

Intergenerational Report is a wake-up call; time to increase super to 15%, say unions

Unions will push for the superannuation guarantee to be raised to 15% following the release of a new government report on the economic impact of Australia's rapidly ageing population.

Unions welcome today's Intergenerational Report, which outlines the challenges posed for retirement incomes as the proportion of the population aged 65 and over doubles over the next 40 years.

ACTU President Sharan Burrow said it gave impetus to union calls for the superannuation guarantee to be increased to 15% by 2015, along with more incentives to encourage workforce participation by women and older people.

A separate report by the Investment and Financial Services Association shows that the average gap between what has been saved and what is needed in retirement has blown out by 55% in just four years to \$73,000, and highlights the need for urgent action on raising superannuation.

"Today's Intergenerational Report provides more evidence that working Australians are falling behind in saving for their retirement," Ms Burrow said.

"Unless action is taken soon, this will place an unbearable burden on future generations of workers and taxpayers, and drag down the national economy.

"A decade and a half ago, the promise of superannuation for all became reality following a long union-led campaign. But the Treasury report confirms self-funded retirement incomes will still be inadequate for the majority of Australians as the population ages.

"It is clearly time to take the next step towards the goal of 15% superannuation by 2015."

Ms Burrow said the Henry Tax Review also needed to address retirement incomes by making changes to the concessions for voluntary superannuation contributions that were currently skewed towards the wealthy. The Henry Review could also begin to address the other great challenge of Australia's ageing population: workforce participation.

"The Intergenerational Report has rightly identified the contribution that older Australians can make to national productivity if there are incentives for them to remain in the workforce, if they wish. The \$43 million Productive Ageing Package will be a great help," Ms Burrow said.

"The Tax Review also needs to address in-built penalties in the tax and transfer system that act as a disincentive against both older Australians and against low and middle-income earners seeking employment or increasing their hours of work."

Coupled with this, women's participation in the workforce needs to be encouraged through a universal paid maternity leave scheme, better access to, and equal pay for women, Ms Burrow said.

"Employers need to do more to encourage participation of older workers and women by reducing discrimination and introducing more flexible working arrangements," she said.

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