

PRESIDENT

Mr. Bruce Ellen
Latrobe Valley Express
Telephone: 03 5135 4444
Facsimile: 03 5134 5782
Email: bellen@lvexpress.com.au

MELBOURNE SECRETARIAT

1st floor, 163 Epsom Road, Flemington 3031
Postal Address: Locked Bag 1000, Ascot Vale, 3032
Telephone: (03) 8387 5500
Facsimile: (03) 9372 2792
Email: bmorgan@vcpa.com.au

EXECUTIVE DIRECTOR

Bruce Morgan

3 February 2020

Retirement Income Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Re: Submission to Retirement Income Review

Country Press Australia is the peak industry body representing the interests of independent regional and community newspapers.

Country Press Australia makes this submission on behalf of its 140 independent newspaper members throughout Australia, and the associated state associations of Victoria, South Australia, Queensland and New South Wales.

Small to medium business (SME's) in regional Australia and indeed across the nation, simply cannot afford any further OSGL increases, nor the resulting on-costs associated with state taxes and charges.

Regrettably the government's decision to push on with the proposed increases has been without consultation with SME associations, or employers who actually pay the levy.

There has been a confusing national commentary in the last 18 months on 'low wage rises' which has totally ignored award increases that have applied and passed through the system.

In fact there have been significant increases in wages and salaries year on year, e.g. via the Minimum Wage increase which applies to most industrial awards from July each year. This has resulted in wage increases of an average of 3% for the last 3 years, which when applied to super payments at the current rate, have increased super by 10% for the period.

Unfortunately what politicians from all sides seem to have forgotten is super OSGL payments apply to all wages/payroll benefits. This impost feeds into state based payroll tax and workers compensation levy calculations that further drive up employment costs for SME's who are employing over 60% of Australians and drive much of the economy.

While national Minimum Wage increases and awards flow-ons must be accommodated, increased super above the current 9.5% (New Zealand's super levy is only 6%) and resulting on-costs, cannot and should not be considered by the government.

Australian SME's do not have the economic capacity to incur further increases in OSGL due to competition, inability to increase prices and lack of market size/share and control; this is especially the case in regional Australia where there is a lack of economies of scale, plus added freight and other costs.

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Imagine asking primary producers and regional towns SMEs to wear increases in costs as a drought, considered to be the worst on record, is raging across the country. The devastating fires further add to the plight of a number of regional areas.

The former treasurer Peter Costello called for 'an open debate' on increases in the OSGL, describing the move as 'an enormous decision' and 'having very significant ramifications'; and yet the prime minister to date has rejected calls from Coalition back benches to pause or abandon the planned OSGL increases already legislated.

A recent Gratton Institute report said an increase in the OSGL will not improve the long term returns to employees and recommends improving super management and efficiency before considering any OSGL increase, which it estimates will cost the budget an extra \$2 billion per year.

The latest superannuation review stemming from last year's Productivity Commission report is a step in the right direction the government should be encouraged to extend the Banking Royal Commission's recommendations and thrust to improve and rationalise super management and costs, rather than increasing employer labour on-costs.

Australian Prudential Regulation authority chairman Wayne Byers said in August that the super industry was not delivering the right outcomes, stating 'aggregate fees and costs are too high, insurance has not always been good value for money and there has been too much inefficiency in the system'.

Super Minister, Senator Jane Hume's recent comments to the Super Ratings Awards echo these sentiments, where she compared Australia's super administration and investment charges at 0.8% with The Nederland's cost of 0.1%.

On behalf our members, we strongly urge that Coalition policy be changed to retain the OSGL at 9.5% , SMEs, Country Press Australia members and the regions they serve, can simply not afford any further cost imposts in the current environment.

Yours faithfully
COUNTRY PRESS AUSTRALIA



Bruce Ellen
President