

*Senate Economics
Legislation Committee*

*Submission - Superannuation
(Objective) Bill 2023*

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Contents

Acknowledgement of Country	3
About the United Workers Union	3
Introduction	3
Retirement System	4
Objective of Superannuation	8
Proposed Act	9
Conclusion	14

Acknowledgement of Country

The United Workers Union is a national trade union. We acknowledge and respect the continuing spirit, culture and contribution of Traditional Custodians on the lands where we work, and pay respects to Elders – past, present and emerging. We extend our respects to Traditional Custodians of all the places that United Workers Union members live and work around the country.

About the United Workers Union

United Workers Union ('UWU') is one of Australia's largest general unions with 150,000 workers across the country, from more than 45 industries. With members working across early childhood education, farms, food manufacturing, cleaning, security, aged care, hospitality, health and disability services, logistics and more, our work reaches millions of people every single day of their lives.

Introduction

The United Workers Union was instrumental, together with other unions, in advocating for, and ensuring the introduction of compulsory superannuation, which began in 1992. The Union played a key role in establishing several superannuation funds and is today a key stakeholder in three of Australia's best performing funds – Australian Super, Hesta and Hostplus.

Since the introduction of compulsory superannuation, the UWU has worked to protect the entitlement of workers to superannuation, and their right to a dignified retirement.

The Union's work combating wage theft and ensuring members get their full entitlements, includes making sure members receive their superannuation contributions. Every year, the UWU recovers millions of dollars in underpayments to members. Upon site closures and redundancies, the Union also ensures that members receive their full entitlements, including superannuation benefits, and proactively educates members in relation to their superannuation.

Since the introduction of compulsory superannuation in 1992, the Union has also played a key role in seeking improvements to the superannuation system, to ensure greater equity and benefit to workers. This includes, most recently, supporting changes to the *Fair Work Act 2009* (Cth) to include a right in the National Employment Standards (NES) to superannuation; the introduction of pay-day super from 2026 and the removal of provisions which allowed employers to deny superannuation payments to workers earning less than \$450 a month.

The Union continues to advocate for superannuation to be paid on parental leave, for loopholes which deny young workers superannuation to be closed, and for a more equitable super system, in particular, for First Nations peoples and women.

The Union welcomes the opportunity to provide a submission in relation to the *Superannuation (Objective) Bill 2023* (the Proposed Act). The UWU strongly supports the Proposed Act, and the objective outlined in section 5.

Retirement System

The number of Australians aged over 65 has increased over recent decades and is continuing to do so, due to greater longevity and decreasing birth rates. In 1995 older Australians comprised 12% of the total population, a number which had risen to 16% in 2020. It is projected that by 2066, older Australians will comprise 21 - 23% of the population.¹

Financial support for the cohort of older Australians – some 4 million within the community today and including over 100,000 entering retirement each year – is of critical importance.

As the *Universal Declaration of Human Rights 1948* states, ‘Everyone has the right to a standard of living adequate for the health and well-being of himself [sic]...and the right to security in the event of ...old age...’² The *International Convention on Economic, Social and Cultural Rights 1966*, also recognises the right of every person to an ‘adequate standard of living’, as well as the right of everyone to ‘social security, including social insurance’.³

The *United Nations Principles for Older Persons*⁴ provides that ‘Older persons should have access to adequate food, water, shelter, clothing and health care through the provision of income...’ and further that ...‘[o]lder persons should be able to live in dignity and security’.

Australia’s fulfilment of these obligations rests on three pillars – superannuation, government support – in particular, the Age Pension – and private savings.⁵

Superannuation

Superannuation is deferred wages. Workers entrust part of their earnings (currently determined at 11% of ordinary time earnings) to their superannuation fund to invest it so that when they retire from the workforce, they will have savings to sustain them in retirement.

