Minerals Resource Rent Tax Repeal (and other measures) Bill 2013

SUBMISSION TO THE SENATE ECONOMICS COMMITTEE

21/11/2013

SB1351

Industry Super Australia

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About Industry Super Australia

Industry Super Australia (ISA) is an umbrella organisation for the industry super movement. ISA manages collective projects on behalf of a number of industry super funds with the objective of maximising the retirement savings of five million industry super members. Please direct questions and comments to:

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SUMMARY

The *Minerals Resource Rent Tax Repeal and Other Measures Bill 2013* seeks to abolish the Minerals Resource Rent Tax (MRRT) and abolish or modify a number of expenditure and revenue measures.

Noting the brief timeframe for formal submissions to be received by the Committee, Industry Super Australia's (ISA) comments on the legislation are generally limited to Schedule 6 – the proposed two-year pause in the scheduled increase in the Superannuation Guarantee (SG) – and Schedule 7 – the proposed abolition of the Low income Super Contribution (LISC).

These measures will have a significant and detrimental impact on the five million members of Industry SuperFunds, and will result in far reaching social and economic outcomes that are contrary to the public interest. ISA submits these proposals will:

- Negatively impact on the adequacy and equity of our retirement income system;
- Lead to an increase in future age pension expenditures;
- Reduce the savings pool available for investment in the economy – especially infrastructure;
- Disproportionately impact on the retirement savings of regional and rural Australians;
- Undermine efforts to improve the retirement savings of women; and
- Create an alarming precedent for retrospective increases in taxation on individuals;

With the ageing of our population such that the dependency ratio will halve in less than a generation from now[1] we must do everything we can to bolster private savings to take pressure off the Age Pension.

ISA estimates that the repeal of the LISC and pause in the SG will reduce aggregate superannuation savings by $53 billion by 2021-22, and reduce available capital for infrastructure investment by around $5bn based on current industry-wide asset allocations.

The repeal of the LISC will constitute an increase in superannuation taxes for nearly one in three working Australians, diminishing their retirement savings by up to $27,000 in current dollars (15% loss)[2] and lead to further pressure on future governments to increase the adequacy of the Age Pension.

The repeal of the LISC will be particularly damaging to the retirement savings of women who constitute an estimated two-thirds of those eligible. Staggeringly, the abolition of the LISC will negatively impact on the retirement savings of almost one in two working women and 80 per cent of all women who work part time.[3]

The value of the LISC as a social and retirement incomes policy is not just the equity and adequacy effects through benefits to a cohort of low wage full-time income earners. In fact, most losers from the repeal of the scheme are from family households[4] where there is typically a secondary part-time earner. Furthermore, for most young women, the repeal of the LISC will completely erode the retirement income gains expected to be realised from the Government's proposed Paid Parental Leave (PPL) scheme. These manifold harms arising from the repeal of the LISC need not occur.

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[1] Source: IGR 2010 (by 2050 for every person over 65 there will be 2.7 working age people compared to 5 today)

[2] ISA calculations (see Appendix 1, Table 2)

[3] Source: ABS 63100 Table 2 *Employees in main job, Weekly earnings in all jobs–By full-time or part-time status in all jobs–By sex*

[4] Source ABS 63100 Table 3 *Employees in main job, Weekly earnings in all jobs–By relationship in household–By full-time or part-time status in all jobs*

ISA submits that the Parliament and superannuation industry must explore every possible alternative option to ensure the continuation of equitable tax concessions on super contributions for low-income earners.

In respect to the budget sustainability of the LISC, ISA submits it is not an unfunded policy. Consistent with the broad recommendations of the Henry Tax Review the previous Government implemented changes to improve the equity of concessional contribution caps, concessional contributions for high-income earners, and a co-contribution scheme which saved an estimated $2.5 billion per annum[5]. From a budget sustainability perspective these savings more than fully offset the $0.9 billion annual cost of the LISC.

ISA recognises the Government's policy to repeal the MRRT requires steps to mitigate its impact on the budget position. However, the detrimental impact on over three-and-a-half million Australians from the rescinding of the LISC demands a review of this measure.

