



## **Resolution Number Seventeen**

*Submitted by National Secretary, Paul Howes.*

### **Superannuation – Increasing savings for our member's retirement**

#### **Background**

Twelve months ago the AWU called for the federal government's proposed \$31 billion in income tax cuts to be paid into the nation's savings via superannuation contributions.

Australia has been more exposed to the US financial crisis than first thought, and this will result in slower growth over the year ahead.

Australian financial institutions have borrowed extensively in the US to feed the domestic appetite to spend more than is earned, which is something that has become more pronounced in recent years.

Taxpayers are saving, rather than spending, the federal government's recent tax cuts and additional payments from the budget surplus.

If a scheme for 3 per cent government super contribution, matched by 3 per cent member contributions, had been implemented by Howard and Costello from 1997 to 1999, aggregate superannuation savings would now stand at around \$1.5 trillion (not the current \$1 trillion).

Today, the scale of superannuation contributions gives the Australian government a powerful economic policy lever, which can be effectively used to moderate the inflationary impact of tax cuts and other government transfer payments by channeling part of budget surpluses into superannuation savings.

Industry superannuation funds, on their own initiative, provide contributing members real investment choice, where members can choose their own investment strategy in a fund of their choice.

The AWU believes now is the time to begin serious work on improving superannuation adequacy, and for superannuation funds to increase their investment in real assets, and in regional Australia.

Savings, such as those from superannuation contributions, fuel investment. A compulsory contribution rate of 15 per cent would do much to rejuvenate Australia as a supplier of investment capital, and would have further acted to cement our position as a well-resourced and skilful financial services hub. Superannuation contributions of this scale would also have created a better environment to insulate Australia from the more extreme effects of the current economic crisis.

Treasury modeling in the 1990s clearly demonstrated that a superannuation contribution rate of 15 per cent of wages would provide working Australians with a reasonable retirement income.

As a minimum, compulsory superannuation contributions must be increased to 15 per cent of wages, which will not only deliver Australian workers and their families greater retirement security, but which will also generate a greater domestic capacity to invest in nation-building projects for the benefit of all Australians.

## **Resolutions**

This National Conference recognises that Australia's well managed superannuation funds have been an important source of financial stability for the economy at a time of unparalleled crisis on financial markets.

This National Conference calls on the Federal Government to review the adequacy of current superannuation arrangements in the wake of the financial crisis, with a view to increasing the compulsory minimum contribution rate to 15 per cent of wages.

Furthermore, this National Conference calls on the federal government to create an appropriate environment whereby the superannuation industry can expand its role as a financier to promote nation building and infrastructure projects for the benefit of all.

---

**Moved:**

**Seconded:**

**Outcome:**