

SMSFOA Members' Newsletter

10/2016 12 July 2016

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Government back – just – but the game is not over yet

Well, after more than a week of uncertainty, we now know that the Coalition will be able to form a majority government – just – in the House of Representatives.

The Senate will be even more maverick than last time.

It also seems clear that anger and anxiety over the budget superannuation changes was a significant factor, along with others, in the Government's poor showing.

Yet the Coalition leaders don't seem to have got the message. Malcolm Turnbull, Scott Morrison and George Brandis say the Government will press on with their changes, in spite of the reported misgivings of Julie Bishop, Christopher Pyne, Peter Dutton and Barnaby Joyce.

We know that many Coalition back benchers – having been at the coal face in their electorates during the campaign – are very concerned and uneasy about the superannuation policy changes. Eric Abetz from Tasmania (where the Liberals lost all three seats they held) and Andrew Hastie from Western Australia are two who have spoken out.

We have urged Coalition Members and Senators to raise their concerns at next Monday's party room meeting, which will be the first since the election, and insist on a debate on the changes that they did not get to discuss before the budget announcement.

We've asked them not to proceed with legislation until there has been a review of the policy.

Labor supports a re-think on super policy

In somewhat of a surprise, we find ourselves agreeing with the Labor Opposition.

Their superannuation spokesman, Dr Jim Chalmers, has also called for an independent review of the Government's superannuation policy. In doing so, he has gone further than just expressing the Opposition's concern over the retrospective nature of the changes.

Dr Chalmers rejected the sophistry of the Grattan Institute's John Daley who argues back-dating a budget measure by nine years is not retrospective.

It's worth reading the full story:

THE AUSTRALIAN

Tuesday 12 July 2016

The Liberal Party's "very serious internal dissent" over the government's superannuation reforms underscores the need for a thorough independent evaluation of the reforms, opposition superannuation spokesman Jim Chalmers says.

The Australian today revealed Deputy Liberal leader Julie Bishop warned fellow members of the federal government's senior leadership, including Malcolm Turnbull and Scott Morrison, about an angry voter backlash against their superannuation tax changes but was overruled as the Coalition stuck with the controversial reforms.

Ms Bishop was joined by other senior ministers, including Christopher Pyne, Peter Dutton and Barnaby Joyce, in expressing concern about the fierce response to the Treasurer's policy during the election campaign.

Labor acknowledges superannuation incentives are "poorly targeted, particularly at the top end", but the opposition is pushing for an independent review of the changes before it decides whether or not to support the reforms.

Dr Chalmers today said the opposition would support any reforms that it considered "workable and fair" but dismissed the view of Malcolm Turnbull and the Grattan Institute's John Daley that the proposed \$500,000 cap on concessional contributions, backdated to 2007, was not retrospective.

"These pretty dramatic and drastic changes ... were dropped on the table on the eve of an election. The Australian people expect us to take the time to get them right; they don't want us to do what the government has done, which is rush to judgment on these changes which have big impacts on their retirement incomes," he told ABC radio.

"The government should take the time, given they have this very serious internal dissent, over this issue to take the time to get it right, because people's retirement incomes shouldn't be messed with on a whim.

"We will support anything which turns out to be workable and fair."

Professor Daley, a respected independent policy analyst, agreed with the government that the reforms were not retrospective.

“My view is that these reforms are not retrospective if you apply a proper understanding of the concept of retrospectivity. Nobody’s position is made worse because of something they did in the past; it’s just as a result of these changes their position going forward just won’t be quite so good as it might have been otherwise,” he said.

Dr Chalmers, a senior adviser to Wayne Swan as treasurer, said he respected Professor Daley’s opinion but said the \$500,000 cap fit “the very definition of retrospectivity”.

“It’s pretty hard to cop the view that something that is backdated and calculated from 2007 but not announced until 2016 is anything other than retrospective.”

And here’s today’s media release from SMSF Owners:



Coalition Party Room must debate superannuation policy

12 July 2016

When Coalition MPs and Senators meet next Monday in the party room they should insist on a debate about the Government’s superannuation policy, a debate they were not given the chance to have before the budget and the election.

