



SUPER IDEAS: SECURING AUSTRALIA'S RETIREMENT INCOME SYSTEM

DR NICK DYRENFURTH

John Curtin Research Centre Essay Series:

No. 3, 2018

About the author

Dr Nick Dyrenfurth is the Executive Director of the John Curtin Research Centre. He is an academic, former Labor advisor and the author or editor of seven books, including *A Little History of the Australian Labor Party* (2011, with Frank Bongiorno), *Mateship: A Very Australian History* (2015), *'A powerful influence on Australian affairs': A new history of the AWU* (2017), *Heroes and Villains: the Rise and Fall of the Early Australian Labor Party* (2011), and *All That's Left: What Labor Should Stand For* (2010, co-edited with Tim Soutphommasane). Nick is a leading commentator, having written for *The Age*, *The Saturday Paper*, *The Australian*, *Sydney Morning Herald*, *Australian Financial Review*, *Daily Telegraph*, and *The Monthly*, and regularly appears on television and radio stations across Australia. Nick authored the JCRC Policy Essay, *Make Australia Fair Again* (August 2017).

About Vision Super

Vision Super is an industry superannuation fund, run only to benefit members, not to make a profit for shareholders. With around 100,000 members and over \$8.75 billion in assets, Vision Super has been helping members to achieve their retirement dreams since 1947.

Super Ideas: Securing Australia's Retirement Income System, Joint Vision Super/John Curtin Research Centre Policy Report, 2018. Copyright © 2018 All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without prior permission in writing of the John Curtin Research Centre or as expressly permitted by law, by license, or under terms agreed with the John Curtin Research Centre.

ISBN: 978-0-6481073-2-3

Editor: Nick Dyrenfurth | nickd@curtinrc.org

www.curtinrc.org

www.facebook.com/curtinrc

www.twitter.com/curtin_rc

www.visionsuper.com.au

www.facebook.com/visionsuperfund

www.twitter.com/visionsuper



Contents

Executive Summary

Preface

Introduction

Part One

Our Super Story

Part Two

What's the problem?

Part Three

Super Solutions

Conclusion

Executive Summary

Superannuation is central to the Australian way of life. After a lifetime of hard work, all Australians deserve a comfortable retirement. During the early 1990s Australia began to build a system of compulsory superannuation contributions, which has become one of the pillars of our nation's retirement income system. We have built one of the largest pools of savings in the world in just a quarter of a century. Our superannuation savings pool is Asia's biggest and the largest per capita in the world. With current total assets worth \$2.3 trillion, this savings pool is projected to double to \$4 trillion over the next 10 years and hit \$7.6 trillion by 2033. That's a world-beating achievement. Yet our super system must be fit-for-purpose in the twenty-first century.

In this joint Vision Super-John Curtin Research Centre report, Executive Director Dr Nick Dyrenfurth examines the public policy implications surrounding our super barbeque stopper. We need to renew efforts to increase the Super Guarantee (SG) rate to where it should be, from 9.5 to 12 per cent. He also proposes a way forward that abolishes an arbitrary SG threshold designed for the early 1990s. If not, in its place, he suggests introducing a pro rata model of compulsory employer contributions which acknowledges Australians are working multiple jobs. Without this reform the 'super gap' between older and young, disproportionately female workers will grow.

Younger Australians also need to be made better aware of how superannuation works and the importance of it to their financial well-being. This report argues for a dedicated education campaign driven by the commonwealth government and super funds aimed at improving the financial literacy of all Australians, whether in our schools, universities and workplaces, and a zero tolerance regulatory approach to underpayment of compulsory superannuation.

The report is structured into three parts. The first section traces the history of the success story of Australia's retirement income system from its roots in the incrementally-developed welfare state of the twentieth century to the creation of modern

superannuation, stressing the critical role of industry super funds and concerted government action in recent decades. Section two identifies a number of systemic and economy-wide issues which are threatening the integrity of our retirement incomes system, notably the rise of the so-called 'gig economy'. Section three outlines a number of practical policy solutions to preserve the structural integrity of the superannuation system, enhance the individual super accounts of all Australians and secure the Commonwealth's budgetary position in coming decades. This report makes the following seven recommendations, expanded upon in the penultimate chapter, to tackle these problems.

Recommendation 1

Lawmakers, superannuation stakeholders and policymakers need to make a renewed push to incrementally increase the SG rate from 9.5 to 15 per cent by the end of the next decade.

Recommendation 2

In response to the rise of the gig economy, it is recommended that the \$450 monthly threshold for super payments be removed or legislation introduced mandating a new pro-rata model for SG payments whereby employers would make payments on earnings below \$450 a month through the pay-as-you-go tax system. The report also urges a new approach to tackling the problem of contractors not accruing super through: 1) the introduction of a compulsory levy on contractors with incomes above a threshold of \$90000 per financial year to fund the aged pension unless the contractor contributes an amount equivalent to the SG to a complying super account; 2) during the first three financial years of the new arrangements, all contractors will be eligible for a 150% tax deduction for super payments made to a complying super account.

Recommendation 3

Policymakers need to tackle the problem of the

super gender gap. Working women (and men) should by law be paid the full SG for the first six months of Paid Parental Leave.

Recommendation 4

Government must prosecute a zero-tolerance approach towards employer non-compliance of payment of compulsory superannuation contributions. Employers, including small businesses, should be made to report more detailed SG data to the ATO on a more frequent basis.

Recommendation 5

Governments should desist from undermining the crucial role played by industry super funds and look at ways in which to strengthen the existing employee voice in our super system, and recognise

their importance to the challenge of meeting our nation's infrastructure deficit.

Recommendation 6

There also needs to be a renewed push to place maximum downward pressure on super account fees to ensure account holders have as much monies in their savings retirement pools.

Recommendation 7

Commonwealth and state governments should incorporate financial, including retirement incomes, literacy into our national school curriculum; that is prior to younger Australians first entering the workforce. Where possible, superannuation funds should play a support role.

Preface

The public policy debate about superannuation over the last few years has become increasingly dominated by the Federal Government's concerted campaign to undermine the basic philosophical principles of Australia's compulsory super system: the industry funds that have looked after workers' retirement savings for many years, the default system that protects workers from fee gouging by retail super platforms, the insurance that for most is the only cover they have, the level of contributions we need to reach, and the compulsory nature of super itself.

Over a longer period, the nature of work has been shifting, neoliberal economics has shattered notions of job security, and governments have failed to act to protect jobs. Where people could once expect a permanent job and a measure of dignity in retirement, they now face fragmented employment patterns – zero hour contracts, sham contracting, and part time and casual jobs where the hours are deliberately set low enough to avoid compulsory super payments.

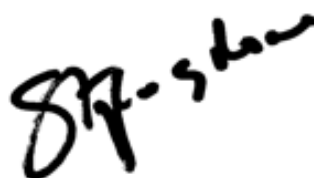
Unless we shift the terms of the debate, it's hard to imagine a worse outcome for both workers retiring after a lifetime of fragmented employment and the next generation of Australians who will be asked to support them from a shrinking tax base as the population ages.

The super industry needs to start answering back when a conga line of politicians sets out to undermine

the right of every Australian to a dignified retirement. The super industry has allowed them to frame the debate on superannuation for too long. At Vision Super, our members are at the heart of everything we do, and we do not believe it is in their best interests for us in the industry to allow what is fundamentally a good super system to be undermined.

We need a mature, reasoned policy debate about how we preserve the fundamentals of Australia's world class retirement system, while updating those aspects that no longer make sense in the twenty-first century. This is our contribution to that debate – Vision Super commissioned this research from the John Curtin Research Centre to further the best interests of our members by reframing the debate about superannuation and its future.

I hope the recommendations in this report will generate discussion, and ultimately better outcomes for Australians in retirement.



