

Madonna Waugh

Dear Commissioners,

I would like to start with where the current mess/superannuation started. It had nothing to do with pension replacement. The economy could not handle wage growth of 3 %, so Bill Kelty and Paul Keating hatched a plan to give workers a rise, but the hard workers just can't use it. So in the current economic climate should our workers be given their wages back to help with cost of living and perhaps give economy a boost?

I am a 51 year old woman who has never held a full time Job since Paul Keating brought in super guarantee or a 3 % tax on business. I had 2 small children and a 10 month old baby.

My husband was a full time farm hand at the time when the super guarantee come in.

Couple of years later he went on to work in local council as a backhoe driver.

During this time we struggled to pay a house off, raise children and keep our heads above water. I could not understand why we had our wages stolen and given no choice.

In 2001 both our funds lost money, obviously my husband lost more than mine as he had more money than I did. I couldn't understand why a plane crashing into a tower would make our funds lose money. I wrote to Senator Helen Coonan and asked could we get our money out as I didn't want to lose any more of OUR money.

She responded with a long winded answer which meant , No.

From that point on, I have despised superannuation. Around the same time, I found out that my relative could salary sacrifice their bills. So I rang my husbands work place to see if local

government offered the same salary sacrifice as the Queensland Health Department. The answer was that the only salary sacrifice that was available was superannuation. I could not afford to put more money into a scheme that was very risky and we had no spare cash that we could afford to lose.

We went farming in 1999 , and my husband continued in council until the workload on the farm was too much for weekends. He asked the local government could he get time off without pay to pursue our farming fulltime. And perhaps return if farming was no financially viable. He couldn't, so we have been fulltime farming since 2004.

The good thing about working for yourself, we are not forced to put money into a super fund. I have been researching superannuation and trying to understand why Paul Keating privatised the pension.

In 1992 Bill Kelty did a deal with Paul Keating so that unions will manage these superannuation funds. From that point on union membership declined as it was not compulsory. Why did unions need membership, they have a big money pool by way of having control of industry super funds.

This deal did worry both of these men and how they would go at the next election. They won!

The member for widebay spoke against this tax on business on October 1992.

Labor party wanted an employer to start paying super from \$250.00 a month but the the senate must have negotiated the floor amount of \$450.00 before a worker will be paid super and have it put away for decades. So in 25 years this is still unchanged. A low paid worker getting \$120.00 a week will have to forego nearly \$12.00 a week to a superannuation fund and that \$12 was taxed at 15%. Up until July 1 2017, this low paid part time worker was giving the federal government 15 % tax for the luxury of not

having access to it for 5 decades. A worker on \$1000.00 week will also pay the same 15% tax on his super.

<https://www.facebook.com/madonna.waugh/posts/1294137270603672>

I dwell in an area with least disposable income nationwide. Making the working poor give crumbs over to super funds also hurts regional economies doing it tough.

At the end of last year, the coalition tried to get a back packer tax through parliament. The coalition wanted to keep 95% of the compulsory super that was paid by farmer/small business. This reinforced the fact that compulsory super is a tax on small business. And compulsory super is not paid to an account to relieve future budgets from paying out a pension, it is a tax on small business and those who are not employed in public service also pay taxes to fund larger amounts of Super for public service employees.

Recent Australian Governments have called for tax reviews. Kevin Rudd had Ken Henry review and I am unaware if superannuation was considered. Tony Abbott called for a tax review called Rethink:Better tax and it was given an extension of time for submissions to specifically look at superannuation.

#### THE INEQUITIES:

The Australian taxpayer pays politicians 15 % superannuation. These people will gain bigger amounts to compound due to their high wage. So not only do we pay them more as a percentage , but the amount will be larger than many of the workers these people represent.

Telstra was publicly owned and has been sold to fund a few who were lucky enough to sign up to a defined benefit.

Q: why is just a few Australians allowed to retire on the government purse, yet the rest of us don't get anything from the sale of that public asset.

As a Queensland taxpayer, I am paying some in the public Service 18%. If the Queensland taxpayer is funding larger amounts for public service, the Queensland Government should give all Queenslanders the same amount. Just because you were job lucky , should not mean you retire on more. Not every Australian can be a public servant in federal or state government.

