

Senate Select Committee on Work and Care
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Work and Care

2022 - 2023

Division: Retirement Advice and Investment Division
Topic: Superannuation tax breaks and care credits
Reference: Spoken 8 December 2022
Senator: Barbara Pocock

Question:

CHAIR: I want to go to a couple of tax questions, if I could. The first thing I want to ask is: has Treasury done any work on repurposing the tax breaks that are available to Australians around the superannuation system and considering how those tax amounts which are not collected might be put to good purpose for care credits, for example, or some way of addressing the very significant problem we've heard about of poverty in old age for many women who have spent their lives both working and caring? Is there the potential in our tax system to do a redress—from giving tax breaks mostly to older, wealthy men to poorer, older women who've spent a lifetime in caring work?

Mr McKenna: I guess the topic matter for this committee spans a whole range of areas in Treasury, and unfortunately we don't have anyone with us who comes from our revenue group or our retirement income division. Possibly the best thing that we can do is, if you have a range of tax questions, take them on notice.

CHAIR: Yes, could you take that on notice, then, back to that group? We're really concerned, and we would love to have the assistance of Treasury, to put together an analysis about whom the current superannuation tax breaks flow to and how a care tax credit or top-up of superannuation, for example, to anyone on unpaid leave or any other policy levers that may be available could deal with the poverty problem for women whose lifetime earnings reflect their life of care. We would really appreciate the assistance of Treasury on that.

Answer:

- The Government publishes information annually on tax concessions, including superannuation, in the Tax and Benchmark Variations Statement, as required by Section 12 of the Charter of Budget Honesty Act 1998.
- The Retirement Income Review (the Review) contained distributional analysis on tax concessions in the superannuation system by gender and income percentile (page 273). It found that 40 per cent of tax concessions in the superannuation system go to women.
- The Review also found that importantly, in retirement, the gap between men and women's income narrows due to the targeting effect of the Age Pension (pages 260-261). This is the case even when women take career breaks or work part-time.