There is a moral imperative upon the Government, Parliament, and superannuation industry to find and deliver the community a solution that has broad support across parties.

It is central to the integrity of compulsory super that all Australians receive a tax concession on mandatory contributions – without the LISC one in three won't. To mandate three-and-a-half million Australians must save into super without a tax concession cannot be a sustainable feature of our superannuation system.

ISA is proposing alternative approaches to mitigate the budget impact of repeal of the MRRT in this submission, and should they not be pursued by the Parliament, will continue to exhaustively propose solutions until one is found.

ISA recommends the Committee:

1. Seeks information from the Government or Treasury of the long-term impact of the measures on superannuation savings;
2. Seeks information from the Government or Treasury on the long-term impact on budget expenditures on aged pension expenditure from reduced superannuation savings;
3. Satisfies itself of the demographic and geographic impacts from the LISC repeal;
4. Considers the impact on superannuation fund investment in the economy – especially infrastructure;
5. Not proceed with Schedule 7 of the Bill and work with the superannuation industry to find alternative ways to retain the LISC or a comparable tax concession – including approaches identified in this submission; and
6. If it determines to proceed with the measures regardless, remove the retrospective application to the LISC which will result in an increase in taxation on contributions already made between July 2013 and the passage of the Bill.

1. The impacts on equity and adequacy

Schedules 6 (pause in the SG) and 7 (repeal of the LISC) of the Bill will have a detrimental impact on the equity and adequacy of our retirement income system.

Almost every working Australian in receipt of Superannuation Guarantee contributions will be detrimentally affected by these measures.

[5] Source: Budget Papers 2009-10 to 2011-12

3.6 million low-income earners (two thirds of whom are women), with Adjusted Taxable Incomes (ATI's) below $37,000 per annum, stand to be most disenfranchised.

The abolition of the LISC in particular is contrary to the recommendation of the Henry Tax Review to adopt a more equitable distribution of superannuation tax concessions.

1.1 SG Pause

The Bill amends the scheduled increase in the SG from 9 to 12 per cent by delaying its progression by two years from 2013-14 to 2015-16. However the two-year delay results in reduced SG contributions for a period of seven years, with contribution rates not reaching an equal footing with the previously announced schedule until 2021-22.

This has a significant impact on retirement savings for individuals who are reliant on the SG with the largest impacts felt by younger people on moderate incomes. The reduced contributions will materially impact on the long-term retirement outcomes for these individuals: they will experience lower balances, undermining the compounding effect of investment earnings through until retirement.

An estimate of these impacts in current dollars on retirement accumulations by age and income from the pause in the SG using standard assumptions[6] is shown in Table 1 of the Appendix.

The pause in the SG will result in a maximum loss of around $20,000 at retirement in today's dollars, with most working people experiencing losses of $5,000 to $15,000 depending on their age and income.

1.2 Low Income Super Contribution (LISC)

Background to the measure

The LISC was introduced in response to the Henry Tax Review and was designed to address the inequitable contribution tax treatment of low income earners' SG contributions. The Henry review found the flat 15 per cent contribution tax was regressive in its impact, with low income earners paying more tax on their super contributions than their take home earnings.

These effects have become more pronounced over the years due to a shift in the composition of the workforce towards part-time and casual work and as personal income tax rates have been cut for low income earners

The LISC operates as a tax offset, effectively refunding the contribution tax paid by low income earners on their SG and other concessional contributions up to $500 p.a, thus allowing low income earners to accrue a tax concession on their contributions like all other income earners.

The operation of the LISC is integral to the compact whereby the Government offers compensation to individuals, by way of tax concession, for their deferral of consumption caused by the SG. **Arguably the deferral of consumption for low income earners is felt most acutely due to their budget constraints – making the LISC a particularly important measure in the system.**

The importance is further heightened because lower income earners also obtain little or no benefit from the superannuation earnings tax concession.

Impacts on adequacy

An estimate of the impacts in current dollars on retirement accumulations by age and income from the abolition of the LISC using standard assumptions[7] is shown at table 2 of Appendix.

