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ASFA Policy and Industry Practice

# Pre-Budget Submission for the 2012-13 Budget

ASFA Submission

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Association of Superannuation Funds of Australia

ASFA Secretariat
Level 6
66 Clarence Street
Sydney NSW 2000

PO Box 1485
Sydney NSW 1005
Ph: +61 2 9264 9300
Fax: +61 2 9264 8824 or 1300 926 484

Outside Sydney
1800 812 798

Website: www.superannuation.asn.au

The Association of Superannuation Funds of Australia Limited ABN 29 002 786 290 ACN 002 786 290

# EXECUTIVE SUMMARY

ASFA is a non-profit, non-politically aligned national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members.

ASFA recognises that significant reforms to superannuation are currently before the Australian parliament. ASFA has contributed views in respect to these reforms through a variety of consultations, including current parliamentary inquiries. This submission therefore does not seek to cover in detail issues that are currently before the Australian parliament.

## Superannuation Taxation Concessions

ASFA's core message in this submission is that the structure of superannuation taxation concessions is equitable and should not be changed at the current moment.

The Superannuation Guarantee was introduced 20 years ago. As such, the system has yet to come to maturity. Only a small number of people have yet accumulated assets that can deliver more than a comfortable income in retirement. ASFA's updated research on superannuation taxation concession reveals that the Government's reforms to superannuation, in particular increasing the Superannuation Guarantee to 12 per cent, reforming financial planning practices and introducing the package of *Stronger Super* will have a beneficial impact on low income earners and the relative distribution of concessions across income groups.

ASFA is conscious that a number of organisations are proposing changes to the structure of superannuation taxation concessions. ASFA does not believe that it is the time to make major changes to the structure of superannuation taxation. Constant change to superannuation taxation arrangements undermines the overall confidence in the system.

**ASFA urges that the Government broadly maintain the existing structure of superannuation taxation concessions, that is, taxation of concessional contributions and fund investment earnings at 15 per cent.**

## Contribution Caps

ASFA recommends that the Government defer the introduction of a superannuation account cap for higher contributions for those aged 50 and over in order to allow consideration of the broader treatment of retirement income products and enable the Government's superannuation reforms to be implemented. ASFA is concerned that implementing the Government's $500,000 account balance threshold will be borne by all superannuation fund members, including low-income earners, and that there may be another way to achieve the outcomes the Government is after. ASFA's preference is for a contribution cap of $50,000. In the context of Government fiscal constraints a contribution cap of $35,000 is appropriate.

## Superannuation for Self Employed

ASFA is concerned that the universality of Australia's superannuation system is being undermined by the absence of requirements for self employed workers to contribute to superannuation. The transferability of some forms of work between self employment and direct employment is undermining the universality of Australia's superannuation system. Evidence suggests that self employed workers are less likely to contribute to superannuation. ASFA is concerned that the current economic environment will lead to increased financial pressure on self employed workers, with the consequence that such workers will not adequately provide for their retirement.

**ASFA recommends that the Government:**

- Provide sufficient resources to the ATO to enable enforcement of existing laws requiring Superannuation Guarantee contributions for certain self employed contractors. This will ensure that more vulnerable workers are not forced into self employment status.
- Examine the nexus between self-employed work and overall employment and the impact on long-term retirement savings.
- Ensure the superannuation system is universal by developing a plan to introduce compulsory contributions for the self-employed, commencing with a one per cent taxable income contribution that increases to nine per cent over a period of years.

## Retirement Income Products

ASFA believes that there are a number of impediments, including taxation, that are preventing the financial services industry developing products that can serve the diverse retirement needs of Australians. The imminent retirement of baby-boomers means that there is an urgent requirement for Government to address the structure of retirement income products. Over the next decade Australia's 4.4 million baby boomers will make financial decisions either in preparation or in execution of a retirement strategy.

**ASFA recommends that the Government address impediments to the development of retirement income products dealing with longevity risk including by abolishing Income Ruling IT 2480 and modifying or repealing SIS regulation 1.06(2).**

## Addressing Community Experiences of Superannuation

One of the features of Australia's superannuation system is that it deals very well with the average worker in the average workplace. The system however is less accommodative of the different needs of individuals and communities with unique needs. ASFA believes that a mechanism is required that would enable a range of stakeholders, including community groups, academics and industry, to investigate, analyse, debate and address the unique needs of particular communities, such as:

- Nexus between superannuation and work
- Consumer protection issues in self managed superannuation funds
- Ageing and management of financial affairs
- Indigenous community ability to interact with superannuation
- Disability community interaction with superannuation

**ASFA recommends that the Government establish individual projects, with clear, measurable objectives that examine a range of community issues with superannuation.**

## Capital Gains Tax Relief on Mergers

One of the ongoing, unresolved inequities in the superannuation system is that groups such as businesses are able to receive CGT relief upon merger whereas superannuation funds, who manage the savings of millions of ordinary Australians are not able to.

