

**SUBMISSION BY**  
**MEDIA, ENTERTAINMENT & ARTS ALLIANCE**  
**TO**  
**JOINT PARLIAMENTARY COMMITTEE**  
**ON**  
**CORPORATIONS AND FINANCIAL SERVICES**  
**REGARDING**  
**INQUIRY INTO THE STRUCTURE AND OPERATION OF THE**  
**SUPERANNUATION INDUSTRY**

**AUGUST 2006**



**The Media, Entertainment & Arts Alliance**

The Media, Entertainment & Arts Alliance (Alliance) is the industrial and professional organisation representing the people who work in Australia's media and entertainment industries. Its membership includes journalists, artists, photographers, performers, symphony orchestra musicians and film, television and performing arts technicians.

The Media, Entertainment & Arts Alliance welcomes the opportunity to make a submission to the Inquiry into the Structure and Operation of the Superannuation Industry.

This submission considers each of the terms of reference. The Alliance considers that:

1. Uniform capital requirements should not apply to trustees.
2. Trustees should not be required to be public companies.
3. The Australian Prudential Regulation Authority sets relevant criteria to ensure international best practice corporate governance.
4. As documented by the Australian Securities & Investments Commission, much remains to be done to ensure that consumers are able to access accurate informed superannuation advice appropriate to their individual circumstances and needs.
5. The principle of member investment choice enables consumers to invest their superannuation savings in a manner most appropriate to their individual circumstances.
6. Trustees have a responsibility in respect of member investment choice.
7. The reasons for the growth in self managed superannuation funds are not addressed in this submission.
8. Changes to employment patterns and the structure of the workforce have made the demise of defined benefit funds inevitable and in the place the establishment of accumulation funds as the industry standard fund.
9. Costs of compliance are more than offset by the security that attends well managed funds.
10. The Alliance has no comment.
11. Promotional advertising is a legitimate expense for superannuation funds.
12. The term “not for profit” is widely understood and the expression “all profits go to members” is a shorthand way of saying that all returns are applied to the benefit of fund members rather than being split with shareholders.
13. The superannuation industry in Australia meets international best practice.
14. Theft or fraud in respect of employer superannuation contributions and non-payment of contributions in the event of insolvency should be underwritten by the Federal Government.
15. Employers should not be free to determine whether superannuation entitlements for those employees who opt to salary sacrifice be based on pre- or post- salary sacrifice income, rather it should be mandatory that employer contributions are tied to pre- salary sacrifice income. Superannuation thresholds and exemptions should be removed and same-sex couples afforded the same entitlements as those employees in heterosexual relationships.

## **1. Whether uniform capital requirements should apply to trustees**

The Alliance does not consider that uniform capital requirements should apply. It is for fund members to determine how they wish their superannuation to be invested and to have the capacity to maximise their returns. Providing consumers have choice of investment strategies and choice of funds, as is now the case, the imposition of uniform capital requirements is inappropriate. Further, to impose uniform capital requirements would effectively take money away from the members whom the fund is intended to benefit.

## **2. Whether all trustees should be required to be public companies**

It is difficult to see why such a proposal would in any way improve the superannuation industry. Such a requirement would actively discriminate against industry funds and self-managed funds. Most companies and all industry associations and trade unions are not public companies. The latter cannot be and many companies do not wish to become listed companies.

While some funds are publicly listed, others are not. Choosing a fund that is publicly listed or not is a decision for the consumer, not a matter for legislation, as is the case with investments made with credit unions and friendly societies.

Industry funds are more competitive than those where the trustees are public companies as the former operate entirely to the benefit of members whereas the latter must also take account of the expectations of shareholders and members.

The existence of not for profit industry funds has been to the very significant benefit of members.

Total estimated superannuation assets increased by 6.6 per cent in the March 2006 quarter to \$905.4 billion, a 24 per cent increase over the 12 months to March 2006.<sup>1</sup> Industry funds' assets increased by 9 percent, public sector funds' assets by 6.6 per cent, retail funds' assets by 6.5 per cent and corporate funds' assets by 5.3 per cent during the March quarter.<sup>2</sup>

With industry funds outperforming all other funds, it is impossible to see why requiring trustees to be public companies is being contemplated at all.

At a time when returns on investments are significantly lower for publicly listed superannuation funds than in the not for profit sector, this proposal will undermine the very rationale for superannuation which is to reduce the call on government funds to support retirement incomes.

The Alliance is completely opposed to the proposition. Imposing such a requirement would dramatically transform the superannuation industry for no obvious benefit and result in considerable forgone income for those who have chosen to benefit from the superior performance of industry funds.

### **3. The relevance of Australian Prudential Regulation Authority standards.**

The Australian Prudential Regulation Authority (APRA) is the regulatory body for the superannuation industry.