Stephen Rowe
Vision Super CEO

Introduction

Australians love a winner. We revel in the accomplishments of our sporting stars and teams on the global stage. Our national identity has been defined through their successes. Yet one of the great Aussie success stories of the past two and a half decades did not occur on any sporting field. During the early 1990s Australia began to build a system of compulsory superannuation contributions, which has become one of the pillars of our nation's retirement income system and economy. Over 95 per cent of workers – or 12 million Australians – hold superannuation accounts, double that of 20 years ago.¹ Australia's superannuation savings is equivalent to 110 per cent of GDP and eclipses the entire market capitalisation of all companies listed on the Australian Securities Exchange.² We have built the fourth largest pool of savings in the world in a quarter of a century – despite making up just 0.3 per cent of the world's population – and the largest per capita in the world. Australia's savings pool is Asia's biggest. With current total assets worth \$2.3 trillion, the savings pool is projected to double to \$4 trillion over the next 10 years and hit \$7.6 trillion by 2033.³ That's a world-beating achievement.

Superannuation has become central to the Australian ethos of a fair day's pay for a fair day's work. After a lifetime of hard work, Australians deserve a comfortable and secure retirement. Yet, just as we would never rest on our sporting laurels, so too our super system must be fit-for-purpose in the twenty-first century. We must renew our efforts to increase the Super Guarantee (SG) rate to where it should be, from 9.5 to 12 per cent. It is incumbent upon policymakers to deal with other challenges to our retirement savings system. Superannuation compliance is one issue. Non-payment of superannuation is rampant. Australian workers have been fleeced of about \$17 billion worth of payments since 2009; an average \$2.81 billion every year between 2009 and 2015.⁴ Some businesses are reducing entitlements for workers who choose to make voluntary contributions to their accounts through salary sacrificing.

Then there is the disappearance of traditional 9-to-5 jobs in favour of a so-called 'gig economy'

dominated by casual and part-time workers. A third of Australians employees are engaged as freelancers and that number is set to rise dramatically over the next decade, while the number of independent contractors, sham or deliberate, is on the rise. This has encouraged a situation whereby a third of young people are not eligible for SG contributions because they earn below the threshold of \$450 or more before tax in a month paid by a single employer, or are working as contractors. Either way, they don't accrue any super. This is not only unfair and bad news for individual employees, but is bad for our national savings and potentially bad for the budget bottom line by means of exerting more pressure on the aged pension. While retirement can seem a long way off for young people, we cannot ignore these looming challenges.

Superannuation is a genuine barbeque stopper issue. This joint Vision Super/John Curtin Research Centre policy report proposes a new way forward. The report contains three major recommendations. Firstly, the SG rate must be increased to 12 per cent ahead of the current schedule and a timetable mapped out for achieving a long-term rate of 15 per cent. Second, there is a pressing need to abolish the arbitrary SG contribution threshold designed for the labour market of the early to mid-1990s. If not, in its place, it is recommended that the government introduce a pro rata model of compulsory employer contributions which acknowledges that Australians are increasingly working multiple jobs. Without this reform the 'super gap' between older and younger, disproportionately female workers will only grow. Finally, younger Australians need to be made better aware of how superannuation works and the importance of its sustainability to their and their nation's financial well-being. The federal government should drive a dedicated education campaign in tandem with super funds aimed at improving the financial literacy of all Australians in our schools, universities and workplaces, and promote a zero tolerance approach to underpayment of compulsory payments. Such an holistic approach will ensure that super takes its place in our national vernacular alongside our sporting stars.

Part One

Our Super Story

Australians are accustomed to thinking of modern superannuation as being born during the 1980s and legislated for in the early 1990s, midwived by Labor's reformist Treasurer-cum-Prime Minister Paul Keating and others such as Bill Kelty and Simon Crean, respectively Secretary and President of the Australian Council of Trade Unions, and others in this critical period.¹ Yet the development of our retirement savings system involved a rather longer and more complex gestation period.² Australia's first super fund was established in 1843 in the form of the short-lived Bank of Australasia Officers' Retiring Fund,³ and in 1862 a fund was begun for employees of the Bank of New South Wales (now known as Westpac) and other like companies.⁴ In 1895, the Ballarat Worn-out Miners' Fund was created by the Amalgamated Mining Association. These were exceptions to the rule. Before the State involved itself in supporting the post-working lives of Australians, working people cobbled together retirement savings or were compelled to build institutions of mutual help such as friendly societies (which often dovetailed with the efforts of occupational-based trade unions), or, as a last resort, rely on local charitable assistance from benevolent societies and churches, in some cases with the assistance of government grants. Charity as retirement income was often the subject of stigma and a distinction was frequently drawn between 'deserving' and 'undeserving' poor. Retirement was commonly something to be feared by working Australians, especially those confronted with the prospect of being confined to overcrowded, humiliating asylums. Significantly, however, colonial Australia did not adopt the faltering, increasingly punitive English 'poor law' system of welfare provision whereby poor law overseers imposed levies on landowners to fund charity for needy local parishioners.⁵

When the colony-based Labor parties emerged during the economic turbulence and major strikes of the 1890s the issue of a state-sponsored aged pension was placed on the agenda. The age pension was a key plank of party policy, amid a wider labour movement and progressive push for welfare reform. In 1900, New South Wales Labor subsequently pressured that colony's Protectionist Premier William Lyne to legislate for non-contributory pensions for those residents aged 65 and over, among other reforms won from Opposition, a reform which also took place in Victoria during the same year. Queensland

legislated a similar system in 1907. The advent of the Commonwealth in 1901 saw the new federal Labor party adopt a four-point platform – old age pensions figured centrally. Andrew Fisher's federal Labor government implemented a national aged pension for men over 65 and women over 60 under the Invalid and Old-Aged Pensions Act 1908 and a national invalid disability pension in 1910. These new flat-rate means and assets-tested payments, which were financed from general revenue, came into operation in July 1909 and December 1910 respectively, superseding state-based pension schemes. These reforms represented a major break with the pre-existing model of pension as charity: henceforth the pension was construed as a right of citizenship rather than a gift. Indeed, these pensions signalled Australia's status as a social laboratory of progressive social reform and presaged the beginnings of a more thoroughgoing twentieth-century welfare state.⁶

No new Commonwealth social security payments were introduced until World War Two, despite some conservative attempts in the 1920s and late 1930s to replace the aged pension with a national scheme of contributory insurance. During the war, John Curtin's Labor government introduced a widows' pension in 1942 and, after the conflict, the Labor government of his successor Ben Chifley substantially increased payments for existing pension entitlements, under the auspices of the recently created Commonwealth Department of Social Services.⁷ Various, mainly minor, adjustments were made to the pension in the post-war years by Robert Menzies' Liberal government (1949-66) and Gough Whitlam's reformist Labor administration (1972-75). Pensioners were provided with free medical treatment through participating GPs and hospitals, while means tests were relaxed or abolished for certain categories.⁸ Until the 1970s, however, outside of the pension, superannuation was the preserve of elites, being restricted to private payments made to permanent, typically male executives employed by large private companies and government departments by means of a defined benefit based on retirement age, time of service spent with the same employer (35 to 40 years with one company) and final salary. Unsurprisingly, the industry was controlled by employers and insurance companies and was frequently used as a tax rort as it was accumulated as a lump sum with no tax

paid on monies accrued. If a worker left the employ of their company, or lost their job, then they lost their retirement savings. Isolated cases of industry-funded pensions existed, such as an agreement between the Federated Ironworkers' Union and BHP, but most Australian workers were forced to rely solely on the government's age pension when they retired. In the 1970s, only 32 per cent of workers were covered by superannuation: 36 per cent of males and only 15 per cent of females. Twenty-four per cent of private sector workers had super compared with 58 per cent in the public sector.⁹ Less than one in four women and blue-collar Australian workers held a superannuation account.¹⁰ In 1984, employees in receipt of superannuation was determined by social class and gender. Just 6.4 per cent of those earning under \$160 a week accrued super and 22.2 per cent earning between \$160 and 200 a week – in gender terms 9.9 per cent/22.2 per cent of males and 4.8 per cent/18.6 per cent of females – compared with a rate of 70.2 per cent among those earning over \$440 p/w (male – 73.3 per cent; female – 52.9 per cent).¹¹ As Bill Kelty remarked of the pre-1970s status quo, superannuation functioned as a 'subsidy from essentially lower paid workers with shorter service to higher-paid people with longer service.'¹²

