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**Submission by the Synod of Victoria and Tasmania, Uniting Church
in Australia to the Senate Standing Committees on Economics
inquiry into the *Superannuation (Objective) Bill 2023*
5 February 2024**

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes this opportunity to make a submission on the *Superannuation (Objective) Bill 2023*.

The membership of the Uniting Church in Australia has been concerned about widening financial inequality from its foundation. In the Statement to the National made at the first meeting of the National Assembly in 1977, the representatives of the Uniting Church stated:
We will challenge values which emphasise acquisitiveness and greed in disregard of the needs of others and which encourage a higher standard of living for the privileged in the face of the daily widening gap between the rich and poor.

The Synod therefore supports the proposed objective of superannuation:
The objective of superannuation is to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way.

The Synod particularly supports the inclusion of 'equitable' as the current superannuation arrangements favour those on high incomes, offering substantive reductions in tax paid on contributions compared to if income tax needed to be paid. As pointed out by the January 2024 Treasury assessment of tax expenditures, in 2020-2021, 90% of the benefit from the concessional tax rate on superannuation contributions went to people with above median income. Further, 30% of the benefit (approximately \$6 billion) went to people in the top-income decile.¹ For the lowest 20% of income earners, there is a net detriment from the tax on superannuation contributions because, on average, they face a personal income tax rate of less than 15%.²

In addition, 81% of the benefit of concessional taxation of superannuation earnings went to those with above median income. Further, 40% of the benefit from the concessional taxation of superannuation earnings (\$6.3 billion from the 2020 – 2021 financial year) went to the people in the top-income decile.³

The share of the benefit of concessional taxation of superannuation earnings for people on

¹ Treasury, 'Tax Expenditures and Insights Statement', January 2024, 13.

² Ibid., 14.

³ Ibid., 15-16.



the lowest 20% of incomes was close to zero because on average they face a marginal personal income tax rate that was close to 15%. The benefit for non-lodgers was negative as, on average, the earnings tax they paid was higher than what they would have paid if their superannuation earnings were subject to personal income tax rates.⁴

An objective of equity should prompt a review of the current tax arrangements to make them more equitable over time, delivering a greater proportion of the benefits to those on lower incomes than is currently the case.

Additionally, considering the global need to urgently shift to a low-carbon economy, we would also encourage the Committee to consider that the “sustainable way” includes a just climate transition. A goal of sustainability should include ensuring beneficiaries can retire with financial security and in a world that is stable and safe. We now know beyond any reasonable doubt that climate change poses a threat to the sustainability of our collective future well-being.⁵

The Synod supports the provisions in the *Superannuation (Objective) Bill 2023* that any Bill or regulations introduced into the Parliament that relates to superannuation must include a statement of compatibility that assesses whether the Bill or regulations are compatible with the objective of superannuation.

The Synod would have preferred that the objective of superannuation would have created a requirement for future amendments to legislation and regulation of superannuation needing to be compatible with the objective.

We believe that the Bill should be amended to require the Government to produce a regular report on how the superannuation system is performing against the objective. We are open to such a report being produced annually through to every three years. The exact time period would depend on how variable the performance of the superannuation system is.

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⁴ Ibid., 16.

⁵ See for example Richardson, K., Steffen, W., Lucht, W., Bendtsen, J., Cornell, S.E., Donges, J.F., Drüke, M., Fetzer, I., Bala, G., von Bloh, W., Feulner, G., Fiedler, S., Gerten, D., Gleeson, T., Hofmann, M., Huiskamp, W., Kummu, M., Mohan, C., Nogués-Bravo, D., Petri, S., Porkka, M., Rahmstorf, S., Schaphoff, S., Thonicke, K., Tobian, A., Virkki, V., Weber, L. & Rockström, J., “Earth beyond six of nine planetary boundaries”, *Science Advances* 9, 37, 2023, DOI: [10.1126/sciadv.adh2458](https://doi.org/10.1126/sciadv.adh2458), [All planetary boundaries mapped out for the first time, six of nine crossed - Stockholm Resilience Centre](https://www.stockholmresilience.org/en/news/2023/06/all-planetary-boundaries-mapped-out-for-the-first-time-six-of-nine-crossed-stockholm-resilience-centre)