

Dear Panel Members,

As a retired public servant who availed himself of early retirement I am acutely aware of the effects of government policy as it affects retirement income. I am also, however, able to see how certain decisions come about. So, at the outset, let me say that universal superannuation was really only aimed at circumventing the need to increase the age pension which would require an increase in taxation that is not politically acceptable. Those designing the scheme, however, also had vested interests in the design so that the scheme was open-ended as to how much money could be contributed, thus favouring the better paid. This situation was aggravated by two government decisions, namely the outcome of the Bjelke-Peterson inspired removal of death duties and the Howard era removal of taxation on superannuation earnings. Both these actions served to accumulate massive funds in the hands of the few focused more on wealth accumulation and transfer to descendants rather than what one would have thought was the original purpose of the scheme. This also served the ideological proclivities of the conservative government parties who place their faith in "trickle-down economics" and faux-aristocracy as a natural scheme of things. The current situation thus seems to be that the wealthy feel entitled to unlimited income without labour while the poor are once more treated as inconvenient scum who we would really like to have die off but, for humanistic reasons, we have to keep alive. (More "acceptably" rendered as the wealthy paying themselves what they think they should get while the poor are allowed to "earn" just enough to salve consciences.) This is not new! Read the report into the Poor Laws of 1834 in the U.K.

There are, however, many people who have no superannuation and who might have saved a few dollars (or inherited or been awarded same - e.g. through divorce). Such people have often put this away for retirement and, while interest rates were relatively high, built up a little nest egg. They too are now targeted by the government's iniquitous deeming rates which see them losing money unless they hand their nest egg over to fund managers to use for their own ends by gambling with the funds at the money "owner's" sole risk. Again we see the hand of the conservative view of things! If we include the fees charged for managing the funds as well as inflation, these people may as well kiss their funds good bye or simply plow the lot!

So, what should be done? I suggest the following:-

1. Limit the amount able to be accumulated in superannuation funds to an amount which, when invested in term deposits, would provide an income of three times the age pension. The amount to be reviewed quarterly.
2. Tax any income above this level in the same way as normal income.
3. Set deeming rates at the average of term deposit rates offered by major banks less inflation rate.

Another factor that has confused things is the changed expectations of marriage. Frankly, this should now be regarded simply as a financial partnership and taxation should be applied to the married couple as to a Partnership or the combined income be halved and each partner taxed as earning their half. (In fact I think the government now has no clear idea of what role a marriage has, with so much legislation treating each partner as an individual while then turning around and assuming they are a couple e.g. in relation to the age pension.) In many ways, such treatment now amounts to the government double-dipping by extracting extra taxation from couples by reducing their pension while, if they get divorced, both suddenly become eligible for the single pension and yet can still live together and share costs. Remember, we now can have same sex "couples" "marry" which means the government has no way of assessing whether two people sharing accommodation are "married", de-facto "married", or simply living together. The whole business has now become simply an extra tax on those who, in the old scheme of things, "do the right thing".

So I suggest once more that the whole idea of "marriage" be dropped from the retirement income system.

I hope that helps you in your deliberations.

Regards,

Karl Tietze, Maleny, Qld.