The 1970s heralded a major change to Australia's retirement savings system with the creation of industry super funds established by unions to give all workers the right to super. The previous decade witnessed the sponsorship of a retirement fund by the Charlie Fitzgibbon-led Waterside Workers' Federation. The Seamen's Union of Australia followed suit in 1973; the next year the Pulp and Paper Workers' Federation scheme was established.¹³ A major turning point occurred in 1978 when the Federated Storemen and Packers' Union (FSPU), now the National Union of Workers (NUW), established the most-thorough-going fund, known as the Labour Union Co-Operative Retirement Fund (LUCRF), a decision driven by leaders such as Greg Sword, Bill Landeryou and Bill Kelty. Contributions were made by employers on the proviso that employees contributed a smaller amount into the LUCRF fund. There was much opposition to this movement for change. 'It was quite heavy going. It wasn't so much the individual employers; it

was the employer organisations and the conservative Liberal Party in government in the time', former NUW national secretary Greg Sword remarked of the experience. 'The commentary in parliament was incredible – essentially they were saying that the Storemen and Packers' Union were setting up a mafia-type protection racket rather than a genuine superannuation fund, that we were criminals, that we were going to take and spend the money – all that sort of hysteria.'¹⁴

In a nod towards the Swedish and German model of codetermination of pensions, employers were asked to join the LUCRF Trustee Board alongside employee representatives on a 50/50 basis forging what would become the benchmark for these run only to profit members funds. In 1984 BUSS (later CBus), a large-scale superannuation fund covering the building and construction industry was created along the lines of the LUCRF model on the back of a building industry award agreement that included superannuation in lieu of a wage rise. It became the model for all subsequent industry super schemes.¹⁵ A number of other similar funds were established in the following years, including the Meatworkers' Union, Pulp and Paper workers, and the Australian Workers' Union (NSW), although many could trace their histories back decades earlier, such as Vision Super which was formed in 1947. In addition to forming the basis of a more strategic form of unionism pursued by the likes of Kelty, the ACTU leadership and on-the-ground organisers, industry funds were intended as a counterweight to the high-fee and commission products common in the retail (bank) dominated superannuation industry. The industry fund model

would underpin the three key principles of Australia's modern, universal and compulsory superannuation system: 1) complete portability – employees take their super from job to job; 2) full vesting – employer contributions are 'deferred pay' to remain in super accounts; and 3) employee-owned – they belong to employees with full ownership rights.

Under the leadership of Kelty the ACTU campaigned hard to make superannuation an industrial right. During the 1980s, the insertion

Until the 1970s ... superannuation was the preserve of elites, being restricted to private payments made to permanent, typically male executives employed by large private companies and government departments by means of a defined benefit based on retirement age, time of service spent with the same employer ... and final salary. Unsurprisingly, the industry was controlled by employers and insurance companies and was frequently used as a tax rort ... If a worker left the employ of their company, or lost their job, then they lost their retirement savings.

of so-called 'productivity bonuses' in registered federal awards encouraged the emergence of more industry funds, often over employer opposition, in addition to shifting industrial attitudes embodied by the ACTU's 1987 publication of the Scandinavian-inspired Australia Reconstructed report. In the same year the Federal Arbitration Commission formally supported the insertion of superannuation payments in registered awards as a legitimate vehicle for workers' retirement incomes. These funds, covering more than five million workers, with over \$224 billion under management, have provided above average investment returns to members and outperformed retail funds by 1.7 per cent on average over the last nineteen years and SMSFs by 0.4 per cent on average over the last seven years. Over the last ten years the average industry fund has delivered around \$16,000 more to its members than the average retail fund. Such funds boast lower average fees than retail funds and don't pay commissions to financial planners and accountants. Industry funds have added \$51 billion in total to national super savings over the last nineteen years,¹⁶ and have invested in quality long-term infrastructure.

Government reform was crucial in expanding super on a national basis. The Whitlam government-initiated 1976 National Superannuation Committee of Inquiry (Hancock Report) had recommended a superannuation system built on the existing government-funded public service model. But it was the tripartite agreement between Bob Hawke's federal Labor government (1983-91), employers and trade unions, known as the Prices and Incomes Accord of 1983, itself a response to concerns around the need to avoid the excessive inflation of the 1970s, which laid the groundwork, in tandem with an ambitious, modernising economic reform agenda. In return for exercising wage restraint in line with CPI movements, unions would be given a formal voice in government deliberations such as industry policy, and a raft of increases to the so-called 'social wage' were introduced – for example the re-legislation of a form of universal healthcare in the shape of Medicare, increased spending on

education and other measures, eventually including superannuation. The Accord survived and, at least until the emergence of enterprise bargaining in the early 1990s, remained the centrepiece of Labor in office – renegotiated eight times during the years 1983-1996. In 1985, as part of Accord Mark II, the government supported the ACTU in its claim before the Arbitration Commission for a 3 per cent productivity payment to be paid to all workers in

the form of Award Superannuation. Unions agreed to forgo a national three per cent pay increase in favour a commensurate three per cent compulsory employer contribution made to industry funds. The door to a more secure, comfortable retirement was opened to millions.

It was the federal government too that further drove the establishment of our modern superannuation system by virtue of its Superannuation Guarantee legislation. In 1991, the Hawke Labor government deemed the three per cent contribution too small amid wider concerns about the sustainability (given Australia's ageing population) and fairness of the nation's retirement income system as well as seeking to increase national savings. Now led by Paul Keating, who had long supported the idea of compulsory superannuation in his guise as a reformist Treasurer, the Labor government introduced legislation for a prescribed level of superannuation for all employees, known as the Superannuation Guarantee (SG), which came into operation in 1992. By virtue of Labor winning the 'unlosable' 1993 federal election, the SG went from strength to strength.¹⁷ The original three per cent contribution rate was gradually increased to nine per cent by 2002 and by a more modest half a per cent over the past fifteen years. Nonetheless Labor had built what would become known as Australia's 'three pillars' retirement income system: 1) compulsory employer contributions to superannuation

funds in addition to wages and salaries; 2) further voluntary contributions to super funds and other investments encouraged by taxation and salary-sacrifice benefits; and 3) a safety net of a means-tested government-funded age pension. To preserve the

Industry funds have been deeply influential in shaping our superannuation policy and practices even if they represent a minority of the industry total today. Forty per cent of total superannuation assets and more than fifty per cent of the workforce are encompassed by industry funds ... Buttressed by industry funds Australia has built one of the largest and most productive pools of savings in the world in just a quarter of a century. Those savings have underpinned a large range of Australian businesses, from infrastructure to manufacturing and now renewable energy sources, and provided a vital source of capital ... those savings helped Australia avoid the worst of the GFC.

integrity of the system, superannuation benefits could not and (under ordinary circumstances) cannot be accessed pre-retirement.¹⁸

