

From: [James Gunn](#)
To: s 22
Cc: s 22; [Matthew Read](#); [Matthew Linden](#); s 22
Subject: FW: The government moving to payday super will get millions of Australians the super they are owed
Date: Tuesday, 2 May 2023 10:55:14 AM
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

Good Morning,

Great announcement this morning, the coverage seems to be rolling out well.

Here's the media release we put out at 7am, FYI. It's also gone to specific journos who have comprehensively covered the issue of unpaid super recently.

And we're planning a range of social media and stakeholder comms this morning backing in what is a great announcement for members.

Kind regards,

James

James Gunn

Head of Government Relations, Advocacy & Research

Industry Super Australia

M: s 47F

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Industry Super Australia Pty Ltd ABN 72 158 563 270 Corporate Authorised Representative No. 426006 of Industry Fund Services Ltd ABN 54 007 016 195 AFSL 232514

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From: Medianet Press Release <medianet@releases.medianet.com.au>

Sent: Tuesday, May 2, 2023 7:02 AM

To: James Gunn <JGunn@industrysuper.com>

Subject: The government moving to payday super will get millions of Australians the super they are owed

Banner Image



The government moving to payday super will get millions of Australians the super they are owed

Industry Super Australia

Moving super payments to align with wages could give millions of Australians \$50,000 more at retirement and drastically curb Australia's unpaid super scourge which cost workers \$33 billion over seven years.

The federal government should be commended for helping Australian workers get the super they are owed by mandating that super is paid on payday and not once a quarter.

The government has listened to a broad coalition of stakeholders – including unions, employer groups and consumer bodies to mandate that employers' super payments to employees are made on payday.

Two senate inquiries, Treasury and the Australian Taxation Office have all said moving to more frequent super payments could effectively combat the on average \$4.7 billion a year unpaid super scourge.

The one in four workers currently underpaid every year will get a huge boost to their super savings. Not being underpaid super could mean an up to extra \$50,000 at retirement when combined with higher compound interest from more frequent payments. This measure is a big win for younger workers, those in blue collar jobs, hospitality and retail workers who bear the brunt of unpaid super.

It will also benefit more than 1 million mostly lower paid and younger women who are short-changed. Unpaid super can cost some women as much as 10% from their final nest egg – a crushing financial blow when women already retire with about a quarter less super than men.

And all the 4.2 million Australians who are paid super quarterly will get thousands more at retirement due to more frequent payments earning compound interest for longer.

Businesses will now be on a level playing field and have a smoother payroll management system that will no longer lead to the building up of large super contribution liabilities at the end of each quarter.

Quarterly super payments made it difficult for workers to keep track of payments and for the ATO to monitor compliance in real time. This move means the ATO can use real time monitoring and act quickly when a complaint is lodged – no longer having to wait until the end of the quarter to launch an investigation.

The government setting the ATO targets for recovery and indicating it would treat the deliberate and systemic underpayment of super as wage theft is the stick needed to stop the small number of employers who intentionally rip their workers off.

Comments attributable to Industry Super Australia Chief Executive Bernie Dean:

“This is a big win for the three million mostly young and lower paid Australians unfairly deprived the super they’ve earned and will give them a better shot at building a good nest egg for retirement.”

“The government should be commended for listening and then taking the necessary steps to end the huge super rip off which was undermining the future economic security of too many young women and others on lower incomes.”

“Aligning payment of super and wages is the right thing to do by workers, boosts government revenue, lifts investment returns and puts all employers on a level playing field.”

Media contacts:

James Dowling: 0429 437 851, jdowling@industrysUPER.com

Attachments:

[The government moving to payday super will get millions of Australians the super they are owed.pdf](#) 0.15 MB

[Kids Signature.JPG](#) 0.07 MB

Industry Super Australia

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Hi s 22

Attached is a word doc.

Regards

Jack Allen

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From: s 22 @TREASURY.GOV.AU>
Sent: Monday, 17 April 2023 7:25 PM
To: Jack Allen <JAllen@industrysuper.com>
Subject: Fwd: [SEC=OFFICIAL]

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Hi Jack

Thanks for sending! Do you have a word doc by any chance?

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0:00

0:16

BERNIE: My name is Bernie Dean. I'm the Chief Executive of Industry Super Australia. And I'd like to welcome you here, those in the room and the quite significant audience that we've actually got online that have tuned in today for our conversation.

0:33

In the spirit of reconciliation, I'd of course like to acknowledge that we are meeting on the lands of the Wurundjeri people of the Kulin nation, and I'd like to pay our respects to their elders past and present, and extend that same respect to all Aboriginal and Torres Strait Islander people.

0:52

As the Albanese government nears its first anniversary in office and prepares for its next budget today is a really good opportunity for us to reflect on where super policy is at now. And of course, speculate about what sort of changes might be good for working people to boost their retirement savings. Of course, over the last year, a lot has been done, and a lot of good stuff has been done. We've welcomed the government's moves to stick with the legislated schedule in the Super Guarantee rate that will see it go to 12% by 2025, which is tremendous and provides people with a bridge into the future that will give them a much more secure life and retirement.

1:46

And we're also backing in the government with its proposal to legislate an objective for superannuation - which is much overdue. And we're very pleased that the proposed wording for that objective reflects what we see coming and hear coming from the community itself. And that is that super is their money for their retirement. We are publicly backing in the government very strongly on those measures, as well as more recent measures that have been announced out of the IR portfolio to extend the coverage of the super guarantee to include those many workers in nonconventional or now more becoming more conventional types of employment in the gig economy. And that is a good thing because it will deliver those workers much needed savings that they're missing out on at the moment.

2:41

We've also been very vocal about changes that we think are needed to the system to improve the retirement savings of everyday Australians, especially women, and those on lower incomes and workers that are unwittingly often stuck in poor performing funds, unwitting, unaware of that, and

unless something ruptures that they're facing the future with a prospect of a much smaller nest egg than what they really deserve. addressing these issues, and some of the shortcomings that we know exist in the system, is something that we'll do today. And that we know is it's all about working in members best financial interests.

3:32

We've got two really smart people that are hitting their stride in national affairs to help us with the discussion today.

3:41

We've got Stephen Jones, that you would know is the Assistant Treasurer and Minister for financial services. And he's got responsibility for superannuation in the Albanese Labor government. And we've got Patricia Karvelas, a leading journalist and an agenda setter for the national discussion of public issues on a daily basis out of the Radio National breakfast studio. And obviously appearing on many of the ABC's platforms at other times. Thanks to both of you for attending today to make this discussion possible. And I'll hand it over to Patricia.

4:18

PATRICIA: Thank you. Thank you, Bernie and I also want to acknowledge the traditional owners where we're meeting today. And I know lots of people are online too. So on the lands where everyone is meeting throughout the country. Look, firstly lovely to be speaking with you, Stephen Jones. I've known Stephen Jones for a long time probably too long for both us. And now of course, you're an Assistant Minister, which is quite the step up from our opposition days when you used to talk to me, and I'm going to start with a really broad question. What's your vision for superannuation under an Albanese Labour Government? Where do you want to take superannuation?

4:58

MINISTER JONES: Thanks Patricia. Great to be talking with you again. And I want to acknowledge the traditional owners of this wonderful place that we're on, together with the traditional owners of all the lands of the people who are joining us online. Can I start by just acknowledging the tremendous contribution that 30 years of pioneers have made in the area of universal superannuation. Too often people in my job, pretend history starts with them, and too often over the last decade, people start the conversation by talking about Super in the glass half empty view instead of the glass half full view.

5:43

So a tremendous amount of work has been done, we've got a world leading system, currently contributing about \$120 billion dollars a year to retirement income, which is about double what we pay in the pension through government payments. So by any measure a significant piece of the economic architecture, over \$3 trillion worth of funds under management. So a ballast in savings, which has created a great asset during uncertain economic times.

6:21

So I just want to acknowledge that, because history doesn't start with me, it starts with all the pioneers that have come before us. We want to ensure that that great asset is working for Australians and for Australia.

6:37

It's about retirement income, we've got to ensure that it continues to perform. But if I was to identify two or three things that we want to drill down on, over the next three years, we've got the objective stuff out in the field. And that's about trying to form a national consensus, if not a political consensus, about what this thing is all about. We're happy to say more about that. Secondly, we want to ensure, and I'll pay tribute to my predecessors in putting a focus on performance, the focus on performance and fees has to be maintained, because it simply makes the difference in terms of retirement incomes of 10s, if not hundreds of 1000s of dollars between a low and a medium or a high performing fund. So focus on performance will stay. Two, if you'd like new or new ish things I want to see greater focus on and that is that shift in the obsession around retirement savings to which is important to retirement income. Because the system is mature. We've been an operation for 30 years now, we're going to over the life of this government hit our 12% Super Guarantee. We've got a move from system which is all about saving money to ensuring that we provide the retirement income that people need. And I don't think anyone can argue that we've got that piece of the puzzle right at the moment. And then the final thing, Patricia is service. And sometimes people don't like it when I use this analogy, but Superannuation is no longer a cottage industry, if it ever was one. You are major financial institutions. And from Joe or Joanne public, they look at you in the same way as they look at any of the other big organisations, that they have a financial or commercial relationship with and expect that level of service. So we're going to ensure that Australians are getting that level of service from their superannuation funds, otherwise, they'll mark you down. And this great project that we're all proud of will be undermined because of it.

8:56

PATRICIA KARVELAS: You raised a few issues that I will pick up on, including, of course the definition, which is a huge point of discussion at the moment, but I just want to get into some specific issues before we get to that. Firstly, this issue of unpaid super. Two Senate inquiries, the ATO, the Treasury, super funds, unions, Super consumers Australia, the Franchise Council of Australia - they've all said
9:20

(interruption in feed circa 1 minute. Discussion moved to super's inclusion within the NES)

9:49

MINISTER JONES: Everyone in the room gets the importance of that. It gives employees standing. They don't have to go to the Tax Office. They can use tribunals or small trunk claims processes to access unpaid superannuation. And that's a significant new right. And a good step in the right direction. We're also tasking the tax office to lift their game in the collection of unpaid super. And we're in consultations with the sector. We're looking through all of the angles on payday super, as people in this room have referred to it as. Haven't ruled it in or out at this point in time.

10:27

PATRICIA KARVELAS: No. So you're saying in the next three years, is it something you want to do in this term before the next election...

10:33

MINISTER JONES: In over the course of the next three years, we want to see a significant and meaningful improvement in unpaid super.

10:41

PATRICIA KARVELAS: That can't happen on its own, Stephen Jones.

10:45

MINISTER JONES: In opposition, I had costings done on it. And in government, we are already looking, we are looking at this and a range of other measures as well. And I'm not going to get ahead of myself or ahead of the budget or any of those other unnecessary processes. All I will say to you is we are taking this issue very seriously. Not only do we want to ensure that superannuation that's unpaid is able to be collected, and we've talked about two mechanisms to do that. We also want to ensure that less of it gets unpaid in the first place.

11:24

PATRICIA KARVELAS: So on on the sort of delay here, I mean, we've got a Labour government that hasn't addressed I think it's about \$5 billion a year of super theft, though, right? It's quite significant,

particularly blue collar workers, women and those on lower incomes. So that that's a huge amount of money that's currently not being delivered. Is that your objective to deliver that to workers that in these kind of, yeah, as I say your constituents, these are people that Labour...

11:57

MINISTER JONES: Yes, it is our objective, every dollar that is not that is legally owed to a worker that is not paid is theft, should be treated in the same way too. I should nuance that - sometimes employers make mistakes. And yeah, there can be complicated arrangements where, particularly when you're dealing with different employment wage rates, and that can change over the course of a week or a year. And payroll systems might have set and forget functions in them. So employees can make inadvertent mistakes and arrangements should be put in place to deal with that. But it's not \$6 billion, or \$5 billion, or wherever we land on the unpaid number of inadvertent mistake. There is deliberate non payment, and we want to knock it on the head.

12:52

PATRICIA KARVELAS: You say in this term, I'm labouring the point but anyone who listens to me knows I can't help myself. Is this or is this not currently in discussion for this budget in four weeks.

13:04

MINISTER JONES: Look, the government is considering this and other measures. Considering this and other measures. When I last addressed this group. I had a diminutive in front of my title, and it was shadow assistant treasurer and financial services minister. I don't want to replace that diminutive with an ex assistant treasurer by pre empting, the Prime Minister and others as much as you might like to preach,

13:32

PATRICIA KARVELAS: I do like to labour a point, okay, I want to move to another issue, which is also huge, and that's paid parental leave, and paying superannuation on paid parental leave. The government has made gender really the centrepiece very much of the kind of way you want to move forward, particularly closing the gender super gap, which is a huge issue. I don't have to explain it in this room, or to the people online watching or to any woman. And there are a few of us. Isn't that a priority? And will you do it?

14:06

MINISTER JONES: Yes, we will do it. We've already indicated to stakeholders before the election, and subsequently that this is something that we want to do. It's a part of our platform. It's something

that that we want to do. We need to find headroom in the budget to enable us to do that. Not giving any secrets away. You know, we looked at it in our first budget and decided that the priority that we wanted to put in place, then was the commitment that we've made to extending paid parental leave that six month Yeah, exactly. So I don't think anyone can look at us and say we're disinterested in this space. There's a fixed amount of money we can spend on direct payments to play ball, but they got access immediately through paid parental leave extension was our priority and we think it was the right priority. Can I also go on to say, the super on paid parental leave good in and of itself, but it's about the objective of closing superannuation.

15:10

PATRICIA KARVELAS: Yep. But on that, you can't close it if you don't start paying it.

