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Submission by the Synod of Victoria and Tasmania, Uniting Church in Australia on *Treasury Laws Amendment (Better Targeted Superannuation Concessions) Bill 2023* 18 October 2023

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes this opportunity to make a submission on the *Treasury Laws Amendment (Better Targeted Superannuation Concessions) Bill 2023*. The Synod supports the Bill and urges it be put before the Parliament as soon as possible as a small but meaningful reform to make the superannuation system fairer. The reform is modest in the extreme.

The membership of the Uniting Church in Australia has been concerned about widening financial inequality from its foundation. In the Statement to the National made at the first meeting of the National Assembly in 1977, the representatives of the Uniting Church stated:

> *We will challenge values which emphasise acquisitiveness and greed in disregard of the needs of others and which encourage a higher standard of living for the privileged in the face of the daily widening gap between the rich and poor.*

The Synod, therefore, supports reforms to the superannuation system that would reduce the role superannuation plays in widening the level of financial inequality in Australia.

The current superannuation arrangements favour those on high incomes, offering substantive reductions in tax paid on contributions compared to if income tax needed to be paid. As pointed out by the February 2023 Treasury assessment of tax expenditures, in 2019-2020, 91% of the benefit from the concessional tax rate on superannuation contributions went to people with above median income. Further, 30% of the benefit (approximately $6 billion) went to people in the top-income decile.[1] For the lowest 20% of income earners, there is a net detriment from the tax on superannuation contributions because, on average, they face a personal income tax rate of less than 15%.[2]

In addition, 39% of the benefit from the concessional taxation of superannuation earnings ($6 billion in 2019 to 2020) went to the people in the top-income decile.[3]

We note that the number of people with superannuation balances over $50 million increased from 78 to 107 from the 2019 -2020 financial year to the 2020-2021 financial year. In the same period, the number of people with superannuation balances over $100 million

[1] Treasury, 'Tax Expenditures and Insights Statement', February 2023, 15.
[2] Ibid., 16.
[3] Ibid., 17.

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increased from 17 to 28.[4]

We further note that former senior Treasury official Mike Callaghan publicly stated that superannuation tax concessions were not well targeted to those most in need and overwhelmingly benefited high-income earners.[5] He pointed out that “Superannuation tax concessions are growing faster than the cost of the age pension and will be a higher proportion of GDP than the age pension, so they’re heading in the wrong direction in terms of sustainability.”[6]

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[4] Angus Thompson, ‘Treasurer targets super rich tax perk’, *The Age*, 3 October 2023.
[5] John Kehoe, ‘Cut super tax breaks for the rich: expert’, *The Australian Financial Review*, 5 November 2022, 8.
[6] Ibid.