Superannuation will be the second largest asset for most Australians, after their own home. Most Australians are not in a position to make an independent assessment about whether funds have appropriate systems in place to ensure good governance and wise investment strategies.

To protect the integrity of the industry and the benefits for fund members, it is essential that the sector be regulated and that high levels of corporate governance maintained. It is to be hoped that the lessons learnt from the collapse of HIH will ensure that similar collapses do not occur in the superannuation industry.

The Alliance is of the view that it is appropriate for all current trustees of Australian superannuation funds be required to obtain a Registrable Superannuation Entity Licence – other than self-managed superannuation funds and public sector funds which are regulated by the Australian Taxation Office.

It is appropriate that APRA has established international best practice application and approval procedures when issuing RSE licences to ensure that superannuation funds meet international best practice governance and risk management standards.

### **4. The role of advice in superannuation**

It hardly needs saying that good advice is essential if people are to make sensible decisions about their superannuation that take account of their personal circumstances.

However, it is clear that much work remains to be done to ensure that the people are in fact receiving good financial advice.

In April this year, the Australian Securities & Investments Commission (ASIC) released its report *Shadow shopping survey on superannuation advice*.<sup>3</sup>

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<sup>1</sup> *Statistics, Quarterly Superannuation Performance*, Australian Prudential Regulation Authority, March 2006 (issued 29 June 2006), page 5.

<sup>2</sup> *Ibid.*

<sup>3</sup> See *Shadow shopping survey on superannuation advice – An ASIC Report*, Australian Securities & Investments Commission, April 2006, available online at [www.asic.gov.au](http://www.asic.gov.au)

The largest survey of its kind ever published by ASIC, the survey monitored the compliance standards of superannuation advice against legal obligations during the first seven months of super choice and examined the experience of consumers in obtaining that advice. The survey was able to examine 306 pieces of advice covering 259 individual advisers and 102 Australian financial services licensees of varying sizes. 86 per cent of the advisers in the survey were financial planners with 13 per cent being accountants and the remainder a few life insurances specialists and advisers employed by superannuation funds.

“The survey revealed a wide range in the quality of advice – from highly sophisticated advice at one end, through to basic (but valuable) advice in the middle, an negligent and inappropriate advice at the lower end.”<sup>4</sup>

Of concern:

“16% of the advice *clearly* did not have a reasonable basis in some respect and a further 3% probably did not have a reasonable basis ... Advice that was non-compliant or probably non-compliant came from 24 different licensees, including several large firms.

“The proportion of poor advice remained higher than we consider acceptable, because it was well beyond what could be explained by non-systemic human error.”<sup>5</sup>

The survey also found that:

- Advice that was clearly or probably non-compliant was about six times more common where the adviser had an actual conflict of interest over remuneration.
- Where the adviser had a conflict over remuneration, 28 per cent of the advice did not have a reasonable basis and a further 7 per cent probably did not have a reasonable basis.
- Where advice recommended switching funds, in 28 per cent of cases there was clearly no reasonable basis for the advice and in a further 5 per cent of cases there was probably not a reasonable basis. “The major problems in those cases involved advice to switch to higher fee funds with no countervailing benefits (e.g. from government, corporate or industry funds to retail funds) or the loss of important insurance cover through fund switching.”<sup>6</sup>
- Where the advice recommended switching funds, in 66 per cent of cases the switch was to a fund with higher fees, only 22 per cent recommended switching to a fund with lower fees.
- In circumstances where the adviser was required by law to provide a written statement of advice, only 52 per cent did so.
- Of consumers who were advised to replace one product with another, only 20 per cent received compliant disclosure about the costs and consequences.
- Common problems included advisers not investigating a client’s current fund before recommending switching, overlooking insurance coverage with an existing fund, not adequately detailing reasons for recommended action and not adequately detailing the consequences of changing to another fund.

At the time the report was released, ASIC Chairman Jeffrey Lucy commented, “[t]he survey found the financial advice industry still has significant work to do before the quality of advice will be consistently at a level that ASIC and consumers would regard as acceptable.”<sup>7</sup> Lucy went on to note,

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<sup>4</sup> *Shadow shopping survey on superannuation advice – An ASIC Report*, Australian Securities & Investments Commission, April 2006, page 7, available online at [www.asic.gov.au](http://www.asic.gov.au)

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*, page 8.

