

Media release

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Swan's "Clayton's" super reform

Today's announcement by Treasurer Wayne Swan will not fundamentally alter the incredible inequity that lies at the heart of the tax treatment of superannuation, according to The Australia Institute.

The Institute's Executive Director, Dr Richard Denniss, said not only did the government fail to go after the top one per cent of income earners, his tinkering today won't even reduce the cost of tax concessions by one per cent.

"A reform that affects just the top 0.4 per cent of high income earners is hardly a reform at all. In fact, today's announcement will do nothing to stop the cost of tax concessions doubling in the next five years and does not address the bizarre nature of the scheme that delivers more to the top 10 per cent than it does to the bottom 60 per cent," said Dr Denniss.

Treasury estimates that tax concessions on super will cost the budget \$32 billion this year and \$45 billion by 2015 yet the changes will collect less than \$250 million in additional revenue.

"Today's announcement does nothing to change the fact that someone with \$10 million in super can withdraw a million dollars per year and not pay a single cent in tax," said Dr Denniss.

"Despite the fact that tax concessions are the fastest growing expense in the Commonwealth budget, and despite the fact that the wealthiest 10 per cent of Australians receive greater benefit from those tax concessions than the bottom 60 per cent of Australians, the government has today decided to do virtually nothing to reform the system.

"The more significant change it announced today was an increase in the amount that wealthy people can put into their superannuation from \$25,000 to \$35,000. Put simply, the wealthy can now get generous tax concessions on 'voluntary contributions' that are larger than the full time minimum wage.

"This is a Clayton's reform. One has to question whether just the threat of a mining industry-style advertising campaign is enough to scare off the government these days. The government must now outline how it is going to afford its Gonski education reforms, the NDIS and Denticare when they've squibbed such an obvious opportunity," concluded Dr Denniss.

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