As a woman who didn't have a job in public service, I did not get super while I paused during the child birth & short stay at home. And I am not advocating for business to fund super for a worker who is not working there. That role should have always been for government to subsidise. In 25 years Since the Keating/Kelty thoughty women who were not in the public service are at a disadvantage. If super was the savior to future federal budgets, then Women should have been considered when Paul Keating hatched this awful economic mess.

My daughter has 2 super funds and the onerous amount of paper work to move to one fund should be looked at and move to something simple like moving money between bank accounts.

I would like to say that many businesses on the share market have enjoyed 25 years of guaranteed income via wage earners being forced to give up their wages in Australia.

Has the amount of forced income going into the share market distorted the wealth and efficiency of those businesses on the share market?

When the labor party tried to bring in a mining tax, there was a lot of noise from the industry that a tax would hurt all superannuants. So the mining industry holds the federal government over a barrel

The current government has brought in a Bank levy and the first thing Anna Bligh trotted out was the threat that superannuants will be hurt the most from this tax.

So are these businesses on the share market holding the federal government to ransom because working poor need these businesses to be exempt from any tax reform? Can any future government make any real tax reform because of this rotten invention that is called superannuation

Are the over inflated wages of these bosses of these share market businesses also distorted because they don't have to do much as the money keeps flowing into their share price?

My mum went on a pension at the age of 42 as my dad was a returned serviceman and he could not find work at 59 , so the government put him on a pension. Dad had no superannuation as he never held a public service job during his working life. But they do own a home. They could spend their wage how they liked. Mum has friends who also never had their wage stolen, own their own home and are collecting a pension. These pensioners are not demonised and told that they are despicable humans because they don't have a superannuation fund. One of her friends inherited her husband's [queensland railway Super](#) and [was quite devastated that her pension was cut](#) due to what she inherited. The older generation were not told they can't have a pension and whatever Super they accumulated.

Our kids today are told there will be no pension. This is a con. Government has been paying out a pension for 4 & 5 decades for some who live to 100 as people could retire early. Now myself and my children have to work longer and get told there is no pension. I will take my chances. Government has not at any stage told those who have been retired for 4 or 5 decades that they will have to go back to work as there is no money for them.

Here is one resident, clearly not happy that Super rules have changed.

I will include 3 articles written by the mastermind/destroyer of future pensions

<https://cuffelinks.com.au/where-did-smsfs-come-from-and-where-are-they-going/>

Some excerpts from Paul Keating article/2

"Back in the 1980s, only wealthy people were in the stock market, but I felt mums and dads should be able to share in the bounty of the wealth of the nation. Owning a home was fine but they needed more. "

If I can pick this apart, by saying that many working poor do not and will never own a home , so being a shareholder will not put a roof over your head. Making people a shareholder in a corrupt business does not help the working poor.

Another excerpt-

"So the SGC was not introduced as a welfare measure to supplement the incomes of the low paid. It was principally designed for Middle Australia, those earning \$65,000 to \$130,000 a year, or one to two times average weekly ordinary time earnings (AWOTE). This is not to say that those on 50% or 75% of AWOTE should not benefit equitably from the superannuation provisions. They should. But for Middle Australia, the SGC and salary sacrifice was and is the way forward."

Superannuation was not set up for working poor. \$65000.00 in 1992 was 3 times what my husband was earning. And today there is not many earning \$65000 in the widebay electorate. So 9.5% of all low incomes who are struggling leaves this electorate for the share market.

The other 2 articles written by Paul Keating

<https://cuffelinks.com.au/living-longer-and-superannuation/>  
<https://cuffelinks.com.au/dividend-imputation-and-superannuation-are-worth-fighting-for/b>

Per Capita have done a [research paper and identified that women will only have half of what men have in super.](#)

<https://percapita.org.au/research/not-so-super/>

25 years on and no man in power has recognized that the Bill Kelty & Paul Keating [superannuation tax on business was not going to be fair on women.](#) Women who want to have a family and were not job lucky were never going to have [super savings like their male workers.](#) How does a policy invented by [government not consider the inequities in their policy?](#)

A brilliant article by Judith Sloan on the detrimental affect of compulsory super

<http://catallaxyfiles.com/2015/03/10/superannuation-a-world-class-system/>

Articles written by economists and smarter people than me:

Cameron Murray wrote a book about government and its interaction with its mates. The book had a whole chapter on corruption in superannuation system and how much tax is foregone by wealthy minimizing their tax. See attached