15:16

MINISTER JONES: Yes, you can actually. I think it's important. Let me get let me go on to explain. I think it's important and we want to do it. And nothing I'm about to say is walking back the commitment. But the majority of the superannuation pay gap is driven by two things. The wage pay gap, because super is factored off your rate of pay. So the most effective lever you can put in place to deal with that is dealing with the pay gap. Yep. And we're on. We're on it. Whether it's our commitment to the care workforce and age work wages, whether it's the pay equity, as an objective of the Workplace Relations Act, there's a bunch of things we've done, we're on it, okay, serious, committed to doing something about it. And the second issue is about work breaks, and families having to make a decision about who stays at home and who doesn't, because of the cost of childcare, we're under that one as well. So my view, and people in this room might disagree with me, but my view is the most powerful levers we have to pull down on to address the superannuation pay gap actually lie outside of superannuation. And there are about career breaks, driven by an affordability of childcare. And there are about wage disparity. And super system factored off, I think there is no doubt that those two things are huge, right?

16:47

PATRICIA KARVELAS: But still paying superannuation for that time you're away with a child, which is disproportionately women, of course, is is, as you say, on the government's agenda, you say you're on it, and you know, it's on your in your platform. There is a sense of urgency around it, though, isn't there? Again, you talk about you know, this term, is this something you want to deliver this term of governing?

17:13

MINISTER JONES: We've committed that we want to do it. Okay. And again, same caveat. I'm not gonna name a date or a time.

17:30

PATRICIA KARVELAS: We know that there's a new policy, I'm being cheeky, obviously, we there's a new policy that you introduced and clearly well received by the public based on the public polling and, and that's this higher tax, basically, for people who have more than \$3 million in their superannuation accounts. So that's a that's a big move. It also, of course, is deliver savings. Why not use those savings to pay pay for, like super on paid parental leave?

17:58

MINISTER JONES: We're in a forum about our superannuation. And we're all deeply passionate about it. Outside this room, there are other discussions going on about a trillion dollars worth of debt and a \$50 billion structural deficit in the budget. And we've got made a commitment that the majority of yield that we've got out of this one is not going to be recycled into another spending initiative that is going to be used to pay down or to address the existing structural deficit that we have in a budget. Because we all love superannuation, but with other hats on we also love Medicare. We also love the NDIS. We also love our health care system. We also think it's important that we have a credible National Defence deterrent and all of these other things. And frankly, we've got to fill those gaps in our budget.

18:52

PATRICIA KARVELAS: So you mentioned the Australian Tax Office's role in all of this before I just want to drill a bit more into that. Will, the government set the ATO targets to recover unpaid super?

19:00

MINISTER JONES: That was our election commitment prior to the election, and it was also something recommended by Australian National Audit Office in its review of the performance of this programme within the ATO. So yes.

19:13

PATRICIA KARVELAS: And when?

19:16

MINISTER JONES: We're working with them at the moment, so watch this space.

19:21

PATRICIA KARVELAS: You mentioned the definition of super which I promise to go back to and this is our moment, because I find I find this debate really interesting. You've said you want to enshrine the definition in legislation. And this has, of course, become contentious and it's a source of debate. Your definition restricts it for the use exclusively for retirement. Why is that so important to put in legislation and to define it that way, which of course means that it can't be used for other things like housing.

19:48

MINISTER JONES: When I look at the essence of our successful superannuation system, I think there are three pillars. One is that it's universal through the Superannuation Guarantee. It's paid to everyone we got to sort out those groups that we mentioned in the interest of the people in employment like work. So it's universality critical. second pillar, preservation, okay. It's not like an ATM that you can tap into and out of, it's preserved for life. And that's a part of the secret. There is a reason why your superannuation fund over the last decade has had average returns real of between six and 8%. As opposed to what you're getting in your savings account, which you'll struggle to get one and a half to 2%. Real. And that is because it's preserved until your retirement and that means it can be invested in higher performing assets. So preservation and universality are critical, and I'd throw under that our unique governance model as well, which ensures that employees have a say that employees are represented. That I think - those three pillars lie at the success of a system that is unique around the world. We need to enshrine the objectives in legislation. Because we've had a whole bunch of kooky ideas that have been recycled through public debate. Over the last, you might think I'm picking on the last eight years, I'm not. I've been around since we started this project. And I've seen that same debate debates recycled, let's use super to housing, let's use it, wouldn't it be better if we paid down a HECS debt than we put money into super? Wouldn't it be better? Shouldn't people be able to access it for this health care need or this crisis? And you know, what lies at the heart of all of them? A failure in some other area of public policy. Domestic violence policy, health care policy or some other area of policy. And I just think if we try and make super the answer to every other failure in public policy, it will actually fail in the one that was set up to address and that is to provide workers, all Australians with a dignified retirement and savings for that purpose.

22:20

PATRICIA KARVELAS: I want to talk about the your future, your super performance tests that you know, test funds, your response to the review was pretty modest. Why don't retirees who have

products and funds that face performance tests? Some products are holding more than \$600 billion in assets, and they're carved out of the test? Why didn't you go further?

22:44

MINISTER JONES: Okay, so, first thing. We had a review. Yes, because we didn't think it was perfect. So that's the first thing to say. We've provided our initial response, which is what we think we can get away between when I received it just after Christmas, when I got to read it and go through it, which was just after Christmas. And what we can put in place from a finance perspective and from a regulator perspective before the new test kicks in in August. So what we've announced is our initial response to the review, and I'll go through what we have initially announced and what it means. And then, you know, there is ongoing work in response to the hard work and submissions that many in the room have put to government. What have we done extended the 10 year look back period, because it just makes sense. Actually, it was pretty kooky, that we didn't do that. All of your investments, performance and analysis is based on those sort of timeframe timeframes. It makes sense. And it actually helps some of the other anomalies that people complained about, rightfully, in the way that tests was operating. Secondly, we've recalibrated some areas that were disincentivizing, certain forms of investment, standard investment classes, or penalising some standard investment classes, some forms of property investments, as some investment classes in hedging and certain credit products. So we've made it more refined and detail. You should look at that as an initial and initial response. That's quite literally what we could get up and running. So that you guys could respond to it and the regulator could respond to it in time for the next assessment round in August. And now the extension beyond my super product, so extending them to trustee director products. Just to give you a sense of what the scale of that is - the existing performance test is run against about 70 to 75 products. As a result of the changes that we are proceeding with, it'll be extended to 800 Products. That is a significant shift. Yeah. And a lot to digest. It's not none of the things we've done in that initial response to the last word.

25:14

PATRICIA KARVELAS: Okay. And that's probably indicating where you might go with the next question, because in opposition, you said all funds would be tested? Is that still your intention?

25:24

MINISTER JONES: I want to work through all of this stuff. I want to look through all of the stuff. And my view is the default position. If you if somebody is saying they shouldn't, then the onus is on them

to prove why not. Because if you're a part of the RSE system, if you're a part of this universal system that I've talked about, I think there are some minimum obligations around performance that should apply. So my view is that the onus should be on those that aren't currently, or immediately to be performance tested to justify why not? It's more than just saying it. Justify isn't just saying. We should be holding people to account for the performance of their part of the system. There's a whole bit we've got to digest between now and August. Okay. 800, new entities are going to be dragged, are going to be pulled within this. That is a large body of work that has to be done.

26:34

PATRICIA KARVELAS: Because in opposition, you said that your future your super was a dog.

26:38

MINISTER JONES: Certainly the first exposure draft of in some of the original iteration of that legislation was pretty canine.

27:30

PATRICIA KARVELAS: There's been a lot of talk, of course, about nation building, being an area for super funds, the Treasurer putting this very much on the agenda. But the complaint, which I do want you to tackle here is, why should this be what super is used for? I mean, if the returns aren't as good, why is it the obligation of super funds, people's individual retirement incomes, collectively to be going towards things that might again, you talk about solving another problem, like, for instance, our lack of housing in this country, and, you know, massive shortage there? Why should super be responsible for that?

28:14

MINISTER JONES: It shouldn't. If there's not a rate of return, which is in the best financial interests of the members, it shouldn't pass muster. But if we can find a project, which the government says is important, and that project can be structured in a way that provides a great return from an investor, for an investor, Why wouldn't we want to partner up with superannuation funds to get a great outcome in the national interest and a great return? For members? We think we're nuts if we don't do that. Think of it as a Venn diagram, you know, national interest, members financial interest, whereas the overlapping bit, they're the things that we should be looking for areas to partner in. But if there is no overlap, it's absolutely not the job job of superannuation. To be solving other social policy failures, so has to be the best returns. Why hasn't it happened organically then some of it has. So pretty hard to find a port I don't think there is a port in Australia now that is not owned by in

whole or in part by superannuation fund, an airport. A lot of the roads rail, like major, the biggest owners of infrastructure, in whole or in part in this country, superannuation funds. They're already there doing this stuff. We as a government think if there's ways that we can lift that up to another level, we'd like to explore it. Can I just make this point? Yeah. As we sit today, there are superannuation funds in the hands of workers in Canada, in North America, in Denmark, in Singapore, whose representatives are here in Australia, saying we want to invest in some of the stuff that you're doing, whether it's housing and commercial property, or whether it's infrastructure or healthcare delivery. So we say to ourselves as a government, it's a bit weird, isn't it? If, you know, we're partnering up with the superannuation funds of workers in other countries to deliver projects of a social benefit, but we're not doing it with our own citizens superannuation funds.

30:42

PATRICIA KARVELAS: I appreciate you saying and I think it's been clarified before that should be in the best interests of funds. Do you think the debate got a bit away then? Because that's yeah, it was. I feel like that wasn't really the centrepiece of the conversation that we're having.

31:00

MINISTER JONES: Yeah, this is going to shock you. But people who have malevolent interests in relation to superannuation might twist the truth of it. Frankly, there was a whole bunch of hysterical stuff being said. We gotta be out there communicating. I think everybody who was inside the industry knew exactly what we were talking about. Because we've had lots of discussions with industry about whether we could make this stuff flying. I've led delegations overseas on this stuff. So like, there's no doubt inside the industry. Yeah, we got to do a better job explaining it if some of that debate has got away. Here's where it all gets a bit crazy, though. Trustees have a legal obligation to ensure that the investments they make are in the best financial interests of their members. And all the public interests that a project might have in the world. If it doesn't stack up for funds, best financial interest and trustees are not going to give it the tick. Simple as that.

32:27

PATRICIA KARVELAS: Just another issue before I open up to the floor and to online questions as well, so be poised because that's about to happen. So you know, if you've got much better questions than me, prepare them. There's also the financial advice review and the review recommended a bedding, good advice, not the best advice test. Are you going to do that?

32:49

Minister Jones: Looking at it. I'm not sure whether we adopt that framework, or whether we look at other propositions, but what I know is this. There are 5 million Australians today who are either at or approaching retirement, they've got more money in their superannuation accounts than ever before in their lives. I think it's a courageous person who would say they either know what to do with it. Or I'm making the best decisions, all of them are making the best decisions many are. There are 16,000 licenced financial advisors in the country. So the numbers don't square. So we've got to find a way to deliver information and advice to members who are approaching retirement. Whether you like it or not one of the first phone numbers that they call is their superannuation fund. At the moment, law that is partly has been passed by the previous Parliament's supported by me puts an obligation on funds to put in place a strategy for their members for their retirement phase. And at the very same moment, we put in all of these obstacles, which make it almost impossible for the funds to do anything about that. So I'm keen on squaring that off.

34:14

PATRICIA KARVELAS: Just finally, before I do open up to the floor, I mean, in terms of more reform to the superannuation sector to tax arrangements around superannuation. In my view, a pretty modest proposal was contentious among some but you know, pretty, pretty ring fenced around that \$3 million for higher taxation was, of course announced it was the first big departure of your government where you went near the issue around taxation, superannuation. Are we going to see more of that?

34:50

MINISTER JONES: We've announced our plans for this government and this is what we intend to put away. It's supported by the majority of Australians, supported by the majority of liberal voters to but not the majority of liberal members of parliament. 99.5% of Australians won't be touched. And I think they get it. We think it's important that there is certainty around superannuation policy. So that's what we've announced, and that's what we're gonna do. Okay. So if there was to be more, you would take it to the next election. But yeah, we're not there is no plans to make any announcements. There is no plans underway.

35:39

PATRICIA KARVELAS: Well, Steven, that's that ends our section of the conversation. I do want to open up to questions from the floor. I've got this question from Marcia at momentum media which I'll ask you. Can Minister Jones please address his thoughts on the quality of advice review

recommendation regarding superannuation funds to increase access to and affordability of financial advice? How important is advice to maintaining a sustainable retirement income and ensuring Australians are well equipped for the latter stages of their lives?

36:56

MINISTER JONES: To my last answer, critical, 5 million people that are near retirement, they need access to information they need access to advice. They go to their superannuation funds, the superannuation funds, send them away. The existing rules, even make it difficult for funds to ask some pretty basic questions and provide some pretty basic information. So I think we've got to sort through some of these things. The government will be considering some recommendations very, very soon on that. Not of the review but of myself and a bunch of bringing in a bunch of other things that we've been looking at working on. So I hope to be in a position in the near future to provide a formal response on some of these things. But what I can tell you is that the government gets the problem. And doesn't think a continuation of the status quo is going to fix it. Some were just think Australians have got to have access to better info and advice. And there's probably also a role in all of this. And well probably there is also a role in all of this in some legislative nudges, and maybe defaults as well, in the whole process. Just one small example of why. If you're in accumulation phase, you pay 15% tax, if you're in pension phase, you pay zero up to your pension cap. There's an extraordinary number of Australians over the age of 65, within active accounts that are still in accumulation phase. That's good for the tax revenue or the country. But it's not necessarily in the best interest of that individual. And there might be a reason that I suspect, one of the reasons that they're still in accumulation phase as they've not had any information or advice, which tells them how they can make that money work for them better and go further in retirement. And there's just really simple things that I think we should be able to do to meet that objective of retirement income.