¹ Australian Government, Australian Institute of Health and Welfare, *Older Australians – Demographic Profile* (June 2023). Available at: [Older Australians, Demographic profile - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/older-australians-demographic-profile) (accessed January 2024).

² UN General Assembly, 10 December 1948, 217 A (III), article 25 (1).

³ Ratified by Australia on 10 December 1975; articles 9 and 11.

⁴ UN General Assembly, 16 December 1991, resolution 46/91, articles 1 and 17.

⁵ Parliament of the Commonwealth of Australia, House of Representatives, *Superannuation (Objective) Bill 2023*, Explanatory Memorandum, 1.2.

Since the introduction of compulsory superannuation, the system has grown to serve 17 million workers.⁶

The system both mandates that employers make superannuation contributions for their employees and provides that workers cannot generally access their superannuation entitlements until they reach 'preservation age'. Preservation age is age 65 or earlier where a worker has retired, is transitioning to retirement or has ceased employment. Even in these cases, preservation age will be between 55 – 60 (depending on date of birth).⁷ That is, the system is designed to ensure that workers forgo the immediate benefit of additional wages in exchange for a retirement benefit and prohibits a person accessing their benefits until the end of their working life.

As outlined further below, preservation is important to facilitate greater investment returns and thus provide for the availability of larger balances for members upon retirement.

Government Support

The key plank of government support in retirement is the Age Pension. Australians are eligible for the Age Pension between age 65 and 67 (depending on date of birth), and provided they meet other eligibility tests.

Approximately 64% of eligible Australians received the Age Pension in 2022-23 and up to 70% received some form of government support.⁸ Of income sources in retirement, the Age Pension is the main source for most retirees.⁹

It is anticipated however, that superannuation will increasingly become the key source of income for retirees, and reliance on the Age Pension will reduce.¹⁰ This is because future retirees will have larger balances, having received superannuation contributions for more, if not, all their working lives, and as they will benefit from greater investment earnings compounding over a longer period.¹¹

⁶ Australian Government, *Intergenerational Report 2023* (2023), p 165.

⁷ *Superannuation Industry (Supervision) Regulations 1994*, reg 6.01 and Schedule 1.

⁸ Australian Government, *Intergenerational Report 2023* (2023), 168.

⁹ In the last two available reporting periods (2018-19 and 2020-21) this has remained the case: Australian Bureau of Statistics, *Retirement and Retirement Intentions, Australia* (2020-21 financial year) – Income at retirement. Available at: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/2020-21#income-at-retirement> (accessed January 2024).

¹⁰ Australian Government, *Intergenerational Report 2023* (2023), 166 and 168.

¹¹ *Ibid*, 168.

Indeed, in 2020-21 superannuation increased as the main source of income for men by 4 basis points to 35%. Only 19% of women rely on superannuation as a main source of income.¹²

Private savings

Income from employment is the main source of most Australians' income.¹³ Economy-wide, median weekly employee earnings, as at August 2023, is \$1300 per week, and \$39.50 per hour (male median weekly earnings – \$1500 per week/\$40.50 per hour; women's median wages –\$1150 per week/\$38.20 per hour).¹⁴

UWU represents workers who perform some of the most essential work in the community, including early childhood educators, aged care and disability workers, cleaners, security guards, as well as food manufacturing, hospitality, and farm workers. Despite the critical importance of this work, these workers typically earn well below median wages. For community and personal service workers, for example, the median hourly rate is \$33.37,¹⁵ while hospitality workers earn the lowest median weekly earnings of all workers, at \$575 per week.¹⁶ An early childhood educator first entering the sector makes \$25.78 per hour and support workers (cleaners, kitchen, hospitality, laundry workers) in the aged care sector earn \$25.88. These wages are marginally above the National Minimum Wage of \$23.23 per hour. Even following a historic pay increase last year, most directly employed aged care workers earn \$30.11 an hour, which is still far below median wage.

