

PARLIAMENT TRASHES ITS OWN NEW PARADIGM ON SUPER LEVY HIKE

Truth is parliamentarians have let the business community down

PETER ANDERSON

AT the exact hour on Thursday a week ago when the parliamentary speakership changed from Harry Jenkins to Peter Slipper, the political paradigm of minority government was being tested 2km away, by 26 employer associations.

Businesspeople are pragmatic. It's not the personalities or party affiliations of speakers or leaders that most worry them.

It's what politicians do or don't do that matters.

When it came to how Australian employers had been treated on superannuation policy, their representatives gave the

new paradigm a big thumbs-down.

Most employers are small and medium business people in our suburbs, towns and local centres. While they were hard at work, the House of Representatives passed a law that imposes seven extra levies on their payroll over the next eight years, forcing them to pay 12 per cent superannuation on top of staff wages.

Presently employers pay 9 per cent into staff superannuation. When implemented, the extra cost will be \$20 billion a year in compulsory levies.

The new political paradigm

promised to bring new transparency to parliament. Truth is, this superannuation levy bill was hidden with the mining tax bills, debated cogently as the parliament called it.

Any chance of a real and transparent debate about funding retirement incomes was swamped by the debate about how to tax the resource industry.

Neither the government nor the independents wanted a separate debate on superannuation. It was just called, in parliamentary language, a "related bill".

The new paradigm promised to bring fair process to parliament. Truth is, the House of Representatives set up its inquiry into the mining tax and this "related bill" on a Thursday, and closed submissions the following Tuesday. That's three working days' notice to hundreds of thousands of em-

ployers, who were effectively excluded from the process.

The new paradigm promised to bring independent thought and scrutiny to parliament. Truth is, the independent body set up by the government to look at these issues, the Henry tax review, specifically recommended against increasing the employer superannuation levy.

Amazingly, the government decided to do the very opposite and the independents, who spruiked the Henry tax review at the recent

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tax forum, didn't bat an eyelid in disagreement.

The new paradigm promised to bring fairness to the parliament. Truth is, none of the politicians who voted for the superannuation bill bothered to ask even basic questions of equity, such as why it is fair to expect small and medium employers to fund a bigger burden of retirement incomes when the owners don't have the money to squirrel away 12 per cent of income for their own superannuation?

Or why is it fair for the government to cost-shift its pension bill to private employers who already pay taxes that fund the pension? Or why in Australia is all of the compulsory levy paid by employers when many other countries share the cost between government, employees and business?

And, above all, the new para-

digm promised to impose accountability on government. The sad truth is that the independents allowed government minister after minister to mislead the community for the past year by claiming that we need the mining tax to give people higher superannuation, when in fact the mining tax revenue was never funding the superannuation levy, but the nation's employers.

That this was publicly conceded by government ministers only after the vote was taken added a bitter taste to an ordinary episode.

To make matters worse, the parliament killed off the government's hope that the levy rise could be funded by employers discounting future wages. It didn't pass a law requiring that of its wages tribunal, nor did it learn industrial relations lesson 101. Which union in its right mind will

agree to a wage-superannuation trade-off in bargaining when the parliament has already imposed the super payment on the boss? Experience tells me, none.

And if the new paradigm was supposed to impose greater financial rigour on government, why wasn't the government asked to prove that the 1 per cent corporate tax cut and the accelerated small business asset write-off measures (both good policy) could fund the \$20bn superannuation bill?

I've been around long enough to know that this wasn't asked because the answer is inconvenient to politicians who want to avoid being criticised for blocking higher superannuation. Truth is, these compensating measures account for only about 10 per cent of the cost of the levy rise, even before you factor in the reality that more than 200,000 employers who pay

compulsory super don't get the company tax reduction because they are unincorporated.

It's a sad finish to the parliamentary year when the parliament trashes its own new paradigm, especially when a \$20bn levy hike on the people creating the nation's wealth and jobs is given such short shrift in the name of politics. And it does a disservice to a necessary debate about funding retirement incomes and its link to some of the good reform measures the government is pushing through on the finance industry.

While Speaker Slipper slipped into the big chair, the boot was sunk into employers, and with it a parliamentary fair go.

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