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## Fairer tax and more super for working Australians must be at centre of Henry Review, say unions

The Henry Tax Review and next month's Federal Budget must deliver a fairer tax system for working Australians and reform the superannuation system to ensure dignity in retirement for all Australians, not just the well-off, say unions.

Commenting on media reports today, ACTU Secretary Jeff Lawrence said there were positive signs the Henry Review will recommend changes to the taxation and adequacy of superannuation.

Unions are pushing for superannuation tax changes that will slug the well-off, but these need to be accompanied by measures that deliver more income in retirement for low and middle income working Australians, said Mr Lawrence.

"We expect the Rudd Government and the Henry Tax Review to deliver on fairer taxes and more super for working families," he said.

"Along with changes to make the super tax system more equitable for working Australians the Government should also set a clear pathway to lifting the superannuation guarantee."

Mr Lawrence said the Henry Review and the Budget were major opportunities for the Labor Government to build on the deal made with working Australians and unions almost two decades ago to establish universal superannuation.

Unions are seeking a clear policy pathway to lift the 9% superannuation guarantee along with reforms to plug the leakage of super tax concessions to high income earners.

"Superannuation tax concessions were inequitably weighted towards higher income earners and penalise low and middle income people. Last financial year, out of the \$24 billion in superannuation tax concessions, 40% went to the top 5% of income earners.

"Some people pay more tax on their savings in super than on the rest of their income," Mr Lawrence said.

"If media reports today about proposed changes to the superannuation contributions tax rate are correct, it seems that the Henry Review has heard our case – but we will need to see the detail to be sure.

Unions expect the Tax Review panel to make a strong statement about adequacy of retirement incomes, Mr Lawrence said.

"Recent moves by the Government to prevent financial planners and advisers pocketing hidden fees and commissions from workers' superannuation accounts are very welcome," said Mr Lawrence.

"However, almost 20 years after the introduction of universal, employer-funded superannuation, it is clear that income security in retirement is still a dream for many working Australians.

"Even with regular full-time employment for 35 years, 9 per cent superannuation is inadequate for dignity in retirement. If you use the modest estimate of 65 per cent of pre-retirement income as the measure of adequacy, nearly all workers would have their funds exhausted after 10 years.

"With both men and women predicted to live into their late 80s by 2050, 9% super is clearly inadequate," said Mr Lawrence.

**Media contact:**

Mark Phillips ph (03) 8676 7266 or 0422 009 011; [mphillips@actu.org.au](mailto:mphillips@actu.org.au)  
Or Amanda Nguyen ph (03) 9664 7326 or 0418 479 455