Indeed, some 9.6 million Australians earn below median wages.¹⁷

The third pillar of Australia's retirement system must thus be considered with the above context in mind. That is, for many workers, who earn below the median, private savings may be negligible. In this context, falling home ownership is also important to note, as home

¹² This remains unchanged from the prior reporting period: Australian Bureau of Statistics, *Retirement and Retirement Intentions, Australia* (2020-21 financial year) – Income at retirement. Available at: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/2020-21#income-at-retirement> (accessed January 2024).

¹³ This is the case for 77.7% of Australians: Australian Bureau of Statistics, *Personal Income in Australia* (2020-21 financial year) - Sources of Personal Income. Available at: <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/personal-income-australia/2020-21-financial-year> (accessed January 2024).

¹⁴ Australian Bureau of Statistics, *Employee Earnings* (August 2023) – Weekly Earnings. Available at: <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/aug-2023> (accessed January 2024).

¹⁵ Australian Bureau of Statistics, *Employee Earnings* (August 2023) – Occupation. Available at: <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/aug-2023> (accessed January 2024).

¹⁶ Ibid.

¹⁷ This includes those Australians who earn no income: Australian Bureau of Statistics, *Income and Work: Census* (2021) – Key Statistics. Available at: <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/income-and-work-census/2021> (accessed January 2024).

ownership forms part of personal wealth and has historically been an important source for retirees.¹⁸

Over half of all Australians aged over 65 are women.¹⁹ Also, of relevance, therefore, is the gender disparity in personal savings, with female workers retiring with less personal savings than men.

In 2018-19, a staggering 29% of female retirees had no personal income (compared with 6% men), and while this has reduced in the 20-21 period, it remains significant at 19% (compared with 3% for men).

34% of women rely on their partner's income to meet their living costs in retirement.²⁰

For First Nations peoples, personal savings are also minimal due to entrenched disadvantage and inequity.

First Nations peoples have a lower participation rate than non-Indigenous Australians in the labour market,²¹ they earn less than non-Indigenous Australians at all stages of their working lives²² and their shorter life expectancy can put reaching preservation age or accessing the aged pension out of reach.

As noted in *Aboriginal and Torres Strait Islander Australians and The Superannuation System*, numerous studies indicate that 'Indigenous Australians in general live in more precarious financial circumstances than other Australians.'²³ Indeed, ACOSS note a 31% poverty rate for First Nations peoples, as compared to approximately 12% for the population

¹⁸ Australian Government, *Intergenerational Report 2023* (2023), p 172.

¹⁹ Australian Government, Australian Institute of Health and Welfare, *Older Australians – Demographic Profile* (June 2023). Available at: [Older Australians, Demographic profile - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/older-australians-demographic-profile) (accessed January 2024).

²⁰ Australian Bureau of Statistics, *Retirement and Retirement Intentions, Australia* (2020-21 financial year) – Income at retirement. Available at: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/2020-21#income-at-retirement> (accessed January 2024).

²¹ Australian Government, Australian Institute of Health and Welfare, National Indigenous Australians Agency, *Aboriginal and Torres Strait Islander Health Performance Framework – Summary Report – Employment*. Available at: <https://www.indigenoushpf.gov.au/report-overview/overview/summary-report/5-tier-2-%E2%80%93-determinants-of-health/employment#:~:text=In%20the%202021%20Census%2C%2052.Very%20remote%20areas%20at%2032%25.>

²² Michael Dockery, Julie Owen, Anna Dwyer, Nigar Sultana, Alan Duncan, Rebecca Cassells, *Aboriginal and Torres Strait Islander Australians and The Superannuation System* (2020), 48, and 51. See also, F. Markham and N. Biddle, *Income, Poverty and Inequality* (2016), 20.

²³ Ibid, Dockery et al., 19.

generally.²⁴ These issues are exacerbated for First Nations women with lower incomes than First Nations men.²⁵

Thus, it may be observed that, for a significant number of Australians, Australia's system rests in essence on two pillars alone - those of government support (mainly through the Age Pension) and superannuation.

