

# INDIGENOUS SUPERANNUATION WORKING GROUP



## **Superannuation exemption disadvantaging Aboriginal and Torres Strait Islander peoples**

26 July 2017

**The Indigenous Superannuation Working Group (ISWG)** is calling for the removal of the \$450 monthly income threshold that discourages employers from paying superannuation guarantee entitlements to many Aboriginal and Torres Strait Islander peoples.

Under the current \$450 monthly income threshold policy, employers are not required to pay superannuation guarantee (SG) to employees over the age of 18 that earn less than \$450 per month.

Australian Bureau of Statistics data shows an estimated 220,000 Australian females and 145,000 males are missing out on around \$125 million of superannuation contributions each year.

**ISWG Chair Jo Naquesage** said that the threshold affects low income earners and many Aboriginal and Torres Strait Islander peoples who tend to be in that group.

“The weekly household income for Aboriginal and Torres Strait Islander adults is almost half that of other Australian adults so they are more likely to be affected by the income threshold,” said Ms Naquesage.

“As a result, many Indigenous people aren’t being paid superannuation from their employer meaning less compound interest is being earned, and ultimately, they are getting less money in retirement.”

Aboriginal and Torres Strait Islander people face many challenges in accessing superannuation including verification of identity, communication and literacy issues, different cultural practices and relationships, and life expectancy differences.

“There are still a number challenges for Aboriginal and Torres Strait Islander peoples in regards to superannuation and retirement outcomes, however removing barriers like the \$450 threshold is an important step,” said Ms Naquesage.

**First Nations Foundation CEO and ISWG member Amanda Young** agrees that this threshold is holding back Aboriginal and Torres Strait Islander peoples in their ability to have a decent retirement.

“Many Aboriginal and Torres Strait Islander people hold down several jobs, each earning under the threshold so no superannuation is required to be paid. For example someone working nearly fulltime across several child care centres, but only for a few hours each, will most likely miss the threshold at any one centre and therefore not get paid any super,” said Ms Young. “There’s a big inequality gap

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which needs to be addressed. Fair's fair – as a society we need to help everyone achieve a dignified retirement.”

The threshold issue also impacts other vulnerable groups such as women, young people and low income earners generally.

“Superannuation should be a universal entitlement without income exceptions,” said Ms Naquesage. “We’re calling on the Government to update the policy and give everyone – regardless of their income – a fair go at saving for retirement.”

The threshold was originally introduced to reduce the administrative burden of paying superannuation to casual and part-time employees, however the introduction of new technology to allow employers to send money and information electronically has largely addressed these issues.

“Now that we have SuperStream, the administrative barriers have fallen away so the threshold should be made redundant,” said Ms Naquesage.

## **For media enquiries please contact:**

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## **About the ISWG:**

The Indigenous Superannuation Working Group is a cross industry commitment to effectively establishing and meeting the superannuation needs of Aboriginal and Torres Strait Islander people.

Members include the Australian Institute of Superannuation Trustees (AIST), Association of Superannuation Funds of Australia (ASFA), First Nations Foundation (FNF), Financial Services Council (FSC), Mercer, JP Morgan, Women in Super and a number of superannuation funds including:

AUSFund  
Cbus  
GESB  
QSuper  
UniSuper

AustralianSuper  
Colonial First State  
HESTA  
Super SA  
VicSuper

Catholic Super  
First State Super  
Hostplus  
Statewide Super