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The Secretary
House of Representatives Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600
Australia
Email: economics.reps@aph.gov.au

Dear Committee Secretary,

REVIEW OF THE TAX AND SUPERANNUATION LAWS AMENDMENT (2012 MEASURES NO.1) BILL 2012

Thank you for the opportunity to appear at the Committee's roundtable hearing held in Canberra on the 16th of March.

We were requested to provide additional material on a number of matters. This information is provided below.

Number of employers by size of firm

At June 2011, there were 826,389 (38.8%) employing businesses and 1,306,023 (61.2%) non-employing businesses. Of the employing businesses, 739,312 (89.5%) employed less than 20 employees. This comprised 508,674 businesses with 1-4 employees and 230,638 businesses with 5-19 employees. There were also 81,006 businesses with 20-199 employees and 6,071 (<1%) businesses with 200 or more employees (ABS Cat. 8165.0).

Average Account Balances

Figures compiled by the ABS for ASFA show the average account balance in 2009-10 was \$71,645 for men and \$40,475 for women, well up on the balances of \$56,400 for men and \$23,900 for women in 2003-04.

For those at retirement, average superannuation payouts in 2009-10 were approximately \$198,000 for men and \$112,600 for women, while in 2005-06 they were only \$136,000 for men and \$63,000 for women.

While men continue to have a higher incidence of superannuation, holding around 63 per cent of total account balances in 2009-10 compared to 37 per cent for women, there has been a significant improvement in the estimated share of women, which in 1994 was just 23 per cent.

Although improvements in the average superannuation balances of women were recorded across a range of age groups, the most significant increases recorded were for older women.

The figures indicate that the system of compulsory superannuation is delivering substantial benefits across age and income groups and for both men and women. It is not premised on delivering benefits primarily to males working full-time for 35 years or more.

Further details on both average account balances by age and gender and the distribution of account balances are available in a detailed report dated September 2011 available from the ASFA website: <http://www.superannuation.asn.au/policy/reports>

Also available from the ASFA website is a major paper on equity and government assistance for retirement income which is dated February 2011. Amongst other things the paper provides estimates of the impact of the contribution caps on the pattern and level of concessional contributions. The paper concludes that the contribution caps have had a significant impact on contributions: <http://www.superannuation.asn.au/policy/reports/>

Future Reliance on the Age Pension and the current percentage of self funded retirees

ABS statistics (Cat 6238.0) indicate that currently the principal source of income for retirees aged 45 plus is superannuation for 17% of retirees, investment and other income for 13% of retirees, reliance on family members for 4% of retirees, and government pensions for 66% of retirees.

In regard to future reliance on the Age Pension, according to the 2010 Intergenerational Report:

- The number of people over the eligibility age for the Age Pension is projected to increase by around 150 per cent by 2049-50.
- There will be a decline in the proportion of pensioners receiving a full Age Pension (from around 60% of those in the relevant age bracket to just over 30% of the age group) because of the increased value of individuals' superannuation and other private assets and income.
- The proportion of people with a part Age Pension is projected to increase significantly while the proportion of the eligible age group not receiving any Age Pension (currently around 20%) is projected to rise slightly.

Yours sincerely

Ross Clare

Director of Research