



Minimum employer superannuation contribution rate for firefighters and paramedics	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would amend the <i>Superannuation Guarantee (Administration) Act 1992</i> to increase the employer superannuation contribution rate for firefighters and paramedics so that the rate is equal to that of Australian Defence Force workers (i.e. superannuation contributions equal to 16.4% of salary).</p> <p>The proposed policy would start on 1 July 2025.</p>	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$94.8 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in personal income tax revenue, which is partially offset by an increase in superannuation tax revenue.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: Minimum employer superannuation contribution rate for firefighters and paramedics – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-9.0	-19.9	-31.4	-34.5	<b>-94.8</b>
Underlying cash balance	-9.0	-19.9	-31.4	-34.5	<b>-94.8</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

## Uncertainties

The impact of the proposal is subject to a high level of uncertainty, particularly around the degree to which the increased in superannuation payments would be passed through to changes in wages.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The incidence of the increase in the superannuation guarantee would largely fall on employees rather than employers. It has been assumed that 3 years into implementation, 80% of the changes to the superannuation guarantee would be passed through to employees though reduced wages,

relative to what they would have experienced in the absence of the policy. By the end of the medium term this would increase to 100%.<sup>1</sup>

- Superannuation investments would yield an annual return of 7.5%.
- The results were adjusted for the timing of tax collections.
  - 91% of personal income tax on salaries and wages would be paid in the financial year the liability occurs, with 8% paid the year after and 1% paid in the following year.
  - 92% of superannuation taxes would be paid in the financial year they are incurred, with the remaining 8% paid in the following year.
- Departmental expenses would be negligible.

## Methodology

The financial impacts of this proposal were calculated using a microsimulation model with de-identified unit record data on personal income tax and superannuation for the 2022-23 income year.

The affected population was identified through the occupation reported on their personal income tax (PIT) form. The occupations selected were fire fighters and ambulance officers (ANZSCO codes 441212 and 411111).

While the definition of ambulance officer is broader than paramedics, the number of individuals identifying as ambulance officers for personal income tax purposes was consistent with the number of practicing paramedics reported by the Paramedicine Board of Australia. In total, 23,100 ambulance officers and 16,400 fire fighters were identified in the 2022-23 PIT base file.

Each of the affected individuals' superannuation rate was benchmarked to reflect the changes in the superannuation guarantee rate since the 2022-23 base year. Taxes were assumed to be paid on the additional superannuation contributions and earnings — which accumulate over time.

The individuals who would experience a reduction in wages relative to the baseline (see *Key assumptions*) were selected at random from the unit record data. Those individuals' wages were reduced (relative to the baseline scenario) so that their gross income (inclusive of superannuation) would be the same as it would have been in absence of the policy. In effect, this would be experienced as reduced wages growth by those affected workers.

The implications for personal income tax (table A1) increase over the medium term as a greater share of workers are affected by the pass through from superannuation to wages. This growth would level out after 100% pass through is reached, which is assumed to be at the end of the medium term.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>2</sup>

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<sup>1</sup> This assumption reflects recent findings from the Grattan Institute that, on average, around 80% of previous increases in the superannuation guarantee rate were passed through to workers' wages within the life of an enterprise agreement, which is typically two to three years.

<sup>2</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Data sources

Australian Bureau of Statistics (2022) [ANZSCO - Australian and New Zealand Standard Classification of Occupations](#), ABS website, accessed 21 January 2025.

Coates, B., Cowgill, M. and Mackey, W., 2020, [No free lunch: higher super means lower wages](#), Grattan Institute, accessed 13 January 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Paramedicine Board of Australia (2022) [Registrant data – Reporting period: 01 April 2022 to 30 June 2022](#), Paramedicine Board of Australia website, accessed 24 January 2025.

## Attachment A – Minimum employer superannuation contribution rate for firefighters and paramedics – Financial implications

**Table A1: Minimum employer superannuation contribution rate for firefighters and paramedics Minimum employer superannuation contribution rate for firefighters and paramedics – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Tax receipts</b>													
<i>Personal income tax</i>	-17.0	-38.0	-61.0	-69.0	-76.0	-84.0	-92.0	-101.0	-111.0	-122.0	-134.0	-185.0	-905.0
<i>Superannuation tax</i>	8.0	18.1	29.6	34.5	39.3	44.5	50.3	56.7	63.7	71.4	79.9	90.2	496.0
<b>Total (excluding PDI)</b>	<b>-9.0</b>	<b>-19.9</b>	<b>-31.4</b>	<b>-34.5</b>	<b>-36.7</b>	<b>-39.5</b>	<b>-41.7</b>	<b>-44.3</b>	<b>-47.3</b>	<b>-50.6</b>	<b>-54.1</b>	<b>-94.8</b>	<b>-409.0</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

**Table A2: Minimum employer superannuation contribution rate for firefighters and paramedics Minimum employer superannuation contribution rate for firefighters and paramedics – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Fiscal balance</b>	-0.2	-0.9	-2.0	-3.6	-5.3	-7.3	-9.4	-11.8	-14.4	-17.3	-20.4	-6.7	-92.6
<b>Underlying cash balance</b>	-0.2	-0.7	-1.7	-3.2	-4.9	-6.8	-8.9	-11.2	-13.7	-16.6	-19.7	-5.8	-87.6

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>3</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

<sup>3</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)