



Media Release

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Shorten again puts union interests ahead of workers interests

Working families across Australia will be worse off as a result of Bill Shorten's obsession with putting the vested interests of the union movement ahead of the public interest.

"His latest plan to increase compulsory super beyond 12 per cent is bad news for low and middle income earners and he is well aware of that," Shadow Assistant Treasurer Mathias Cormann said.

"Don't take my word for it. That is the conclusion reached by the government's own Treasury Secretary Ken Henry in his report on retirement incomes:

"The retirement income report recommended that the superannuation guarantee rate remain at 9 per cent... Although employers are required to make superannuation guarantee contributions, employees bear the cost of these contributions through lower wage growth. This means the increase in the employee's retirement income is achieved by reducing their standard of living before retirement. The effect of this reduction in a person's standard of living before retirement is likely to fall most heavily on low- to middle-income earners who are unlikely to be in a position to offset the increase in the superannuation guarantee by reducing their other savings." (Henry Review, Pages 109-110).

"When Bill Shorten argues for an increase in compulsory super beyond 12 per cent what he really wants is to cut people's take home pay by more than three per cent," Senator Cormann said.

"Clearly this is very popular with the superannuation industry – including union super funds.

"It gives them an automatic increase in funds under management without having to work hard for it.

"To try and 'convince' the union movement and the broader superannuation sector to get on board with a campaign to increase compulsory super is a bit like asking Kevin Rudd to consider going on an overseas trip.

"Instead of avoiding the policy debate, Bill Shorten should answer these questions:

- Why do you think Ken Henry is wrong when he concludes that increasing compulsory super beyond 9 per cent will impact most heavily on the standard of living of low and middle income earners across Australia?
- Why should working families with a mortgage not be allowed to use that money to pay off their mortgage faster or to deal with increasing cost of living pressures? For those wanting to pay off their mortgage faster isn't that at least as good an investment as putting more money into super?
- Wouldn't it be better to encourage people to boost their retirement savings voluntarily at a stage of their life when they can better afford it and when they're increasingly focused on their

retirement needs? Hasn't your government made it harder for people at that stage of their life to save for their retirement by halving the concessional superannuation contribution caps?

- Why should superannuation funds not be forced to work harder to demonstrate value to their customers across Australia to convince them to put more money aside through super voluntarily?

Before pressing ahead with forcing more of people's money into superannuation, Bill Shorten needs to address a series of outstanding issues:

- 1) Deliver on the government's pre-election commitment to abolish the current closed shop anti-competitive arrangements favouring industry super funds when it comes to selecting default superannuation funds under modern awards.
- 2) Act on the recommendations of the Cooper Review to improve corporate governance arrangements in superannuation. Specifically, ensure independent directors on superannuation boards and act on the recommendation that directors should only sit on one and not multiple boards;
- 3) Sort out the increasing problem of people inadvertently breaching superannuation contribution caps and being hit with excessive additional taxes in the wake of Labor's decision to halve concessional caps.

"These are all issues on Minister Shorten's to-do-list which he is currently neglecting.

"He should sort these issues out and engage in the policy debate rather than just deliver slogans in front of one friendly audience after another," Senator Cormann said.

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