<sup>7</sup> *06-104 Survey finds quality of advice on super still needs improvement*, Media and Information release, Australian Securities & Investments Commission, 6 April 2006, available online at [http://www.asic.gov.au/asic/ASIC\\_PUB.NSF/byid/FA27D9EB58ED0DF4CA25714700823C5A?open=document](http://www.asic.gov.au/asic/ASIC_PUB.NSF/byid/FA27D9EB58ED0DF4CA25714700823C5A?open=document)

“The survey shows that, while some progress has been made, the cultural changes mandated by the *Financial Services Reform Act* are not happening quickly enough.”<sup>8</sup>

In the absence of reliable advice, consumers’ retirement funds are jeopardised. Clearly, much work needs to be done to ensure that consumers’ futures are not compromised by the advisers’ incentives to earn commissions. The link between poor advice and planners with a financial conflict of interest needs to be severed.

It is clearly not in the national interest for consumers to change funds and become worse off financially. ASIC found that of those cases surveyed where consumers were advised to change funds without being given credible reasons, the average consumer stood to lose 16 per cent of their superannuation savings, or \$37,043<sup>9</sup>.

The point of superannuation savings is to decrease the number of Australians reliant on the pension during their retirement years. Where advisers are able to continue to provide advice that is not in the consumer’s interest, it is a circumstance that will impact on the federal budget for decades.

#### **5. The meaning of investment choice**

The principle of member investment choice enables consumers to invest their superannuation savings in the most appropriate manner having regard to the level of their savings, their other assets, their stage of life and the retirement intentions.

Additionally, member investment choice fosters an engagement between the consumer and superannuation.

#### **6. The responsibility of the trustee in a member investment choice situation**

Good governance and risk management principles mean trustees have a responsibility to provide investment choice and accurate information about risks and returns, having regard to the member’s circumstances. Consequently, trustees should be involved in member investment choice decisions either directly or through appropriately constructed investment management committees.

#### **7. The reasons for the growth in self managed superannuation funds**

The Alliance is unclear whether why there has been growth in self managed superannuation funds. However, the Alliance considers that appropriate research might usefully be undertaken by APRA to ensure that such growth is not the result of financial advice where the adviser stands to benefit directly by managing the fund.

#### **8. The demise of defined benefit funds and the use of accumulation funds as the industry standard fund**

Whilst defined benefit funds have advantages if the member has enjoyed the privilege of secure stable employment with the one employer throughout their career and reaches their peak earning capacity in the year before retirement, increasingly the nature of Australia’s work force means the benefits of such funds are available and relevant to fewer and fewer. This is exacerbated by the fact that in Australia most defined benefit funds are employer funds rather than industry funds.

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<sup>8</sup> *06-104 Survey finds quality of advice on super still needs improvement*, Media and Information release, Australian Securities & Investments Commission, 6 April 2006, available online at [http://www.asic.gov.au/asic/ASIC\\_PUB.NSF/byid/FA27D9EB58ED0DF4CA25714700823C5A?open document](http://www.asic.gov.au/asic/ASIC_PUB.NSF/byid/FA27D9EB58ED0DF4CA25714700823C5A?open document)

<sup>9</sup> *Shadow shopping survey on superannuation advice – An ASIC Report*, Australian Securities & Investments Commission, April 2006, page 9, available online at [www.asic.gov.au](http://www.asic.gov.au)

As Australians are increasingly working longer, their final years of employment are increasingly characterised by part-time employment, either by choice or by necessity. Consequently, their final year of employment may be far from their peaking income-earning year.

Patterns of employment have also changed in Australia over the past two decades. (See Appendices A, B and C.) Only half the workforce are now engaged as permanent employees. People are increasingly likely to be engaged as casuals and more likely to change jobs. Those under 25 account for less than 15 per cent of employed persons, but account for 40 percent of casuals – two-thirds of teenage workers are casuals. Nearly three in five casuals are women workers. Over 60 per cent of casuals are either intermediate or elementary service workers or labourers. Of the lowest skilled occupations, nearly half are casuals.<sup>10</sup>

With no indication that these changes in the structure of the labour market are likely to revert to patterns of thirty or more years ago, the slow demise of defined benefit funds is inevitable and will be in the best interests of most Australians.

#### **9. Cost of compliance**

On the one hand, compliance with the regulatory framework administered by APRA incurs costs for superannuation funds that must be passed on to fund members. On the other hand, the security that attends well managed funds outweighs the costs in certainty of both growth and payment of benefits.

#### **10. The appropriateness of the funding arrangements for prudential regulation**

The Alliance has no comment to make.

#### **11. Whether promotional advertising should be a cost to a fund and, therefore, to its members**

Advertising is a legitimate expense for superannuation funds. It raises customer awareness and assists customers when seeking financial advice.

As advertising costs are a legitimate expense it is impossible to see how they could be other than a cost to the fund and therefore to its members – as is the case in other sectors.

It would be an extraordinary outcome were superannuation funds unable to advertise when banks, credit unions, building societies, friendly societies, general insurance, reinsurance and life insurance companies are able to do so.