One of the impacts of the Government's *Stronger Super* reforms is that a number of superannuation funds will consider whether to continue to operate as standalone funds. In such cases the merger of a fund can be in the long-term interest of the member of the fund. Super funds are currently carrying Deferred Tax Assets equivalent to between one per cent and three per cent of member account balances. ASFA considers that, as with other periods of significant regulatory change, it is appropriate for the Government to provide CGT merger relief through the *Stronger Super* transition period.

**ASFA recommends that the Government provide super funds with relief for the taxation of capital gains when assets are rolled over between superannuation funds, and/or between Pooled Superannuation Trusts (PSTs) on merger of two superannuation funds to avoid member's accounts being eroded unnecessarily.**

## Investment Environment

ASFA believes that there are a number of areas where the Government can work with the superannuation sector to improve the investment opportunities and environment for superannuation funds, in particular infrastructure investment, the development of Australia's corporate bond market and the Clean Energy Finance Corporation.

ASFA believes that there is no substantive restriction on the availability of infrastructure capital to finance Australia's infrastructure needs and in the absence of market there is no need to use taxation as an incentive to attract capital to the table. ASFA has participated in Infrastructure Australia's Infrastructure Finance Working Group which has identified challenges in respect to infrastructure investment. ASFA recommends that the work of the Infrastructure Finance Working Group continue through the establishment of a permanent group.

ASFA believes that there is potential for significant benefits to flow to superannuation funds if Australia is able to develop a deep and liquid corporate bond market failure. However there has yet to be sufficient analysis of the long-term benefits, and short-term transitional costs, to Australian superannuation funds of developing Australia's corporate bond market. ASFA believes that it is important that detailed research fills this current gap.

ASFA believes that the increasing size of the superannuation pool will mean that Governments will increasingly focus on the role that superannuation does play in the Australian economy. In order to maximise the benefits of superannuation for the Australian economy ASFA believes that the Government should support collaborative research initiatives.

**ASFA recommends that the Government support the establishment of an academic research body that would have a focus on investigating the role of superannuation investment in the Australian economy in areas including infrastructure investment, corporate bonds and clean energy.**

# INTRODUCTION

ASFA is a non-profit, non-politically aligned national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. ASFA's focus is on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds and small APRA funds through its service provider membership, represents over 90 per cent of the 12 million Australians with superannuation.

ASFA's 2012-13 Pre-Budget Submission recognises the difficult economic and fiscal environment facing the Australian Government. In particular we note that in the MYEFO statement that the Australian Government has downgraded its economic outlook with a subsequent reduction of $20 billion in Government tax receipts over the Forward Estimates and a resulting projection that the underlying cash deficit will be $37.1 billion in 2011-12, with the Budget returning to surplus of $1.5 billion in 2012-13.

ASFA recognises that significant reforms to superannuation are currently before the Australian parliament. ASFA has contributed views in respect to these reforms through a variety of consultations, including current parliamentary inquiries. This submission therefore does not seek to cover in detail issues that are currently before the Australian parliament. This submission focuses on the following overall themes:

- Retirement Outcomes
- Implementation of Superannuation Reforms
- Investment Environment

# 1. RETIREMENT OUTCOMES

## Superannuation Taxation Concessions

ASFA is aware of propositions that the current structure of superannuation taxation concessions should be changed to tax individuals based on their marginal tax rate, rather than the existing arrangement of taxing contributions at 15 per cent and investment earnings at 15 per cent.

ASFA believes that the fundamental structure of superannuation taxation is equitable, and that the Government's reforms, in particular the introduction of the low income rebate, contribution caps and the increase of the Superannuation Guarantee from nine per cent to 12 per cent will have a beneficial impact on low income earners, and the relative distribution of concessions across income groups.