Industry funds have been deeply influential in shaping our superannuation policy and practices even if they represent a minority of the industry total today.¹⁹ Forty per cent of total superannuation assets and more than fifty per cent of the workforce are encompassed by industry funds.²⁰ Superannuation industry funds took out the top five positions in satisfaction with financial performance in the six months to July 2017, according to recent Roy Morgan research, and nine out of the twelve best-rated largest funds. In the year to June 2017, retail funds returned 7.8 per cent while industry funds returned 10.7 per cent and not-for-profit industry funds continue to outperform retail funds by a widening margin – 2.89 per cent over one year; 2.44 per cent over three; and 2.13 per cent over five years.²¹ Industry funds perform better over the medium and longer term, by a margin of between 0.7 per cent and 1.3 per cent per annum.²² Buttressed by industry funds Australia has built one of the largest and most productive pools of savings in the world in just a quarter of a century. Those savings have underpinned a large range of Australian businesses, from infrastructure to manufacturing and now renewable energy sources, and provided a vital source of capital. For precisely that reason,

those savings helped Australia avoid the worst of the Global Financial Crisis (GFC) and the system itself survived the worst effects of the GFC, which was estimated to have struck a \$75bn paper loss blow to the pool of superannuation savings.²³ Our retirement savings system is arguably the envy of the world. Superannuation is seen as a basic right of employment for most workers in the manner of the original aged pension. Financial independence and security in retirement have become a reality for most ordinary Australians.²⁴ The 2017 ‘Best Countries survey’ ranks Australia as the world’s second-best country for a comfortable retirement – behind New Zealand and ahead of Switzerland, Canada and Portugal in the top five. The latest Melbourne Mercer Global Pension Index ranked Australia’s retirement-income system third out of 27 countries assessed (accounting for 60 per cent of the world’s population) in terms of adequacy, sustainability and integrity. Australia’s high rating in the latter survey was largely due to what the survey described as our ‘robust’ superannuation system and government-funded age pension. Granted, as the same survey also pointed out, many of the future challenges faced by the countries in question were of similar type, such as dealing with an ageing population and declining birth rates.²⁵ Yet there are twenty-first century challenges unique to Australia’s retirement income system.

Part Two

What's the problem?

Our super system built up from the 1970s onwards is a national success story. But it is showing signs of wear and tear in the twenty-first century. The system has been constantly tinkered with since its formal inception in 1992. The sector itself and Australian super account holders require long-term certainty and a clear national reform roadmap in order to deal with present challenges and those which loom over the policy horizon. As Labor's Shadow Minister for Finance, Dr Jim Chalmers, has noted of superannuation and public policymaking more generally: 'The superannuation debate has also revealed something far more important: that one of the most costly consequences of the changing nature and deteriorating quality of our democratic discourse is the demise of the long policy run-up.'¹ That culture needs to change and change now.

Our ageing, bigger population

Australia's population size and age profile pose significant challenges to our system. Australians are getting older and are having fewer children. In 2025, 27 million people will live in Australia. Five million of us will be aged over 65; another five million will be aged between 15 and 24. A woman aged 60 in 2025 will expect to live for another 30 years. A man can expect to live for another 27 years. As a result of our migration program it is projected that over the next forty years Australia's population will almost double

to 40 million.² Australians born after 2055 can expect to live to at least 95, which means they will need to accrue more super in order to retire in comfort and dignity.³ If not addressed by policy makers, an ageing population may affect both economic growth and the viability of our retirement income system. We need as many taxpayers as possible to pay the taxes to fund our aged pensions, or alternatively, and preferably, maximise the superannuation accounts of Australian workers. Aside from reducing account fees to maximise super benefits, we need more jobs and more employers employing mature-age workers. This can be

achieved by tackling structural issues within our super system.

The stalled SG rate

Paul Keating's vision, enshrined in the 1995/96 Commonwealth budget, of a compulsory superannuation contribution system with a SG rate of fifteen per cent has not been realised. It was abandoned by John Howard's Coalition Government after it took office in 1996, a backflip on its pre-election promise. The employer SG contribution did rise to nine per cent in the 2002-03 financial year, albeit being limited to ordinary time-earnings and not overtime pay. In 2013 Julia Gillard's Labor government legislated for a streamlined MySuper product, designed to be a simple superannuation fund with few, standardised fees and a single balanced investment option. The Rudd Labor government (2007-10) undertook a major review of the superannuation system and proposed increasing the compulsory SG rate to twelve per cent. As a result the Labor government passed legislation in 2013 to have the SG reach twelve per cent by 1 July 2019. After Labor's defeat at that year's election, Tony Abbott's Coalition government increased the rate from 9.25 per cent to 9.5 per cent in July 2014, yet, crucially, deferred the start of the planned increase to twelve per cent by six years meaning that that rate will not be achieved until 2025. The rate will remain at 9.5 per cent until 30 June 2021 and then increase by

Our super system built up from the 1970s onwards is a national success story. But it is showing signs of wear and tear in the twenty-first century. The sector itself and Australian super account holders require long-term certainty and a clear national reform roadmap in order to deal with present challenges and those which loom over the policy horizon.

0.5 percentage points annually. A typical 25 year-old employee will be around \$100,000 worse off when they retire because of these changes, which will also punch a \$150 billion hole in our national savings over the next decade. There is little inclination on the part of Malcolm Turnbull's Coalition government to speed up SG rate increases between 2017 and 2021. For example, the Association of Superannuation Funds of Australia predicts that singles will need \$545,000 at retirement to live a comfortable lifestyle, while couples can expect to require \$640,000. Yet this modelling is made on the presumption that the person or couple owns their home outright.⁴ As a

previous John Curtin Research Centre policy essay by Misha Zelinsky pointed out, given skyrocketing property prices home ownership is going backwards, which spells trouble for our retirement income policy. Older Australians will struggle to support themselves in retirement, having to either rent or put aside money because they do not own property.⁵ Australians instinctively understand the problem at hand. More than half of Australians believe they will not have enough in their superannuation accounts to retire on.⁶ If we want to preserve the integrity of our retirement income system not reaching fifteen per cent isn't a serious policy option.

The rise and risk of the gig economy

External factors are also weakening our super system. Australia's retirement savings sector is increasingly failing employees because the system was designed in the early 1990s, largely catering to individual employees who worked in stable, full-time employment, and who were not working for multiple employers or as contractors. The traditional 9-to-5 jobs market has in recent times been placed under severe strain by the emergence of a so-called 'gig economy', or 'uberisation' of the workforce, dominated by casual or part-time workers and contractors. Over 70,000 full-time jobs were lost in Australia during 2016. The Centre for Future Work reports that less than half of Australian workers now hold down a full-time permanent job. 23 per cent are employed casually, the remainder being part-time, labour hire or contractors such as Uber drivers, a new precarious tribe increasingly denied job security, sick leave, holiday pay, and superannuation monies. The number of so-called independent contractors, sham or otherwise, wielding an Australian Business Number (ABN) in place of a secure employment contract is on the rise. According to the most recent data provided by the ABS, there were approximately 1 million independent contractors in their main job in August 2016; 9% of all employed Australians were independent contractors.⁷ Research by Expert360 predicts that 40 per cent of the professional workforce will become on-demand, freelance workers by 2025.⁸ Half of all big business will rely on at least 20 per cent of their workers being contractors, consultants and temporary employees within the next three years.⁹ Underemployment has hit record

highs – at 8.6 per cent of the workforce or 1.1 million Australians, forcing Australians to take 2 or 3 jobs or 'gigs'. According to the Australian Bureau of Statistics (ABS) over the past six years, the number of Australians with secondary jobs increased 9.2 per cent (from 699,000 in 2010-11 to 763,000 in 2015-16), while those with main jobs rose by 6.8 per cent (11.7 million to 12.5 million).

