

***Treasury Laws Amendment (Better  
targeted Superannuation Concessions and  
Other Measures) Bill 2023 [Provisions] and  
the Superannuation (Better Targeted  
Superannuation Concessions) Imposition  
Bill 2023 [Provisions]***

ACTU Submission to the Senate Economics Legislation  
Committee Inquiry

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## Introduction

Since its formation in 1927, the Australian Council of Trade Unions (ACTU) has been the peak trade union body in Australia. There remains no other national confederation representing Australian unions. Together with its 36 affiliate unions, the ACTU represents 1.8 million trade union members around Australia who work across a broad spectrum of industries and occupations in both the public and private sectors.

The Australian trade union movement led the campaign to establish superannuation to provide workers with dignity in retirement. Through industrial action, bargaining and advocacy at both the Australian Conciliation and Arbitration Commission and the High Court, the union movement won the introduction of superannuation for many workers.

The ACTU and affiliates were instrumental to the creation of the Accord which introduced universal and compulsory superannuation through the legislation of the Superannuation Guarantee (SG) by the Keating Labor Government. In the 30 years since, the ACTU and affiliates remain dedicated to ensuring that all workers live and retire in dignity and out of poverty. To do so, unions remain active contributors to the superannuation system.

## The 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 for all workers.

Workers understand the purpose of superannuation - to accumulate and preserve their savings to enable them to have a dignified income in retirement.

Superannuation was not designed as, and should not be, a tax haven for those with more than adequate retirement incomes nor a way for the wealthy to receive tax handouts paid for by those with far less retirement savings.

## Equity and Sustainability

Superannuation was established as a sustainable way to ensure equity and dignity in retirement. Employer-paid superannuation, prior to universal superannuation, was the right of the few. The union movement sought to end this inequity by winning superannuation for all workers.

Superannuation must be equitable and system settings can help to ensure this. Where there is public expenditure through the superannuation system, either through tax concessions or other measures, it must be equitable and sustainable.

## Superannuation Concessions

### The role of taxation concessions in superannuation

Tax concessions on superannuation contributions and earnings are a necessary part of the superannuation and retirement income system. Tax concessions should incentivise voluntary contributions and assist workers to grow their superannuation balance ahead of retirement.

### Current inequity

At present, superannuation tax concessions are deeply inequitable. Superannuation is intended as a vehicle to generate and preserve retirement incomes, but tax changes have allowed the extremely wealthy few to gain disproportionate benefits from taxpayers and risk the sustainability of the system.

Current tax concessions within superannuation disproportionately flow to the wealthy and do not deliver sufficient benefit to lower-income workers. Higher income earners not only receive more in real dollars as a tax concession, but also as a proportion of their total income.

### Equitable and sustainable tax concessions

Tax systems should be progressive as this ensures that they are both equitable and sustainable. Higher income earners have the greatest capacity to pay tax and should pay more, including as a proportion of their income. Furthermore, tax benefits should be highest for low-income earners and lowest for high income earners. Superannuation taxes and concessions should be no exception. Therefore, the Australian Union movement welcomes the Government's proposal to lower tax concessions for those with more than \$3 million in their superannuation accounts.

The ACTU notes that 99.5% of those with superannuation accounts have less than \$3 million in superannuation and therefore, 99.5% of Australians are not impacted by this change. The ACTU further notes that this change is expected to generate an additional \$2.3 billion in government revenue in 2027-28. This is \$2.3 billion that can be better spent improving the working and retirement lives of all Australians, including those who currently retire with inadequate superannuation to live in dignity, rather than as a tax hand out to the super wealthy.

The ACTU commends this reform as it improves the equity and sustainability of Australia's retirement incomes system and economy.

## Conclusion

Superannuation was established as a sustainable way to improve equity in retirement and to ensure that all workers can retire with dignity.

Superannuation was not designed as, and should not be, a tax haven for the wealthy nor a way for the wealthy to receive tax handouts. Instead, superannuation tax concessions should provide assistance to those who need it, to save sufficient income for their retirement.

Current superannuation tax concessions are unfairly targeted, regressive and unsustainable. Therefore, the ACTU welcomes the reduction in tax concessions for the 0.05% of wealthiest Australians with over \$3 million in superannuation savings. This change will help to ensure that superannuation meets its objective, is equitable and sustainable.

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