

26 November 2013

Senate urged to support Low Income Superannuation Scheme

The Australian Institute of Superannuation Trustees (AIST) will step up its call to save the Low Income Superannuation Contribution (LISC) scheme at a special Senate Economic Legislation Committee hearing tomorrow.

AIST CEO Tom Garcia said AIST would be highlighting to the Senate Committee that the LISC was an important equity measure in our super system that reflected Australian's changing work patterns, where part-time and casual employment is increasing.

"LISC provides more equitable arrangements for over 30 per cent of the total Australian workforce and 50 per cent of the Australian female workforce," Mr Garcia said. "It also recognises the changing pattern of Australia's workforce, where greater demands for more flexible work arrangements need to be reinforced with policies which recognise part time (lower paid) work.

AIST's submission to the Senate hearing notes that the number of part-time jobs in Australia has grown substantially in the past four decades and argues that this changing pattern needs to be accounted for in our compulsory superannuation system.

"Forty years ago, around one in ten employees worked part time. Now over a quarter of Australian workers work part time and many of these workers qualify for LISC," Mr Garcia said.

The LISC scheme – which currently benefits 3.6 million Australians - provides up to \$500 a year in superannuation for those earning less than \$37,000 year.

AIST will also argue that the LISC scheme corrected a long-standing tax anomaly in the super system whereby low income earners were paying more tax on their super than their take home pay.

"This scheme rights a wrong," said Mr Garcia. "Low income and part-time earners are entitled to a tax benefit on their compulsory super contributions just like the other two thirds of working Australians".

Mr Garcia said LISC was one of the best policy measures since compulsory superannuation was introduced, noting that more than four times as many Australians benefitted from LISC than the Co-Contribution scheme.

"The great thing about the LISC scheme is that it is well targeted, it automatically benefits millions of workers and it does not require individuals to make voluntary contributions," Mr Garcia said.

Further media enquiries:

AIST CEO Tom Garcia: 0433 687 850: AIST Media Manager Janet de Silva: 0448 000 499

AIST is the peak industry body for the \$600 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.