<https://www.facebook.com/madonna.waugh/posts/1855292174488176>

Dick Nichols-

<https://www.greenleft.org.au/content/not-so-super>

Dr Cameron Murray

<http://www.fresheconomicthinking.com/2015/04/self-censoring-on-superannuation.html>

Barnaby Joyce

<http://www.smh.com.au/federal-politics/political-news/barnaby-joyce-backs-allowing-low-income-earners-to-opt-out-of-compulsory-super-20160221-gmzja6.html>

Budget discussions around SGL

<http://www.theaustralian.com.au/in-depth/cabinet-papers/cabinet-papers-19921993-treasurer-john-dawkins-considered-delay-on-compulsory-super/news-story/18dfecf88be1664b927ab962199e957d>

Alan Koehler

<http://www.abc.net.au/news/2013-04-03/kohler-the-great-unknowns-of-australian-super/4606650>

Adam Creighton

Excerpt

"Workers don't feel any direct pain from increasing superannuation. Yet businesses will ultimately rein in the growth of workers' take-home pay. It is like an invisible python coiled around the real economy"

Has compulsory super caused the slow wage growth?

<http://www.onlineopinion.com.au/view.asp?article=12883&page=2>

Brian Toohey

<http://insidestory.org.au/disregarding-henry>

John Daley

<https://www.businessinsider.com.au/why-australias-thinking-on-superannuation-is-wrong-2016-10>

Jordon Eliseo

<https://www.nestegg.com.au/superannuation/10645-first-home-buyers-using-super-may-not-be-a-scandalous-idea>



I will include an excerpt of how New Zealand treats retirement income compared to Australian model

<http://www.tandfonline.com/doi/abs/10.1080/10361140903067250?scroll=top&needAccess=true&journalCode=cajp20>

<http://www.tandfonline.com/doi/full/10.1080/00779951003614099?src=recsys>

If we are going to keep a super scheme ,salary sacrifice needs to be fair. Allowing wealthy people to use this tool will hurt the federal budget and the younger working poor generation.

In my opinion, Is this tax minimisation costing future federal budget more. Is it benefiting the older generation who had full time work. While working poor being forced to put crumbs in.

Questions for the Productivity commission-

Why are the working poor while raising kids forced to put crumbs into share market?

Why are different employees entitled to different rates of super. ie: politicians are paid 15% and some in public service 18%. Is this costing us the Queensland tax payer more now than a pension in the future would cost?

Why are politicians able to access their Super before the everyday working poor Australian?

Because all workers are now shareholders, does this make tax reform harder?

Every large business on the sharemarket uses superannuants as cash cow , and an excuse as to why they can't be taxed more.

The history of the mining tax which was initially born out of the Henry tax review. The miners fought hard to stop this tax

[https://en.m.wikipedia.org/wiki/Minerals\\_Resource\\_Rent\\_Tax](https://en.m.wikipedia.org/wiki/Minerals_Resource_Rent_Tax)

I will just include one threat from a bank.

<https://www.businessinsider.com.au/westpac-says-the-new-bank-levy-is-a-stealth-tax-on-the-life-savings-of-australians-2017-5>

Recommendations from an uneducated bean farmer who has no super-

If any tier of government wants to pay its staff more than the compulsory super that is required by small business, that tier of government should subsidise all queenslanders the same amount. Government can't use the excuse that it is in the employees package. The general population who isn't job lucky can't demand a higher rate of superannuation.

Or drop all superannuation contributions to the same amount that is compelled by business.

Allow families who are raising kids to be exempt from handing over wages. Every few dollars count as families today struggle with less disposable income. I am lucky now, I am not forced. But back when I was rearing 4 kids, we struggled while handing over wages.

If none of the above can be done, get rid of all superannuation all together and we all contribute via percentage of gst. This could go into the future fund. After all the future fund was set up from the sale of telstra. Why should just a few people benefit from the sale of a public asset.

If compulsory superannuation is wound back, then fund holders should be able to move it into one account with one single transfer with little paper work.

The government have just legislated where working poor can plonk money into super fund to save for house deposit. I don't know any working poor who will be able to afford to do this. This is just another con to avoid government changing any tax

minimisation schemes to bring down house prices in Sydney, Brisbane and Melbourne. Working poor should be exempt from compulsory super and put money into house deposit, not doing both.