In an environment where the Government is promoting superannuation fund choice, promotional advertising is essential if consumers are to make an informed choice.

That being said, advertising must be honest and in the event of false or misleading advertising there are well structured mechanisms through which breaches can be addressed.

#### **12. The meaning of the concepts “not for profit” and “all profits go to members”**

The Alliance is surprised by this inclusion in the terms of reference. The expressions are well understood by the community and the term “not for profit” is understood at law. “Not for profit” organisations are just that – they are required to operate not for profit but for the benefit of members or the class of persons for whom the organisation has been established to assist.

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<sup>10</sup> Source: *Paradoxes of Significance: Australian casualisation and labour productivity*, acirrt Working Paper, Dr John Buchanan, acirrt, University of Sydney, prepared for ACTU, RMIT and *The Age* Conference: *Work Interrupted: casual and insecure employment in Australia*, Melbourne, 2 August 2004, available online at [http://www.acirrt.com/OO1P002/A01/V02/M0000/V01/Default.asp?HF\\_ModuleCode=M04&HF\\_SubModuleCode=404&HF\\_MenuItem=44](http://www.acirrt.com/OO1P002/A01/V02/M0000/V01/Default.asp?HF_ModuleCode=M04&HF_SubModuleCode=404&HF_MenuItem=44)

Industry funds are an example of not for profit superannuation funds. Conversely, retail funds are an example of funds operated for profit in order to remit returns to shareholders in addition to members.

Industry funds have been demonstrated to be strong performers for their members and it is clear that many Australians prefer to have their superannuation invested with industry funds rather than retail funds.

The expression “all profits go to members” is shorthand for saying that all returns on investments, less expenses (including taxes), are applied for the benefit of members and are not split between members and shareholders.

### **13. Benchmarking Australia against international practice and experience**

The Alliance supports benchmarking. However, it is clear that Australia is leading the way internationally. APRA has established a robust regulatory regime that seeks to ensure Australia’s superannuation funds are operating efficiently, effectively and safely.

### **14. Level of compensation in the event of theft, fraud and employer insolvency**

Theft or fraud in respect of employer superannuation contributions and non-payment of contributions in the event of insolvency should be 100 per cent underwritten by the Federal Government.

In order to minimise events of this nature, the Alliance supports legislative amendment to require monthly remittance of employer superannuation contributions rather than quarterly, as is the case at present.

### **15. Any other relevant matters**

#### **Salary sacrificing**

Employees may opt to salary sacrifice to by so doing increase the contributions made to their superannuation fund. However, at present, employers may lawfully and at their own discretion determine whether the employer contribution to the employee’s superannuation fund is calculated by reference to the pre salary sacrifice income or the post salary sacrifice income. Where employers opt for the latter, the employer contribution can be significantly reduced.

The Alliance considers that the Superannuation Guarantee (Administration) Act – 1992 intended that all employers be required to pay a certain minimum contribution to their employees’ superannuation fund by reference to a percentage of income, currently set at 9 per cent.

The Alliance considers that those salary sacrificing income should not be disadvantaged in this manner and the legislative obligation imposed on the employer should not be reduced. Curiously, those seeking to be responsible about their retirement income by making personal contributions are those most likely to see their employer contributions diminished.

#### **Superannuation exemption thresholds**

The Alliance was gratified that, earlier this year, the Government rejected the recommendation by the Business Regulation Task Force to increase the current superannuation guarantee exemption threshold of \$450 to \$800 per month.

However, the Alliance considers that the threshold should be abolished as it is actively discriminates against those in short term employment, casuals and the lower paid members of the community.

These are precisely the people who most need superannuation as they are the people with the least capacity to save.

The work patterns of the membership of the Alliance were, for most of the last century, atypical for the Australian workforce. However, as noted above, the patterns of employment in Australia have changed considerably in recent decades and the issues that have confronted many Alliance members for a century are increasingly emerging in other industries.

Performers are a case in point. However, the nature of the work undertaken by film, television, live theatre and concert technicians follows similar patterns. Increasingly, those employed in the media are facing a career that is freelance in nature with engagements short term.

Performers – actors, puppeteers, singers, musicians, dancers – have a profile in the community that often belies their standard of living.

Annually, the media – television, newspapers, radio and magazines – devotes countless thousands of words and delivers thousands of images of performers. Nicole Kidman's life is constantly under a microscope. From magazine front covers to double page fashion spreads in the tabloids, she is rarely out of the public's eye. Stories about how much performers of international stature can command for a role in a major feature film all assist in distorting the reality of the average performer's life.