[6] CPI 2.5 percent, wages growth 3.0 percent, net earnings 6.2 percent

The removal of the LISC has the **potential to diminish total retirement savings in super by up to $27,000 in present dollars (around 15 per cent less) for young low wage earners**.

The combined impact of the removal of the LISC and SG pause can be seen at table 3 of the Appendix with a maximum impact of up to $31,000.

Demographic impacts

The LISC is also one of the few dedicated measures designed to improve the retirement income adequacy of women. Women are most heavily concentrated in the lower income rungs where the LISC operates, with an estimated two thirds of the 3.6 million total eligible population being women. This factor alone should heavily weigh against the abolition of the LISC.

Analysis of ABS earnings data reveals **almost 70% of those who will lose from the abolition of the LISC are part-time workers, not full time low-wage earners** (see Table A)

Table A - Individuals impacted by employment status and sex[8]

Employment status	Male	Female	Total
Full time	606,400	487,500	1.01 m (32%)
Part-time	654,800	1.67 m	**2.32 m (68%)**
Total	1.26 m (37%)	**2.15 m (63%)**	3.41 m

The 1.66 million female part-time earners affected by the repeal of the LISC **constitute a staggering 80% of all female part time workers nationally[9].**

Furthermore, losers from the abolition of the LISC are concentrated in family households and are often a part time secondary income earner (see Table B)

Table B - Individuals impacted by household type and employment status[10]

Household Type	Full time	Part time	Total
Family Household	913,500 (26.8%)	**2.057 m (60.3%)**	2.971 m (87%)
Non-Family	169,600	273,500	443,100 (13%)
Total	1.083 m	2.330 m	3.414 m

Geographic impacts

Detailed analysis of ABS Census Data also reveals significant geographic impacts from the repeal of the LISC.

ISA has undertaken detailed analysis of 2011 Census Data to determine the geographic location of eligible persons based on their employment related income.

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7 CPI 2.5 percent, wages growth 3.0 percent, net earnings 6.2 percent

8 ABS 63100, Table 2 Employees in main job, Weekly earnings in all jobs–By full-time or part-time status in all jobs–By sex (note numbers have not been adjusted to account for employment growth since the survey was undertaken)

9 ibid

10 Ibid – Numbers for family households include couples with and without dependents, sole parents, and other working family members

ISA grouped eligible persons by metropolitan and non-metropolitan areas (which include fringe suburban and regional / rural areas).

As shown in Table C, there is a clear disproportionate impact on non-metropolitan areas both in terms of number of people affected and proportion of the population affected. Regional and rural areas fare worst with almost 40 per cent of employees affected. More finely grained analysis shows **a significant city / country divide with some inner city areas having as few as one in five affected compared to up to one in two affected in specific regional areas**.

Table C – Geographic impacts

	Number affected	$(m) Total	Share of total (%)	Number total employees	% of total employees
Metro	1,768,803	-$473.0	49%	5,566,887	31.8%
Non-Metro	1,825,336	-$495.2	51%	4,717,787	38.7%
– Outer Urban	872,567	-$235.6	24%	2,296,043	38.0%
– Regional	952,768	-$259.6	26%	2,421,745	39.3%
TOTAL	**3,594,138**	**-$968.3**	**100%**	**10,284,675**	**34.9%**

A state-by-state analysis was also undertaken which reveals particularly poor outcomes on average for the states of South Australia and Tasmania in proportionate terms with about 40% of all employees in those states adversely affected by the LISC repeal, as shown in Table D.

Table D – State based impact from repeal of the LISC

	Number affected	% of total employees	$(m) Total
NSW	1,096,277	34.4%	-$297
VIC	935,784	36.4%	-$249
QLD	744,286	35.7%	-$203
SA	291,800	38.5%	-$79
WA	353,613	31.4%	-$93
TAS	92,426	41.3%	-$25
NT & ACT	79,952	24.5%	-$21
TOTAL	**3,594,138**	**34.9%**	**-$968**

Interaction with the Co-contribution Scheme

The superannuation co-contribution scheme was introduced in 2003 and provides an incentive for low and middle income earners to make after tax *voluntary* contributions to super. The scheme can be a valuable engagement tool for members and can assist low and middle income earners to improve their retirement savings, however it is not a substitute for the LISC.

