety net; - the age pension which is becoming more and more inadequate as superannuation is considered the only solution for retirement. But please consider the following:

- **Women who have sacrificed a well-paid career to give birth and raise a family.** They will not accrue a livable retirement income; - if any - despite their immense contribution to society.
- **Family Carers;** taking part-time work when they can and will never accumulate a livable retirement fund from their earnings. Possibly \$85,000 to \$100,000.
- **Low Income Earners:** The SGF at 10.5% or even 15% of the basic wage will never amount to a livable retirement income. Possible max. \$185,000.
- **Contractors:** For whom the SGF is a complex administrative procedure.

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2. *Does the proposed objective meet your understanding of the objective of the superannuation system of Australia?*

In our opinion, the objective is far too ambiguous and discriminatory and further jeopardises the right of all Australian citizens from achieving a dignified retirement. Low income earners and family carers sacrifice high earnings to make a great social contribution to our society and they are very deserving of a dignified retirement. This sector of our society is ignored in this proposal. It widens the gap of inequality.

3. *Is the proposed approach to enshrining the objective in legislation appropriate? Are there any alternative ways the objective could be enshrined?*

Low income earners are discriminated against by this objective. There must be a secure "Pension Fund" to support these citizens. The introduction of a supplementary contribution, a percentage (2%) of SGF of high earners (\$180,000+ per annum) should go towards such a fund to ensure some degree of achieving an equitable retirement system.

4. *What are the practical costs and benefits of any alternative accountability mechanisms to the one proposed?*

The cost and accountability of a mandatory contributory Pension Fund for high earners alongside MySuper is no greater than the current SGF procedure and the cost benefit to government – even less obligation and reliance on the age pension.

It meets the criteria of equitable, sustainable, and cohesive.

And, it honors the government's pre-election promise "No-one will be left behind".

Conclusion:

The Super Guarantee Fund has failed the workers who most need it. Low income – basic wage workers, casuals and women working parttime whilst raising families. These citizens have no way of "taking responsibility for their retirement incomes", - unless they give up their role as carers. This issue must be resolved before enshrining a discriminatory policy if we are to achieve an equitable retirement system.

To deliver adequate standards of living in retirement in an equitable, sustainable, and cohesive way FOR ALL AUSTRALIANS