

Superannuation: Whose responsibility?

As the life expectancy rises and birth rates fall, most governments across the industrialised world have been developing strategies to cope with the increasing portion of the population who will come to depend upon retirement incomes. Encouragement and compulsory responsibility for superannuation have been two of the major avenues followed by successive Australian governments. However, government policies toward superannuation are shaped in part by the attitudes and expectations of the electorate. With this in mind, we surveyed 2400 householders across Australia during May and August 1998, to obtain a representative sample of opinions on who should contribute toward superannuation schemes and how they should be run. In particular, we wished to find whether there is broad consensus among people and how many agree with the existing scheme. We also compared these responses with a similar survey run by the IsssA during 1994–95.

We asked how much contribution should the government, employers and workers make toward superannuation (Table 1). Most people believed that some contribution should be forthcoming from each party. Thirty-six per cent thought the government should make some contribution, 47 per cent thought employers should and 43 per cent thought the workers should. Few people thought that contributions should only come from one party, but a larger proportion thought that some groups should be exempt. Eighteen per cent thought that the government should not make any contributions, 11 per cent thought employers should not make any contributions and 7 per cent

thought workers should not have to make any contributions. On balance, people considered superannuation to be mainly the responsibility of workers with sizeable contributions coming from employers and government.

This pattern was also evident in the 1994–95 IsssA survey of 1503 households. However, since that time there has been a shift away from worker responsibility even though householders still believe that they should contribute the most toward their own superannuation.

It appears that these attitudes are at odds with current government policy. In 1998, only 18 per cent of households supported the current arrangement under which the government makes no contribution to the funds (except by tax incentives).

We also asked householders about who they thought should run superannuation schemes, specifically, if they thought the government should run it directly or if it should be a private company with strict or broad government supervision. The survey shows that the bulk of households (39 per cent) preferred superannuation funds to be managed by private companies under strict government supervision, which is the current case (see Table 2). Significant proportions of households, however, preferred that the funds be run by the government (23 per cent) or by private companies under broad government supervision (22 per cent).

Further analysis (see Table 3) indicated that preference for privately run schemes was stronger among middle aged respondents. Correspondingly, the older

Table 1
Responses to 'how much' should the government, employers, workers contribute to superannuation, Australia, 1994–95 and 1998

Response	1994–95 (%)			1998 (%)		
	Government	Employers	Workers	Government	Employers	Workers
All (100%)	2	1	5	5	3	6
Most (75%)	4	4	14	6	6	11
Half (50%)	18	29	27	21	22	19
Some (25%)	49	51	44	36	47	43
None (0%)	16	7	2	18	11	7
Don't know ^a	11	9	8	14	13	14
Total	100	100	100	100	100	100
Weighted average (%)	29	35	45	34	34	40
Cases	(1503)	(1503)	(1503)	(2400)	(2400)	(2400)

(a) 1994–95 numbers are non-responses.

and younger age group had a higher proportion of households that expressed preference for government-managed superannuation funds. Table 3 also indicates that low income households prefer government managed superannuation funds, while high income households tend to prefer private companies with strict government supervision. This variation by income was significant after controlling for the effects of age, occupation, sex, education and voting intention. There was about equal preference for private

fund managers with broad government supervision across the income groups except for households belonging to the lowest income bracket. Also significantly different in their support for a government run scheme were retirees, and other people not working, people in lesser skilled jobs and Labor voters. In general, households are wary of private fund managers without government supervision. Once again, these results are consistent with findings from the IsssA survey in 1994–95, though support for the current system of private funds managers with strict government regulation appeared to have decreased.

In sum, people generally agree with the basic structure of the existing system but not the relative contributions. The most common opinion was that the government, workers and employers should all contribute toward superannuation funds, and that these schemes should be run by private companies under strict supervision. There has been little change in these views since 1994–95.

Rebecca Valenzuela and Elizabeth Webster
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Table 2
Responses to 'who should run' the superannuation schemes, Australia, 1994–95 and 1998

<i>Response</i>	<i>1994–95 (%)</i>	<i>1998 (%)</i>
Government	17	23
Private companies such as banks, etc. under strict government supervision	49	39
Private companies under broad government supervision	24	22
Private companies no government supervision	2	4
Don't know	9	13
Total	100	100
Cases	(1503)	(2400)

Table 3
Responses to 'who should run' the superannuation schemes by age of respondent and household income, Australia, May/August 1998

<i>Response</i>	<i>Age of respondent</i>			<i>Annual household income (000s)</i>		
	<i>18–24</i>	<i>25–44</i>	<i>≥45</i>	<i>≤20</i>	<i>20–40</i>	<i>≥40</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Government	24	20	25	31	28	18
Private companies such as banks, etc. under strict government supervision	37	42	36	32	36	48
Private companies under broad government supervision	22	24	25	14	20	26
Private companies no government supervision	4	3	3	5	4	3
Don't know	13	11	11	19	11	5
Total	100	100	100	100	100	100
Cases	(227)	(1000)	(1173)	(403)	(461)	(1536)