

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Treasury Law Amendment (Better targeted Superannuation Concessions and Other Measures) Bill 2023 and a related bill

Department: Department of the Treasury
Topic: Measure indexation
Reference: Spoken 18 April 2024
Senator: Andrew Bragg

Question:

Senator BRAGG: Sorry to interrupt, but I want to be precise on this point. You publish a cost of the super system and the retirement tax concessions in the IGRs. I'm trying to work out whether you index this measure or not.

Mr Hawkins: As a technical assumption, a number of measures that aren't indexed at a point in the medium term are assumed to move. I would have to take notice on what basis that moves, but it is expected that thresholds that are fixed—that's not only thresholds within the superannuation system. Those technical assumptions—

Senator BRAGG: So the threshold is fixed. Fine. Take it on notice if you need to. I'm not trying to be unreasonable here. If the threshold is fixed then the modelling produced by industry would be accurate, wouldn't it?

Mr Hawkins: We haven't reviewed the modelling that industry have done.

Senator BRAGG: You haven't reviewed it?

Mr Hawkins: We haven't undertaken a detailed review of modelling that industry have done. There are a number of organisations who have suggested numbers of individuals that may be affected at some point in the future. We haven't made a detailed review of all of those assessments.

Answer:

Every IGR has featured technical assumptions that limit tax-to-GDP over longer-term projection periods. Specifically in modelling the retirement income system for the 2023 IGR, consistent with previous IGRs, Treasury makes a technical assumption that all major thresholds in the tax system that do not have automatic indexation applied are to be indexed beyond the medium-term.