The co-contribution scheme is only available to members who make voluntary after tax contributions – it does not compensate members in any way for mandatory SG contributions. Because of the budget constraints faced by many low income earners the take up rate of the Co-contribution Scheme is low.

On average around 20 per cent of those eligible benefit from the Co-contribution Scheme, however the take-up below $37,000 per annum (where the LISC operates) is only 10 per cent of those eligible. **More than four-and-a-half times as many individuals benefit from the LISC than the Co-contribution Scheme.**

Interaction with the proposed Paid Parental Leave (PPL) scheme

The Government has proposed an enhanced PPL scheme which will pay for 26 weeks leave at full pay up to $150,000 annual earnings. Importantly, the proposed scheme will for the first time continue to pay SG contributions for the 26 week duration.

This measure constitutes a vital improvement to the coverage of our compulsory superannuation system and is intended to help reduce the savings gap experienced by women because of breaks to undertake caring roles during their working life.

However detailed analysis by ISA suggests the new benefits to be introduced by the enhanced PPL will be largely undone by the removal of the LISC.

The reason for this is due to the preference for mothers to undertake part-time work in the early years of their children's life. In fact, for mothers who return to work by their child's first birthday, 92%[11] are in part-time rather than full-time work. For mothers with children aged four and under only 19 percent opt for full time work.[12]

With almost 80 percent of women who work part-time likely to lose the LISC, the erosion of PPL super payments is considerable. Modelling of a range of cameos is shown in Table E.

Table E – Impact on PPL benefits from LISC repeal

Workforce commencement age and number of children (first child assumed at age 28)	Starting Income	PPL Gain (present value)	LISC Loss (present value)	Net Change	% PPL Benefit eroded
20 yrs (two children and total 9 years part time)	**30,000**	$6,678	-$12,453	-$5,775	186%
25 yrs (two children and total 9 years part time)	**50,000**	$8,791	-$6,903	$1,888	79%
27 yrs (1 Child, and 5 years part time)	**60,000**	$6,726	-$4,436	$2,289	66%

Clearly the full benefits of the PPL scheme are significantly diminished or even completely wiped out by the loss of LISC tax benefits. These outcomes are sensitive to a number of factors including starting income and age when commencing in the workforce, subsequent duration to the first period of parental leave and the workforce participation patterns after a period of leave. In these cameos at least two thirds of the PPL benefits are undone.

The benefits of the PPL scheme become more strongly felt at higher full-time wage levels and the interactions diminish sharply over pre-parental leave income of around $80,000 per annum. It should be noted, however, that 80 percent of women in full-time work have earnings below this level[13]. Further, a

[11] Department of Prime Minister and Cabinet, 2008, *Families in Australia, p 67*

[12] ABS 6224.0.55.001 - Labour Force, Australia: Labour Force Status and Other Characteristics of Families, Jun 2012

[13] ABS 63100, Table 2 Employees in main job, Weekly earnings in all jobs – By full-time or part-time status in all jobs–By sex

significant proportion of women with full-time earnings above this level would be more established in the workforce and unlikely to be PPL beneficiaries due to their age.

2. The impacts on aggregate savings

The aggregate impacts on the superannuation saving pool from the pause in the SG and repeal of the LISC will be significant.

ISA estimates the pause in the SG will reduce aggregate superannuation savings by an estimated $40 billion by 2021-22. This is broadly consistent with other estimates including *Deloitte Actuaries and Consultants* who have estimated an impact of $77 billion by 2033.[14]

ISA has also estimated the impact on retirement savings from the repeal of the low income super contribution, with a further $13 billion in savings being lost by 2021-22.

Whilst this is a small percentage of our total superannuation savings pool, the size of the total pool relative to GDP means the impact is far from insignificant.

There are measurable and lasting opportunity costs to the economy from the diminution of the savings pool.

