

MEDIA RELEASE

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COTA welcomes Retirement Incomes Review, which promises a holistic approach to create a fairer, better sustainable system

COTA Australia has welcomed the announcement of an independent Retirement Incomes Review, which promises a thorough examination of the current policy framework in terms of the outcomes it produces for all retirees and the long-term sustainability of the system.

COTA Australia Chief Executive, Ian Yates, said he has been calling for a review of retirement incomes for the last five years, maintaining that current policies do not produce optimum outcomes for enough older Australians and are not sustainable given the changing economic climate, and an overhaul is needed to meet the challenges of an ageing population.

Other stakeholders have joined our call over recent times, including the Productivity Commission. The scope of the new review is much broader than a review of superannuation proposed by the Productivity Commission, encompassing the age pension, superannuation, and private savings; and COTA welcomes this.

Ian Yates commended the review's focus on the interaction between different retirement income sources and the long-term viability of the system.

"COTA has long called for an independent review that aims to secure comfortable retirement incomes for all older Australians," said Mr Yates. "Our current system is failing too many and has not evolved with our changing economy and demographics, as well as being unsustainable.

"This review isn't simply about one or two issues, like whether 12% superannuation guarantee is adequate or excessive, or whether the pension asset test taper is correct. These individual issues need to be viewed within a more comprehensive, outcomes focused framework.

"The retirement incomes system is complex. Many older Australians do not rely on a single income source but draw on a variety of resources to support themselves. This is an opportunity to step back and examine the system holistically and ensure that government policies are helping the greatest number of Australians achieve a comfortable retirement at a reasonable cost to taxpayers.

"I'm pleased to see a specific focus on the distributional impacts of retirement incomes policy. We need to build a policy framework that is fair to all over the long term, producing adequate incomes for all those it is intended to help.

The review will present its findings by 30 June 2020, giving the government time to consult, review and prepare a comprehensive policy response in the 2021 Budget.

"The government must be open minded and learn from these independent experts about how best to support older Australians. This review is a big first step in the right direction. I look forward to working with the review, to the review's consultation paper and final report and to working with the government to implement a system that will help secure a dignified retirement for all.

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COTA Australia is the peak policy development, advocacy and representation organisation for older Australians, representing COTAs in every State and Territory and through them over 500,000 older Australians.