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Federal election 2016: Turnbull should cop it on the chin

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It's hardly surprising that Bill Shorten has agreed to pass most of the government's budget changes to superannuation, subject to an independent review that assesses whether some of them are retrospective.

I have sitting on my desk an opinion — well, it's actually gobbledygook — of a QC commissioned by Assistant Treasurer Kelly O'Dwyer concluding that none of the changes — even the backdated lifetime cap on non-concessional contributions — is retrospective.

Pull the other one, I say. Even Scott Morrison is aware of the duck rule: looks like a duck, quacks like a duck, is a duck. Earlier this year he described Labor's proposal to impose a 15 per cent tax on superannuation pension earnings above \$75,000 a year as retrospective.

To quote the Treasurer: "Our opponents stated policy is to tax superannuation earnings in the retirement phase. It may not be technical retrospectivity but it certainly feels that way. It is effective retrospectivity, the tax technicians and superannuation tax technicians may say differently. But when you just look at it, that is the great risk."

Of course the Opposition Leader's current offer to pass most of the government's super changes has the effect of making life even more difficult for the Prime Minister as he seeks to appease many of his parliamentary colleagues as well as swathes of the party's base.

Not that Assistant Minister to the Treasurer Alex Hawke has helped the situation by claiming that "changes to high-end superannuation are broadly accepted by all sections of the community and the government was right to propose them".

Tell that to the large numbers of the party's previously loyal supporters. Given the flood of complaints that the party has fielded, the tsunami of resignations, the drying up of donations, the shortage of volunteers and the loss of votes (over one million, in total), Hawke's chutzpah is quite astounding.

So what should Malcolm Turnbull do?

Here are the key super changes he must agree to:

- Forget about backdating the lifetime cap to non-concessional contributions;
- Make this cap \$1 million, up from \$500,000;
- Raise the superannuation balance from which tax-free pensions can be drawn from \$1.6m to \$2.5m, the latter of which would be the figure if the old Reasonable Benefit Limit had been retained;

- Keep the concessional contributions caps where they are;
- Forget about increasing the tax on those on Transition to Retirement Income Streams. TRIS are now only useful for those on modest incomes and with the increase in the preservation age, this arrangement will become irrelevant over time;
- Don't bother with topping up the superannuation balances of those on low incomes, who will mainly end up on the full Age Pension. It is costly to do this. It is also fair that these people make a modest contribution to the cost of their Age Pension.

When the Liberal parliamentary party meets again, those members who are concerned about the government's fundamental breach of trust on superannuation must extract these changes, at a minimum, from the small coterie of ministers who dreamt up this heist in the first place.

Turnbull may just have to suck it up, just in the same way he expected present and future - superannuants to take the additional tax imposts on the chin.

And just in case he mentions the contribution super must make to budget repair, remind him of the billions of dollars that he committed to wasteful pork-barrelling during the election campaign. That worked well ... not.

And don't forget to mention that Treasury's estimates of the savings/additional revenue from the super changes are laughable. An additional \$6 billion over the forward estimates — tell 'im he's dreaming.

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