39:13

MATT LINDEN: Sorry, Steven, I'll jump up so you can see me, Bernie outlined in his introduction, obviously, we've (ISA) been strongly supportive of the objective of superannuation, which is, you know, is to preserve savings to deliver income for dignified retirement alongside government support in an equitable and sustainable way. We've obviously made a submission to the review, as have many of the others here in this room. And one area which we thought was under done was the accountability mechanisms, which might sit alongside an objective that sits there in the law but doesn't have any practical effect in respect to the way that governments formulate policy or might

be held accountable to it, I think would be a missed opportunity. Is there a good reason why there shouldn't be robust accountability measures? In essence, why government, for instance, when advancing significant change in superannuation shouldn't be able to demonstrate how it is that their policy change is, is acting in accordance with the objective, and in particular, that it's an equitable change? So, for instance, an impact for superannuation change in terms of what effect it would have on gender and the outcomes for, for males and females in the system, is there a good reason why government shouldn't be demonstrating how it is or what impact policy should have along those lines?

40:37

MINISTER JONES: So in the example that you just gave, let me give you a multi layered response. So in the example that you just gave around gender and specific, there are other laws and procedures of government that require gender impact to be reported and declared in relation to any bill that goes through cabinet processes and is in a parliament, there is a requirement for gender impact analysis. But I think your question what I think I know, your question is broader than that, it's about what how do you hold Parliament accountable, essentially, that a future decision will help to hold the executive accountable to things that it might do that are contrary to the objective? And I think the short answer to that is that in a democracy, a parliamentary democracy like ours, you've got to believe in the primacy of Parliament. And it's Parliament's role to hold the executive accountable. What one Parliament can do another Parliament can undo. Which is why I was very deliberate, actually, in some of my intro comments around a political consensus over the objective of superannuation. I'm doubtful at the moment that we will, but I think we can get a national one. And that's a part of the reason why we're having this debate.

42:07

PATRICIA KARVELAS: And what do you mean by a national one? You mean, you want the majority of Australians to support the majority of Australians to say, Yeah, we get it. And we don't think the super should be treated like an ATM. Do you think that's where we're at? There are some particularly younger people who've shown some interest in the idea of being able to use super for other purposes like housing,

42:33

MINISTER JONES: Which is exactly why you have preservation because if I think, if I look at my 18 year old self, if I was ever asked to make a decision between shouting my friends another beer in the

pub, or putting the same amount of money into my superannuation, at the end of a fortnight, knowing exactly what I would have done, why should I expect any other 18 year old a 20 year old to be different to me, which is exactly why we have universal systems that actually put a rigour on some of those sorts of things. When we deal with Medicare, we deal with private health insurance. We do it with superannuation, I think there's a good reason we do it that way. That's not to say it's a straying a long way from that question, but I actually think, you know, there is a valid argument to be said, Maybe we should be looking at ways to help young Australians save for housing. Nobody could say we've got housing policy nailed at the moment, at any level of government. So I think there is valid arguments, but if we try and make super the answer to everything, it just becomes the answer to nothing. So I think we I'd rather deal with the housing issue through other policy moves than trying to shoehorn superannuation.

43:59

DAVID WHITELEY: Hi, Minister, David Whiteley from IFM investors. A question but firstly, just to briefly reinforce what the minister was saying in terms of IFM and super funds, investing in economic issues of national importance. I've engaged with governments globally, and we've never at any stage ever had a discussion with a policymaker that's ever asked a Superfund or ourselves to ever take a hit on returns for members in terms of investing in a particular project. The debate outside Australia is in fact much less contentious, much more mature. There's a real interest from governments in having pension funds or super funds investing with them, because what they see is very long term capital, sophisticated investors, I suppose to that minister, just wondering what engagement you've had with your counterparts in the UK, the US or other countries or other pension systems, around the role of pension funds and super funds investing in infrastructure.

44:57

MINISTER JONES: Limited in relation to the countries you mentioned much more in the region. My focus over the last 10 months has been when I'm not doing stuff that is, in my two titles has been looking at how we can have greater engagement in the Asia Pacific region. I don't think we should be flying over Indonesia or the Pacific regions, when there are enormous economic opportunities and enormous socio geo political reasons why we need to be having greater engagement there. So that's where my focus has been diverse. But my counterparts in other portfolios, particularly the trade and foreign affairs, have had a lot of engagement in those other countries that you mentioned. And I think what you'll notice, outside of my wheelhouse, a very outward looking government that sees

itself sees its security as being engaged in the world engaged in the region, not trying to pull the the doonah covers up and hiding from it, but actually engaged at bilateral and multilateral levels, and in every forum available to us, because it's in our national interest, and commercial and person to personal engagement is a part of that.

46:18

PATRICIA KARVELAS: Now, I'm gonna get to your question in a moment, but in the interests of involving everyone around the country, who's also here, I want to ask this one, which is the government did not index the concessions cap in the medium term start to undermine the time value of money in the system, remembering that generous tax concessions are the reward for preservation and propulsion. When will the government commit to reviewing indexation should this be considered in the next intergenerational report?

46:51

MINISTER JONES: So the default rule is we don't. And this goes to other stuff as well. High balance accounts, etc. The default rule right across the taxation system is we don't index that gives another government and another parliament the flexibility down the track to adjust them and according to a whole bunch of other economic circumstances. And that's exactly what we'll do. And to be just really brutally, brutally honest, when we look at whether it's tax concessions, which we'll call it tax expenditures, or we look at direct outlays, we view them in the same way. And it's how much money is the government going to spend on that, as opposed to that? And those decisions are based on what the priorities are the exigencies of a particular budget or circumstances are presented. That's why I can't answer that question in a way that asker perhaps reasonably demands is because government's got a whole buying bunch of things that we're balancing off at any one point in time, just as in the October budget, we said, Okay, we're gonna do paid parental leave. That's what we're gonna do. We'll put our money in that one, because we think better bang for the buck. sign saying consideration.

48:12

STEPHEN MCMAHON: Steve McMahon here from AustralianSuper. I want to pick up on something you talked about about the quality of advice review. So one of the potential solutions to this would be the idea of having an account for life the same way as people have a bank account, and you don't move from the accumulation into the pension phase? Is that something that's actively being considered by you and the government at this stage?

48:35

MINISTER JONES: Not at that level of particularity. Okay. But one thing that is it would actually be working in a different way to a whole bunch of the other things that have been set up by successive governments over the last 15 years. The thing that we are focused on is how we're going to ensure that retirement savings work to generate retirement income. And what are the best levers that we can pull down on in our culture, if you like, where personal liberty reigns supreme individuals making their own individual decision without government telling them what to do is the preference, which is why information and advice should be more available than it is at the moment. That said, I think there is also a role for nudges. And I gave a very good example of where a nudge might be appropriate. And by a nudge, I might, I might say, you've hit 65. Did you know what the if you are not still working? Did you know that the same amount of money we've placed into pension phase can deliver this income stream? Here's the upside. Here's the downside of it. That's what I mean by nudges. Here's the tax benefits of it, blah, blah, blah. So I that's the direction we are looking at thing information and advice, nudges. Defaults would be a that's that end of things, information advice at this end of things. But what we know is the current settings aren't working from an optimum perspective for individuals quite regularly. I've people in the industry told me, You should cite examples of how people arrive at the graveyard with more money than they had at retirement in their superannuation. Now, that might mean that they had a whole bunch of other sources of income available to them. But it also might mean that they lived less well than they could have or needed to, at the point of their, from their retirement. And it also has issues for other areas of government policy as well. Is that something that deserves a bit more research? I just think that's really, if that's the kind of feedback you're getting. It's more than feedback. Patricia, Mike Callaghan did a review a couple of years ago for the former government. I think he cited an example, Matt Linden might know he's a good one with numbers. You know, there was numbers around about 30% of savings remained intact at the point of arriving at the graveyard. So there might be good reasons for that. By the way. That's what I mean about nobody gets a use-by date that is accurate. Well, most of us don't anyway, so. So a lot of people will squirrel money away because they're concerned about aged care, or they're concerned about a health procedure or I don't want to be a burden to people. So there's a bunch of good reasons, but there's probably some other reasons there as well.

52:02

PATRICIA KARVELAS: I'll do another question here. Nick Coates, who is an Australian super acting

head of government relations and public policy full title, also known as a punter. This punter Nick says the tax concessions cap is an important reform that addresses inequitable access to tax concessions, however, it remains an unfinished project. I don't know if there's more of that, but I will expand myself. Is there more that you is that? Is that an unfinished project that you would like to continue?

52:35

MINISTER JONES: Well, we've announced what we intend to do.

52:38

PATRICIA KARVELAS: Do you have some more ambition yourself postelection, or something you'd like to take to the election on this? Like

52:46

MINISTER JONES: When you press I'm gonna just gonna give you the right answers where there is nothing under current consideration? And it's an honest answer. And so there's nothing static and set and forget in any of these areas, because a different government is gonna confront a whole bunch of different challenges. But I can tell you, with the challenges that we're dealing with over the course of this three period, year period, it's out there.

53:17

PATRICIA KARVELAS: But you mentioned the public polling, that it was a popular reform, and that seemed to be Did that give you encouragement that perhaps might be worth looking at doing more?

53:33

MINISTER JONES: Again, there were many people for a couple of weeks, who thought we'd, you know, maybe gone too hard. So you know, these things are any area of tax reform is contentious. And I think we've got to get the balance, right. We've got to get the balance right of keeping the public's trust that there's a steady hand on the oil. There's not arbitrary decision. We've got to prove to the Australian people that we are doing everything in every other area of expenditure to ensure that we are spending their money well, before we go to them and say we need some more. And that's exactly what we're doing.

54:32

ZOE HEINRICHS: This one goes to unpaid super and thank you for addressing the very important topic. Almost half of insolvencies in Australia involve unpaid super, and the construction sector accounts for about a third of corporate insolvencies. So you know, to a topic that's very close to our

hearts at CBUS that impacts a lot of our members. It's wonderful that you're including the extending, super in the NES. But my question is, what about extending the fair entitlements guarantee to super? Is that the logical next step?

55:14

MINISTER JONES: Yeah. Okay. Again, not currently, on our agenda, not currently on our agenda. We've got a bunch of other things that we've got to digest over the course of this two years remaining. That one's not currently on the agenda.

55:30

MEL BROOKS: Thanks, Mel Brooks, I think I've got the end of Nick Coates question. Thank you. So it was in the better targeted tax concessions, you're looking at the top end, which is a great place to start, I think. But there's obviously people in the sector, who get no Tax Concession benefits. I'm specifically talking about those people on low incomes, who are often women. So there is no tax benefit for them. At the moment, there's a chunk of them, they're missing out in relation to LISTO, I guess, is there an opportunity or ambition to also address that when you're looking at the balance of tax concessions in the system?

56:12

MINISTER JONES: We've got a whole bunch of things that we've got to consider and priorities that have got to be allocated. And we look at tax concessions, tax expenditures in the direct way that we look at funds that we directly grant there, from a budget perspective, have exactly the same impact. And we have no current plans in that area. But you are right. And I don't think anyone can defy the fact that the way that our setting outside our settings, our tax settings in superannuation are at the moment the higher income, by definition, get higher amounts of savings assistance through tax concessions, there's no doubt about it. That's the settings of a system. But it's also worth considering remembering the fact that Superannuation is not the only thing that we are doing for retirement incomes that sits alongside as our draft objective says it sits alongside pension and other forms of social support. So it's not the only thing that we aren't doing and again, at the risk of being repetitively boring. We cannot solve every problem through superannuation there are other levers of public policy that are often more effective than superannuation policy for solving those issues.

57:44

I've got a question here on the screen from Rachel Clun from the Age and Sydney Morning Herald and it goes to something I've already asked you about. But more specifically, would paydays super

help equalise retirement outcomes? How soon would you want to do it?

57:57

Minister Jones: Withpayday super, ensuring that people get all the money that is owed to them would absolutely boost people's retirement income. Because if even on the lower end of the estimates, which is closer to 4 billion than it is to 6 billion. It's a tonne of money. It's a tonne of money. So yes, of course that is going to boost our retirement savings. And then if you look at the demographics of who's not getting their super paid, it's low paid workers in certain industries, the building and construction, it'll be in a bunch of casualized industries, whether it's retail or hospo, or other areas of the service industry. So you know, low paid workers and women feature high in the demographics of the unpaid super. So yeah, we want to do it. We want to sort it out.

59:53

PATRICIA KARVELAS: Stephen Jones, it's been excellent to have you on stage and to get to yes, please do. Thank Stephen Jones. And I'm gonna throw back now to Bernie.

1:00:06

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As discussed just now, herewith an E&OE transcript.

Regards

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0:16

BERNIE: My name is Bernie Dean. I'm the Chief Executive of Industry Super Australia. And I'd like to welcome you here, those in the room and the quite significant audience that we've actually got online that have tuned in today for our conversation.

0:33

In the spirit of reconciliation, I'd of course like to acknowledge that we are meeting on the lands of the Wurundjeri people of the Kulin nation, and I'd like to pay our respects to their elders past and present, and extend that same respect to all Aboriginal and Torres Strait Islander people.

0:52

As the Albanese government nears its first anniversary in office and prepares for its next budget today is a really good opportunity for us to reflect on where super policy is at now. And of course, speculate about what sort of changes might be good for working people to boost their retirement savings. Of course, over the last year, a lot has been done, and a lot of good stuff has been done. We've welcomed the government's moves to stick with the legislated schedule in the Super Guarantee rate that will see it go to 12% by 2025, which is tremendous and provides people with a bridge into the future that will give them a much more secure life and retirement.

