

Media Release

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Open letter urges Prime Minister not to impose super tax on low-paid

On the opening of the 44th Parliament of Australia, more than 50 prominent signatories from the superannuation industry, business, academia, women's organisations, and policy and community groups have signed an open letter to the Prime Minister urging the coalition to prioritise funding of the Low Income Superannuation Contribution (LISC).

The letter, organised by national advocacy and networking group **Women in Super (WIS)**, calls on the Government to break the funding link between the Minerals Resource Rent Tax (MRRT) and the LISC in order to continue funding of the scheme, which benefits one in three working Australians.

The LISC is one of a number of measures associated with the MRRT Repeal Bill, which is expected to be introduced into Parliament this week.

WIS National Chair Cate Wood said the level of support – from a wide variety of organisations and sectors, not just the super industry – showed that retaining the LISC was fundamental to a fair and equitable superannuation system.

“You cannot have high-income earners receiving sizeable tax breaks on their superannuation contributions and penalise low-income earners by removing the modest tax concessions provided by the LISC,” said Ms Wood

“Working Australians are compelled to save for their retirement through superannuation and it's a world-class system, but removing the LISC will mean that a third of the workforce will pay more tax on their super contributions than if the money were part of their take-home pay.”

Ms Wood also noted the importance of the scheme for women, who face many barriers to saving for retirement including unequal pay, broken workforce participation and overrepresentation in low-paid industries.

“This is such an important scheme for women – nearly half the female workforce benefits from the LISC and it's one of the few policies that works to narrow the gender gap in retirement savings,” said Ms Wood.

Whilst conceding that the Government has a difficult task in framing the next Federal Budget, Ms Wood said the LISC was so integral to the equity of the system that savings must be sought elsewhere.

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Fast facts:

- 3.6 million Australians benefit – 1 in 3 workers
- 2.1 million women affected – half the total female workforce
- Worth up to \$500 per annum – up to \$25,000 at retirement
- Workers earning under \$37,000 will pay more tax on super contributions than if the money was part of their take-home pay



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Women in Super is a national advocacy and networking group for women employed in the superannuation and financial services industries, and lobbies on behalf of its members and women generally to improve women's retirement prospects and access to superannuation.