Media reports since the election reveal that many Coalition MPs and Senators are deeply concerned about the effect of the superannuation changes on their vote with reports that traditional Liberal voters turned their backs on the party in anger and disillusion.

When the Coalition party room meets backbenchers should challenge senior ministers who seem determined to press ahead with the policy in spite of the election result and the concerns of Coalition members.

Even the Cabinet appears to be split with reports that Julie Bishop, Chris Pyne, Peter Dutton and Barnaby Joyce have expressed concerns about the voter backlash but have been rebuffed by Malcolm Turnbull, Scott Morrison and George Brandis.

The Coalition backbench should insist on a review of the controversial superannuation changes before they are introduced to the Parliament in legislation.

Labor’s spokesman on superannuation, Dr Jim Chalmers, is right in calling for an independent evaluation of the superannuation changes. SMSF Owners’ has been saying so since the election.

Dr Chalmers says that given the “serious internal dissent” within the Coalition over “dramatic and drastic” changes that were “dropped on the table on the eve of an election”, the government should take the time to get superannuation policy settings right, saying “people’s retirement incomes shouldn’t be messed with on a whim.”

We agree.

Labor should refuse to pass the superannuation legislation in the Parliament until it has been independently reviewed.

Labor should also stick to its guns on opposing retrospective tax measures.

So far, there has been no genuine consultation with the superannuation sector, including the one million owners of self-managed funds. The Tax White Paper process was stopped in its tracks and the review of the objective of superannuation just went through the motions to justify decisions made in the budget.

At a minimum, a review of the fairness and workability of the Budget measures should be undertaken. There are many unanswered questions about how they will work in practice.

A better option would be to complete the White Paper process with a thorough analysis of the many thoughtful submissions made, but so far ignored, on the purpose, efficiency and adequacy of superannuation and appropriate taxation of retirement savings.

Superannuation is too important to the lives of most Australians to be subject to piecemeal change according to the government of the day.

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So what now?

What all this means is that it's not too late to stop, or at least modify, the Government's proposals. Our best hope of getting a result is to continue to focus on Coalition Senators and Members, particularly in the next few days before the party room meeting on Monday 18 July.

So, if you are not happy, please let your Federal Member or Senator know and tell them the game isn't over yet.

The only way we can get the Government to re-think its policy is to keep up pressure on Coalition Members and Senators.

To find your Member/Senator's contact details, please go to this address:

http://www.aph.gov.au/Senators_and_Members/Guidelines_for_Contacting_Senators_and_Members

Or just Google your Member's/Senator's name and this will take you to their own websites where you can leave a message. Politicians tend to be more responsive if their own electors write to them.

Well he would say that, wouldn't he?

(with apologies to Mandy Rice-Davies)

The CEO of AustralianSuper, Ian Silk, says the superannuation changes are going in the right direction though he has reservations about the retrospective element. AustralianSuper is the largest industry fund with \$100 billion in assets under management.

The big managed funds and their lobby group – Industry Super Australia chaired by former NSW Liberal leader Peter Collins – have been quiet on the superannuation issue during the election campaign.

It's not surprising because the changes will mainly hurt members of self-managed funds. Anything that inhibits the growth of SMSFs is OK by the major industry funds and their powerful lobby groups.

The Government doesn't seem to understand that by reducing the flow of funds into self-managed super they are playing into the hands of the big union-controlled funds and their lobby group Industry Super Australia where Peter Collins' fellow directors include Ian Silk, former Victorian Labor Premiers John Brumby and Steve Bracks, ACTU secretary Dave Oliver and veteran industry super insider Garry Weaven.

For your diary...



The Australian Shareholders' Association is again running its popular 'Investors' Big Day Out' seminars in August and September. These one day seminars will provide insights on various investment opportunities, their associated risks and returns, along with diversifying your portfolio outside of the ASX200.

Dates:

Perth – 17 August 2016

Adelaide – 19 August 2016

Melbourne – 25 August 2016

Sydney – 26 August 2016

Brisbane – 2 September 2016

More info and registration here:

<https://www.australianshareholders.com.au/investors-big-day-out-2016>

It's not too late to let the Government know how you feel.

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