1:46

And we're also backing in the government with its proposal to legislate an objective for superannuation - which is much overdue. And we're very pleased that the proposed wording for that objective reflects what we see coming and hear coming from the community itself. And that is that super is their money for their retirement. We are publicly backing in the government very strongly on those measures, as well as more recent measures that have been announced out of the IR portfolio to extend the coverage of the super guarantee to include those many workers in nonconventional or now more becoming more conventional types of employment in the gig economy. And that is a good thing because it will deliver those workers much needed savings that they're missing out on at the moment.

2:41

We've also been very vocal about changes that we think are needed to the system to improve the retirement savings of everyday Australians, especially women, and those on lower incomes and workers that are unwittingly often stuck in poor performing funds, unwitting, unaware of that, and unless something ruptures that they're facing the future with a prospect of a much smaller nest egg than what they really deserve. addressing these issues, and some of the shortcomings that we know

exist in the system, is something that we'll do today. And that we know is it's all about working in members best financial interests.

3:32

We've got two really smart people that are hitting their stride in national affairs to help us with the discussion today.

3:41

We've got Stephen Jones, that you would know is the Assistant Treasurer and Minister for financial services. And he's got responsibility for superannuation in the Albanese Labor government. And we've got Patricia Karvelas, a leading journalist and an agenda setter for the national discussion of public issues on a daily basis out of the Radio National breakfast studio. And obviously appearing on many of the ABC's platforms at other times. Thanks to both of you for attending today to make this discussion possible. And I'll hand it over to Patricia.

4:18

PATRICIA: Thank you. Thank you, Bernie and I also want to acknowledge the traditional owners where we're meeting today. And I know lots of people are online too. So on the lands where everyone is meeting throughout the country. Look, firstly lovely to be speaking with you, Stephen Jones. I've known Stephen Jones for a long time probably too long for both us. And now of course, you're an Assistant Minister, which is quite the step up from our opposition days when you used to talk to me, and I'm going to start with a really broad question. What's your vision for superannuation under an Albanese Labour Government? Where do you want to take superannuation?

4:58

MINISTER JONES: Thanks Patricia. Great to be talking with you again. And I want to acknowledge the traditional owners of this wonderful place that we're on, together with the traditional owners of all the lands of the people who are joining us online. Can I start by just acknowledging the tremendous contribution that 30 years of pioneers have made in the area of universal superannuation. Too often people in my job, pretend history starts with them, and too often over the last decade, people start the conversation by talking about Super in the glass half empty view instead of the glass half full view.

5:43

So a tremendous amount of work has been done, we've got a world leading system, currently contributing about \$120 billion dollars a year to retirement income, which is about double what we pay in the pension through government payments. So by any measure a significant piece of the economic architecture, over \$3 trillion worth of funds under management. So a ballast in savings, which has created a great asset during uncertain economic times.

6:21

So I just want to acknowledge that, because history doesn't start with me, it starts with all the pioneers that have come before us. We want to ensure that that great asset is working for Australians and for Australia.

6:37

It's about retirement income, we've got to ensure that it continues to perform. But if I was to identify two or three things that we want to drill down on, over the next three years, we've got the objective stuff out in the field. And that's about trying to form a national consensus, if not a political consensus, about what this thing is all about. We're happy to say more about that. Secondly, we want to ensure, and I'll pay tribute to my predecessors in putting a focus on performance, the focus on performance and fees has to be maintained, because it simply makes the difference in terms of retirement incomes of 10s, if not hundreds of 1000s of dollars between a low and a medium or a high performing fund. So focus on performance will stay. Two, if you'd like new or new ish things I want to see greater focus on and that is that shift in the obsession around retirement savings to which is important to retirement income. Because the system is mature. We've been an operation for 30 years now, we're going to over the life of this government hit our 12% Super Guarantee. We've got a move from system which is all about saving money to ensuring that we provide the retirement income that people need. And I don't think anyone can argue that we've got that piece of the puzzle right at the moment. And then the final thing, Patricia is service. And sometimes people don't like it when I use this analogy, but Superannuation is no longer a cottage industry, if it ever was one. You are major financial institutions. And from Joe or Joanne public, they look at you in the same way as they look at any of the other big organisations, that they have a financial or commercial relationship with and expect that level of service. So we're going to ensure that Australians are getting that level of service from their superannuation funds, otherwise, they'll mark you down. And this great project that we're all proud of will be undermined because of it.

8:56

PATRICIA KARVELAS: You raised a few issues that I will pick up on, including, of course the definition, which is a huge point of discussion at the moment, but I just want to get into some specific issues before we get to that. Firstly, this issue of unpaid super. Two Senate inquiries, the ATO, the Treasury, super funds, unions, Super consumers Australia, the Franchise Council of Australia - they've all said

9:20

(interruption in feed circa 1 minute. Discussion moved to super's inclusion within the NES)

9:49

MINISTER JONES: Everyone in the room gets the importance of that. It gives employees standing. They don't have to go to the Tax Office. They can use tribunals or small trunk claims processes to

access unpaid superannuation. And that's a significant new right. And a good step in the right direction. We're also tasking the tax office to lift their game in the collection of unpaid super. And we're in consultations with the sector. We're looking through all of the angles on payday super, as people in this room have referred to it as. Haven't ruled it in or out at this point in time.

10:27

PATRICIA KARVELAS: No. So you're saying in the next three years, is it something you want to do in this term before the next election...

10:33

MINISTER JONES: In over the course of the next three years, we want to see a significant and meaningful improvement in unpaid super.

10:41

PATRICIA KARVELAS: That can't happen on its own, Stephen Jones.

10:45

MINISTER JONES: In opposition, I had costings done on it. And in government, we are already looking, we are looking at this and a range of other measures as well. And I'm not going to get ahead of myself or ahead of the budget or any of those other unnecessary processes. All I will say to you is we are taking this issue very seriously. Not only do we want to ensure that superannuation that's unpaid is able to be collected, and we've talked about two mechanisms to do that. We also want to ensure that less of it gets unpaid in the first place.

11:24

PATRICIA KARVELAS: So on on the sort of delay here, I mean, we've got a Labour government that hasn't addressed I think it's about \$5 billion a year of super theft, though, right? It's quite significant, particularly blue collar workers, women and those on lower incomes. So that that's a huge amount of money that's currently not being delivered. Is that your objective to deliver that to workers that in these kind of, yeah, as I say your constituents, these are people that Labour...

11:57

MINISTER JONES: Yes, it is our objective, every dollar that is not that is legally owed to a worker that is not paid is theft, should be treated in the same way too. I should nuance that - sometimes employers make mistakes. And yeah, there can be complicated arrangements where, particularly when you're dealing with different employment wage rates, and that can change over the course of a week or a year. And payroll systems might have set and forget functions in them. So employees can make inadvertent mistakes and arrangements should be put in place to deal with that. But it's

not \$6 billion, or \$5 billion, or wherever we land on the unpaid number of inadvertent mistake. There is deliberate non payment, and we want to knock it on the head.

12:52

PATRICIA KARVELAS: You say in this term, I'm labouring the point but anyone who listens to me knows I can't help myself. Is this or is this not currently in discussion for this budget in four weeks.

13:04

MINISTER JONES: Look, the government is considering this and other measures. Considering this and other measures. When I last addressed this group. I had a diminutive in front of my title, and it was shadow assistant treasurer and financial services minister. I don't want to replace that diminutive with an ex assistant treasurer by pre emptying, the Prime Minister and others as much as you might like to preach,

13:32

PATRICIA KARVELAS: I do like to labour a point, okay, I want to move to another issue, which is also huge, and that's paid parental leave, and paying superannuation on paid parental leave. The government has made gender really the centrepiece very much of the kind of way you want to move forward, particularly closing the gender super gap, which is a huge issue. I don't have to explain it in this room, or to the people online watching or to any woman. And there are a few of us. Isn't that a priority? And will you do it?

14:06

MINISTER JONES: Yes, we will do it. We've already indicated to stakeholders before the election, and subsequently that this is something that we want to do. It's a part of our platform. It's something that that we want to do. We need to find headroom in the budget to enable us to do that. Not giving any secrets away. You know, we looked at it in our first budget and decided that the priority that we wanted to put in place, then was the commitment that we've made to extending paid parental leave that six month Yeah, exactly. So I don't think anyone can look at us and say we're disinterested in this space. There's a fixed amount of money we can spend on direct payments to play ball, but they got access immediately through paid parental leave extension was our priority and we think it was the right priority. Can I also go on to say, the super on paid parental leave good in and of itself, but it's about the objective of closing superannuation.

15:10

PATRICIA KARVELAS: Yep. But on that, you can't close it if you don't start paying it.

15:16

MINISTER JONES: Yes, you can actually. I think it's important. Let me get let me go on to explain. I think it's important and we want to do it. And nothing I'm about to say is walking back the commitment. But the majority of the superannuation pay gap is driven by two things. The wage pay gap, because super is factored off your rate of pay. So the most effective lever you can put in place to deal with that is dealing with the pay gap. Yep. And we're on. We're on it. Whether it's our commitment to the care workforce and age work wages, whether it's the pay equity, as an objective of the Workplace Relations Act, there's a bunch of things we've done, we're on it, okay, serious, committed to doing something about it. And the second issue is about work breaks, and families having to make a decision about who stays at home and who doesn't, because of the cost of childcare, we're under that one as well. So my view, and people in this room might disagree with me, but my view is the most powerful levers we have to pull down on to address the superannuation pay gap actually lie outside of superannuation. And there are about career breaks, driven by an affordability of childcare. And there are about wage disparity. And super system factored off, I think there is no doubt that those two things are huge, right?

16:47

PATRICIA KARVELAS: But still paying superannuation for that time you're away with a child, which is disproportionately women, of course, is is, as you say, on the government's agenda, you say you're on it, and you know, it's on your in your platform. There is a sense of urgency around it, though, isn't there? Again, you talk about you know, this term, is this something you want to deliver this term of governing?

17:13

MINISTER JONES: We've committed that we want to do it. Okay. And again, same caveat. I'm not gonna name a date or a time.

17:30

PATRICIA KARVELAS: We know that there's a new policy, I'm being cheeky, obviously, we there's a new policy that you introduced and clearly well received by the public based on the public polling and, and that's this higher tax, basically, for people who have more than \$3 million in their superannuation accounts. So that's a that's a big move. It also, of course, is deliver savings. Why not use those savings to pay pay for, like super on paid parental leave?

17:58

MINISTER JONES: We're in a forum about our superannuation. And we're all deeply passionate about it. Outside this room, there are other discussions going on about a trillion dollars worth of debt and a \$50 billion structural deficit in the budget. And we've got made a commitment that the majority of yield that we've got out of this one is not going to be recycled into another spending initiative that is going to be used to pay down or to address the existing structural deficit that we have in a budget. Because we all love superannuation, but with other hats on we also love Medicare. We also love the NDIS. We also love our health care system. We also think it's important that we have a credible

National Defence deterrent and all of these other things. And frankly, we've got to fill those gaps in our budget.

18:52

PATRICIA KARVELAS: So you mentioned the Australian Tax Office's role in all of this before I just want to drill a bit more into that. Will, the government set the ATO targets to recover unpaid super?

19:00

MINISTER JONES: That was our election commitment prior to the election, and it was also something recommended by Australian National Audit Office in its review of the performance of this programme within the ATO. So yes.

19:13

PATRICIA KARVELAS: And when?

19:16

MINISTER JONES: We're working with them at the moment, so watch this space.

19:21

PATRICIA KARVELAS: You mentioned the definition of super which I promise to go back to and this is our moment, because I find I find this debate really interesting. You've said you want to enshrine the definition in legislation. And this has, of course, become contentious and it's a source of debate. Your definition restricts it for the use exclusively for retirement. Why is that so important to put in legislation and to define it that way, which of course means that it can't be used for other things like housing.

19:48

MINISTER JONES: When I look at the essence of our successful superannuation system, I think there are three pillars. One is that it's universal through the Superannuation Guarantee. It's paid to everyone we got to sort out those groups that we mentioned in the interest of the people in employment like work. So it's universality critical. second pillar, preservation, okay. It's not like an ATM that you can tap into and out of, it's preserved for life. And that's a part of the secret. There is a reason why your superannuation fund over the last decade has had average returns real of between six and 8%. As opposed to what you're getting in your savings account, which you'll struggle to get one and a half to 2%. Real. And that is because it's preserved until your retirement and that means it can be invested in higher performing assets. So preservation and universality are critical, and I'd throw under that our unique governance model as well, which ensures that employees have a say that employees are represented. That I think - those three pillars lie at the success of a system that is

unique around the world. We need to enshrine the objectives in legislation. Because we've had a whole bunch of kooky ideas that have been recycled through public debate. Over the last, you might think I'm picking on the last eight years, I'm not. I've been around since we started this project. And I've seen that same debate recycled, let's use super to housing, let's use it, wouldn't it be better if we paid down a HECS debt than we put money into super? Wouldn't it be better? Shouldn't people be able to access it for this health care need or this crisis? And you know, what lies at the heart of all of them? A failure in some other area of public policy. Domestic violence policy, health care policy or some other area of policy. And I just think if we try and make super the answer to every other failure in public policy, it will actually fail in the one that was set up to address and that is to provide workers, all Australians with a dignified retirement and savings for that purpose.

