



Additional comment from Liberal Members of the Committee

Introduction

Schedule 1 – Definition of a documentary

Industry evidence presented to the Committee, made it clear there was widespread angst throughout the film and television industry as a consequence of this proposed change. The principle source of concern stems from the industry's surprise at this change, especially given evidence provided made it clear there had been next to no industry consultation previously regarding this proposal.

Schedule 6 – Superannuation Co-contributions

With this legislation, the Gillard government again seeks to cut government super co-contribution benefits for low income earners.

Having promised to make no changes to superannuation in the lead-up to the 2007 election, the Rudd and Gillard governments have made a plethora of changes to superannuation, invariably designed to undermine incentives for people to save more towards their retirement voluntarily.

As well as reducing the concessional contribution caps the government has cut super co-contribution benefits for low income earners, imposing additional taxes of more than \$8 billion on people's retirement saving so far.

Labor reduced concessional contribution caps from \$50,000 and \$100,000 per year (depending on age) under the previous Coalition government down to \$25,000 per year across the board, which means anyone saving, and wanting to save more super per year than that low threshold, has to pay the top marginal tax rate.

Targeting low income earners saving for their retirement, Labor has also already reduced super co-contribution benefits for low income earners from a maximum of \$1,500 down to \$1,000 – while also reducing the matching rate (from 1.5:1 to 1:1).

This legislation proposes to cut the maximum super co-contribution benefit for low income earners again, this time in half down to just \$500, with a similarly reduced matching rate (halved from 1:1 to 0.5:1).

Overall, the Labor government has cut super co-contribution benefits for low income earners by more than \$3.3 billion so far.

Labor's assault on super co-contribution benefits for low income earners

Reduction in Co-Contribution

The rate at which government superannuation co-contribution is paid reduced temporarily between 1 July 2009 and 30 June 2014. The matching rate is to be 100 per cent for 2009-10, 2010-11 and 2011-12 (with a maximum of \$1000), 125 per cent for 2012-13 and 2013-14 (with a maximum of \$1250). Matching rate returns to \$1.50 for every \$1 contribution (subject to income test threshold) on 1 July 2014 (with a maximum of \$1500).

Fiscal impact¹

2009-10 - +\$385 million

2010-11 - +\$395 million

2011-12 - +\$410 million

2012-13 - +\$205 million

Co-Contribution count towards Reportable Super Contributions

Income for government superannuation co-contribution purposes was extended to include a person's reportable employer superannuation contributions. That is the amount that the employer puts into superannuation on the employee's behalf that exceeds the superannuation guarantee requirements.

Fiscal impact²

2008-09 - -\$15.1 million

2009-10 - +\$164 million

¹ Explanatory Memorandum, Tax Laws Amendment (2009 Budget Measures No 1) Bill 2009, p. 8

² Explanatory Memorandum, Tax Laws Amendment (2009 Budget Measures No 1) Bill 2009, p. 6

2010-11 - +\$192.5 million

2011-12 - +\$203.8 million

Permanent reduction in Co-Contribution

Government proposed changes to the co-contributions scheme. Income thresholds applying for 2009–10 are to continue for a further two years and the government co-contribution rate to be set permanently at \$1 for every \$1 of personal contributions made by those receiving an adjusted annual income less than \$31,920 pa.

Fiscal impact³

2012-13 - +\$175 million

2013-14 - +\$175 million

Extending indexation pause for co-contribution

This announcement saw the extension of the pause to the indexation of the income threshold for the superannuation co-contribution.

Fiscal impact⁴

2012-13 - +\$25 million

2013-14 - +\$25 million

2014-15 - +\$25 million

Reducing matching rate of co-contribution

The matching rate for the Government superannuation co-contribution reduced from \$1 to \$0.50, with the maximum benefit also to be reduced from \$1000 to \$500. The maximum income threshold is also proposed to fall from \$61,920 to \$46,920.

Fiscal impact⁵

2012-13 - +\$352 million

2013-14 - +\$342 million

2014-15 - +\$329 million

Grand total

The grand total of these budget measures is \$3.388 billion.

³ 2010–11 Budget Paper No 2, p. 298

⁴ 2011–12 Budget Paper No 2, p. 326

⁵ 2011-12 MYEFO, p. 291

Conclusion

Contrary to Government assertions, Labor is clearly no friend of low income earners saving for their retirement through superannuation.

It is also clear that Labor's promises in relation to superannuation cannot be trusted.

In 2007, Labor promised no change to superannuation – a promise which was emphatically broken again and again.

In 2010, Labor promised to re-increase super concessional contribution caps back up to \$50,000 for at least some Australians saving for their retirement.

It hasn't happened.

Now Labor is promising that it will not scrap the low income super tax offset. If Labor was successful at the next election, there is no doubt that this would be the next broken Labor promise in relation to superannuation.

There is no doubt that Labor, if re-elected, would scrap the low income super tax offset, because having linked that measure to the failed mining tax, which hasn't raised any meaningful revenue, the government cannot afford it.

In contrast, the Coalition has made a firm commitment that in government we would not make any unexpected detrimental changes to superannuation over the next term of Parliament.

Steven Ciobo MP
Deputy Chair

Kelly O'Dwyer MP

Scott Buchholz MP