Any undermining of government support through the Age Pension and superannuation will have severe consequences for the right of all people to a dignified retirement.

Enshrining an objective for superannuation helps to guard against this by providing that all future proposed legislation relating to superannuation must consider the objective of superannuation and must be presented to Parliament along with that a statement of compatibility with the objective.

As the Explanatory Memorandum to the Proposed Act notes, *“The intent of the Objective Bill is to require policy-makers to demonstrate to the Parliament, and Australians, how future changes to superannuation law are consistent with the legislated objective.”*²⁶

Objective of Superannuation

Compulsory and universal superannuation is provided for in the Superannuation Guarantee (Administration) Act 1992 (Cth). A plethora of other legislation governs the operation of funds and the industry, including the Superannuation Industry Supervision Act 1993 (Cth) ('SIS Act'). Most recently, as noted above, the Fair Work Act 2009 (Cth) was amended to enshrine the right to superannuation as part of the NES.

This system is important to millions of workers, but also represents a key part of the Australian economy, with AUD\$3.4 trillion of superannuation assets now outstripping GDP and ASX market capitalisation and dominating the 'local investment and economic landscape'.²⁷ Indeed, superannuation funds invest in 'nation-building' projects and critical infrastructure, such as airports, roads, health care facilities, and housing, which also supports jobs for millions of Australians.

²⁴ Australian Council of Social Service, *Poverty rates among Aboriginal and Torres Strait Islander people, by region, in 2016*. Available at: <https://povertyandinequality.acoss.org.au/poverty/poverty-rates-among-aboriginal-and-torres-strait-islander-people-by-region-in-2016/> (accessed January 2024).

²⁵ Ibid, Dockery et al., 20.

²⁶ Parliament of the Commonwealth of Australia, House of Representatives, *Superannuation (Objective) Bill 2023*, Explanatory Memorandum, 1.14.

²⁷ J.P. Morgan, *The Future of Superannuation: Optimising Outcomes Through Global Investment and Unlisted Assets* (2023), 7. Available at: <https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/futue-of-superannuation/Optimising-outcomes-through-global-investment-and-unlisted-assets.pdf> (accessed January 2024).

As noted in the *Intergenerational Report 2023*:

*The superannuation system provides an important pool of assets to fund retirement income and represents an important source of capital in the economy, contributing to the strength of financial markets through capital deepening.*²⁸

Yet despite the passage of three decades, and numerous pieces of legislation, and notwithstanding the critical importance of the system to individuals and to the economy, there remains no legislated objective for the superannuation system. This omission was recognised a decade ago in the 2014 Financial System Inquiry.

As the system continues to grow, and as the workforce continues to age, it is imperative that the failure to enshrine an objective be rectified.

Proposed Act

The Proposed Act will address this omission by defining the objective of superannuation in section 5, as being:

*‘to **preserve** savings to deliver income for a **dignified retirement**, alongside **government support**, in an **equitable** and **sustainable** way.’* (emphasis added).

The UWU will address each of the key concepts contained in the definition in turn.

Preserve savings

As noted above, superannuation legislation provides that benefits cannot generally be accessed until a person reaches ‘preservation age’, which is defined with reference to the end of a person’s working life.

The inclusion of the concept of preserving savings also accords with the legislative guidance in the SIS Act, which constrains superannuation funds to act for the sole purpose of providing retirement benefits, and which requires superannuation trustees to act at all times in the best financial interests of their fund members.²⁹ That is, superannuation fund activities are recognised to be solely for ensuring retirement savings to members.

Notwithstanding these legislative provisions, these requirements remain susceptible to being overridden by government policy, as occurred in 2020.

The Early Release Scheme (ERS) introduced at the start of the COVID pandemic by the Morrison Government provided that eligible fund members could access up to \$20,000 of their superannuation. The ERS thus required superannuation funds and their trustees to disregard their duties under the SIS Act, by providing financial benefits outside of

²⁸ Australian Government, *Intergenerational Report 2023* (2023), p 165.