The Nicole Kidmans are the exception. Those with enduring roles in series like *Home and Away* and dramas like *All Saints* are the lucky ones – they have regular work (at least for a period of time). For those who appear in guest roles in television productions or support roles in feature films, life can be tough and many working performers are living very meagrely.

That this is the case, however, is not really surprising.

Although difficult to determine with total accuracy, unemployment among performers is very high by community standards. The best estimate is that on any day in excess of 90% of Australian performers will be unemployed.

Australia, however, is not alone. Unemployment amongst performers is structural in any country which seeks to have a vibrant performing arts and entertainment industry.

To cast productions – film, television or performing arts – producers are reliant on a large pool of talented professional performers, available to commence work often at very short notice or conversely able to keep themselves available for a time months into the future. It is not uncommon for television productions to cast smaller roles one or two days before the artist is required to commence work. The same is true of television commercials. Major commercial musical theatre productions typically cast months in advance of the performers commencing work. For feature films, the key cast member whose engagement is crucial to securing finance might be secured with very tentative dates in the future (and obviously dependent on finance being secured). Other performers will typically be cast during the preproduction period – some may be cast and contracted months before they commence work, others days before they commence work.

On an Australian feature film, it is rare for more than four actors to be engaged for the full duration of the filming schedule. It is also rare for a feature film schedule to exceed twelve weeks. Average Australian feature films have schedules of seven to eight weeks. An actor with a substantial supporting role may have only five days work on such a film. Those five days might be spread evenly across an eight-week schedule and obviously that actor must keep themselves available for those particular days of employment. Actors in minor roles may have as little as one day's work. Further, contracted dates often vary in response to changed circumstances that necessitate variations to the production schedule – for instance, weather conditions often prompt schedule changes.

These structural matters severely impact on the capacity of performers to secure other on-going employment to supplement the income they earn from performing.

Actors working in the live performing arts, as distinct from recorded media, are more likely to be contracted for a number of weeks and engaged by the week. Singers, on the other hand, are likely to be hired for a single performance.



A small handful of companies are able to offer full time employment to performers – The Australian Ballet, Opera Australia, the state orchestras, Sydney Dance Company. Otherwise work for performers in Australia is a fragile uncertain existence in a freelance industry.

### **An employment opportunity snapshot**

#### **Major musical theatre productions**

*Lion King* auditioned approximately 4,000 people for 52 roles. Some cast members were aware they were under active consideration for a role six months before auditions were complete and offers made. Offers were made to all cast in February 2003. Rehearsals commenced in September that year. The production is still running – now in China after a three month break following the end of the Melbourne season earlier this year. Performers for *Lion King* need to be able to act and sing particularly difficult vocal registers and be of a specific physical build and many need to be able to work with animatronics puppetry and many roles are ethnically specific, namely African. The casting requirements for *Lion King* were so prescribed that the audition period was longer than is the case for most major musical theatre productions. Typically, musical theatre productions cast and make offers approximately six months prior to the performers commencing work.

*Rent* auditioned approximately 3,000 people for 21 roles, 8 of whom were African American and others were Latino. All roles were for people aged under 30.

*Showboat* auditioned approximately 3,000 people for 64 roles of which 8 were child roles and 24 were roles for African Americans.

#### **Theatre Companies with a Subscription Season**

Companies with a subscription season will typically cast one or two performers in each of the productions that will form part of their subscription season between six and 18 months ahead in order that the key cast can be announced in their publicity and booking brochure. Typically, those performers will receive a three-month contract. The balance of the casting will be undertaken two months before the performers commence work, again typically a three-month contract. Cast sizes will vary but state theatre companies, like the Sydney Theatre Company, will typically mount productions with no more than eight cast members.

In 2003, a report was commissioned by the Australia Council. Written by David Throsby and Virginia Hollister of the Division of Economic and Financial Studies at Macquarie University, it is entitled *Don't Give Up Your Day Job – An Economic Study of Professional Artists in Australia*.

The report found that fully a third of all Australian artists live on incomes below the poverty line.

**Table 34 Median earned income of artists, 2000–01**

	Creative income \$	Total arts income \$	Total income \$
Writers	4,800	11,700	35,000
Visual artists	3,100	9,200	22,900
Craft practitioners	8,200	14,300	22,600
Actors	10,500	18,400	32,000
Dancers	12,900	23,600	26,000
Musicians	10,500	20,000	35,800
Composers	4,200	19,200	31,100
Community cultural development workers	3,400	16,500	22,600
<b>All artists</b>	<b>7,300</b>	<b>15,700</b>	<b>30,000</b>

Source: *Don't Give Up Your Day Job – An Economic Study of Professional Artists in Australia*, David Throsby and Virginia Hollister, Australia Council, available online at [www.ozco.gov.au](http://www.ozco.gov.au)

Given a median income of \$32,000 for all sources of income, clearly many actors are earning considerably less annually while on the other hand others are doing better. Given that some few performers annually earn amounts in excess of \$100,000, and an even fewer number are able to earn in excess of \$200,000 annually, the reality for the majority becomes evident.