It is important that in considering the structure of superannuation concessions that there is an understanding that the purpose of superannuation is to produce an end outcome of delivery of income in retirement. Superannuation taxation concessions need therefore to be considered according to whether they meet the overall objective of providing individuals with the capacity to live retirement in relative comfort.

In this context the design of superannuation taxation concessions should take account of the variable nature of employment. There are many factors that can impact on an individual's capacity to earn income in a particular year, including unemployment and child rearing. ASFA believes that the structure of superannuation contributions should not discriminate against those that may have variable earnings during their careers, either through choice, or through unavoidable circumstances. The current structure of superannuation taxation, which is to tax contributions and earnings at 15 per cent is a more equitable structure than a structure based on individual marginal tax rates on a year to year basis.

In order to contribute to the debate on superannuation taxation concessions ASFA has produced a research report that provides an analysis, based on the most recently released data, on the current distribution of superannuation taxation concessions but also models how the Government's reforms if implemented would change the relative distribution of concessions across income groups.

One of the key findings of the research is that the combined effect of the proposed reforms, if they had applied in 2009-10, would be to increase the share of assistance for those earning less than $80,000 a year from 46.2 per cent to 50.2 per cent.

While ASFA believes that the structure of superannuation taxation concessions is equitable we are also concerned that any changes to the system would undermine consumer confidence in superannuation. ASFA market research has in the past demonstrated that there is concern amongst consumers around continued changes to superannuation taxation rules.

ASFA believes that the Government should not change the fundamental structure of superannuation, that is, taxation of contributions and fund investment earnings at 15 per cent.

## Contribution Caps

In the context of continuing discussions with industry on contribution caps ASFA reiterates concerns raised in previous submissions to Treasury that the imposition of a $500,000 cap for higher contributions for those aged 50 and over is administratively costly and will require superannuation funds to make extensive changes to their administration systems.

The costs of making changes, and administering the new system, would be borne by all members of superannuation fund members whilst only a small minority of superannuation fund members have account balances that could be considered as providing more than a comfortable retirement income. ASFA understands that there are only approximately 90,000 superannuation fund members that have an account balance over $1 million and 316,000 with a balance over $500,000. Only a proportion of such members would have current income and inclination to contribute sufficient to generate contributions in excess of $25,000 a year.

Rather than imposing an administrative cost on all members ASFA believes that there may be other ways to achieve the outcomes that the Government is pursuing than through the concessional contributions caps for those aged 50 and over.

In particular ASFA notes that because the purpose of superannuation is to provide income in retirement it is important that there is a draw down of funds in retirement and that superannuation is not used as a vehicle for estate planning.

ASFA recommends that the Government should defer any decision on the introduction of superannuation account thresholds until it has developed a broader policy on how retirement incomes should be treated.

## Superannuation for Self Employed

ASFA believes that all Australians should be able to have at least a modest standard of living in retirement.

The ASFA Retirement Standard benchmarks the annual budget needed by Australians to fund either a comfortable or modest standard of living in the post-work years. It is updated quarterly to reflect inflation, and provides detailed budgets of what singles and couples would need to spend to support their chosen lifestyle.

On our current assessment (as at the December quarter 2011) a 'modest' lifestyle requires a retirement income (including drawdown of capital) of the order of $21,930 a year for a single person and $31,675 a year for a couple. These figures assume that the retiree(s) own their own home and relate to expenditure by the household.

ASFA is supportive of legislation currently before the Senate to increase the Superannuation Guarantee from nine per cent to 12 per cent over six years and to introduce a low-income earners contribution tax rebate. These reforms will assist meeting the objective that all Australians are able to retire on at least a modest retirement income.
With the Superannuation Guarantee at 12 per cent, an individual on $60,000 a year (a typical wage earner) that contributes for 35 years will have a retirement lump sum of around $350,000 with an expected retirement income of $33,500. This can be compared to the ASFA Retirement Standard expenditure needs for a single person of $21,930 for "modest" and $40,407 for "comfortable" as at December 2011.

Whilst increasing the Superannuation Guarantee to 12 per cent will improve the retirement outcome for employees ASFA is concerned that changing patterns of work are impacting on the preparedness for retirement of a significant part of the Australian community: self employed workers.

ASFA is concerned that the proportion of self employed that have no superannuation is increasing. According to data from the Australian Bureau of Statistics, around 30.5 per cent of males and 25.8 per cent of women report having no superannuation at all. The self-employed are about twice as likely to have no superannuation compared to wage and salary earners. The self-employed also are less likely to have high or middle range balances compared to wage and salary earners. A comparison of self employed against employees reveals that whereas 50 per cent of employees have less than $20,000, 50 per cent of the self-employed have less than $11,000.