²⁹ SIS Act, 52(2)(c) and 62.

retirement, regardless of whether it was in a member's best financial interest and without regard to preservation age.

Over \$36 billion was paid out of superannuation through the ERS.³⁰

Between 2018-19 and 2020-21, there was a 61% increase in the number of people receiving a lump sum payment from their superannuation fund.³¹ The largest age cohort who accessed the ERS was members aged 25-44,³² indicating that the ERS catered to numerous people who were many years away from preservation age. This is borne out by Australian Bureau of Statistics' analysis which notes that the significant increase in Australians accessing superannuation over 2020-21 was due to the ERS, and that most of this increase was fuelled by people who had not yet retired.³³

The financial impacts to individuals' retirement savings due to the withdrawal of superannuation under ERS show that a 30-year-old who withdrew the full amount permissible under the ERS, will be \$90,000 worse off in retirement savings.³⁴ Indeed, individuals who withdraw money from their superannuation accounts will be denied the benefit of compounding of returns on larger balances, which perpetuates itself over time.

Undermining the principle of preservation directly impacts retirement balances, however preservation is also important to provide a degree of certainty to funds and allow them to invest over a longer-term horizon and in growth assets. As the McKell Institute notes, if we wish to use superannuation as an ATM, then we must be prepared to accept bank-like returns, which are far lower than the average returns of superannuation funds.³⁵ To do so, would have incredibly negative impacts on the right of Australians to dignity in retirement. It would jeopardise both the retirement balances of superfund members, but also on the

³⁰ Australian Prudential Regulation Authority, *COVID-19 Early Release Scheme – Issue 36* (February 2021). Available at: <https://www.apra.gov.au/covid-19-early-release-scheme-issue-36> (accessed January 2024).

³¹ Australian Bureau of Statistics, *Retirement and Retirement Intentions, Australia* (2020-21 financial year) – Superannuation. Available at: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/2020-21#income-at-retirement> (accessed January 2024).

³² Australian Prudential Regulation Authority, *The superannuation Early Release Scheme: Insights from APRA's Pandemic Data Collection* <https://www.apra.gov.au/superannuation-early-release-scheme-insights-from-apra%E2%80%99s-pandemic-data-collection> (accessed January 2024).

³³ Australian Bureau of Statistics, *Retirement and Retirement Intentions, Australia* (2020-21 financial year) – Superannuation. Available at: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/2020-21#income-at-retirement> (accessed January 2024).

³⁴ Industry Super Australia, Bruce Bastian and Matthew Linden, *ISA Briefing Note - Long-term costs of the COVID early release of super scheme* (1 September 2020).

³⁵ As McKell Institute note, in 2018 term deposits paid on average 2.4% for a 1-year term or 2.75 for 5-years, as compared to the long term average return of superannuation funds of 5.2%: Rachel Nolan and James Pawluk *COVID-19: 9 reasons why accessing super early is a risky idea* (March 2020). Available at: <https://mckellinstitute.org.au/research/articles/earlyaccesstosuper/> (accessed January 2024).

number of people relying on the Age Pension. This will therefore impact on future Australian budgets.

Indeed, current forecasts of a reduction in spending on the Age Pension from 2.3% of GDP currently to 2% in 2062-63 is based upon the shift to superannuation becoming the primary source of retirement income, with the 'role of the Superannuation Guarantee in reducing reliance on the Age Pension' explicitly noted.³⁶

The Age Pension is one of the largest spending programs for the government, so a reduction in this item is significant. However, the forecast relies on superannuation balances not being undermined by allowing access prior to retirement age.³⁷ Preservation can thus be seen as a valuable part of wider budgetary measures and of importance to Australian government spending and to services for the community more generally. Even more so when one considers the nature of the ageing workforce, with a higher proportion of recipients forecast to receive the Age Pension in the future.

