

Feedback to Australian Government on Discussion Paper – Legislating the Objective of Superannuation – Consultation Paper 20 February 2023

Like most working people, I was interested in matters relating to accumulation in my fund. I did not take much interest in what was happening in other respects. The recent confected outrage over the government's proposal to put a higher tax on income from high-value funds in the Accumulation stage, however, confirms to me that that government tax concessions are almost certainly helping people increase their wealth who do not need that help any more. If that is so, I think it definitely fails the 'equitable' goal of the proposed Objective. People accept that the government will not support them with the Age Pension if they have a certain amount of personal wealth. It is fair and reasonable that this principle should apply to 'tax concessional' superannuation funds.

It is thus my opinion that there should be much tighter control over the maximum balance held in a 'tax concessional' superannuation fund. Rather than create new rules for those funds with multi-million dollar balances, I consider that 'tax concessional' funds should not be able to hold value in excess of the Transfer Balance Cap. Any accrued surplus should be returned to its owner.

With respect to the Consultation questions at the end of the Discussion Paper:-

1. *What do you see as the practical benefits or risks associated with legislating an objective of Australia's superannuation system?*

Benefits could be derived by having the Objective in a Preamble to the main legislation. This could give guidance on decisions of more detailed provisions of the Act(s) covering the details. Separate legislation for the Objective may introduce uncertainty in the interpretation of the other Act(s) covering the details.

2. *Does the proposed objective meet your understanding of the objective of the superannuation system in Australia?*

No. I think it misses the main point. The objective of superannuation is defined in a dictionary. I consider the main point is 'government support for superannuation in the form of tax concessions on fund income'. If tax concessions were not involved none of this discussion would likely be happening. The term 'tax concessions' seemed to be mentioned only once in the Discussion Paper. Somehow, this aspect needs to be more prominent.

3. *Is the proposed approach to enshrining the objective in legislation appropriate? Are there any alternative ways the objective could be enshrined?*

It seems it may add value. Refer (1) above.

4. *What are the practical costs and benefits of any alternative accountability mechanisms to the one proposed?*

Because this is really a matter about tax concessions, parliamentary legislation seems the only practical mechanism.