In reality the gig economy is the return of an older phenomenon of insecure work – nineteenth century shearers and rural labourers tramping from job to job, wharfies and transport workers on what we now call zero-hours contracts searching the streets for work and female clothing employees working on piece rates. And while technological improvements ought to be embraced they must also be seen an excuse for a deliberate industrial strategy to tilt the balance of power against workers by weakening collective bargaining and undermining wages and workplace conditions. Moreover, as discussed below, the gig economy is allowing employers to avoid paying salary on-costs, such as super, through the deliberate change to casual labour or contracting out of work. Does a casual Yoga-teacher receive super? No? Does Uber pay its contractor drivers super? No. The list is endless. Anecdotally, we hear this all the time from our family and friends and their children all the time. The standard refrain is: "If I make a fuss, I'm out of a job because someone else will do it." These trends, combined with employer non-compliance (discussed below) have encouraged and compounded a situation whereby an increasing number of Australians are not eligible for SG contributions because they earn below the threshold of \$450 or more before tax in a month paid by a single employer. Overtime doesn't count towards the threshold, and it applies to each employer separately. A worker with two jobs that each pay \$400 a month in ordinary earnings and \$200 a month in overtime still misses out on compulsory super. The arbitrary threshold was legislated for in the 1990s and was set just below the annual tax-free threshold of \$5200. However the tax-free threshold is now more than three times that size at \$18,200 and effectively punishes young people, especially women, who are more likely to be casuals. The Association of Superannuation Funds of Australia (ASFA) calculates that a young student

Australia's retirement savings sector is increasingly failing employees because the system was designed in the early 1990s, largely catering to individual employees who worked in stable, fulltime employment, and who were not working for multiple employers or as contractors. The traditional 9-to-5 jobs market has in recent times been placed under severe strain by the emergence of a so-called 'gig economy', or 'uberisation' of the workforce, dominated by casual or part-time workers and contractors.

could forgo \$1900 over five years because of the rule, and a 37-year-old single mum could miss out on \$1425 over three years. A third of young people have been found to be ineligible. An estimated 220,000 Australian women and 145,000 men miss out on about \$125 million of super a year because of the rule. Then there are independent contractors, who no matter how much income they earn, are not eligible for SG contribution payments because they don't have an employer. And unlike employees, self-employed ABN holders and contractors are not required to save super. And it shows: almost one in four self-employed Australians have accumulated no super, according to ASFA, compared to 7.2 per cent of employees. The average balance of self-employed Australians tends to be lower. The average employee aged between 55 and 59 is likely to have a super balance of almost \$217,530 while a self-employed person of the same age has \$110,110.¹⁰ This is not only unfair and bad news for individuals, but is bad for our national savings and bad for the budget bottom line in coming decades as fewer people becoming fully funded or partially funded retirees will exert more pressure on the pension system, combined with increasing healthcare costs.

The continued rise of the gig economy will push even more young workers beneath the threshold, as their earnings get split between employers or they are hired as contractors with no rights to super payments. It can only increase the gender super gap given that women are overrepresented in insecure work and are also affected by parental leave and caring arrangements, and thus time out of the paid workforce, all of which means they accumulate less super. According to a 2017 joint Per Capita/Australian Services Union report, women are predicted to retire on roughly half the superannuation balances of men. At age 25, women have roughly similar superannuation balances to men. By the prime child-rearing ages of 35 to 44 their balances are 30 per cent lower, and by ages 45 to 64 they are 45 per cent lower.¹¹ The most recent ABS figures on superannuation, for 2013-14, show that at retirement age, men have an average balance of \$322,000 compared with \$180,000 for women.¹² The current \$450 threshold is also disadvantaging Aboriginal and Torres Strait Islander peoples. The weekly household income for Aboriginal and Torres Strait Islander adults is almost half that of other Australian adults, which combined with their employment in often

precarious and (multiple employer) work means they are more likely to be affected by the threshold and miss out on super payments.¹³ While retirement can seem a long way off for young people, male and female, indigenous and non-indigenous, our nation cannot ignore this looming problem, as recognised by a May 2017 Senate report which recommended abolishing the threshold.¹⁴ This problem requires sophisticated, bipartisan policy to prevent millions of workers falling through the cracks.

Then there is the problem of non-compliance. According to figures gleaned from 2013-14, 2.4 million workers are affected by non-compliance, losing an average of \$1489 which belongs in their super accounts, a total of \$3.6 billion a year. Those figures revealed that the young, female and lower-income workers are more likely to be affected – 37 per cent of 20-24 year-olds compared to 23 per cent of 50-54 year-olds missed out – and especially those employed in the construction, hospitality, retail and

cleaning industries.¹⁵ Since then the scandal has widened. A recent Australian Taxation Office superannuation guarantee audit revealed that workers have lost out on more than \$17 billion in superannuation payments since 2009, a total of \$3.27 billion in super payments during 2014-15. A separate study by former Treasury head Phil Gallagher last year estimated that unpaid superannuation could add up to almost \$5.6 billion a year and affect more than one third of workers.¹⁶ Non-compliance only exacerbates a larger scale problem in our workplaces that is also threatening our superannuation saving pool. A recent report, 'The Consequences of Wage Suppression for Australia's Superannuation System' by the Centre for Future

The consequences are stark: government will be forced to pick up the tab; \$37 billion in lost taxes due to lower super contributions and higher age pension payouts. Then there is the opportunity cost involved – we are missing out on \$100 billion to invest in important nation-building, job-creating infrastructure projects. These trends are the real threat to Australian's individual savings, national savings and economy, and integrity of our retirement savings system.

Work, estimates that three million people, or one in four workers, have experienced some form of wage suppression – wage theft, wage freezes, reduced penalty rates and cancelled workplace agreements – which will reduce our retirement savings pool by \$100 billion. The consequences are stark: government will be forced to pick up the tab; \$37 billion in lost taxes due to lower super contributions and higher age pension payouts. Then there is the opportunity cost involved – we are missing out on \$100 billion to invest in important nation-building, job-creating infrastructure projects.¹⁷ These trends are the real threat to Australian's individual savings, national savings and economy,

and integrity of our retirement savings system.

Instead we have recently witnessed a potpourri of wrong-headed policy proposals such as the draft Productivity Commission inquiry into the superannuation industry which essentially seeks to weaken the role of (largely industry) super funds by removing superannuation from awards and allocating new workers to default funds only once,¹⁸ proposals such as the Future Fund becoming the default super account fund, and remarkable calls by former Liberal Treasurer and current chair of the government's Future Fund, Peter Costello, to effectively nationalise compulsory default superannuation, arguing that such a solution would end the 'fight' between industry and private funds.¹⁹ Revealingly, recent Turnbull government legislation has seemingly deliberately exempted bank-owned funds from regulatory laws designed to improve accountability and member outcomes in superannuation by focusing on MySuper funds, which are disproportionately industry super funds.²⁰ At the behest of bank-controlled funds, proposed legislation seeks to deliberately target industry funds' successful employer/employee trustee board representation. The Australian's editor-at-large accidentally belled the cat on the political motive in play: '... the party of capital is starved of private capital for its political needs. Remember Malcolm Turnbull had to throw his own money into last year's campaign. What a humiliation! The Liberal Party's alleged friends — big banks, big business — are either no longer its friends or have opted for neutrality.'²¹ Rather, the focus of lawmakers — setting aside the practical need to combine the regulation of the industry under a single umbrella and tackling the multitude of equity issues outlined earlier — ought to be on applying a policy blowtorch onto new funds entering the 'choice of fund market', such as Spaceship, the Millennial-focused super product backed by Atlassian, aptly described as 'inefficient predators'.²² One example proves the point. Future Super, established in 2015, has branded itself as a niche fossil fuel-free fund. The fund claims an annualised return of 7.24 per cent, yet its fees are an exorbitant 1.9 per cent.²³

Financial literacy

Non-compliance is a matter for which rogue employers ought to be held to account. However, along with the matter of the SG threshold, these rights and rules are widely misunderstood. For example, a survey of 1059 employees by Longergen Research in 2016 found that 47 per cent of casuals and 40 per cent

of part-timers thought they were paid super from the first dollar they earned, rather than needing to reach the \$450 threshold from a single employer. In addition many Australians are focused on the lump sum at the end of retirement, rather than the level of regular income super would supply them with. Research has revealed 41 per cent of the population do not feel well informed about their retirement savings and many are unsure on how much money they should have tucked away. Fifteen per cent of people do not know their superannuation balance.²⁴ Most Australians (63 per cent) do not have a plan for how they will live in retirement and 73 per cent plan to use the age pension when they retire, according to a Sunsuper report, while 30 per cent of people never thought about their retirement and four per cent did not care about retiring. A significant number of respondents were 'nervous or scared' (33 per cent) about retiring: they did not know how much money they would need or did not believe they would have enough superannuation.²⁵ It is clear then that both employers and employees need to be better informed of their super rights and obligations. This much has been clear since the Rudd/Gillard Labor Government's 2010 Cooper Super System Review, which noted the system's complicated nature and related lack of investor engagement. To change this culture greater financial and more specifically superannuation literacy is required, which can only be driven by a dedicated education campaign, supported by government and, it is to be hoped, interest groups across the superannuation industry.