22:20

PATRICIA KARVELAS: I want to talk about the your future, your super performance tests that you know, test funds, your response to the review was pretty modest. Why don't retirees who have products and funds that face performance tests? Some products are holding more than \$600 billion in assets, and they're carved out of the test? Why didn't you go further?

22:44

MINISTER JONES: Okay, so, first thing. We had a review. Yes, because we didn't think it was perfect. So that's the first thing to say. We've provided our initial response, which is what we think we can get away between when I received it just after Christmas, when I got to read it and go through it, which was just after Christmas. And what we can put in place from a finance perspective and from a regulator perspective before the new test kicks in in August. So what we've announced is our initial response to the review, and I'll go through what we have initially announced and what it means. And then, you know, there is ongoing work in response to the hard work and submissions that many in the room have put to government. What have we done extended the 10 year look back period, because it just makes sense. Actually, it was pretty kooky, that we didn't do that. All of your investments, performance and analysis is based on those sort of timeframe timeframes. It makes sense. And it actually helps some of the other anomalies that people complained about, rightfully, in the way that tests was operating. Secondly, we've recalibrated some areas that were disincentivizing, certain forms of investment, standard investment classes, or penalising some standard investment classes, some forms of property investments, as some investment classes in hedging and certain credit products. So we've made it more refined and detail. You should look at that as an initial and initial response. That's quite literally what we could get up and running. So that you guys could respond to it and the regulator could respond to it in time for the next assessment round in August. And now the extension beyond my super product, so extending them to trustee director products. Just to give you a sense of what the scale of that is - the existing performance test is run against about 70 to 75 products. As a result of the changes that we are proceeding with, it'll be extended to 800 Products. That is a significant shift. Yeah. And a lot to digest. It's not none of the things we've done in that initial response to the last word.

25:14

PATRICIA KARVELAS: Okay. And that's probably indicating where you might go with the next question, because in opposition, you said all funds would be tested? Is that still your intention?

25:24

MINISTER JONES: I want to work through all of this stuff. I want to look through all of the stuff. And my view is the default position. If you if somebody is saying they shouldn't, then the onus is on them to prove why not. Because if you're a part of the RSE system, if you're a part of this universal system that I've talked about, I think there are some minimum obligations around performance that should apply. So my view is that the onus should be on those that aren't currently, or immediately to be performance tested to justify why not? It's more than just saying it. Justify isn't just saying. We should be holding people to account for the performance of their part of the system. There's a whole bit we've got to digest between now and August. Okay. 800, new entities are going to be dragged, are going to be pulled within this. That is a large body of work that has to be done.

26:34

PATRICIA KARVELAS: Because in opposition, you said that your future your super was a dog.

26:38

MINISTER JONES: Certainly the first exposure draft of in some of the original iteration of that legislation was pretty canine.

27:30

PATRICIA KARVELAS: There's been a lot of talk, of course, about nation building, being an area for super funds, the Treasurer putting this very much on the agenda. But the complaint, which I do want you to tackle here is, why should this be what super is used for? I mean, if the returns aren't as good, why is it the obligation of super funds, people's individual retirement incomes, collectively to be going towards things that might again, you talk about solving another problem, like, for instance, our lack of housing in this country, and, you know, massive shortage there? Why should super be responsible for that?

28:14

MINISTER JONES: It shouldn't. If there's not a rate of return, which is in the best financial interests of the members, it shouldn't pass muster. But if we can find a project, which the government says is important, and that project can be structured in a way that provides a great return from an investor, for an investor, Why wouldn't we want to partner up with superannuation funds to get a great outcome in the national interest and a great return? For members? We think we're nuts if we don't do that. Think of it as a Venn diagram, you know, national interest, members financial interest, whereas the overlapping bit, they're the things that we should be looking for areas to partner in. But if there is no overlap, it's absolutely not the job job of superannuation. To be solving other social

policy failures, so has to be the best returns. Why hasn't it happened organically then some of it has. So pretty hard to find a port I don't think there is a port in Australia now that is not owned by in whole or in part by superannuation fund, an airport. A lot of the roads rail, like major, the biggest owners of infrastructure, in whole or in part in this country, superannuation funds. They're already there doing this stuff. We as a government think if there's ways that we can lift that up to another level, we'd like to explore it. Can I just make this point? Yeah. As we sit today, there are superannuation funds in the hands of workers in Canada, in North America, in Denmark, in Singapore, whose representatives are here in Australia, saying we want to invest in some of the stuff that you're doing, whether it's housing and commercial property, or whether it's infrastructure or healthcare delivery. So we say to ourselves as a government, it's a bit weird, isn't it? If, you know, we're partnering up with the superannuation funds of workers in other countries to deliver projects of a social benefit, but we're not doing it with our own citizens superannuation funds.

30:42

PATRICIA KARVELAS: I appreciate you saying and I think it's been clarified before that should be in the best interests of funds. Do you think the debate got a bit away then? Because that's yeah, it was. I feel like that wasn't really the centrepiece of the conversation that we're having.

31:00

MINISTER JONES: Yeah, this is going to shock you. But people who have malevolent interests in relation to superannuation might twist the truth of it. Frankly, there was a whole bunch of hysterical stuff being said. We gotta be out there communicating. I think everybody who was inside the industry knew exactly what we were talking about. Because we've had lots of discussions with industry about whether we could make this stuff flying. I've led delegations overseas on this stuff. So like, there's no doubt inside the industry. Yeah, we got to do a better job explaining it if some of that debate has got away. Here's where it all gets a bit crazy, though. Trustees have a legal obligation to ensure that the investments they make are in the best financial interests of their members. And all the public interests that a project might have in the world. If it doesn't stack up for funds, best financial interest and trustees are not going to give it the tick. Simple as that.

32:27

PATRICIA KARVELAS: Just another issue before I open up to the floor and to online questions as well, so be poised because that's about to happen. So you know, if you've got much better questions than me, prepare them. There's also the financial advice review and the review recommended a bedding, good advice, not the best advice test. Are you going to do that?

32:49

Minister Jones: Looking at it. I'm not sure whether we adopt that framework, or whether we look at other propositions, but what I know is this. There are 5 million Australians today who are either at or approaching retirement, they've got more money in their superannuation accounts than ever before in their lives. I think it's a courageous person who would say they either know what to do with it. Or

I'm making the best decisions, all of them are making the best decisions many are. There are 16,000 licenced financial advisors in the country. So the numbers don't square. So we've got to find a way to deliver information and advice to members who are approaching retirement. Whether you like it or not one of the first phone numbers that they call is their superannuation fund. At the moment, law that is partly has been passed by the previous Parliament's supported by me puts an obligation on funds to put in place a strategy for their members for their retirement phase. And at the very same moment, we put in all of these obstacles, which make it almost impossible for the funds to do anything about that. So I'm keen on squaring that off.

34:14

PATRICIA KARVELAS: Just finally, before I do open up to the floor, I mean, in terms of more reform to the superannuation sector to tax arrangements around superannuation. In my view, a pretty modest proposal was contentious among some but you know, pretty, pretty ring fenced around that \$3 million for higher taxation was, of course announced it was the first big departure of your government where you went near the issue around taxation, superannuation. Are we going to see more of that?

34:50

MINISTER JONES: We've announced our plans for this government and this is what we intend to put away. It's supported by the majority of Australians, supported by the majority of liberal voters to but not the majority of liberal members of parliament. 99.5% of Australians won't be touched. And I think they get it. We think it's important that there is certainty around superannuation policy. So that's what we've announced, and that's what we're gonna do. Okay. So if there was to be more, you would take it to the next election. But yeah, we're not there is no plans to make any announcements. There is no plans underway.

35:39

PATRICIA KARVELAS: Well, Steven, that's that ends our section of the conversation. I do want to open up to questions from the floor. I've got this question from Marcia at momentum media which I'll ask you. Can Minister Jones please address his thoughts on the quality of advice review recommendation regarding superannuation funds to increase access to and affordability of financial advice? How important is advice to maintaining a sustainable retirement income and ensuring Australians are well equipped for the latter stages of their lives?

36:56

MINISTER JONES: To my last answer, critical, 5 million people that are near retirement, they need access to information they need access to advice. They go to their superannuation funds, the superannuation funds, send them away. The existing rules, even make it difficult for funds to ask some pretty basic questions and provide some pretty basic information. So I think we've got to sort through some of these things. The government will be considering some recommendations very, very soon on that. Not of the review but of myself and a bunch of bringing in a bunch of other things

that we've been looking at working on. So I hope to be in a position in the near future to provide a formal response on some of these things. But what I can tell you is that the government gets the problem. And doesn't think a continuation of the status quo is going to fix it. Some were just think Australians have got to have access to better info and advice. And there's probably also a role in all of this. And well probably there is also a role in all of this in some legislative nudges, and maybe defaults as well, in the whole process. Just one small example of why. If you're in accumulation phase, you pay 15% tax, if you're in pension phase, you pay zero up to your pension cap. There's an extraordinary number of Australians over the age of 65, within active accounts that are still in accumulation phase. That's good for the tax revenue or the country. But it's not necessarily in the best interest of that individual. And there might be a reason that I suspect, one of the reasons that they're still in accumulation phase as they've not had any information or advice, which tells them how they can make that money work for them better and go further in retirement. And there's just really simple things that I think we should be able to do to meet that objective of retirement income.

39:13

MATT LINDEN: Sorry, Steven, I'll jump up so you can see me, Bernie outlined in his introduction, obviously, we've (ISA) been strongly supportive of the objective of superannuation, which is, you know, is to preserve savings to deliver income for dignified retirement alongside government support in an equitable and sustainable way. We've obviously made a submission to the review, as have many of the others here in this room. And one area which we thought was under done was the accountability mechanisms, which might sit alongside an objective that sits there in the law but doesn't have any practical effect in respect to the way that governments formulate policy or might be held accountable to it, I think would be a missed opportunity. Is there a good reason why there shouldn't be robust accountability measures? In essence, why government, for instance, when advancing significant change in superannuation shouldn't be able to demonstrate how it is that their policy change is, is acting in accordance with the objective, and in particular, that it's an equitable change? So, for instance, an impact for superannuation change in terms of what effect it would have on gender and the outcomes for, for males and females in the system, is there a good reason why government shouldn't be demonstrating how it is or what impact policy should have along those lines?

40:37

MINISTER JONES: So in the example that you just gave, let me give you a multi layered response. So in the example that you just gave around gender and specific, there are other laws and procedures of government that require gender impact to be reported and declared in relation to any bill that goes through cabinet processes and is in a parliament, there is a requirement for gender impact analysis. But I think your question what I think I know, your question is broader than that, it's about what how do you hold Parliament accountable, essentially, that a future decision will help to hold the executive accountable to things that it might do that are contrary to the objective? And I think the short answer to that is that in a democracy, a parliamentary democracy like ours, you've got to believe in the primacy of Parliament. And it's Parliament's role to hold the executive accountable. What one Parliament can do another Parliament can undo. Which is why I was very deliberate, actually, in some of my intro comments around a political consensus over the objective of

superannuation. I'm doubtful at the moment that we will, but I think we can get a national one. And that's a part of the reason why we're having this debate.

42:07

PATRICIA KARVELAS: And what do you mean by a national one? You mean, you want the majority of Australians to support the majority of Australians to say, Yeah, we get it. And we don't think the super should be treated like an ATM. Do you think that's where we're at? There are some particularly younger people who've shown some interest in the idea of being able to use super for other purposes like housing,

42:33

MINISTER JONES: Which is exactly why you have preservation because if I think, if I look at my 18 year old self, if I was ever asked to make a decision between shouting my friends another beer in the pub, or putting the same amount of money into my superannuation, at the end of a fortnight, knowing exactly what I would have done, why should I expect any other 18 year old a 20 year old to be different to me, which is exactly why we have universal systems that actually put a rigour on some of those sorts of things. When we deal with Medicare, we deal with private health insurance. We do it with superannuation, I think there's a good reason we do it that way. That's not to say it's a straying a long way from that question, but I actually think, you know, there is a valid argument to be said, Maybe we should be looking at ways to help young Australians save for housing. Nobody could say we've got housing policy nailed at the moment, at any level of government. So I think there is valid arguments, but if we try and make super the answer to everything, it just becomes the answer to nothing. So I think we I'd rather deal with the housing issue through other policy moves than trying to shoehorn superannuation.

43:59

DAVID WHITELEY: Hi, Minister, David Whiteley from IFM investors. A question but firstly, just to briefly reinforce what the minister was saying in terms of IFM and super funds, investing in economic issues of national importance. I've engaged with governments globally, and we've never at any stage ever had a discussion with a policymaker that's ever asked a Superfund or ourselves to ever take a hit on returns for members in terms of investing in a particular project. The debate outside Australia is in fact much less contentious, much more mature. There's a real interest from governments in having pension funds or super funds investing with them, because what they see is very long term capital, sophisticated investors, I suppose to that minister, just wondering what engagement you've had with your counterparts in the UK, the US or other countries or other pension systems, around the role of pension funds and super funds investing in infrastructure.

44:57

MINISTER JONES: Limited in relation to the countries you mentioned much more in the region. My focus over the last 10 months has been when I'm not doing stuff that is, in my two titles has been looking at how we can have greater engagement in the Asia Pacific region. I don't think we should be

flying over Indonesia or the Pacific regions, when there are enormous economic opportunities and enormous socio geo political reasons why we need to be having greater engagement there. So that's where my focus has been diverse. But my counterparts in other portfolios, particularly the trade and foreign affairs, have had a lot of engagement in those other countries that you mentioned. And I think what you'll notice, outside of my wheelhouse, a very outward looking government that sees itself sees its security as being engaged in the world engaged in the region, not trying to pull the the doonah covers up and hiding from it, but actually engaged at bilateral and multilateral levels, and in every forum available to us, because it's in our national interest, and commercial and person to personal engagement is a part of that.