According to ABS data superannuation coverage of the self-employed declined between 2005-06 and 2009-10. In 2009-10, 30.5 per cent of self-employed males had no super, compared to 22.8 per cent in 2005-06.

A significant structural issue in the Australian economy is that companies in some industries are able to choose whether to employ an employee, or contract with what is described as a self employed person. In industries where self employment is common such as primary production, construction, property and business services, retail trade, and transport services there is a correlation between employment status and the level of superannuation. As an example in 2009-10 26 per cent of self employed construction workers had no super compared to 23 per cent in 2005-06.

ASFA is concerned that competitive issues in the industry sectors where self employed persons work may impact on superannuation contributions. In particular ASFA is concerned that in times of economic stress the lack of compulsion for self employed workers to contribute to superannuation enables them to discount costing for services by not making provision for superannuation.

In industries where employees and self employed are interchangeable the fact that self employed workers can choose not to contribute to superannuation impacts on the competitiveness of employees receiving compulsory superannuation contributions. From a broader social policy context, individuals in effect undertaking the same type of work should be afforded the same rights and obligations.

ASFA believes that the long-term implication of self employed workers reducing their superannuation contributions, or not contributing to superannuation at all, is that self-employed workers will face retirement with reduced incomes.

ASFA considers that there is an urgent need to address structural issues that create incentives for self employed persons not to contribute to superannuation. Over a number of years ASFA has advocated that a compulsory superannuation contribution should be gradually introduced for self-employed people. ASFA has proposed that a contribution starting at one per cent of taxable income be gradually increased to nine per cent of taxable income with the contribution assessed as part of the tax return process.

ASFA is concerned that the current economic environment will lead to increased pressure on workers to work on a self employed basis and that this will have the impact of undermining the universal nature of Australia's superannuation system.

ASFA recommends that the Government:

- Provide sufficient resources to the ATO to enable enforcement of existing laws requiring Superannuation Guarantee contributions to be made in regard to certain contractors working in similar arrangements to employees. This will ensure that more vulnerable workers are not forced into self employment status.
- Examine the nexus between self employed work and overall employment and the impact on long-term retirement savings.
- Ensure the superannuation system is universal by developing a plan to introduce compulsory contributions for self employed, commencing with a one per cent taxable income contribution that increases to nine per cent over a period of years.

## Retirement Income Products

ASFA believes that there are a number of impediments, including taxation, that are preventing the financial services industry developing products that can serve the diverse retirement needs of Australians. The imminent retirement of baby-boomers means that there is an urgent requirement for Government to address the structure of retirement income products. Over the next decade Australia's 4.4 million baby boomers will make financial decisions either in preparation or in execution of a retirement strategy.

ASFA understands the intention of the Government to discuss the broader issue of retirement incomes policy as part of the Superannuation Roundtable. It is critically important that the Roundtable is able to reach a resolution in terms of the structure of retirement income.

In the interim ASFA believes that the Government address issues that are hindering the development of particular retirement incomes products. This will assist in the development of markets for particular products and will provide individuals who retire in the next year with additional choices.

While account based income streams provide considerable flexibility and access to good long-term investment returns, they are less successful at dealing with the financial consequences of longevity or short-term investment return volatility. Difficulties in definition of risk and the tax treatment of products, such as deferred annuities, impact on the development of retirement income products, reducing the choices available to consumers.

Over recent years ASFA has made a number of recommendations on changes that could encourage the development of retirement income products.

ASFA recommends that the Government address impediments to the development of retirement income products dealing with longevity risk including by abolishing Income Ruling IT 2480, and modifying or repealing SIS regulation 1.06(2).

## Addressing Community Experiences of Superannuation

The Government is proceeding with a series of legislative changes that will have a profound impact on the structure and long-term performance of Australia's superannuation system. The Government's reforms come at a time when investment volatility is impacting on public confidence in superannuation.

In September 2011 ASFA commissioned strategic market research into the views and behaviours of the adult population with superannuation.

Our research revealed that only 27 per cent of survey respondents are satisfied with the superannuation industry as a whole. This figure is down on the 34 per cent of respondents reporting they were satisfied in 2010.