Infrastructure

Australia is being held back by a lack of long-term focused, well-planned investment in productive infrastructure. Yet a pipeline of quality infrastructure is absolutely crucial for our ability to locate and sustain new sources of economic growth, especially as we deal with the continued fallout from the slowdown in the mining industry. For example, the public infrastructure investment deficit is estimated to be \$80 billion or around 7 per cent of Australia's existing stock of infrastructure. Infrastructure Australia has estimated that the economic cost of underinvestment in transport infrastructure is projected to reach \$53 billion a year by 2031. Superannuation is and has a critical role to play in tackling this problem. Industry super funds will invest approximately \$10-20 billion in equity over next decade which will fill the \$80 billion infrastructure gap by more than 12 per cent.²⁶ If the issues identified previously in this section are tackled then super can play an even stronger role in creating quality, job-creating nation-building infrastructure.

Part Three

Super Solutions

To preserve the structural integrity of the superannuation system, enhance the individual super accounts of all Australians and secure the Commonwealth's budgetary position in coming decades we need concrete, well-planned and consensus-based policy making. This report makes the following seven recommendations to tackle the problems outlined in the previous section.

Recommendation 1

Lawmakers, superannuation stakeholders and policymakers need to make a renewed push to incrementally increase the SG rate to 15 per cent over the next decade. At the very least the Commonwealth should be aiming to raise the super guarantee from 9.5 per cent to 12 per cent by 2022. This could be achieved by mandating 0.5 per cent increases annually between 2018 and 2022. The same process could then be replicated between 2023 and 2028 to reach 15 per cent.

Recommendation 2

In regard to challenges posed by the rise of the gig economy, in line with a number of submissions and the report of this year's Senate Economics Reference Committee into super guarantee non-payments and calls by leading industry players, it is recommended the \$450 monthly threshold for super payments be removed. The threshold was originally introduced to reduce the administrative burden of paying superannuation to casual and part-time employees, however new technology should surely allow employers to overcome these issues. If the government baulks at abolishing the threshold for SG contributions, then legislation should be introduced mandating a new pro-rata model for SG payments. Under our proposed model, employers would effectively make payments on earnings below \$450 a month. Where a person was earning over the threshold with two or more employers, but not earning above the threshold with a single employer, the SG would be paid on a pro rata or proportional basis by each employer. It is proposed that the Australian Taxation Office be tasked with introducing the new scheme, overseeing the calculation of pro-rata payments through the pay-as-you-go (PAYG) tax system and deal with (non)-compliance, just as the ATO presently ensures that the correct amount of tax is taken from superannuation savings. In respect of contractors, what is required is a more stringent approach to the

categorisation of contract work in the first place and ongoing regulation of contract work that seeks to deliberately avoid the legislative responsibilities of an employer-employee relationship, such as paying the oncost involved in SG payments. Tackling the problem of contractors not accruing super should be pursued through the taxation system. For example, an individual can already claim a tax deduction for making super contributions. This report recommends the introduction of a compulsory levy on contractors with incomes above a threshold of \$90,000 per financial year, following the example of the Medicare levy. Those monies would be specifically used to fund the aged pension and the levy would be collected through the tax system unless the contractor in question contributed an amount equivalent to the SG to a complying superannuation account. In tandem with the levy, during the first three financial years of the new arrangements, all contractors will be eligible for a 150% tax deduction for superannuation payments made to a complying super account. Obviously this proposal entails a cost to the Commonwealth budget, but in the medium and long-term the budget impact of taking no action will be greater if contractors retire with no superannuation. However, this solution would need to be pursued in tandem with action from the government to address the exploitation of workers through sham contracting, such as greatly increasing the penalties for sham contracting. The alternative is the budget facing a higher age pension bill and individual Australians enjoying a less secure, less comfortable retirement.

Recommendation 3

Policymakers also need to tackle the problem of the gender gap, which not only sees women's take-home pay typically fall below that of men but flows through into lower accumulated superannuation accounts. This problem is accentuated by federal legislation whereby employers are not required to make superannuation contributions for paid parental leave (PPL), a situation which overwhelmingly affects women and accentuates the gender super gap, to say nothing of the gendered impact the gig economy is having on female workers. For example, if a female employee was to take between 2 to 4 years' paid or non-paid parental leave, they are potentially missing out on between 5-10 per cent of accumulated monies over the course of a typical 40 year working life. This

is bad for individual women and bad for our national savings. Some employers have taken pro-active measures. Unions NSW female employees have been receiving an extra 2 per cent superannuation since 2013.¹ In 2016, Melbourne City Council implemented a \$500 annual superannuation bonus for all female employees, who comprise 60 per cent of the council's workforce. A Brisbane small business of eight employees has decided to pay its female employees one per cent more superannuation than their male co-workers, while financial services firm Rice Warner has given its female employees two per cent more super than its male staff since 2013. While these individual measures are to be welcomed, in the manner of the implementation of the SG legislation government action is required. It is recommended that by legislation women (and men) be paid the full SG for the first six months of PPL.

Recommendation 4

Government must prosecute a zero-tolerance approach towards employer non-compliance of payment of compulsory superannuation contributions. In particular, extra funding must be provided to the ATO to deal with rogue employers and phoenix companies, including tougher penalties for those found to be contravening the law. Employers, including small businesses, should be made to report more detailed SG data to the ATO on a more frequent basis in order to tackle issues of non-compliance. For instance, under 'Superstream', employers report detailed SG data at the same time as making contributions on their employees' behalf each quarter. There is no reason however why super payments cannot be made on the same schedule as at least a monthly payroll given technological advances. Conversely, workers need to know their rights, which can also be addressed under the auspices of Recommendation 7 below.

Recommendation 5

Australia's super success story has been underpinned by the role played by industry funds.

Governments should desist from undermining their crucial role and look at ways in which to strengthen the existing employee voice in our superannuation system and workplace more generally, as argued in this centre's previous policy essay advocating employee representation on company boards. Australia would only be following international policy trends such as Germany's successful form of pension codetermination. The role of industry funds must be strengthened, especially given the challenge of our nation's infrastructure deficit outlined earlier.

If the government baulks at abolishing the threshold for SG contributions, then legislation should be introduced mandating a new pro-rata model for SG payments. Under our proposed model, employers would effectively make payments on earnings below \$450 a month. Where a person was earning over the threshold with two or more employers, but not earning above the threshold with a single employer, the SG would be paid on a pro rata or proportional basis by each employer.

Recommendation 6

There also needs to be a renewed push to place maximum downward pressure on super account fees to ensure account holders have as much monies in their retirement pools. The basis of this recommendation can also be addressed under the auspices of Recommendation 7 below.

Recommendation 7

It is imperative that we work to improve financial literacy of all Australians but especially younger workers increasing entwined in the gig economy. Younger people need to be more aware of their rights and obligations. This can only be driven by education. There is a role for the Commonwealth and state governments to play in incorporating financial, including retirement incomes, literacy into our national school curriculum. Young Australians need to be educated on financial literacy throughout their secondary schooling, university or TAFE training and when they first enter the workforce, pre and post-training. Where possible, superannuation funds should play a support role (as far as permitted by the provisions of the sole purpose test). There may also be a role for the Australian Securities and Investments Commission, which already ensures that trustees of superannuation funds comply with their obligations to provide information to fund members during their membership, and via media such as its MoneySmart website.