Preservation is critical to the system's success and the Union strongly supports the recognition of this principle in the Proposed Act.

In this regard, the Union notes the current ability of people to access their superannuation early in exceptional cases due to financial hardship. We support the submissions of the Australian Council of Trade Unions in March 2023 to the Treasury Consultation on legislating an objective for superannuation, in which the ACTU note that financial hardship of a degree which requires a person to access their retirement savings, represents a failure of government policy and should be addressed by other means.

In our view, the Proposed Act, once passed, should require the Government to review and consider the financial hardship provisions in light of the Proposed Objective.

Government support

Superannuation alone cannot meet the needs of all retirees, and as noted above, private savings may also be negligible for many. Even though it is estimated that superannuation will become the primary source of retirement income, its limitations with respect to women and First Nations must be acknowledged.

Women retire with a third less superannuation than men and hold lower balances at every stage of their working life.³⁸ The gender pay gap results in a gender superannuation gap,

³⁶ Australian Government, *Intergenerational Report 2023* (2023), 168 and 170.

³⁷ See Bruce Bastian and Matthew Linden, *ISA Briefing Note - Long-term costs of the COVID early release of super scheme* (1 September 2020) which considers the increase of age pension payments to recipients of the Early Release Scheme, finding that pension payments will significantly exceed that received under the ERS. Available at: <https://www.industrysuper.com/media/long-term-costs-of-the-covid-early-release-of-super-scheme/> (accessed January 2024).

³⁸ Industry Super Australia, *Paying Super on Parental Leave* (September 2021).

with superannuation calculated as a percentage of an employee's salary. As UWU member Kerrie stated years ago, '9.5% [the SG at the time] of not very much, is not much at all'.³⁹ Despite spending a life in service to communities, countless early childhood educators like Kerrie find themselves facing poverty in retirement due to low pay, and persistent structural gender inequity in the superannuation system which, as noted below, was designed around the needs of full-time male workers.

The issue is compounded by the fact that part-time and precarious work is more often held by women and as it is most often women who take time out of the workforce to meet family caring responsibilities. Women therefore not only receive less superannuation due to lower wages, but also do not receive superannuation at all when taking breaks from the workforce. The Union continues to advocate for pay equity, and for superannuation to be paid on parental leave to address these issues.

First Nations workers also retire with less superannuation than other Australians. As noted above, First Nations earn lower wages than non-Indigenous Australians, and have much lower labour force participation rates. Both matters impact substantially on superannuation balances. It is estimated that non-Indigenous Australians retire with more than double the superannuation balance of First Nations fund members – with First Nations women retiring with less than that of First Nations men (around one-third the balance of Indigenous men).⁴⁰

Superannuation was initially a savings scheme targeting largely white-collar males, and in male-dominated industries, and was only introduced for all members of the workforce in 1992. As a result, there are still members of the workforce retiring today without the benefit of their entire working lives with superannuation entitlements. This has severe implications for retirees who may find themselves living in poverty, which is more common for women aged 65 and over, and for First Nations.⁴¹

In this context, the Proposed Act's reference to 'other government support' is critical.

Superannuation is an important element, but it cannot absolve the government of its obligation to provide for retirees, as set out in international human rights instruments. Providing for the recognition in the Proposed Act for the role of the Age Pension, as well as other forms of government support, such as rent assistance and a functioning and accessible health care system, is therefore an important part of the Objective.

³⁹ United Voice, *Real Voices* (November 2017).

⁴⁰ Op cit, Dockery et al., Vii, p 25.

⁴¹ https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0011/4382057/HILDA_Statistical_Report_2022.pdf, 48-50; ibid, Dockery et al.