ASFA's research reveals that whilst quality of service and levels of fees are important drivers of satisfaction levels, that at least some of this dissatisfaction comes from recent low and negative investment returns. Continued investment return volatility and negative investment returns for many asset classes over the course of 2011 have not been particularly conducive to member satisfaction with their superannuation fund. Levels of satisfaction with the main superannuation fund of respondents are now at their lowest in eight years.

ASFA believes that it is important that the implementation of the Government's superannuation reforms be supported by messages that reassure the community about the long term benefits of superannuation.

One of the features of Australia's superannuation system is that it deals very well with the average worker in the average workplace. The system however is less accommodative of the different needs of individual and communities with unique needs.

An example of an issue that ASFA believes deserves detailed focus is the experience of indigenous Australians with superannuation. ASFA is aware that indigenous Australians experience difficulties in dealing with Australia's superannuation system due to the fact that their birth names are different to names that they are commonly known as in the workforce. From anecdotal discussions ASFA is aware that many indigenous individuals and communities struggle to deal with superannuation funds due to issues of financial literacy and remoteness.

ASFA believes that a mechanism is required that would enable a range of stakeholders, including community groups, academics and industry, to investigate, analyse, debate and address the unique needs of particular communities.

Community superannuation issues that should be examined include:

- Nexus between superannuation and work
- Consumer protection issues in self managed superannuation funds
- Ageing and management of financial affairs
- Indigenous community ability to interact with superannuation
- Disability community interaction with superannuation

ASFA recommends that the Government establish individual projects, with clear, measurable objectives that examine a range of community issues with superannuation.

## 2. IMPLEMENTATION OF SUPERANNUATION REFORMS

### Capital Gains Tax Relief for Superannuation Mergers

One of the ongoing, unresolved inequities in the superannuation system is that groups such as businesses are able to receive CGT relief upon mergers whereas superannuation funds, who manage the savings of millions of ordinary Australians are not able to.

One of the impacts of the Government's *Stronger Super* reforms is that a number of superannuation funds will consider whether to continue to operate as standalone funds. In such cases the merger of a fund can be in the long term interest of the member of the fund.

On 21 September 2011 the Government established a formal consultation process in respect to capital gains tax (CGT) merger relief. ASFA has provided a detailed submission to Treasury as part of the formal consultation.

ASFA considers that consideration of the impact of loss of a CGT deferred tax asset be removed from the decision making process surrounding the implementation of the *Stronger Super* reforms.

From our confidential discussions, super funds are currently carrying Deferred Tax Assets equivalent to between one per cent and three per cent of member account balances. The level of Deferred Tax Assets is fluctuating due to the continued volatility of global investment markets.

A superannuation fund trustee's interpretation of their fiduciary duties means that a trustee is unlikely to complete a merger where it would result in a significant loss to members. In assessing whether or not to merge, trustees will balance the loss of DTA assets against the costs that a fund would need to incur in order to address the *Stronger Super* reforms.

The continued volatility in equity markets and concerns over the global economy has created a situation where it is highly unlikely that in the short to medium term past CGT losses will be quickly offset by capital gains. The continued volatility of markets means that, in the absence of CGT merger relief, trustees need to factor in additional risks in considering whether a merger is in the best interest of members.

ASFA would argue that, as with other periods of significant regulatory change, it is appropriate for the Government to provide CGT merger relief through the *Stronger Super* transition period. On three previous occasions the Government has provided CGT rollover relief for limited periods. Two of these periods have related to Government regulatory changes.

ASFA is seeking for the Government to make an urgent announcement in relation to the provision of CGT relief on mergers prior to the May 2012 Budget.

ASFA recommends that superannuation funds be provided with relief for the taxation of capital gains when assets are rolled over between superannuation funds, and/or between Pooled Superannuation Trusts (PSTs) on merger of two superannuation funds.

## 3. INVESTMENT ENVIRONMENT

ASFA recognises that global economic volatility is impacting on the Australian Government's fiscal position.

Whilst there is a great deal of uncertainty in the global economic environment, ASFA notes that the Australian economy is strong, with future growth under-pinned by the expansion of the resources sector. According to the Government's MYEFO statement two-thirds of the large mining projects included in the Government's economic forecasts have received final investment approval, with the majority of these already under construction.

ASFA notes that the Australian Government is projecting that over the medium to long-term Australia's terms of trade will reduce as the global supply of iron ore and coal increases. We anticipate that deterioration in Australia's terms of trade would also impact on the valuation of Australian listed equity markets, and therefore the value of many superannuation portfolios.