46:18

PATRICIA KARVELAS: Now, I'm gonna get to your question in a moment, but in the interests of involving everyone around the country, who's also here, I want to ask this one, which is the government did not index the concessions cap in the medium term start to undermine the time value of money in the system, remembering that generous tax concessions are the reward for preservation and propulsion. When will the government commit to reviewing indexation should this be considered in the next intergenerational report?

46:51

MINISTER JONES: So the default rule is we don't. And this goes to other stuff as well. High balance accounts, etc. The default rule right across the taxation system is we don't index that gives another government and another parliament the flexibility down the track to adjust them and according to a whole bunch of other economic circumstances. And that's exactly what we'll do. And to be just really brutally, brutally honest, when we look at whether it's tax concessions, which we'll call it tax expenditures, or we look at direct outlays, we view them in the same way. And it's how much money is the government going to spend on that, as opposed to that? And those decisions are based on what the priorities are the exigencies of a particular budget or circumstances are presented. That's why I can't answer that question in a way that asker perhaps reasonably demands is because government's got a whole buying bunch of things that we're balancing off at any one point in time, just as in the October budget, we said, Okay, we're gonna do paid parental leave. That's what we're gonna do. We'll put our money in that one, because we think better bang for the buck. sign saying consideration.

48:12

STEPHEN MCMAHON: Steve McMahon here from AustralianSuper. I want to pick up on something you talked about about the quality of advice review. So one of the potential solutions to this would be the idea of having an account for life the same way as people have a bank account, and you don't move from the accumulation into the pension phase? Is that something that's actively being considered by you and the government at this stage?

48:35

MINISTER JONES: Not at that level of particularity. Okay. But one thing that is it would actually be working in a different way to a whole bunch of the other things that have been set up by successive governments over the last 15 years. The thing that we are focused on is how we're going to ensure that retirement savings work to generate retirement income. And what are the best levers that we can pull down on in our culture, if you like, where personal liberty reigns supreme individuals making their own individual decision without government telling them what to do is the preference, which is why information and advice should be more available than it is at the moment. That said, I think there is also a role for nudges. And I gave a very good example of where a nudge might be appropriate. And by a nudge, I might, I might say, you've hit 65. Did you know what the if you are not still working? Did you know that the same amount of money we've placed into pension phase can deliver this income stream? Here's the upside. Here's the downside of it. That's what I mean by nudges. Here's the tax benefits of it, blah, blah, blah. So I that's the direction we are looking at thing information and advice, nudges. Defaults would be a that's that end of things, information advice at this end of things. But what we know is the current settings aren't working from an optimum perspective for individuals quite regularly. I've people in the industry told me, You should cite examples of how people arrive at the graveyard with more money than they had at retirement in their superannuation. Now, that might mean that they had a whole bunch of other sources of income available to them. But it also might mean that they lived less well than they could have or needed to, at the point of their, from their retirement. And it also has issues for other areas of government policy as well. Is that something that deserves a bit more research? I just think that's really, if that's the kind of feedback you're getting. It's more than feedback. Patricia, Mike Callaghan did a review a couple of years ago for the former government. I think he cited an example, Matt Linden might know he's a good one with numbers. You know, there was numbers around about 30% of savings remained intact at the point of arriving at the graveyard. So there might be good reasons for that. By the way. That's what I mean about nobody gets a use-by date that is accurate. Well, most of us don't anyway, so. So a lot of people will squirrel money away because they're concerned about aged care, or they're concerned about a health procedure or I don't want to be a burden to people. So there's a bunch of good reasons, but there's probably some other reasons there as well.

52:02

PATRICIA KARVELAS: I'll do another question here. Nick Coates, who is an Australian super acting head of government relations and public policy full title, also known as a punter. This punter Nick says the tax concessions cap is an important reform that addresses inequitable access to tax concessions, however, it remains an unfinished project. I don't know if there's more of that, but I will expand myself. Is there more that you is that? Is that an unfinished project that you would like to continue?

52:35

MINISTER JONES: Well, we've announced what we intend to do.

52:38

PATRICIA KARVELAS: Do you have some more ambition yourself postelection, or something you'd like to take to the election on this? Like

52:46

MINISTER JONES: When you press I'm gonna just gonna give you the right answers where there is nothing under current consideration? And it's an honest answer. And so there's nothing static and set and forget in any of these areas, because a different government is gonna confront a whole bunch of different challenges. But I can tell you, with the challenges that we're dealing with over the course of this three period, year period, it's out there.

53:17

PATRICIA KARVELAS: But you mentioned the public polling, that it was a popular reform, and that seemed to be Did that give you encouragement that perhaps might be worth looking at doing more?

53:33

MINISTER JONES: Again, there were many people for a couple of weeks, who thought we'd, you know, maybe gone too hard. So you know, these things are any area of tax reform is contentious. And I think we've got to get the balance, right. We've got to get the balance right of keeping the public's trust that there's a steady hand on the oil. There's not arbitrary decision. We've got to prove to the Australian people that we are doing everything in every other area of expenditure to ensure that we are spending their money well, before we go to them and say we need some more. And that's exactly what we're doing.

54:32

ZOE HEINRICHS: This one goes to unpaid super and thank you for addressing the very important topic. Almost half of insolvencies in Australia involve unpaid super, and the construction sector accounts for about a third of corporate insolvencies. So you know, to a topic that's very close to our hearts at CBUS that impacts a lot of our members. It's wonderful that you're including the extending, super in the NES. But my question is, what about extending the fair entitlements guarantee to super? Is that the logical next step?

55:14

MINISTER JONES: Yeah. Okay. Again, not currently, on our agenda, not currently on our agenda. We've got a bunch of other things that we've got to digest over the course of this two years remaining. That one's not currently on the agenda.

55:30

MEL BROOKS: Thanks, Mel Brooks, I think I've got the end of Nick Coates question. Thank you. So it was in the better targeted tax concessions, you're looking at the top end, which is a great place to start, I think. But there's obviously people in the sector, who get no Tax Concession benefits. I'm

specifically talking about those people on low incomes, who are often women. So there is no tax benefit for them. At the moment, there's a chunk of them, they're missing out in relation to LISTO, I guess, is there an opportunity or ambition to also address that when you're looking at the balance of tax concessions in the system?

56:12

MINISTER JONES: We've got a whole bunch of things that we've got to consider and priorities that have got to be allocated. And we look at tax concessions, tax expenditures in the direct way that we look at funds that we directly grant there, from a budget perspective, have exactly the same impact. And we have no current plans in that area. But you are right. And I don't think anyone can defy the fact that the way that our setting outside our settings, our tax settings in superannuation are at the moment the higher income, by definition, get higher amounts of savings assistance through tax concessions, there's no doubt about it. That's the settings of a system. But it's also worth considering remembering the fact that Superannuation is not the only thing that we are doing for retirement incomes that sits alongside as our draft objective says it sits alongside pension and other forms of social support. So it's not the only thing that we aren't doing and again, at the risk of being repetitively boring. We cannot solve every problem through superannuation there are other levers of public policy that are often more effective than superannuation policy for solving those issues.

57:44

I've got a question here on the screen from Rachel Clun from the Age and Sydney Morning Herald and it goes to something I've already asked you about. But more specifically, would paydays super help equalise retirement outcomes? How soon would you want to do it?

57:57

Minister Jones: Withpayday super, ensuring that people get all the money that is owed to them would absolutely boost people's retirement income. Because if even on the lower end of the estimates, which is closer to 4 billion than it is to 6 billion. It's a tonne of money. It's a tonne of money. So yes, of course that is going to boost our retirement savings. And then if you look at the demographics of who's not getting their super paid, it's low paid workers in certain industries, the building and construction, it'll be in a bunch of casualized industries, whether it's retail or hospo, or other areas of the service industry. So you know, low paid workers and women feature high in the demographics of the unpaid super. So yeah, we want to do it. We want to sort it out.

59:53

PATRICIA KARVELAS: Stephen Jones, it's been excellent to have you on stage and to get to yes, please do. Thank Stephen Jones. And I'm gonna throw back now to Bernie.

1:00:06

1:01:01

Transcribed by <https://otter.ai>

From: [James Dowling](#)
To: s 22 ; [Debi Bruce](#); s 22
Cc: [Georgia Brumby](#); s 22
Subject: RE: s 22 Thursday 13 April ISA Event [SEC=OFFICIAL]
Date: Tuesday, 11 April 2023 4:35:08 PM
Attachments: [image002.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)

Hi s 22

Just stepping in for Deb here.

s 22

The other areas likely to be covered are:

- Unpaid super – including our main policy as which is payday super

s 22

James.

James Dowling

Senior Media Manager
Industry Super Australia

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s 22

s 22



From: Debi Bruce <dbruce@industriysuper.com>

Sent: Thursday, 6 April 2023 2:27 PM

To: s 22 <[REDACTED]@TREASURY.GOV.AU>; s 22 <[REDACTED]@TREASURY.GOV.AU>

<[REDACTED]@TREASURY.GOV.AU>

Cc: James Dowling <JDowling@industriysuper.com>; Georgia Brumby <GBrumby@industriysuper.com>

Subject: s 22 Thursday 13 April ISA Event

Dear s 22 <[REDACTED]>

s 22 <[REDACTED]>



Also please see links to the –

- Pre-budget sub – download here <https://www.industriysuper.com/media/federal-budget-may-pre-budget-submission/>

s 22 <[REDACTED]>



s 22 <[REDACTED]>



Kind regards

Debi Bruce
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ISA supports flexible working hours and for me this means I do not work on Wednesdays.



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From: [Matthew Read](#)
To: s 22
Subject: FYI - new ISA unpaid super report: for release on Wednesday
Date: Tuesday, 28 March 2023 2:37:48 PM
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[230327 ISA Report - How payday super will benefit women in retirement.pdf](#)
[Payday super to help 1 million women get the retirement contribution they are owed.pdf](#)

Good afternoon, s 22

As my colleagues Georgia and James may have mentioned during a meeting last week, ISA has produced a new report into the gendered impact of unpaid super.

That report will be released tomorrow.

FYI I've attached an embargoed copy together with the embargoed media release.

- The report shows young women on lower incomes are much more likely to be affected by unpaid super - almost 40% of women in their 20s earning less than \$25k are short-changed.
- Each year about 1 million Australian women are deprived of more than \$1.3 billion in super contributions
- In female industries like childcare and nursing about 25% of female workers suffer super underpayments, costing them up to \$40,000 from their retirement nest egg.
- Payday super is the simple solution and is cost-neutral to the budget
- Payday super would deliver many women more super now

We hope this appropriately informs ongoing conversations about any super-related measures intended for the budget in May.

Happy to chat further as helpful.

Regards

Matthew Read

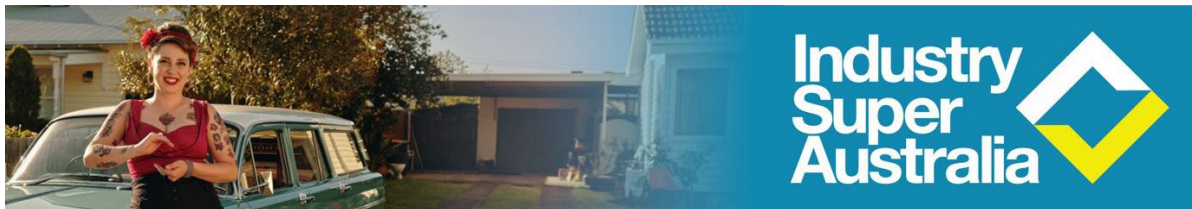
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SUPER SOLUTION:

How payday super will benefit women in retirement



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About Industry Super Australia

Industry Super Australia (ISA) is a collective body for funds that carry the Industry SuperFund symbol. ISA manages research, advocacy, and collective projects on behalf of those funds and their five million members. Our aim is to maximise the retirement savings of all our members.

Industry Super Australia Pty Ltd, ABN 72 158 563 270, Corporate Authorised Representative No. 426006 of Industry Fund Services Ltd, ABN 54 007 016 195, AFSL 232514.

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Executive summary

Women continue to miss out on super due to time out of the workforce to care for children and other family members. This contributes to the gender gap in super balances, which currently sees women retiring with a third less super than men.

That's why women suffer more acutely from the scourge of unpaid super.

Missing out on super they are entitled to dramatically erodes their super balance at retirement, putting their future financial security at risk.

Compounding the problem is the fact that young women on lower incomes are more likely to be affected by unpaid super – depriving them of the vital early career contributions needed to build their retirement savings.

New analysis from ISA reveals the toll unpaid super takes on women.

- ▶ In 2019-20, one in five women were underpaid super. They missed out on a total of \$1.3 billion in super guarantee contributions. Over the last seven years, this figure amounts to an eye-watering \$10.8 billion.
- ▶ Two in five young women (aged between 20-29) who earn less than \$25,000 per annum were underpaid super.
- ▶ By the time they retire, they can miss out on more than \$40,000 in super savings due to these missing contributions and the lost compounded returns on those contributions.
- ▶ ISA cameo modelling on the impact of unpaid super in female dominated industries shows that it can result in an enrolled nurse having \$44,000 less super at retirement, a personal assistant having \$37,000 less super, and an aged care worker having \$35,000 less super.

A key driver of the unpaid super problem is that super payments are misaligned with wages. Mandating the payment of super with wages will benefit women immediately. This change could result in an additional \$300 million in super contributions flowing to women over the next four years from better compliance activities and less scope for employers to dud their workers. Increasing the frequency of super guarantee contributions would also deliver an extra \$8,000 at retirement to 4.2 million workers, many of whom are women, as investment earnings on super contributions will begin to accrue sooner.

