

Millions of Australian workers forced to deplete their retirement funds amid pandemic

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Official data published last month on the federal government's COVID-19 Superannuation Early Release Scheme provides an insight into the growing financial and social distress confronting working class families across the country.

The scheme allowed individuals or sole traders who had suffered financial hardship of at least 20 percent due to loss of hours or jobs, to access up to \$10,000 from their superannuation retirement savings in the 2019–2020 financial year. A second round of the scheme, from July 1 to December 31, permitted people to apply to withdraw a further \$10,000.

Overall, 3.46 million people withdrew \$36.4 billion from super funds to help with everyday payments such as mortgages, bills, healthcare costs and car payments, receiving an average of \$7,638. That is more than a quarter of the workforce.

Of that total, 1.4 million made two withdrawals. Most people who withdrew twice took out more on their second application than on their first, averaging \$8,268.

Many, especially younger workers, were left with little or no retirement funds. According to the Australian Prudential Regulation Authority (APRA) data for the June and September quarters, super accounts with remaining balances of less than \$1,000 accounted for about 25 percent of payments.

Approximately 163,000 account balances were completely depleted, with the majority of those people under the age of 25. Those aged between 20 and 30 accounted for 61 percent of all the COVID emergency withdrawals, and 31 percent of young people who accessed the scheme emptied their accounts completely.

Many of those accessing their retirement funds were from low-paid and casualised employment in the retail and hospitality sectors. According to a 2018

parliamentary report, approximately 79 percent of all hospitality workers were in casual employment, even before the pandemic.

A major retail industry fund, the Retail Employees Superannuation Trust (REST), saw 21,364 accounts entirely closed by December 2. APRA reported that 460,529 out of the 1.7 million REST fund members had accessed the early release scheme, withdrawing nearly \$3.3 billion of REST's total of \$55.5 billion.

Hostplus, a super fund set up for hospitality workers, which oversees \$44 billion, saw 426,015 members withdraw just over \$3 billion.

The worst is yet to come. Millions of workers have been trying to keep their heads above water through the federal government's JobKeeper wage subsidy and JobSeeker coronavirus supplement payments, which expire on March 28.

As of January, some 1.5 million workers were still relying on the JobKeeper program and 1.3 million were receiving JobSeeker payments. This means that millions of workers will be thrown into poverty when these programs expire and JobSeeker is cut to \$44 per day.

The pandemic has accelerated the underlying social crisis. According to Australian Taxation Office, another 59,900 applications were made to access superannuation on compassionate grounds in 2019-20—a 10 percent annual increase.

About 33,700 of these were approved in full or in part, worth \$513.5 million, in order to pay for medical treatments such as IVF, weight-loss surgery and dentistry. The money could also be used to pay for palliative care, home renovations for the disabled, funeral costs or to avoid a home foreclosure.

From its establishment in 1993 by the Keating Labor government, backed by the trade unions, the

compulsory superannuation system has forced workers to pay for their own retirements, thereby slashing the government's aged pension bill and creating a massive slush fund for investors on the financial markets.

Today, joint employer-union industry funds manage accounts worth about \$3 trillion, making them some of the country's largest investors. This gives the union bureaucrats, who sit on the super fund boards, a direct material interest in driving up the extraction of profits from the labour power of workers, who are also forced to contribute to the funds whether they like it or not.

According to a Treasury report released last October, there is enough money accumulated in the superannuation system to buy every company listed on the Australian stockmarket, one and a half times over.

The salaries of super fund CEOs stand in stark contrast to workers' wages, contributing to the growing gulf between the financial elite and the working class. According to the House of Representatives Standing Committee on Economics, industry superannuation fund chief executives are paid between \$588,000 and \$1.1 million yearly.

The CEO of the largest industry fund, AustralianSuper, received a package of \$1,111,234. AustralianSuper is owned by the Australian Council of Trade Unions (ACTU) and an employer peak body, the Australian Industry Group.

At Hostplus, CEO David Elia had a base package of \$899,045 plus \$221,979 in short-term bonuses. REST CEO Vicki Doyle received payments of up to \$826,000, including an annual bonus of \$158,976.

Under a socialist society, the social wealth that the super funds sit atop, along with the rest of the finance houses and banks, would be placed under public ownership and democratic workers' control to provide for social need, including adequate income support for workers and retirees, not private profit.



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