Whilst median incomes are possibly a better reflection of the position for many performers, mean incomes show the impact of the higher earning performers.

**Table 33 Mean earned income of artists 2000–01**

	Creative income \$	Other arts-related income \$	Total arts income \$	Total non-arts income \$	Total income \$
Writers	20,400	6,100	26,400	19,700	46,100
Visual artists	12,600	7,300	20,000	9,300	29,300
Craft practitioners	19,100	4,000	23,300	7,000	30,300
Actors	22,500	5,000	27,400	14,300	41,700
Dancers	16,700	7,100	23,900	3,000	26,900
Musicians	17,700	9,800	27,600	13,500	41,100
Composers	12,700	14,000	26,700	11,500	38,200
Community cultural development workers	8,400	8,300	16,700	9,400	26,100
<b>All artists</b>	<b>17,100</b>	<b>7,400</b>	<b>24,600</b>	<b>12,600</b>	<b>37,200</b>

Source: *Don't Give Up Your Day Job – An Economic Study of Professional Artists in Australia*, David Throsby and Virginia Hollister, Australia Council, available online at [www.ozco.gov.au](http://www.ozco.gov.au)

Dancers, as can be seen from the above table, are in a particularly acute position. With a median income of only \$26,000, and a mean income of \$26,900, they also face an almost certain need to change careers in their early thirties, having trained for the one career since childhood. At the time when most people in the community have established their careers and are contemplating acquiring a home or starting a family, dancers, from a disastrously low income base, will need to leave the profession and retrain with no capital base to underpin a career shift necessitated by age.

Whilst it is often assumed that acting requires no financial outlay on the part of the performer, this is not the case as table below demonstrates. Performers in live theatre, for instance, are generally required to provide their own stage makeup, musicians their own musical instruments. Further, to remain an employable performer takes on-going work and practice that requires classes in anything from pilates to music lessons, voice classes, singing lessons and the like. Expenses of the quantum set out in Table 3, whilst not considerable by comparisons with some other enterprises, are a considerable impost when the median and mean gross income levels set out above are taken into account.

**Table 54 Mean and median incomes and expenses of artists by gender, 2000–01**

	Female \$	Male \$
<b>Mean income</b>		
Creative income	13,100	21,500
Arts-related income	6,400	7,900
Total arts income	19,500	29,400
Non-arts income	9,200	15,600
Total income	28,700	45,000
<b>Median income</b>		
Creative income	4,500	9,400
Total arts income	12,000	20,000
Total income	23,600	35,000
<b>Expenses related to art practice</b>		
Mean	6,900	9,600
Median	3,800	4,500
<b>Minimum after-tax income required to meet basic needs</b>		
Mean	26,500	30,400
Median	25,000	26,000

Source: *Don't Give Up Your Day Job – An Economic Study of Professional Artists in Australia*, David Throsby and Virginia Hollister, Australia Council, available online at [www.ozco.gov.au](http://www.ozco.gov.au)

It is those performers, dancers, musicians and singers, at the bottom end of the income range for whom the Alliance is most concerned. Without their commitment to the arts and entertainment industries, those industries could not mount the live theatre, music, film and television productions that Australian audiences take as part of their cultural entitlement and that Australian governments have consistently supported for social and cultural policy reasons.

Musicians and singers are the most likely to fall foul of the \$450 threshold as their engagements are often for one single evening or for one single performance. A musician, for example, might do four performances a week at different venues for a month, earning say \$150 a performance earning a total of \$2,400 for the month and be entitled to no employer superannuation contributions by virtue of earning income from multiple employers.

The same is true of those technicians working in the audio-visual and performing arts industries. Their work is characterised by short term engagements. Whilst feature films might offer technicians eight to twelve weeks work, feature films often require personnel who are engaged for just one day to boost the base crew numbers in response to filming needs – for instance, additional makeup artists for a day with additional cast members or extras, or additional electricians personnel for a night exterior sequence.

As many in the industry work for a number of employers throughout the course of the year, the threshold reduces their capacity to build their superannuation savings.

Similarly, the Alliance considers that the capping of superannuation to a quarterly income of \$35,240 likewise penalises performers in particular. A performer who has struggled for years on an average annual income of \$30,000 might finally secure a highly paid role in a major production and see their first opportunity to genuinely build their superannuation savings – an opportunity that might not occur again for years if at all – capped. By way of example, a performer may secure the significant role in a feature film and be paid \$40,000. The income cap will result in a loss of \$428.40 in employer superannuation contributions, a matter of significance to people who often fall foul of the \$450 per month threshold in other circumstances and whose annual income is not reflected by one good year. Even those lucky enough to secure an ongoing role in a television drama series such as *Blue Heelers*,

thus benefiting from superannuation contributions, are likely to experience periods of unemployment following the end of the series.