ASFA recognises that the Government is not able to control the underlying investment environment. There are however a number of areas where he Government can work with the superannuation sector to improve the investment opportunities and environment for superannuation funds:

- Infrastructure investment
- Australian corporate bond market
- Clean Energy Finance Corporation

## Infrastructure Investment

ASFA previously recommended that the Government establish an Infrastructure Finance Working Group. The Government announced that such a group would be established in the May 2011 Budget. Subsequently the Infrastructure Finance Working Group, which ASFA CEO Pauline Vamos is a member of, has developed a series of proposals for consideration.

ASFA believes that the Infrastructure Finance Working Group has demonstrated the benefit of industry stakeholders and Government working together to address the challenges of financing infrastructure. Whilst in a short time frame the IFWG has analysed obstacles that impact on the opportunities to invest in infrastructure, ASFA believes that there is need for continued dialogue between all stakeholders in order to achieve long-term reforms.

ASFA believes that there is no substantive restriction on the availability of infrastructure capital to finance Australia's infrastructure needs. The global nature of capital means that, in addition to Australian superannuation funds, that there is appetite from international funds to invest in infrastructure.

In this regard, if there is no market failure in terms of the availability of capital then, whilst there are arguments that there can be changes to taxation treatment in specific areas ASFA does not believe that there is a need to use taxation as an incentive to attract capital to the table.

ASFA does not believe that the use of taxation incentives is required to encourage investment in infrastructure as we believe that there is no market failure in regard to availability of capital to invest in infrastructure.  ASFA recommends that the work of the Infrastructure Finance Working Group continue through the establishment of a permanent group.

## Corporate Bond Market

On 13 December 2011 the Treasurer convened a meeting hosted by Credit Suisse to examine ways in which the superannuation industry could support the development of Australia's corporate bond market. Following this meeting ASFA has arranged to convene an industry conference that will further discuss this issue.

ASFA believes that there is the potential for significant benefits to flow to superannuation funds if Australia is able to develop a deep and liquid corporate bond market. However there has yet to be sufficient analysis of the long-term benefits, and short-term transitional costs, to Australian superannuation funds of developing Australia's corporate bond market. ASFA believes that it is important that detailed research fills this current gap.

## Clean Energy Finance Corporation

As part of the Clean Energy Future package the Australian Government has announced that it will establish the Clean Energy Finance Corporation. The objective of the CEFC is to overcome capital market barriers that hinder the financing, commercialisation and deployment of renewable energy, energy efficiency and low emissions technologies. The objective of the CEFC is for it to act as a catalyst to private investment. There is the potential that over time Australian superannuation funds can play a significant role in investing in clean energy investments.

ASFA believes that, whilst the superannuation industry already invests to a limited degree in clean energy investments, that if the superannuation sector is to play a larger role in investing in clean energy that the Clean Energy Finance Corporation needs to establish a dialogue from its inception with the industry. In our discussions on infrastructure investment with Infrastructure Australia ASFA has recommended that linkages between the CEFC and Infrastructure Australia be established, as there are some clean energy investments that are regarded as infrastructure investments from a portfolio perspective.

## Australian Economy

ASFA considers that superannuation can play a significant role in driving economic development. In August 2011 ASFA released a report *Enhancing financial stability and economic growth: the contribution of superannuation*, by independent research house Allen Consulting Group, to better understand the role of super in the broader economy. According to the report the introduction of compulsory super (the SG) in 1992 increased national saving by 1.5 per cent of GDP (in 2001-2002 dollars). The increase in the SG to 12 per cent will provide a further boost to the economy.

ASFA believes that the increasing size of the superannuation pool will mean that Governments will increasingly focus on the role that superannuation can play in the Australian economy. In order to maximise the benefits of superannuation for the Australian economy ASFA believes that the Government should support collaborative research initiatives.

There are a number of ways that this could be achieved. ASFA notes that there are a number of bodies, including the recently established Centre for International Finance & Regulation (CIFR) that could expand to specifically focus on the role of superannuation investment from an economic perspective. ASFA notes that whilst the Government has funded 44 Cooperative Research Centres, that none are specifically focused on superannuation.

ASFA recommends that the Government support the establishment of an academic research body that would have the focus on investigating the role of superannuation investment in the Australian economy in areas including infrastructure investment, corporate bonds and clean energy.