



The Treasury  
Attention: Charter Group  
Langton Crescent  
PARKES ACT 2600

21 June, 2013

Dear Sir or Madam,

**SUBMISSION: CHARTER OF SUPERANNUATION ADEQUACY AND SUSTAINABILITY AND COUNCIL OF SUPERANNUATION CUSTODIANS**

Women in Super welcomes the opportunity to comment in relation to the Discussion Paper on the Charter of Superannuation Adequacy and Sustainability and Council of Superannuation Custodians.

**About us**

Women in Super (WIS) is a national advocacy and networking group for women employed in the superannuation and financial services industries.

WIS lobbies on behalf of its members and women generally to government, politicians, unions, employer organisations, regulators, and superannuation funds to improve women's retirement prospects and access to superannuation.

WIS provides education and support to assist women in gaining opportunities to develop broader business, professional and personal networks, and aims to educate the greater community in order to improve their knowledge of superannuation. WIS strongly supports and encourages the appointment of women to superannuation fund boards, and works with other organisations and stakeholders to achieve this.

**General comments**

WIS makes comments in the context of our objective of improving the retirement income outcomes of women, and the issues that most affect women in interacting with the superannuation and retirement incomes systems.

Our key concerns are with the composition of the Council of Superannuation Custodians, and the core principles underpinning the Charter of Superannuation Adequacy and Sustainability. In particular, we wish to ensure that the Council membership is appropriately diverse, there is an understanding of the issues which affect the retirement savings of women, and that the core principles require the Council to include consideration the equity of outcomes on women and indigenous Australians.

WIS strongly believes that the Council's work must be conducted in an open and transparent manner to ensure confidence and integrity is maintained.

WIS has not addressed all of the questions in the Discussion Paper, but has instead addressed those which are of most relevance to our objectives.

### Discussion Paper questions

#### 1. What is your view of the core principles outlined above?

WIS supports the core principles of certainty, adequacy, fairness and sustainability.

#### 2. Are there any additional principles that are important in setting retirement income policy?

WIS supports the addition of a fifth core principle, being equity.

Due to the nature of superannuation as a deferred wage, and a percentage of wages, it has delivered differential outcomes for women compared to men and for indigenous Australians compared to non-indigenous Australians. For example, one of the greatest inequalities in the present system is the disparity between men's and women's balances. We understand that this is for a variety of reasons, including different work patterns between men and women, career breaks, and wage disparities.

Furthermore, the different workforce experiences of many indigenous Australians impact their superannuation savings, and insurance and administrative requirements can cause disadvantage.

While we agree that the current parameters do not overtly discriminate against any particular group, the system has produced different outcomes for women, in particular, over the last 20 years or so. Future policies must address these issues, and so we believe the addition of an 'equity' principle would ensure that all policy recommendations or decisions are made in light of their impacts on all groups.

#### 3. What safeguards can be placed on changes in the superannuation system to promote certainty>

The vast majority of Australians have low superannuation savings balances and have been unnecessarily alarmed by generalised reporting about superannuation changes and their potential negative impact.

The establishment of a superannuation savings level as a benchmark which guaranteed no negative impact from future government policy changes would reassure the vast majority of Australians and allow sensible consideration and debate regarding the policy settings appropriate for the system as it matures in coming decades. The benchmark could then be adjusted by an appropriate measure.

An initial activity of the Council could be to conduct public enquiries and advise the government regarding the determination of the benchmark and adjustment mechanism

## **5. What would be appropriate benchmarks for measuring the adequacy of the superannuation system?**

WIS notes that the majority of discussion in relation to the adequacy of retirement income focusses on fixed dollar amounts, or income replacement rates relative to pre-retirement income. Such discussion fails to consider the circumstances of the individual, and assumes everyone would require the same percentage of pre-retirement earnings to live 'comfortably' in retirement.

Many Australians (including a disproportionate number of women and indigenous Australians) will be dependent on the Age Pension so it is imperative that the age pension deliver an adequate income level.

Superannuation savings should be accumulated to provide a level of comfort in retirement. Many Australians earn low incomes. Whilst they may accumulate superannuation savings, using a percentage of pre-retirement income as a measure of adequacy or comfort will be inappropriate, as it may also be in relation to high-income earners.

The Council could conduct public enquiries and advise the government regarding the determination of a base level definition of 'modest comfort' and an upper limit beyond which government assistance in the form of taxation concessions ceases or reduces.

The ability to achieve the benchmark for 'modest comfort' could be a determinant for extra government assistance with respect to accumulation of superannuation savings.

## **6. What principles would support fairness in the distribution of government assistance in the retirement income system and how should they be incorporated into the Charter?**

Presently, government assistance is distributed across the lifecycle in both the accumulation and pension phases in the forms of co-contributions, low-income contributions, and tax concessions.

Government assistance programs are not applied equally – the low paid in particular are most disadvantaged, although the Low Income Super Contribution (LISC) made some progress in alleviating some taxation disadvantages. Women are disproportionately represented amongst low income earners.

WIS believes 'adequacy' should be a key consideration in deciding on distribution of government assistance and mechanisms beyond taxation concessions and matching of additional contributions (which are difficult for many low income earners) are required.

## **7. What limits could be placed on government assistance and how should this be measured?**

WIS reiterates that 'adequacy' should be a key consideration in this respect. We have previously supported policy initiatives to encourage those with balances that may not be considered adequate to contribute extra to their super, and also believe that assistance should be focussed on these groups.

Those individuals with adequate balances should not be the focus of government assistance programs, such as generous tax concessions.

Furthermore, many of the tax concessions provided within the superannuation system may not be considered sustainable, and therefore would be unfair, and so should be reviewed.

#### **16. How should the Council be assembled to adequately reflect the wide range of community views on superannuation?**

In considering membership of the Council, WIS once again reiterates the need to refer to equality. It is essential to include members on the Council who have knowledge or expertise across a broad range of issues within the superannuation and retirement incomes sectors. Furthermore, it is vital that in assembling the Council that diversity, particularly gender diversity, is considered. WIS maintains a policy supportive of a 40 per cent minimum representation for either men or women on superannuation fund boards, and believe this is an appropriate model for the Council to also adhere to.

WIS believes that the Council's composition must reflect the core principles of the Charter in order to ensure those principles are upheld and applied in considering all policies in relation to superannuation and the retirement income system.

### **General Comments**

#### **The role of the Council**

WIS believes the Council of Super Custodians should be an independent research and advisory body with specific focus on superannuation and retirement outcomes. It should report to parliament, in the same way that the Productivity Commission operates. Its key responsibility should be to advise and assist the government in improving policies in the long-term to better serve the interests of all Australians.

We believe the Council should:

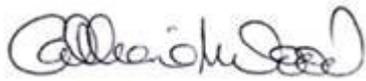
- Be an independent, statutory authority
- Contribute independent advice and information to government
- Have an educative function
- Have open and transparent processes
- Be an agency of the Australian government, within the Treasury portfolio
- Conduct public enquiries on key policy or regulatory issues bearing on the Australian retirement system and superannuation, so as to gain community-wide perspective
- Undertake research independently or at the request of government.

WIS believes the Productivity Commission model is preferable in setting up the Council.

**Contact**

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Sincerely,

A handwritten signature in black ink, appearing to read 'Cate Wood', with a stylized flourish at the end.

Cate Wood  
Chair & Spokesperson  
Women in Super