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**Submission to the House of Representatives Standing Committee on
Economics, Finance and Public Administration**

**Public hearing on the inquiry into the superannuation savings of people
aged under 40.**

Dr Diana Olsberg

**Director University of New South Wales Research Centre on Ageing &
Retirement**

My concerns and my recommendations relate to the currently disadvantaged position of young people aged under 40 employed in the workforce with regard to their access to equitable and adequate possibilities of retirement savings through Superannuation Guarantee Charge contributions.

The main focus of my own research has been on the disadvantaged position of women in access to retirement savings as a result of their fragmented work patterns and preponderance of women in the part-time and casual paid labour force. Yet young people in the workforce are similarly disadvantaged on account of their marginal attachment to the paid labour force. As a consequence of this marginal attachment, very many young people under 40 are being denied the opportunity for equitable and adequate access to superannuation benefits enjoyed by other members of the paid labour force.

While there is a general increasing casualisation of the entire workforce, young people are particularly at risk of having fragmented work patterns, and of being employed long term in the casual or part-time paid labour force. Their particular position of disadvantage is as follows.

1. Young people are disproportionately among the unemployed. Unemployment rate does not change greatly from one month to the next, but there is a change in the actual people who are unemployed in those two months. And many

people change labour force status from one month to the next. Young people are disproportionately represented among them. In 2004, for example, a greater number of young people changed labour force status from one month to the next, compared with prime age or mature age working people.

Averaging across 2004, a greater proportion of young men and young women (both 18%) changed their labour force status. This means almost one in five young people changed labour force status, many of them moving into and out of employment.

2. Move from full-time to part-time employment. In 2004 many young men (3%) and women (8%) moved from full time to part time employment. This is substantially higher than the rates for more mature members of the paid labour force.
3. Young people are disproportionately represented among casual employees. Although young people made up only 21% of all employees in 2003, two fifths (40%) of casual employees were young people aged 15-24. Casual employees do not enjoy the same rights and entitlements as ongoing employees. Apart from low pay and poor career opportunities, they are particularly disadvantaged in their access to superannuation. So their retirement savings are severely negatively affected. Continuing increase in casual employment, part-time and fragmented employment profiles - particularly casualisation in lower skilled occupations such as elementary clerical sales and service workers, labourers and related workers

Women are particularly at risk among those aged 25--39 years. Women are disproportionately represented in the ranks of part time ongoing employees (7% for 25-29 year olds, 16% for 35-39 year olds) and part time or casual employees. Women's working patterns, their lifelong earnings and therefore, their capacity to accumulate sufficient retirement savings are crucially compromised by interruptions to paid employment due to: child-bearing, child-rearing and other family responsibilities. Due to existing workplace

arrangements, time out of the work force results in lower superannuation contributions and hence, lower levels of retirement savings.

4. Casual employees are more likely to have more than one job. In 2003, 8% of employees who were casual in their main job were multiple job holders, compared with 4% of employees who were ongoing in their main job.
5. Particular industries or sectors are large employers of casual and part-time labour - seasonal or daily variations in workloads such as cafes, retail stores. These types of jobs attract younger workers as they offer the opportunity to gain work experience, earn income and combine work with study. Women are particularly attracted to these jobs as they offer an opportunity to combine work and family responsibilities. This is particularly important for women under 40. Over half employees in accommodation, cafes and restaurants (59%) agriculture forestry and fishing (51%) retail trade (44%) and cultural and recreational services (43%) were casual employees. The two lowest skilled occupation groups contained the highest proportion of casuals. Over half of elementary clerical sales and service workers (56%) labourers and related workers (47%) are casual employees. Conversely, lowest proportions of casuals in highest skilled occupation groups tended to be older workers.

OUTCOMES of the marginal position of young people under 40 in the paid labour force. Casual employees are compensated for lack of paid leave entitlements by a casual loading of their hourly rate of pay. But even so, hourly earnings of casual employees total 77% of ongoing employees. Young workers under 40 are particularly disadvantaged in their access to superannuation benefits. This affects not only their long term retirement savings, but their immediate access to death and disability insurance. Of note too, younger workers are particularly at risk of occupational health and safety in the occupations in which they are employed.

Also younger workers have multiplicity of funds which are difficult to keep track of over long periods of their working life (see for example the huge amounts in lost monies on account of young workers).

Compulsory superannuation only required for employees earning more than \$450 per month from one employer. Therefore short term employment (casual or part-time) earning less than \$450 not entitled to SGC. Work for multiple employers where employee earns more than \$450 are also not entitled to SGC.

Glaring inequity - long term disadvantage

PROPOSALS

Remove \$450 benchmark for entitlement to SGC. Establish single central superannuation fund for intermittent and casual employment of under \$450 a month (similar to central pension fund for casuals in Finland). May be government fund or private.

Use Tax file number or Medicare number then SGC payable on all employment.

Choice of Fund presents challenges. Not all funds (especially funds for low income earners (like young people) will not include death and disability insurance.

Ensure all super funds provide death and disability insurance - young people making super choice

Dr Diana Olsberg

D.Olsberg@unsw.edu.au

Telephone: 02 93852396