

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

12 July 2016

IPA: SUPERANNUATION TAX HIKES SHOULD BE REPLACED BY SPENDING CUTS

The Turnbull government should cut government spending or delay the introduction of its proposed company tax cuts instead of increasing taxes on superannuation says Dr Mikayla Novak, Senior Research Fellow at free market think tank the Institute of Public Affairs.

Dr Novak was responding to media reports that the Turnbull government was considering modifying its controversial superannuation tax increases.

“The superannuation tax increases are projected to raise a net total of \$2.9 billion over the next four years. There are many alternative ways of financing this amount, including:

1. Means-testing the child-care rebate and tightening eligibility for Family Tax Benefit Part B
2. Reducing expenditure across all government departments by one-fifth of one percent
3. Delaying the company tax cut by 3 years and reducing corporate welfare spending”

	2016-17	2017-18	2018-19	2019-20	Total
	\$m	\$m	\$m	\$m	\$m
Middle-class welfare reforms					
Means-test Child Care Rebate	250	250	250	250	1,000
Tighten eligibility for FTB B	500	500	500	500	2,000
Reduce cost of government by 0.2%	723	739	776	804	3,042
Other measures					
Delay company tax cut by 3 years	400	500	800	-	1,700
Reduce corporate welfare spending	427	317	237	208	1,189

Some of these proposals were outlined in Dr Novak’s research paper *'Making Welfare Sustainable - Targeting welfare to those who need it most'* published in November last year.

“Company tax cuts should not be paid for by increasing taxes on retirement income.”

“The superannuation changes announced in the 2016 Budget do more to damage confidence in the retirement income system than they are worth in dollar value.”

“The government is right to be concerned about its credit rating, but the most important step in the path to budget repair is to get control of spending,” Dr Novak said.

For media and comment: Mikayla Novak, Senior Research Fellow, Institute of Public Affairs, mnovak@ipa.org.au or 0448 276 376.