

28 March 2023

Director
Superannuation Insurance and Governance Unit
The Treasury
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Dear Director,

Re: Legislating the objective of superannuation

Anglicare Australia welcomes the opportunity to provide a submission to the consultation paper on legislating the objective of superannuation. An objective will provide a shared understanding across the community of the role and purpose of superannuation, and guide future policy making around superannuation.

In general Anglicare Australia supports the proposed objective in the consultation paper. The objective recognises that superannuation is about providing income for a dignified retirement, not about wealth generation, or accumulation of a nest egg to pass on after death. The inclusion of the concepts of equity and sustainability are in line with Anglicare Australia's values and advocacy.

There is work to be done to ensure the superannuation system meets this worthy objective. The system is not yet equitable. Modelling first commissioned by Anglicare Australia in 2018, and recently updated, shows that superannuation tax concessions disproportionately benefit high income and high wealth households.ⁱ The cost of these concessions will eventually exceed the cost of the aged pension.

It is also necessary to note that a dignified retirement is harder to achieve for people who do not own their home. Anglicare Australia's recent report on *Ageing in Place: Home and Housing for Australia's Older Renters* showed people living in private rental are at greater risk of poverty, face uncertainty and instability, and can lack the equity to make choices like entering a retirement village.ⁱⁱ For people renting while on the aged pension, there is often little left over after housing costs to cover bills, food, medical expenses and insurance.

For people with higher wealth and superannuation balances, policy settings must encourage the use of superannuation for the purpose of a dignified retirement, not for other purposes. Right now, many people try to preserve their superannuation, so they don't run out of funds. Most people die with up to 90 percent of their super remaining, to be passed on as intergenerational wealth.ⁱⁱⁱ Some of the generous taxation concessions incentivise using superannuation as a means of saving and accumulating wealth, rather than to provide an income in retirement.

Anglicare Australia is pleased to see the Government taking the first steps towards making superannuation more equitable, limiting taxation concessions on incomes from superannuation balances over \$3 million. But we believe the Government can go further to make sure the superannuation system is equitable and sustainable into the future. We look forward to working with the Government on further reforms.

We would welcome the opportunity to discuss the matters raised in this letter further, or answer any questions that you may have.

Yours sincerely



Kasy Chambers
Executive Director

ⁱ Per Capita (2018) [The Cost of Privilege](#).

ⁱⁱ Anglicare Australia (2022) [Australia Fair Series: Ageing in Place](#)

ⁱⁱⁱ Commonwealth of Australia, Treasury (2020) [Retirement Incomes Review](#).