



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

**Treasury Laws Amendment (2018
Superannuation Measures No. 1) Bill 2018**

Second Reading

SPEECH

Tuesday, 19 June 2018

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Tuesday, 19 June 2018 Page 71 Questioner Speaker O'Brien, Ted, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TED O'BRIEN (Fairfax) (19:07): The Turnbull government is committed to the financial security of all Australians. This was acutely evident in 2018 budget handed down last month, a budget that builds on a strong economy—an economy now in its 27th consecutive growth year. It's a budget that supports Australian businesses to grow and capitalise on global growth. Global growth is now the fastest in six years. It's a budget that continues to create jobs, to build on last year's average of 1,100 extra jobs every single day. This is a budget that plans for the future and the future prosperity of all Australians.

An essential part of that planning is to ensure all Australians have adequate retirement savings courtesy of our superannuation system, a fair superannuation system with reliable measures and enforcement regimes to protect the hard-earned savings of all Australians—measures such as placing a cap on superannuation account fees and a ban on exit fees; changing life insurance in superannuation from being a default option to an opt-in option for those who have low balances or have not received a recent contribution, or those under the age of 25; giving the ATO greater powers to consolidate lost superannuation accounts into active accounts; and compelling superannuation funds to provide more information to help consumers compare and choose products that best suit their needs.

The Turnbull government is introducing a suite of measures to further protect our hard-earned savings and help ensure that all workers get their full superannuation guarantee entitlements, and this bill does just that. Firstly—and this is important—this government will provide a 12-month superannuation guarantee amnesty for employers to voluntarily come forward to remedy historical nonpayment of their workers' superannuation. Those who fess up, those who cop it on the chin, those who voluntarily come forward and make good on historical nonpayments will not face the usual penalties. But here's the kicker: if they miss their chance, those employers who do not fess up will be found out and will face higher penalties.

It is expected that \$230 million in retirement savings will be recouped for some 50,000 hardworking Australians under this superannuation guarantee amnesty. Some will argue, including the opposition—and we've heard it already from the shadow Treasurer—that this measure is in some way weakening penalties for noncompliance. Nothing could be further from the truth. How the shadow Treasurer, how the Labor Party, how the union movement could stand in the way of 50,000 Australians recouping their own hard-earned savings is beyond belief. There is no weakening. This is simply an incentive for employers to come forward voluntarily to pay all historical entitlements, with interest, in full, to employees.

This measure will deliver a real difference to the savings, financial security and retirement plans of at least 50,000 Australians who would otherwise miss out on a combined \$230 million in superannuation entitlements if it were not for the amnesty proposed by this bill. Any suggestion, as the shadow Treasurer implied, that this is letting employers off the hook is patently untrue and wrong. Employers will only get the benefit of the amnesty if they pay their employees' entitlements in full and with interest and if they voluntarily disclose their noncompliance—that is, they aren't already under investigation by the ATO. Here we have \$230 million that can be given back to those people, those 50,000 hardworking Australians, who have actually earned it for their savings, and who stands in the way right now? The Labor Party and the union movement. The very people who purport to represent hardworking Australians are the ones standing in the way of \$230 million being returned. It's an absolute disgrace.

Secondly, this bill recognises that some employees may inadvertently breach their concessional contributions caps when they have multiple employers contributing to their superannuation. This bill streamlines the process and allows employees to opt out of the superannuation guarantee system by applying to the ATO for an exemption certificate to avoid such breaches. Once an exemption has been granted, employees can negotiate higher take-home pay in lieu of these contributions, if they so wish. Once again, this measure will provide a practical solution to a very real problem and, thereby, make a real difference to the financial security of Australians.

Thirdly, this bill protects the integrity of the 2016 superannuation taxation reform package. I remind the House that this package was supported by the opposition. The changes before us today will ensure that super funds cannot evade contribution caps by using non-arm's-length expenditure to enhance their total income. This bill also ensures that limited recourse borrowing arrangements aren't used inappropriately to access concessional cap carry-forward arrangements, or to circumvent caps on non-concessional contributions. These measures improve confidence in the system and ensure it is fair, equitable and used for its core purpose: to provide income security in retirement, whatever one's circumstances.

Those opposite don't have a good track record when it comes to the security of Australians' retirement savings. I do not need to remind the House, or the Australian people for that matter, of Labor's plans to abolish dividend imputation credits and increase capital gains tax as part of their so-called tax plan. As the Institute of Public Affairs astutely points out:

All 15 million prospective retirees who hold a superannuation account stand to be affected.

My electorate office has been contacted by hundreds of constituents, many elderly and meagre of means, all worried about their retirement savings and superannuation balances should Labor ever win government. Some of them were in fact traditional Labor voters, many of whom were pained to concede that the Labor Party had no idea of what it was doing. We know those opposite are very keen to immediately raise the superannuation guarantee rate in a historic low-wage-growth environment, even in the face of warning of their own so-called experts—the Grattan Institute, for example—that it would affect the retirement savings of Australians, particularly low-paid workers. In fact, under a Labor government, the superannuation guarantee rate was projected to increase to 11½ per cent at the end of this month.

And who pays for these increases? The employees pay for these increases with less take-home pay. There is less disposable income for workers—that's what Labor delivers, and Labor knows that. I really believe those opposite understand that their tax plan is going to adversely impact hardworking Australians. But they were happy, and they remain happy, to see that happen. The Leader of the Opposition knows that all too well himself, because he admitted it back when he was Minister for Financial Services and Superannuation, during an interview with Neil Mitchell on 3AW in 2012. Neil Mitchell says:

Okay. So you're saying that the superannuation increases will be paid for by absorbing money out of the wage increases.

Bill Shorten, member for Maribyrnong, says:

That's the evidence.

Neil Mitchell says:

So I won't get a wage—I won't get any more in my back pocket. It will go into super, right?

Labor simply cannot be trusted with the retirement savings of Australians. Even rusted-on Labor voters in my electorate of Fairfax are waking up to that. Labor simply can't be trusted to manage the economy, let alone look after older Australians.

The measures before us today, as outlined in this bill, provide for a stronger, fairer and more equitable superannuation system—a system that is sustainable and better aligned to its core purpose as a reliable, long-term investment and savings regime that gives Australians a secure retirement. And to that end, I commend the bill to the House.