For example with a loss of an estimated $53 billion of total savings over the next seven years, ISA estimates almost $5 billion less will be invested in domestic infrastructure over the period across the super sector, using conservative assumptions about asset allocations and returns, during a period in which it is of critical importance for the Australian economy to be boosted by expenditure on public infrastructures assets.

3. The impacts on long-term budget outlays

ISA suggests the Committee fully consider the long-term budget impact from the pause in the SG and abolition of the LISC and publish a detailed analysis before proceeding.

The long-term costs will principally be felt through increased aged pension outlays resulting from lower personal superannuation savings.

The pause in the SG and repeal of the LISC will act to increase long-term budget outlays on the Age Pension. The precise impacts will depend on the composition of household savings, and whether the asset or income test is relevant for individual households.

It is clear that the repeal of the LISC will impact on Age Pension outlays as the benefit will undoubtedly flow to households who are likely to be in the taper range for a part pension, noting the characteristics of the eligible LISC population noted above.

For a smaller group of LISC beneficiaries, who are likely to be on low incomes for much of their working life, there may not be any aged pension offsets. For this group the LISC will have a significant impact on the overall adequacy of their retirement income, lessening the pressure on Government to further increase the Age Pension.

The LISC does not entrench a structural cost in the budget. This is due to the offsetting superannuation savings which accompanied its introduction and the fact that the structural policy settings for the LISC where eligibility is anchored at the $37,000 personal income tax threshold will fall in real terms relative to wages unless it is adjusted in the future.

ISA estimates that the previous Government implemented $2.5 billion per annum[15] in structural savings to superannuation through:

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[14] Deloitte Actuaries & Consultants (2013) *Dynamics of the Australian Superannuation System The next 20 years: 2013 – 2033* Page 7

- The halving of concessional contribution caps;
- Pauses in the indexation of concessional contribution caps;
- Reducing the concessional contribution caps for over 50's
- Capping the value of the concessional contribution concession for high income earners;
- Reductions in the matching rate for the low income co-contribution; and
- Broadening the income definition for the low-income co-contribution.

Taken together these savings more than adequately pay for the introduction of the LISC, while resulting in a more effective and equitable distribution of concessions.

4. A path forward on tax concessions

ISA notes the likely passage of the Mineral Resources Rent Tax Repeal (and other measures Bill 2013) through the Senate is likely to be contested.

If the current Senate chooses not to support the Bill in its current form then there is likely to be a number of months where alternative approaches could be explored prior to the commencement of the new Senate in July 2014. ISA would urge the Parliament to use this time to consider alternatives and interactions with other policy measures.

Reprising Henry Tax Review proposals

If the Government and Parliament wishes to find other long-term budget neutral solutions to retain contribution tax concessions for low income earners then it should seriously consider revisiting the Henry Tax Review proposal for a flat contribution tax offset for all income earners which would greatly simplify the existing system and lead to more sustainable and equitable outcomes.

Whilst the final package of Henry review recommendations for super taxation were far from revenue neutral due to the halving of earnings tax, the contribution tax changes could be implemented with little or no budget cost.

The Henry proposal involved the payment of a flat tax offset of 20 percent on all contributions (whether SG or voluntary) up to a cap for all income earners. **ISA analysis suggests such a tax offset, or one slightly more generous, on post-tax contributions, and in lieu of existing contribution concessions, would be broadly revenue neutral.**

As such the Government could, if it chooses, proceed with this policy without impacting on its budget objectives. Such a policy could be announced in the 2014 Budget with implementation within two years.

Consideration of the Paid Parental Leave Scheme

As noted in this submission, the promised benefits of the proposed Parental Leave Scheme for superannuation will not be realised if the LISC is abolished.

In particular, as the Parliament considers the Government's proposed Paid Parental Leave Scheme it should give thoughtful consideration to **an outcome which would enable the LISC or alternative policy to be retained in parallel** so that the SG payment entitlement integral to the proposed PPL is fully realised and not eroded through the withdrawal of tax concessions (from the repeal of the LISC) in the initial period following parental leave when most women prefer part time work.

[15] Source: Budget Papers 2009-10 to 2011-12

5. Retrospective impacts

Should the Government decide to proceed with the complete removal of the LISC, it must address the retrospective impacts which will result from the existing drafting.

