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LABOR'S SUPERANNUATION CHANGES WOULD DAMAGE AUSTRALIA

Free Market think tank the Institute of Public Affairs has today sent a Parliamentary Research Brief 'Five Reasons Labor's Superannuation Changes Would Damage Australia' to all Federal Parliamentarians.

IPA research fellow Daniel Wild said, "All 15 million prospective superannuants, or those who manage their funds, would need to re-assess their investment strategies as a result of Labor's proposed Super tax raid."

The IPA research brief disputed Bill Shorten's claim that dividend imputation is 'millionaire welfare'.

"Those who receive a tax refund are doing so because they have paid tax which is in excess of their legal liability. This is no different to those millions of Australian who receive a tax refund on the income tax they have paid – they have been taxed in excess of their legal obligation and, rightly, receive a compensatory refund," said Mr Wild.

"The explicit objective of the superannuation system is to encourage people to save for their own retirement, Labor's changes could force even more Australians onto the pension."

"Reducing the refundability of dividend payments will reduce the expected return of investing in Australian firms. This will increase the cost of capital in Australia as investors will demand higher returns to compensate for the loss of investment income, and hence the volume of investment will decrease."

"Just like the Coalition's 2016 superannuation changes, Labor's changes would be retrospective. Current retirees have structured their retirement investment income over a period of decade's according to the rules that prevailed at that time. Current retirees cannot revisit the past and alter their investment decisions to accommodate Labor's proposed changes," said Mr Wild.

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