Finally, the Alliance is opposed to the threshold that applies to those employees under the age of 18. Employees under the age of 18 must work at least 30 hours a week to be entitled to employer superannuation contributions.

Given that superannuation is intended to foster an enthusiasm for saving for retirement, it is extraordinary that at the point many Australians enter the workforce many are denied access to employer superannuation contributions. Added to the fact that once turning 18, the \$450 per month threshold applies, for all those Australians in casual and part-time employment these thresholds amount to a disincentive to embrace saving.

### **Discrimination**

In addition to the thresholds set out above, the Alliance considers that denying those aged 70 and over employer superannuation contributions is discriminatory. Increasingly, Australians are expected to work longer and longer, well past what was once considered retirement age.

In the arts and entertainment industry, performers often work past the age of seventy and for a class of people with notoriously low income levels, it is little other than perverse to deny them access to employer superannuation contributions on the basis of age. However, the Alliance considers that, at the election of the employee, employer superannuation contributions could be either paid directly to the employee or to the employee's superannuation fund. In any event, there should be no bar on employer superannuation contributions being directed to a superannuation fund.

Amendments in 2004 to the *Superannuation Industry (Supervision) Act 1993* for the most part afforded same-sex couples, other than Commonwealth employees, the same entitlements as those afforded to heterosexual couples.

Obviously it is not appropriate for some employees to be discriminated against on the basis that they are Commonwealth employees. It is appropriate that Commonwealth employees be afforded the same entitlements in respect of superannuation as other Australians.

However, some discrimination against all same-sex couples still remains. For instance, the legislation does not allow recognition of same-sex partners in the event of death or total or partial disability if there exists no interdependent relationship.

Further, same-sex couples are not able to utilise the superannuation spousal contributions offset for tax purposes. Nor is it likely that same-sex couples will be able to utilise the benefits of superannuation splitting.

Whilst commending the steps made towards removing discrimination made in 2004, it is only reasonable that those in same-sex couples be afforded the same treatment afforded to those in heterosexual relationships.

**APPENDIX A**

*Table 2: Indicative material on the rise of non-standard employment, Australia, late 1970s compared to late 1990s.*

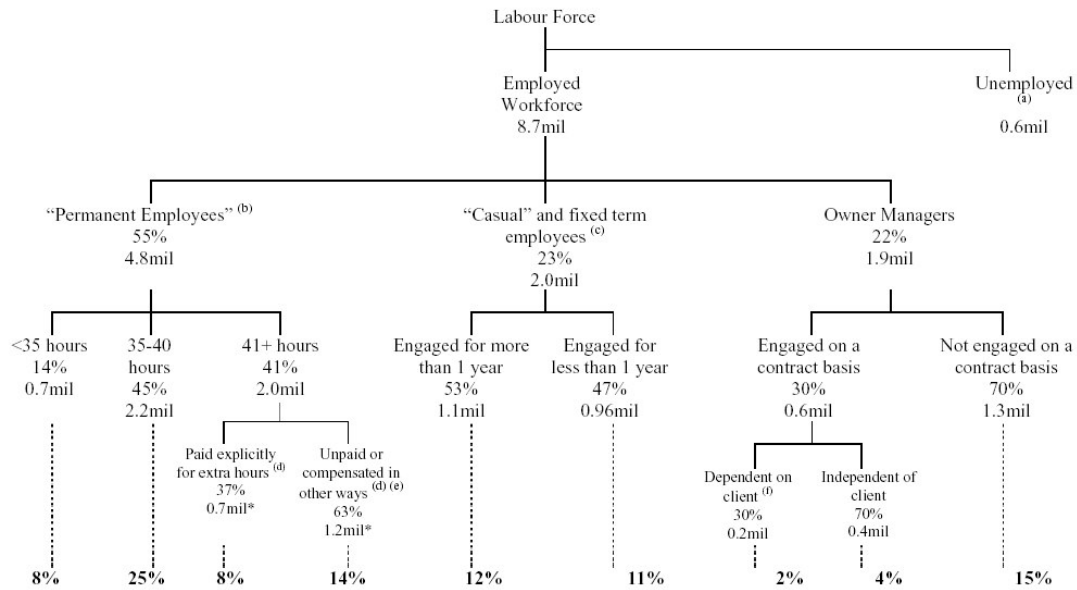
	Late 1970s	Late 1990s
'Casuals'	10	20
'Contractors'		
- sole traders	15	14
- owner managers of incorporated enterprises	2	6
Total	27	40

**Sources:** ABS, *Labour Force*, Australia, July 1997, Tony Kryger, *Casual Employment*, Research Note 2, 1999-2000, Statistics Group, Parliamentary Library, August, 1999.