As currently drafted, the repeal of the LISC will remove the entitlement for eligible contributions already made between July 2013 and the passage of the Bill if Parliament agrees to it. **Under the proposed provisions the Commissioner for Taxation will be required to deny taxpayers the benefit of the LISC on eligible contributions already made.**

The exposure draft legislation therefore not only produces an unfair and unsustainable outcome for low income taxpayers but puts the Commissioner in an untenable position.

The Bill's proposed retrospective treatment of the repeal of the low income superannuation contribution is unprecedented and inconsistent with the Bill's treatment of other provisions. The retrospective application of this particular provision is also inconsistent with other recent repeals of tax offsets.

With the possible exception on anti-avoidance measures, retrospective changes to the tax arrangements should be avoided. Retrospective changes interfere with bargains struck between governments and tax payers.

Whilst it is understood that Parliament does have the power to make retrospective law[16] Parliament has expressed the view that retrospective changes should be avoided and retrospective amendments to tax law limited where possible to anti-avoidance measures.

It is suggested that retrospective law changes that are based on budgetary or policy considerations are contrary to the rule of law in that the law must be clear and applied equally. The retrospective application of laws, including concessions, result in market uncertainty and reduce confidence.

There is a colourable argument that retrospective application in this case removes a valuable right held by a low income earner.

It could also be argued that the measure is an arbitrary exaction of a right as the removal of the right does not apply equally to all taxpayers.

Inconsistent treatment within the Bill

The savings provisions in all the other measures within the Bill that remove or infringe upon an existing right are implemented on a prospective basis. Schedule 8 which repeals various income support bonuses takes effect on Royal Assent whilst Schedule 9 which repeals the schoolkids bonus has a savings provision that also takes effect on Royal Assent but also allows the payment of the bonus after Royal Assent for an eligible person on a bonus test day prior to Royal Assent.

The inconsistent treatment of the savings provisions throughout the Bill with the retrospective repeal of the low income superannuation contribution could be considered to be arbitrary when compared to the treatment of other measures within the Bill.

Inconsistent treatment with other tax changes

The treatment of the LISC is inconsistent with the Commonwealth's previous prospective removal or changes to other tax arrangements.

The Tax and Superannuation Laws Amendment (2013 Measure No 2) Act 2013 amended the Income Tax Assessment Act to reduce eligibility for tax concessions related to film tax offset. The changes introduced

[16] *Polyukovich v The Commonwealth* [1991] HCA 32

measures to restrict eligibility to the film tax offset and was not retrospective as it only applied to filming commencing after Royal Assent.

The Net Medical Expenses tax offset was phased out in the 2013-2014 Budget with prospective operation from 1 July 2013 and included transitional arrangements for taxpayers who incur costs for disability aids, attendant and care or aged care expenses until 1 July 2019.[17]

The Entrepreneur's Tax Offset was removed in the 2011 budget with a prospective operation from 2012-2013. To compensate for its removal the Government increased the size of the small business asset write-off arrangements from $1,000 to $5,000.[18]

The 2012-2013 budget decision to limit the concessional tax arrangements associated with large Eligible Termination payments or 'Golden Handshake' payments was not retrospective and applied from 1 July 2012.

The changes made to the concessional tax treatment of Fringe Benefits Tax (FBT) for living-away-from-home allowances and benefits in the 2012-2013 Budget generally took effect from 1 October 2012 and included some transitional provisions beyond this date.

The 2012-2013 Commonwealth Budget prospectively abolished the mature-aged worker tax offset for workers born on or after 1 July 1957.

ISA strongly submits that the retrospective nature of the repeal of the LISC should be reconsidered by the Parliament.