A recent UMR survey showed 79 per cent of people agree that fixing unpaid super is an important step to help women.

Mandating the payment of super with wages is cost neutral to the Federal budget in the short-term and delivers a long-term saving, meaning the proposal could be quickly enacted without having to find other budget savings.

This plan delivers many women more super now, while the Government considers the best timing to make super payable on its Parental Leave Pay scheme.

Introduction

Under Australia's super system, employers must comply with the super guarantee by contributing at least 10.5 per cent of their employee's earnings to their super fund.¹

Contributions must be made at least on a quarterly basis, although employers can – and many do – choose to make contributions on behalf of their employees more frequently.

Over the last 30 years, we have built a super system that now holds around \$3.4 trillion in assets. However, the success of our system and its capacity to promote financial security and wellbeing for workers in retirement depends on employers doing the right thing: paying super contributions for each employee in full and on time. Unfortunately, this does not always occur.

Unpaid super affects one in five women, costing each affected worker an average of \$1,300 in super contributions each year. In 2019-20, women missed out on a total of \$1.3 billion in super guarantee contributions. Over the last seven years, this figure amounts to \$10.8 billion.

By the time they retire, these women can miss out on more than \$40,000 in super savings each, due to the missing contributions and the lost compounded returns on those contributions.

For women who are underpaid super, the adverse impact on their retirement outcomes is further exacerbated by:

- ▶ factors outside the super system that contribute to the gender gap in super balances, for example, that women spend more time out of the workforce than men to care for children, are more likely than men to undertake part-time work, and earn less than men when they are working, and
- ▶ persisting inequities within the super system, for example, that super is not paid on the Commonwealth Parental Leave Pay scheme.

In other words, the consequences of being underpaid super can be more acute for women, who continue to retire with a third less super than men.

This report therefore focuses on how fixing unpaid super will benefit women in retirement.

It builds on our unpaid super report released in October 2021², which examined the main causes of unpaid super and the key policy reforms that are needed to ensure workers are not deprived of their super guarantee contributions. The key policy reforms discussed in that report include:

- ▶ **Mandating payment of super with wages:** The single most effective change would be to require employers to pay super guarantee contributions at the same time they pay employees' salaries. This reform would address many of the causes of unpaid super, including poor business practices by employers, insolvency, and super contributions not being visible to employees. ISA analysis shows this reform is also revenue neutral over the forward estimates and would produce significant long-term fiscal savings.

¹ The super guarantee rate is legislated to increase to 12 per cent by 2025.

² [Industry Super Australia, 'Super Scandalous: How to fix the \\$5 billion scourge of unpaid super', October 2021.](#)

- ▶ **Enforcing penalties for employers who do not pay super:** The Australian Taxation Office (ATO) should be more rigorous in applying the existing enforcement regime. The ATO should also publicise its enforcement action so that fear of detection and penalty acts as a real deterrent for employers looking to avoid paying super.
- ▶ **Facilitating other actors to assist in recovery:** Other relevant agencies, such as the Fair Work Ombudsman, and third parties such as unions and super funds, should be given greater scope to work with the ATO to recover unpaid super. The right to be paid the super guarantee should be included as part of the National Employment Standards so it is an enforceable entitlement for all workers and the Fair Work Ombudsman could sue for unpaid super.
- ▶ **Extending the Fair Entitlements Guarantee to cover super guarantee contributions:** The Fair Entitlements Guarantee should be extended to cover unpaid super guarantee contributions. This would mean super would be treated in the same way as other employee entitlements in the event of employer insolvency.

Since that report was released, the Government has committed to enshrining the right to be paid the super guarantee as part of the National Employment Standards, and to impose a recovery target for unpaid super on the ATO.

While ISA welcomes these commitments, they do not go far enough. For instance, these commitments do not help the 40 per cent of workers who do not check whether they have been paid their super and instead assume that because it appears on their payslip, it has been paid.³

Mandating the payment of super with wages is an overdue solution that will make a significant difference to those who need it most. It is a simple and cost-effective reform that will make it easier for employees to track their super and reduce the instance of employers using super to manage cashflow while accumulating large unpaid super liabilities. Many employees will also be better off in retirement, as investment earnings on their contributions will begin to accrue sooner.

This report outlines the results of ISA's quantitative analysis of how unpaid super affects women and how mandating the payment of super with wages will benefit women's retirement outcomes.

³ UMR research from January 2023 indicates that 40 per cent of Australians with super reported that they have neither checked their super online to ensure that they have received their payments or checked their annual statement.

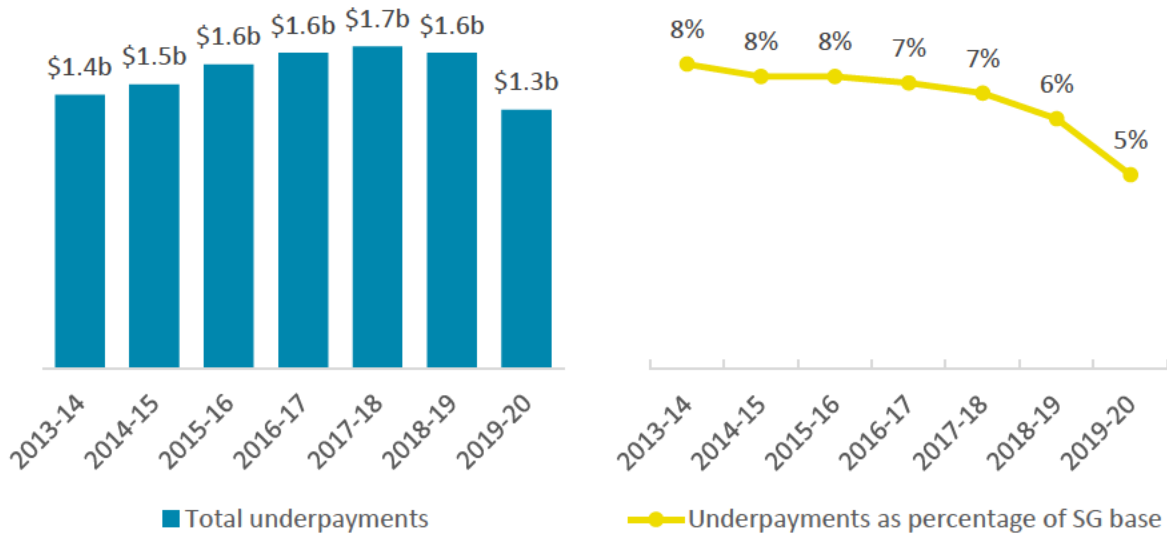
Size of the problem

In this section, we show the size of the problem of unpaid super on women, including by age, wage level and occupation. For a detailed analysis about the impact of unpaid super on all workers (i.e., men and women), please refer to our 2021 report.

Our analysis shows that in each of the last seven years, the total amount of unpaid super for women has never been less than \$1.3 billion.

Chart 1 below shows that the dollar value of underpaid super over the last seven years has remained static or increased, other than in 2019-20, when it decreased slightly. This decrease may be due to the economic impact of COVID-19 and the Government's assistance packages – rather than any government reforms directed at addressing unpaid super.

Chart 1: Value of total underpayments for women (left) and underpayments as a percentage of the total SG base for women (right)



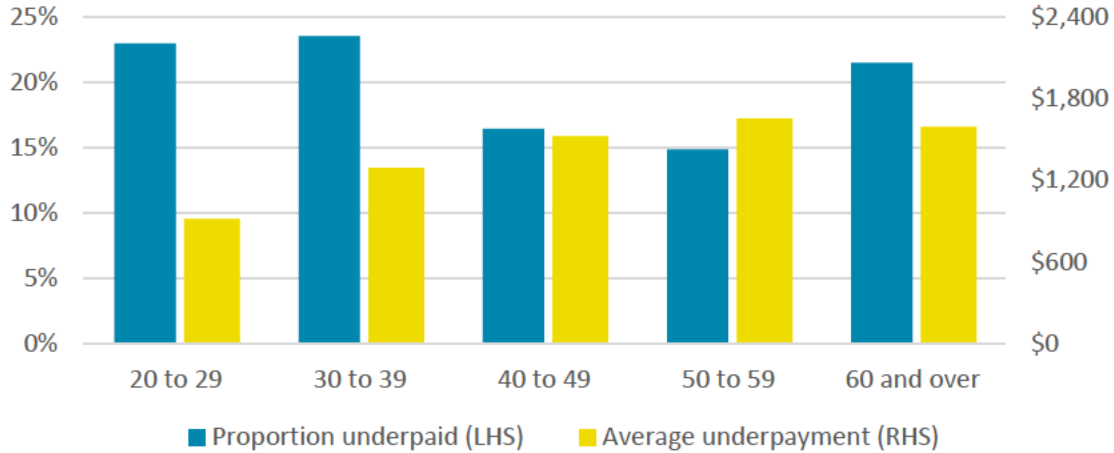
Source: ISA analysis of ATO's 2 per cent confidentialised unit record files, 2013-14 to 2019-20.

Impact by age and wages

Women who are young or on lower incomes are more likely to be affected by unpaid super. There are a range of reasons why this is the case – they have less bargaining power and are also less likely to notice if their super has not been paid, or to pursue it if they do.

Chart 2 looks at the impact of unpaid super on women by age and shows that in 2019-20, almost one quarter of women aged between 20 and 39 did not receive their full super entitlement. The average underpayment for this cohort was \$1,110.

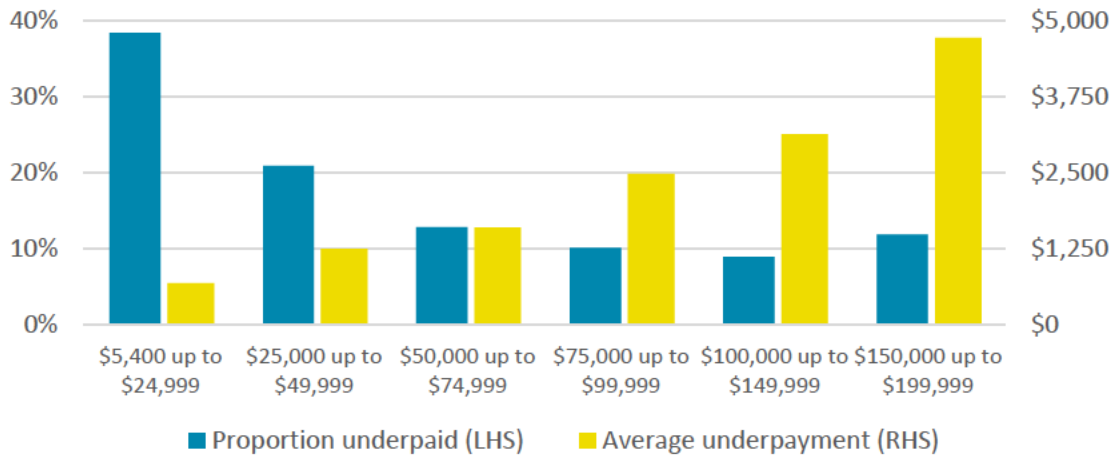
Chart 2: Percentage of female population underpaid and average value of underpayments by age group



Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file, 2019-20.

Chart 3 looks at the impact of unpaid super on women by wage. It shows that in 2019-20, 38 per cent of women on lower incomes (earning between \$5,400 and \$24,999 per annum) were underpaid super. In contrast, 21 per cent of women earning between \$25,000 and \$49,999 per annum were underpaid super.

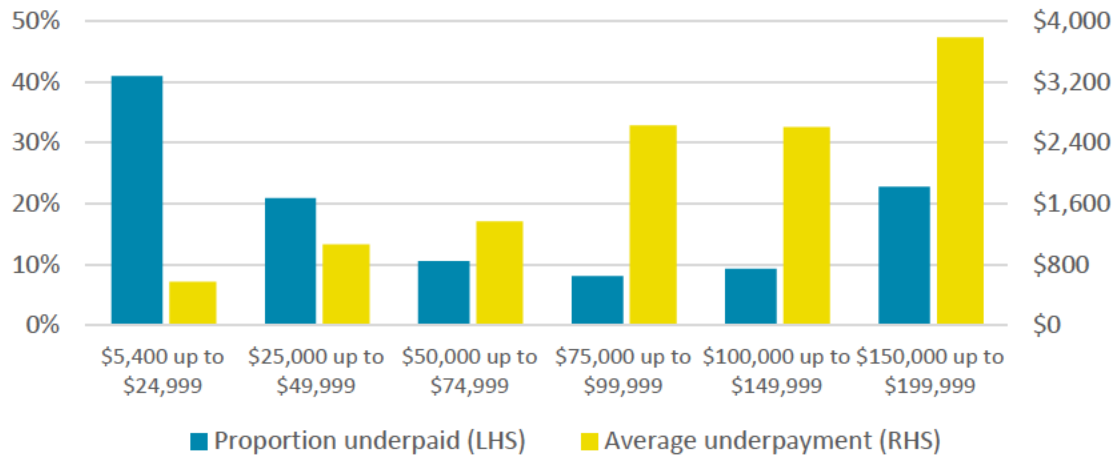
Chart 3: Percentage of female population underpaid and average value of underpayments by wage



Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file, 2019-20.

For women who are both young and on lower incomes, the likelihood of being underpaid super increases significantly. In 2019-20, 41 per cent of young women (aged 20 to 29) who earn less than \$25,000 per annum were underpaid super (see Chart 4). The average underpayment for this cohort was \$570, which is significant given their wage – this underpayment amounts to around 40 per cent of their correct super entitlements.

