

## Grattan Institute contradicts itself on super claims

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The Grattan Institute has been caught out contradicting itself in its attempts to undermine the super guarantee.

Despite releasing research only a few weeks ago that claimed increasing the super guarantee to 12 per cent would not ease the burden on the age pension, today they are claiming that an increase will leave workers poorer, because it will reduce the amount they are entitled to through the pension.

Both can't be true. Not only does one completely contradict the other and make a mockery of the claims, the modelling Grattan relies on to peddle these myths is deeply flawed.

Under their modelling, the effect of the superannuation guarantee on wages, pension indexation and taxation is incredibly overstated, and assumes women, low-income and self-employed workers don't exist.

They double count salary sacrifice contributions, and overestimate voluntary contributions and the amount of age pension paid.

In short, they are wrong. Industry Super Australia analysis conducted by former senior Treasury official Phil Gallagher found the Grattan Institute's modelling:

### **Overestimates the effect of a super guarantee increase on wages, pension indexation and taxation**

- The Grattan analysis ignores the fact that only 57 per cent of people with employer contributions are likely to receive an increase in superannuation. A significant number of workers either receive contributions higher than 11 per cent, or lower than 7 per cent, meaning an increase from 9.5 per cent to 12 per cent will not affect them.
- Of 12 million employed people, only 6.1 million are likely to get a rise in super contributions. Exclusions of self-employed, public servants, academics, politicians, people under 18, employees earning under \$450 per month and people over 74 impact the population. It also assumes the Government has taken action on unpaid super when it hasn't.

### **Overstates the amount of age pension paid and average life expectancy**

- The Grattan analysis only includes the single rate pension which is 25 per cent more than a married rate pension for one partner. Since the majority of pensioners are married, this produces a massive uplift in pension paid and a false conclusion that retirement incomes are more than adequate.
- Grattan assumes that everyone lives until they are 92, getting far more pension than occurs if there is a distribution of life expectancy.

### **Overestimates superannuation contributions**

- The Grattan analysis assumes continuous careers from age 30 to age 67, ignoring the fact that people take time out of the workforce for a range of reasons, most notably for parental leave.
- There are no women in the model. No-one becomes self-employed in the model.
- Grattan double count salary sacrifice contributions and do not represent underpayment of super which affects 30 per cent of employees.

Industry Super Australia Acting Chief Executive Matthew Linden said the Grattan Institute had been caught out contradicting itself, making its argument obsolete.

"One week they're claiming an increase in super won't reduce the age pension, the next they claim people will be worse off because they will miss out on the age pension if they retire with more money," he said.

"Both can't be true. This proves their analysis simply doesn't stack up. Despite this, they continue to use deeply flawed modelling to peddle incorrect and misleading claims about the superannuation guarantee.

"Any attempt to wind back the proposed super increase or freeze it altogether would not only affect Australians' quality of life at retirement, it would increase the burden of the age pension on the budget."

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