Conclusion

It is difficult to understate the profound and successful nature of the revolution that has taken place in Australia's retirement income system over the past two to three decades. A system that was rated poorly in comparison to other developed countries has now become the envy of the world. The development of our modern superannuation system has been crucial. As this report has shown, the role of labour movement institutions was vital, and continues to underpin our world-beating success story. Yet there are signs – identified in this report – of wear and tear as we approach the 2020s. In order to secure the viability and growth of the superannuation sector and integrity of the retirement income system, policymakers need to provide legislative certainty while tackling the major issues that threaten to weaken our achievement. The genius of our system is its pairing of efficiency and equity, and it is on that basis that governments need

to approach the task of reforming superannuation to meet new challenges. Just as the significant push to introduce national superannuation during the 1980s and 90s responded to the need for macro and micro economic reform amid the ongoing threat of a low-growth, high-inflation economic outlook, so too policymakers must respond to present and future challenges, notably the rise and risks of the gig economy, employer non-compliance, the continued existence of a gendered super gap and persistent deficit in Australian's financial literacy, amid the threats posed to the national interest such as the budget deficit and infrastructure needs. In the manner of Medicare, superannuation has become one of the pillars of our egalitarian prosperity. It is incumbent on our generation to write the next, ambitious chapter of our super story.

Endnotes

Introduction

¹Commonwealth of Australia, 'Stronger Super (government response to the Review into the governance, efficiency, structure and operation of Australia's superannuation system', 2010, www.strongersuper.treasury.gov.au/content/Content.aspx?doc=publications/government_response/key_points.htm

²Andrew Main, 'Paul Keating vision proves a super saviour', *The Australian*, 20 August 2011, <http://www.theaustralian.com.au/business/wealth/keating-vision-proves-a-super-saviour/news-story/a2f5ae97c6f09c360236fc343289b89a>

³Nick Dyrenfurth, *Make Australia Fair Again: the Case for Employee Representation on Company Boards*, John Curtin Research Centre Essay Series: No. 2, 2017, p. 17; The Association of Superannuation Funds of Australia, 'Superannuation Statistics', 2017, <https://www.superannuation.asn.au/resources/superannuation-statistics>; Compass housing services submission to the Senate Standing Committees on Economics, Affordable Housing Inquiry, 2015, <http://www.aph.gov.au/DocumentStore.ashx?id=8d0db3d7-c109-43c5-930e-3229400b0886&subId=205966>

⁴Peter Ryan, 'Superannuation: ATO reports rogue employers have "robbed" staff of almost \$17 billion since 2009', ABC News, 29 August 2017, <http://www.abc.net.au/news/2017-08-29/rogue-employers-robbing-staff-by-dodging-super-payments-ato/8851216>

Part One

¹Mary Easson, *Keating's and Kelty's Super Legacy: The Birth and Relentless Threats to the Australian System of Superannuation*, Connor Court, Sydney, 2017; Bernard Mees and Cathy Brigden, *Workers' Capital: Industry funds and the fight for universal superannuation in Australia*, Allen & Unwin, Sydney, 2017.

²See Stuart Macintyre, *Winners and Losers: the pursuit of social justice in Australian history*, Allen & Unwin, Sydney, 1985; Stephen Garton, *Out of Luck: Poor Australians and Social Welfare, 1788–1988*, Allen & Unwin, Sydney, 1990; Peter Beilharz, Mark Considine and Rob Watts, *Arguing about the welfare state: the Australian experience*, Allen & Unwin, Sydney, 1992; Brian Dickey, *No Charity There: A Short History of Social Welfare in Australia*, Nelson, Melbourne, 1980.

³Mees and Brigden, *Workers' Capital*, pp. 19–20.

⁴http://www.aph.gov.au/binaries/senate/committee/history/super_ctte/suprep01/02ch2.pdf

⁵https://dictionaryofsydney.org/entry/health_and_welfare

⁶Nick Dyrenfurth, *Heroes and Villains: the Rise and Fall of the Early Australian Labor Party*, Australian Scholarly Publishing, North Melbourne, 2010; Nick Dyrenfurth and Frank Bongiorno, *A Little History of the Australian Labor Party*, University of New South Wales Press, Sydney, 2011, Part One; Department of Social Security, 'History of pensions and other benefits in Australia', 1988, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/3d68c56307742d8fca257090002029cd/8e72c4526a94aaedca2569de00296978!OpenDocument>

⁷Dyrenfurth and Bongiorno, *A Little History of the Australian Labor Party*, pp. 97–8.

⁸Stephen Garton, 'Health and Welfare', *Dictionary of Sydney*, 1988, https://dictionaryofsydney.org/entry/health_and_welfare

⁹Leslie Nielson and Barbara Harris, 'Chronology of superannuation and retirement income in Australia',

Parliament of Australia, 2010, http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/0910/ChronSuperannuation

¹⁰Michael Drew and Jon Stanford, 'A review of Australia's compulsory superannuation scheme after a decade', Discussion Paper No 322, University of Queensland, <http://www.uq.edu.au/economics/abstract/322.pdf>; LUCRF, 'A Super History', 2008, <https://www.lucrf.com.au/about-lucrf/super-history>

¹¹Cited in Easson, *Keating's and Kelty's Super Legacy*, p. 22.

¹²Quoted in Easson, *Keating's and Kelty's Super Legacy*, p. 11.

¹³Easson, *Keating's and Kelty's Super Legacy*, p. 5.

¹⁴Canstar Research, 'Superannuation in Australia: A Brief History', 3 September 2013, <https://www.canstar.com.au/superannuation/industry-super-funds-the-beginning>

¹⁵Easson, *Keating's and Kelty's Super Legacy*, p. 113.

¹⁶<http://www.industrysuperaustralia.com/assets/Uploads/Industry-Super-and-the-Australian-economy.pdf>

¹⁷Easson, *Keating's and Kelty's Super Legacy*, p. 117.

¹⁸Superannuation benefits fall into three categories: 1) Preserved benefits which must be retained in a fund until the employee's 'preservation age', currently 55 years of age; 2) restricted non-preserved benefits that cannot be accessed until an employee meets a condition of release, such as terminating their employment in an employer superannuation scheme; 3) unrestricted non-preserved benefits which do not require the fulfilment release conditions, and may be accessed upon the request.

¹⁹Easson, *Keating's and Kelty's Super Legacy*, p. 2.

²⁰Mees and Brigden, *Workers' Capital*, p. viii.

²¹Rod Myer, 'Industry funds take top five positions in the satisfaction tables', *The New Daily*, 4 September 2017, <http://thenewdaily.com.au/money/superannuation/2017/09/04/industry-funds-top-five-satisfaction/>

²²Rod Myer, 'Superannuation returns were positive in August after a flat July', *The New Daily*, 27 September 2017, <http://thenewdaily.com.au/money/superannuation/2017/09/27/super-fund-returns-positive-august/>

²³Andrew Main, 'Markets forcing retirees to work after \$75bn paper loss in superannuation', *The Australian*, 22 October 2011, <http://www.theaustralian.com.au/business/wealth/markets-forcing-retirees-to-work-after-75bn-paper-loss-in-superannuation/story-e6frgac6-1226173590785>

²⁴Trevor Cook, 'Compulsory super: it's good, it works and we want more of it', *The Conversation*, 29 March 2012, <http://theconversation.com/compulsory-super-its-good-it-works-and-we-want-more-of-it-5975>

²⁵Creative Wealth Ideas, 'Almost the world's best for retirees', 2017, <http://www.creativewealthideas.com.au/news/39108>, Mercer Melbourne, 'Melbourne Mercer Global Pension Index', 2016, <https://www.globalpensionindex.com/>

Part Two

¹Jim Chalmers, 'Super 'shock' actually shrewd, slow-cooked policy', *Sydney Morning Herald*, 11 April 2013, <http://www.smh.com.au/comment/super-shock-actually-shrewd-slowcooked-policy-20130410-2hmjb.html>

²<http://www.heraldsun.com.au/business/economy/australias-population-to-hit-40-million-with-the-next-40-years-forecasts-bureau-of-statistics/news-story/36b400139e5fb5067a5bb86bb57aefb5>