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[17] Australian Government, *Budget Measures: budget papers no 2. 2013-2014*

[18] Australian Government, *Budget Measures: budget papers no 2. 2011-2012*

6. Appendix

Table 1 – Impact on retirement accumulation from pause in SG (expressed in 2013 dollars)

	Income p.a										
Age Now	$20,000	$25,000	$30,000	$35,000	$40,000	$50,000	$60,000	$70,000	$80,000	$90,000	$100,000
18	-$4,421	-$5,527	-$6,632	-$7,738	-$8,843						
25	-$3,438	-$4,298	-$5,157	-$6,017	-$6,876	-$8,595	-$10,315	-$12,034	-$13,753	-$15,472	-$17,191
30	-$2,873	-$3,591	-$4,309	-$5,027	-$5,746	-$7,182	-$8,618	-$10,055	-$11,491	-$12,928	-$14,364
35	-$2,400	-$3,000	-$3,601	-$4,201	-$4,801	-$6,001	-$7,201	-$8,401	-$9,602	-$10,802	-$12,002
40	-$2,006	-$2,507	-$3,008	-$3,510	-$4,011	-$5,014	-$6,017	-$7,020	-$8,023	-$9,025	-$10,028
45	-$1,676	-$2,095	-$2,514	-$2,933	-$3,352	-$4,190	-$5,027	-$5,865	-$6,703	-$7,541	-$8,379
50	-$1,400	-$1,750	-$2,100	-$2,450	-$2,800	-$3,501	-$4,201	-$4,901	-$5,601	-$6,301	-$7,001
55	-$1,170	-$1,462	-$1,755	-$2,047	-$2,340	-$2,925	-$3,510	-$4,095	-$4,680	-$5,265	-$5,850

Table 2 – Impact on retirement accumulation from abolition of LISC (expressed in 2013 dollars)

	Income p.a				
Age Now	$15,000	$20,000	$25,000	$30,000	$35,000
18	-$26,644	-$26,674	-$23,067	-$11,193	-$5,006
25	-$20,711	-$20,734	-$17,930	-$8,700	-$3,891
30	-$17,300	-$17,320	-$14,977	-$7,268	-$3,250
35	-$14,221	-$14,467	-$12,511	-$6,071	-$2,715
40	-$10,723	-$12,085	-$10,451	-$5,071	-$2,268
45	-$7,656	-$9,800	-$8,730	-$4,236	-$1,895
50	-$5,077	-$6,706	-$7,292	-$3,538	-$1,583
55	-$2,955	-$3,940	-$4,712	-$2,956	-$1,322

Table 3 – Combined Impact from pause in SG and abolition of LISC (expressed in 2013 dollars)

	Income p.a											
Age Now	**$15,000**	**$20,000**	**$25,000**	**$30,000**	**$35,000**	**$40,000**	**$50,000**	**$60,000**	**$70,000**	**$80,000**	**$90,000**	**$100,000**
18	-$29,910	-$31,040	-$28,542	-$22,855	-$12,731	-$8,843						
25	-$23,258	-$24,137	-$22,194	-$17,772	-$9,900	-$6,876	-$8,595	-$10,315	-$12,034	-$13,753	-$15,472	-$17,191
30	-$19,434	-$20,168	-$18,545	-$14,850	-$8,272	-$5,746	-$7,182	-$8,618	-$10,055	-$11,491	-$12,928	-$14,364
35	-$16,008	-$16,851	-$15,495	-$12,408	-$6,911	-$4,801	-$6,001	-$7,201	-$8,401	-$9,602	-$10,802	-$12,002
40	-$12,219	-$14,080	-$12,947	-$10,367	-$5,775	-$4,011	-$5,014	-$6,017	-$7,020	-$8,023	-$9,025	-$10,028
45	-$8,908	-$11,470	-$10,818	-$8,662	-$4,825	-$3,352	-$4,190	-$5,027	-$5,865	-$6,703	-$7,541	-$8,379
50	-$6,125	-$8,104	-$9,039	-$7,238	-$4,032	-$2,800	-$3,501	-$4,201	-$4,901	-$5,601	-$6,301	-$7,001
55	-$3,832	-$5,109	-$6,173	-$6,048	-$3,369	-$2,340	-$2,925	-$3,510	-$4,095	-$4,680	-$5,265	-$5,850

Note: the combined impact of the measures is less than the sum of each measure modelled in isolation due to interactions between the LISC and SG.

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