Chart 4: Percentage of females aged 20 to 29 underpaid and average value of underpayments by wage



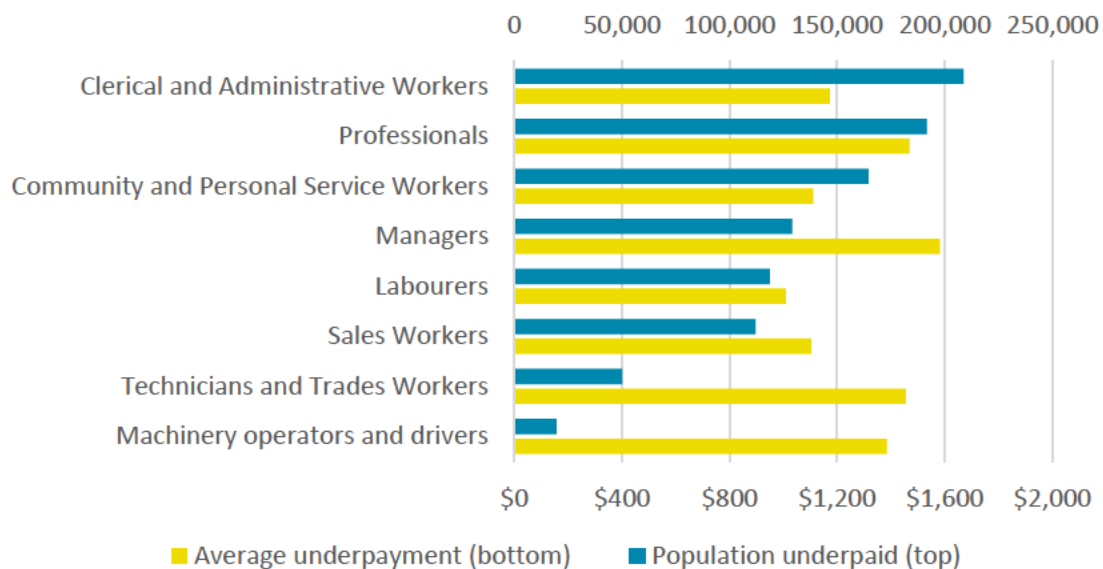
Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file, 2019-20.

Impacted occupations

Chart 5 provides an occupational breakdown of the estimated number of women affected by unpaid super. It shows that in 2019-20, the number of women affected by unpaid super was highest amongst those employed as clerical and administrative workers, professionals, and community and personal service workers – which includes childcare workers, aged care workers and nurses.

The cameo examples on the next page further illustrate the impact of unpaid super on women working in these occupations.

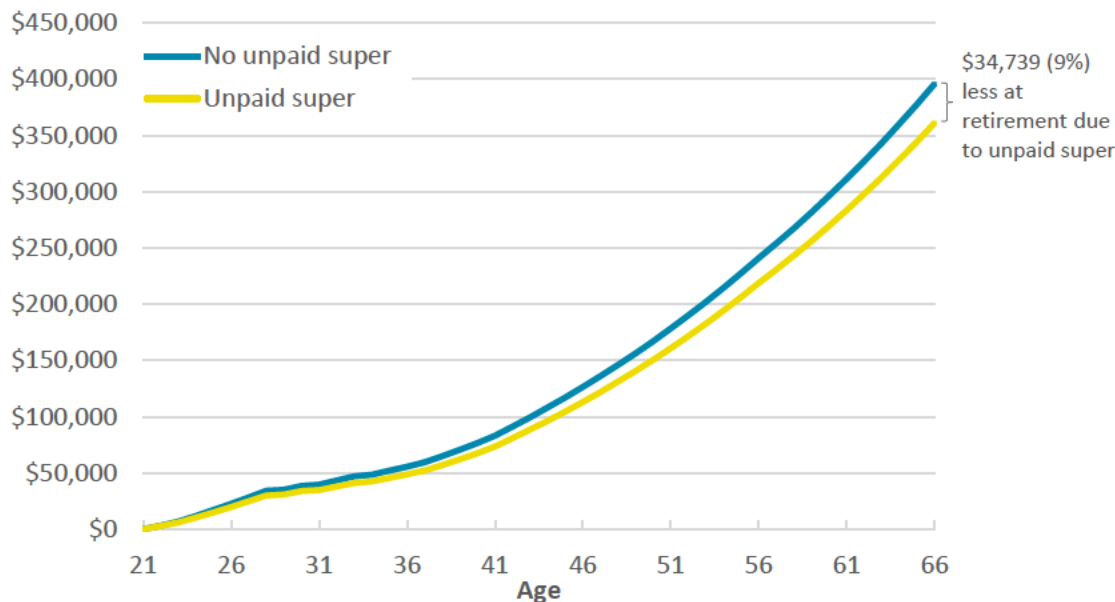
Chart 5: Female population underpaid and average value of underpayment by occupation



Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file, 2019-20.

Cameo 1: Childcare worker

A childcare worker who is underpaid super could retire with \$35,000 less in super. This would reduce her lifetime disposable income in retirement by \$28,000 and increase her reliance on the Age Pension (and the cost to future taxpayers) by \$15,000 if single.



Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file and ABS 2021 Census.

Description: The cameo is for a childcare worker who commences work at 22 and retires at 67. She takes time out of the workforce to care for 3 children, working part-time between the ages of 29 and 41, and working a total of 37 full-time equivalent years over her career. While working, she earns the median wage of childcare workers for her age. Around a quarter of female Community and Personal Service Workers are unpaid super. We model the effects of unpaid super over a lifetime by calculating the median SG rate by age of female Community and Personal Service Workers who are underpaid super, and multiplying the SG gap in each year by the age-based probability that a female Community and Personal Service Worker is unpaid super. The modelling assumes a high-quality industry fund that has an after-tax, before-fee return of 7.5 per cent per annum, asset-based fees of 58 basis points, and an administration fee of \$78 (indexed by wages). All figures are wage deflated.

Table 1: Projected impacts of unpaid super on selected female-dominated occupations

Occupation	Retirement savings	Lifetime disposable income	Age Pension expenditure
Aged care worker	-\$35,200	-\$28,400	\$15,100
Childcare worker	-\$34,700	-\$28,300	\$14,600
Enrolled nurse	-\$43,900	-\$28,200	\$26,000
Hospitality worker	-\$28,600	-\$28,000	\$7,300
Personal assistant	-\$37,400	-\$22,800	\$23,400
Sales assistant	-\$29,300	-\$28,600	\$7,700

Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file and ABS 2021 Census.

Mandating the payment of super with wages

The most effective solution is to amend the law so that employers are required to deposit super guarantee contributions into employee accounts at the same time that they pay the employee's wages. This will address the main causes of unpaid super, including poor business practices by employers, insolvency, and super contributions not being visible to employees.

Women would be better off, now

Implementing this solution could result in an additional \$300 million in super guarantee contributions being made to women over the next four financial years.

It is therefore an important change that the Government needs to make to improve retirement outcomes for women now, while it considers the best timing to make super payable on the Commonwealth Parental Leave Pay scheme.

The estimated increase in contributions is based on an assumed 15 per cent increase in ATO compliance activity, due to:

- ▶ employees having greater visibility over their super contributions, leading to an increase in instances of non-compliance being raised with the ATO, and
- ▶ businesses making less use of super guarantee payments for cashflow management, which may lead to non-compliance.

This is a conservative assumption as to the impact of payday super on unpaid super entitlements and is also broadly consistent with the experience of some ISA member funds which shows that the incidence of non-payment is lower for employers that pay super more frequently.

Recent consumer research⁴ also indicates that there is strong support for the government acting on unpaid super by requiring employers to pay super with wages. The research showed that:

- ▶ 84 per cent of respondents agreed that it was important for the Government to stop the underpayment of super by requiring employers to pay super with wages in the upcoming 2023-24 budget, and
- ▶ 79 per cent of respondents agreed that acting on unpaid super would particularly benefit women.

On top of addressing unpaid super, another benefit of mandating the payment of super with wages is that it will result in investment earnings on super contributions beginning to accrue sooner, which will boost members' retirement savings.

Our analysis shows that an individual earning the age-based median wage would be \$8,000 better off in retirement if they received super fortnightly instead of quarterly. Based on Treasury analysis, this would benefit at least an additional 27 per cent of employees (4.2 million in 2020-21) who are currently paid super on a quarterly basis.⁵

⁴ UMR Research, January 2023.

⁵ Treasury, FOI 3188.

Better for business

With businesses already using electronic payroll and payment systems, mandating the payment of super with wages would not involve any new red tape for employers. In fact, it would remove the burden of time-consuming quarterly reconciliations, and can help many small and medium sized businesses avoid large unpaid super liabilities at the end of each quarter, which can be difficult to manage.

It would also put all employers on the same level playing field, eliminating the unfair advantage that some get by holding back super contributions or not paying them at all.

Impact on the Federal budget

In addition to being a simple and effective change, mandating the payment of super with wages is affordable to introduce.

ISA analysis shows that paying super with wages would be revenue neutral over the forward estimates and produce significant long-term fiscal savings. While there would be a modest reduction in company tax collections in the short term, this would be more than offset by higher super tax collections.

Conclusion

In the upcoming 2023-24 budget, our politicians have an opportunity to end the scourge of unpaid super by mandating the payment of super with wages.

This change will help women – particularly younger women and those on lower incomes – build their retirement savings and can make a critical difference to their standard of living in retirement.

Our analysis shows that implementing this reform now could add an additional \$300 million in super guarantee contributions to women’s super accounts over the next four years.

Aligning the payment of super and wages also boosts government revenue, lifts investment returns and puts all employers on a level playing field.

ISA therefore strongly urges the Government to deliver this reform as part of its upcoming budget, while it considers the best timing to make super payable on its Parental Leave Pay scheme.

Payday super to help 1 million women get the retirement contributions that they are owed

29 March 2023

About 1 million Australian women have been deprived of more than \$1.3 billion in super contributions they are owed in a year, new analysis shows.

In feminised industries like childcare, aged care, hospitality and personal services about a quarter of female workers suffer super underpayments, costing them up to \$40,000 from their retirement nest egg. For some women, this is the equivalent of almost 10% of their savings.

The latest Industry Super Australia analysis of the 2019-20 tax file shows that one in five women are underpaid super. The super swindle has cost women a staggering \$10.8 billion over seven years.

Younger women on lower incomes are greatly impacted – almost 40 per cent of women in their 20s earning less than \$25,000 were short-changed. On average this cohort missed out on \$570 a year.

And one in four women under 40 have been ripped off.

Women nearing retirement have about a third less super than men, are more likely to have broken career patterns and earn less than men. Missing out on those early life contributions will put them further behind.

A new report *Super Solution: How Payday Super will benefit women in retirement*, found that a 90s era law that allows super to be paid quarterly is contributing to the unpaid super scourge.

Modernising the law so that super is paid on payday will make it easier for workers to keep track of payments, drastically reducing the prevalence of unpaid super.

While most bosses do the right thing, some exploit the outdated laws and lack of engagement to hide underpayments, others are tempted into using employees super to manage cashflow only to accumulate large super liabilities they later can't meet.

As payday super is cost neutral to the federal budget, it can be quickly enacted to allow thousands more women to get the vital early super contributions needed to build a financially secure retirement, while the government secures the funding for other gender super equity measure like paying super on parental leave.

This simple policy solution could reduce unpaid super by at least 15%, ISA estimates.

It also boosts the retirement savings of all the 4.2 million Australian workers who are paid super quarterly.

ISA modelling shows that a 30-year-old earning the age-based median wage could be \$8,000 better off at retirement if paid super fortnightly instead of quarterly, because contributions would compound for longer if paid more frequently.

Payday super is:

- The most effective solution
- Better for business: by eliminating red tape and allowing smoother payroll management
- Women would be better off now and into the future
- Affordable and a long-term revenue positive to the Budget.

The ATO only recovers a dismal 15% of unpaid super, and while any move by the government to give third parties the ability to help collect unpaid super debts by including super in the National Employment Standards is welcome, only payday super stops the unpaid super problem at its source.

Super should also be included in the Fair Entitlements Guarantee – a government safety net that pays workers’ entitlements when businesses go bust.

Comments attributable to Industry Super Australia Advocacy Director Georgia Brumby:

“Unpaid super is depriving 1 million women a year the chance to save for a financially secure future.”

“It is a crushing financial blow that many women – who are still retiring with a third less super than men – won’t recover from and can wipe out 10% of their savings.”

“Aligning payment of super and wages is the right thing to do by workers, boosts government revenue, lifts investment returns and puts all employers on a level playing field.”

“Paying super on payday will help women claw back more super now, while the government is unable to commit to other equity measures like paying super on paid parental leave.”

Table 1: Projected impacts of unpaid super on selected female-dominated occupations

Occupation	Retirement savings	Lifetime disposable income	Age Pension expenditure
Aged care worker	-\$35,200	-\$28,400	\$15,100
Childcare worker	-\$34,700	-\$28,300	\$14,600
Enrolled nurse	-\$43,900	-\$28,200	\$26,000
Hospitality worker	-\$28,600	-\$28,000	\$7,300
Personal assistant	-\$37,400	-\$22,800	\$23,400
Sales assistant	-\$29,300	-\$28,600	\$7,700

Source: ISA analysis of ATO’s 2 per cent confidentialised unit record file and ABS 2021 Census.

The opinions above are those of the author in their capacity as spokesperson for Industry Super Australia (ISA). ISA, the authors and all other persons involved in the preparation of this information are thereby not giving legal, financial or professional advice for individual persons or organisations. Consider your own objectives, financial situation and needs before making a decision about superannuation because they are not taken into account in this information. You should consider the Product Disclosure Statement available from individual funds before making an investment decision.