³Sophie Elsworth, 'Ways to fix Australia's superannuation system and boost retirement savings', *News.com.au*, 20 March 2015, <http://www.news.com.au/finance/superannuation/ways-to-fix-australias-superannuation-system-and-boost-retirement-savings/news-story/74d5828d9b0c2dd69337f80e7ef85cac>

⁴Association of Superannuation Funds of Australia, 'ASFA Retirement Standard', 2017, <https://www.superannuation.asn.au/resources/retirement-standard>

⁵Misha Zelinsky, *Housing Addicts: How the 'Australian Dream' became a national nightmare*, John Curtin Research Centre Essay Series: No. 1, 2017; Rod Myer, 'Australia's retirement system on collision course with property market', *The New Daily*, 17 July 2017, <http://thenewdaily.com.au/money/retirement/2017/07/17/seniors-housing-crisis/>

⁶Alison Banney, '6 in 10 Australians don't believe they'll have enough super', *Finder*, 7 August 2017, <https://www.finder.com.au/6-in-10-australians-dont-believe-theyll-have-enough-super>

⁷Australian Bureau of Statistics, 'Characteristics of Employment, Australia, August 2016', May 2017, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6333.0>

⁸Patrick Durkin, 'Airtree Ventures lead \$13m capital raise for Expert360', *Australian Financial Review*, 16 July 2017, <http://www.afr.com/technology/airtree-ventures-lead-13m-capital-raise-for-expert360-20170714-gxb8hx>

⁹Patrick Durkin, 'ASX200 move to 20pc freelance workforce', *Australian Financial Review*, 24 October 2016, <http://www.afr.com/leadership/asx200-move-to-20pc-freelance-workforce-20160930-grs951>

¹⁰Larissa Ham, 'Super for the self-employed: these are the hot issues', *The New Daily*, 26 September 2016, <http://thenewdaily.com.au/money/superannuation/2016/09/26/super-self-employed-hot-issues/>

¹¹David Hetherington and Warwick Smith, 'Not so Super, for women', *Per Capita*, July 2017, <https://percapita.org.au/research/not-so-super/>; see also Senate Economics References Committee, 'A husband is not a retirement plan: Achieving economic security for women in retirement', Parliament of Australia, 29 April 2016, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Economic_security_for_women_in_retirement/Report/c05

¹²Rod Myer, 'This is how much money Australians have in super', *The New Daily*, 30 July 2017, <http://thenewdaily.com.au/money/superannuation/2017/07/30/how-much-superannuation-australia/>

¹³Alison Banney, 'Indigenous Australians are missing out on superannuation', *Finder*, 7 August 2017, <https://www.finder.com.au/indigenous-australians-are-missing-out-on-superannuation>

¹⁴Senate Economics References Committee, 'Superbad – Wage theft and non-compliance of the Superannuation Guarantee', Parliament of Australia, 2 May 2017, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/SuperannuationGuarantee/Report

¹⁵Industry Super Australia, 'Industry super and the Australian economy', 2015, <http://www.industrysuperaustralia.com/assets/Uploads/Industry-Super-and-the-Australian-economy.pdf>

¹⁶Ryan, 'Superannuation.'

¹⁷Jim Stanford, *The Consequences of Wage Suppression for Australia's Superannuation System*, Centre for Future Work/The Australia Institute, September 2017, 'http://www.futurework.org.au/wage_suppression_a_time_bomb_in_superannuation_system

¹⁸Productivity Commission, 'Superannuation: Alternative Default Models (Draft Report)', Australian Government, 2017, <http://www.pc.gov.au/inquiries/current/superannuation/alternative-default-models/draft>

¹⁹Peter Martin, 'Nationalisation call: Turn default superannuation over to government, Peter Costello urges', *Sydney Morning Herald*, 12 October 2017, <http://www.smh.com.au/money/super-and-funds/nationalisation-call-turn-default-superannuation-over-to-government-peter-costello-urges-20171012-gyzscr.html>

²⁰James Frost, 'Super amendments favour for-profit funds', *Australian Financial Review*, 13 August 2017, <http://www.afr.com/business/banking-and-finance/financial-services/super-amendments-favour-for-profit-funds-20170813-gxv5bq#ixzz4s3e9OFel>

²¹Paul Kelly, 'ALP-Liberal battle lines drawn in superannuation showdown', *The Australian*, 20 September 2017, <http://www.theaustralian.com.au/opinion/columnists/paul-kelly/alpliberal-battle-lines-drawn-in-superannuation-showdown/news-story/cc4f65283c946fdc672ebcc3c15b42f0>

²²Mike Taylor, 'Are new super funds 'inefficient predators'?', *Money Management*, 22 August 2017, <http://www.moneymanagement.com.au/news/superannuation/are-new-super-funds-'inefficient-predators'>; John McDuling, 'The secret war brewing in Millennial super', *Sydney Morning Herald*, 31 July 2017, <http://www.smh.com.au/business/innovation/the-secret-war-brewing-in-millennial-super-20170730-gxlli3.html>

²³James Frost, 'Niche superannuation funds: the nitty gritty', *Australian Financial Review*, 28 March 2017, <http://www.afr.com/personal-finance/superannuation-and-smsfs/the-nitty-gritty-of-niche-super-funds-20170323-gv4hos>

²⁴Sophie Elsworth, 'Australians left in the dark about their superannuation balances', *Herald-Sun*, 21 August 2017, <http://www.heraldsun.com.au/business/australians-left-in-the-dark-about-their-superannuation-balances/news-story/b47b9bfb38c795167ab7f10a8a7df2e2>

²⁵Jassmyn Goh, '73 per cent of Aussies plan to use the Age Pension', *Super Review*, 22 August 2017, <http://www.superreview.com.au/news/superannuation/73-aussies-plan-use-age-pension>

²⁶'Industry super and the Australian economy'.

Part Three

¹Jenna Price, 'Why Australia Post's CEO was worth every cent of his \$5.6 million salary', *Sydney Morning Herald*, 12 October 2017, <http://www.smh.com.au/comment/australia-posts-zero-gender-pay-gap-ahmed-we-hardly-knew-you-20171012-gyzffi.html>



vision
super

COMMITTEE OF MANAGEMENT

Dr Kate Murphy
Dr Henry Pinskiar
Andrew Porter
Rebekka Power
Luke Walladge
Misha Zelinsky

BOARD OF ADVISORS

Dr Nick Dyrenfurth (Executive Director, JCRC)
Senator the Hon. Kim Carr
Senator Kimberley Kitching
Michael Danby MP
Dr Mike Kelly MP
Tim Hammond MP (ALP National Vice-President)
Hon. Michelle Roberts MLA
Hon. Peter Malinauskas MLC
Hon. Philip Dalidakis MLC
Dr Bill Leadbetter (Former Labor MP, University of Notre Dame, Cathedral Scholar - Perth Cathedral)
Kosmos Samaras (Assistant Secretary, Victorian ALP)
Ari Suss (Executive Director, Linfox Private Group)
Marcia Pinskiar (NFP Advisory Services)
Professor Janet McCalman (University of Melbourne)
Adam Slonim (Blended Learning Group, AILD)
Krystian Seibert (Not-for-profit sector policy expert)
Professor Andrew Reeves (Historian and policy analyst)
John Mickel (former Labor MP; Adjunct Associate Professor, Queensland University of Technology)
Mary Easson (Former Labor MP, Probity International)
Andrew Dettmer (National President, Australian Manufacturing Workers Union)
Marina Chambers (Australian Workers Union, National President)
Lord Maurice Glasman (UK)
Jon Cruddas MP (UK Labour Party)
Professor Alan Johnson (BICOM, UK)
Arnie Graf (Community Organiser, US)
Simon Greer (Cambridge Heath Ventures, US)
Hilik Bar MK (Secretary General Israel Labor Party, Deputy Speaker Knesset)