Cited in *Paradoxes of Significance: Australian casualisation and labour productivity*, acirrt Working Paper, Dr John Buchanan, acirrt, University of Sydney, prepared for ACTU, RMIT and *The Age* Conference: *Work Interrupted: casual and insecure employment in Australia*, Melbourne, 2 August 2004, available online at [http://www.acirrt.com/O01P002/A01/V02/M0000/V01/Default.asp?HF\\_ModuleCode=M04&HF\\_SubModuleCode=404&HF\\_MenuItem=44](http://www.acirrt.com/O01P002/A01/V02/M0000/V01/Default.asp?HF_ModuleCode=M04&HF_SubModuleCode=404&HF_MenuItem=44)

APPENDIX B

Figure 1. Employment status, Australia, April-June 2000



Source: ABS *Employment Arrangements and Superannation*, April to June 2000, Catalogue No. 6361.0 and ABS *The Labour Force*, July 2000.  
 (a) This figure is an average of figures for April to June 2000 from the ABS Labour Force Survey. The corresponding number of employed people is 9.0 million. It is unclear why estimates of the size of the employed workforce differ between the two surveys.  
 (b) Permanent employees are those employees with leave entitlements not working on a fixed term contract.  
 (c) Includes employees with leave entitlements working on a fixed term contract, self-identified casuals and employees without leave entitlements who did not identify as casual.  
 (d) This assumes that anyone who usually works more than 40 hours a week is working "extra hours". \* Paid and unpaid figures are based on proportion of all those permanent employed persons who worked extra hours in the last 4 weeks in their main job (including part-timers).  
 (e) Compensation for extra hours includes time off, non-cash benefits and provision in work agreement, contract or salary package. Approximately 8% of employees who worked extra hours worked both paid and unpaid for these hours.  
 (f) Dependent on client is where the contract prevented the contractor from subcontracting their own work or working for multiple clients; or the client had control over their working procedure.

Source: *Paradoxes of Significance: Australian casualisation and labour productivity*, acirrt Working Paper, Dr John Buchanan, acirrt, University of Sydney, prepared for ACTU, RMIT and *The Age* Conference: *Work Interrupted: casual and insecure employment in Australia*, Melbourne, 2 August 2004, available online at [http://www.acirrt.com/O01P002/A01/V02/M0000/V01/Default.asp?HF\\_ModuleCode=M04&HF\\_SubModuleCode=404&HF\\_MenuItem=44](http://www.acirrt.com/O01P002/A01/V02/M0000/V01/Default.asp?HF_ModuleCode=M04&HF_SubModuleCode=404&HF_MenuItem=44)

APPENDIX C

*Table 3: Job Duration, Days Worked and Variability of Earnings of 'Permanent' and 'Casual' employees, Australia early 2000s.*

Indicator	'Permanents' ie Employees with leave entitlements not working on a fixed term contract	'Casuals' ie Self-identified casuals
Time worked in main job: <sup>(a)</sup>		
< 1 year	16.6	48.4
5 – 10 years	19.5	8.0
> 10 years	29.4	5.6
Expects to leave job within 12 months <sup>(a)</sup>	7.7	25.9
Earnings vary <sup>(b)</sup>	13.9	57.5
Number of days usually work <sup>(a)</sup>		
1 – 2	2.5	33.9
5+	84.1	32.9
Job has set finishing date <sup>(b)</sup>	1.5	7.1
Some say in start and finishing time <sup>(a)</sup>	46.7	42.1

**Sources:**

(a) ABS, *Employment Arrangements and Superannuation*, Cat No 6361.0, Australia, April – June 2000

(b) ABS, *Forms of Employment*, Cat No 6359.0, Australia, November 2001

**Population:** Employees excluding owner managers of incorporated entities.

Source: *Paradoxes of Significance: Australian casualisation and labour productivity*, acirrt Working Paper, Dr John Buchanan, acirrt, University of Sydney, prepared for ACTU, RMIT and *The Age* Conference: *Work Interrupted: casual and insecure employment in Australia*, Melbourne, 2 August 2004, available online at [http://www.acirrt.com/O01P002/A01/V02/M0000/V01/Default.asp?HF\\_ModuleCode=M04&HF\\_SubModuleCode=404&HF\\_MenuItem=44](http://www.acirrt.com/O01P002/A01/V02/M0000/V01/Default.asp?HF_ModuleCode=M04&HF_SubModuleCode=404&HF_MenuItem=44)