Dignity in retirement

The international human rights instruments referred to above, recognise the importance of dignity in retirement. This is contemplated in international law as including an adequate standard of living, allowing a person to enjoy health and well-being, and access to adequate food, water, shelter, clothing and health care. Importantly, international instruments refer to security in old age, social security and insurance – which can be taken to mean financial security. Indeed, no one should live in poverty and as noted above, this is unfortunately the case for some retirees.

The Explanatory Memorandum, notes that:

‘In the context of the objective of superannuation, ‘dignified’ denotes a standard of financial security and wellbeing in retirement which allows the person to participate economically and socially in their community.’⁴²

The Union supports the inclusion of the reference to dignity in retirement, which makes it clear that superannuation, along with government support, must provide a level of support which can facilitate a standard of living for retirees in which they can access all necessary means to enjoy well-being and financial security. This provides important legislative guidance to address the current issues facing retirees with minimal income support and for future legislation which seeks to oversee the superannuation system and the operation of funds. Legislation should ensure the best operation and performance of funds, and the security of workers’ retirement balances.

Equitable

The introduction of compulsory superannuation in 1992 was predicated on seeking to address the widespread inequity in retirement benefits, which at the time largely were a right of white-collar professionals and select unionised worksites, which were mostly in male-dominated industries. From its outset therefore, the superannuation system has recognised and sought to address disparity. Yet as noted above, the system still does not operate in an equitable manner, particularly for women and First Nations members. Tax concessions have also resulted in a growing disparity between the wealthiest Australians and others, and deepened inequality.

The Union recognises that the superannuation and retirement system cannot address inequality on its own, and as the Explanatory Memorandum acknowledges there is an ‘important role of policy action outside the superannuation system to address underlying factors that can flow through to superannuation outcomes’.⁴³

⁴² Parliament of the Commonwealth of Australia, House of Representatives, *Superannuation (Objective) Bill 2023*, Explanatory Memorandum, 1.30.

⁴³ *Ibid*, 1.42.

Yet the inclusion of the reference to the equity of the system is important to ensure future legislation relating to superannuation works to achieve this. To this end, we urge the implementation of legislation to ensure that superannuation is paid on parental leave and the extension of superannuation to workers under 18. Indeed, in this respect we note and support the submissions of the Australian Council of Trade Unions in relation to the inclusion of **universality** as part of the Objective.

Superannuation must be relevant to First Nations peoples and acknowledge their shorter life expectancy, poor health outcomes and socio-economic factors. We note that the 2020 report, *Aboriginal and Torres Strait Islander Australians and The Superannuation System*, found a preservation age of 50 years would mean a further 9 per cent of First Nations men and 6 per cent of women would be able to access their super.⁴⁴ We further support a review of the retirement age to ensure equity for First Nations people, in addition to other policy settings required to address inequity in the system.

Sustainable

The Union recognises that the superannuation system must deliver retirement benefits, in a manner which can be maintained over time. That is, superannuation policy must be designed in a manner which ensures that the system will deliver for future generations. The inclusion of sustainability as part of the objective is important in this respect.

The Union notes the *Treasury Laws Amendment (Better Targeted Superannuation Concessions) Bill 2023* (Cth) which was recently introduced to Parliament which reduces the tax concessions available for Australians with superannuation balances above \$3 million. We support this measure which contributes to a more sustainable system and also promotes greater equity.

Conclusion

Superannuation is critically important to millions of people, and to the Australian economy. Its role in ensuring that workers can retire from the workforce and live with dignity as they age is indisputable and will grow. It is undesirable that a system so critical to the health and wellbeing of Australians and Australia, can continue to operate without a stated objective. This oversight was first recognised a decade ago, and it must be remedied.

The Proposed Objective encapsulates the key elements to the superannuation system's success and its desired characteristics and accordingly, will help dictate future legislation in a manner that can only be of benefit to the millions of workers who depend upon it.

The UWU urges the passing of the Proposed Act, which will position the superannuation system well for future generations.

⁴⁴ Dockery, M; et al op cit p 53.