

6th March 2023

**Regarding: Legislating the objective of superannuation
Consultation paper
20 February 2023**

Closing date for submissions: 31st March 2023

Email: superannuationobjective@treasury.gov.au

Mail: Director
Superannuation Insurance and Governance Unit
Member Outcomes and Governance Branch
Retirement, Advice, and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600

Consultation questions

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

This consultation paper is seeking feedback on the following proposed objective:

The objective of superannuation is to **preserve savings** to **deliver income** for a **dignified** retirement, alongside **government support**, in an **equitable and sustainable** way.

To have a common and agreed upon definition of the objective of Superannuation would seem on the surface to be a positive objective. However, the current Prime Minister said before the last election, and many times in the media in February 2023, " ... there will be no major changes to superannuation". Nonetheless, in this consultation paper there is the statement that "Preserve savings restricts access to superannuation savings to a person's retirement only". Regardless of whether or not you agreed with the previous government's decision to allow people to withdraw from their superannuation funds, the introduction of this statement is a major change to the current superannuation system. Therefore, is the current Prime Minister knowingly making an inaccurate statement to the Australian public?

In addition, how will a superannuation contributor's assets be valued? As for example only, the value of shares, property, jewellery, and art work, can vary enormously over very short

periods of time. Just how will the current government authority put a value on a superannuation contributor's wealth? Surely they will not invent another algorithm like the Robodebt disaster!

Furthermore, will this new proposed objective apply to all superannuation funds? As for example, will it apply to the politicians' superannuation fund (Parliamentary Contributory Superannuation Scheme, August 2022)? Such a statement needs to be made about who this new objective covers, and who will be exempt, so the ideology of equitable can be achieved. If politicians are to be exempt then there is no point in introducing this proposed objective.

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

No, the proposed objective as stated in this document does not achieve the superficial goal as stated.

The objective of superannuation is to **preserve savings** to **deliver income** for a **dignified** retirement, alongside **government support**, in an **equitable and sustainable** way.

The statement opens the door for politicians to introduce other measures to change the operation of superannuation programmes.

- i) First, the current government's double standard statements about not making major change to the superannuation policies not only undermines, but also, damages investor confidence in the trustworthiness of politicians. A classic example of this is Jason Clare, Education Minister's statement on the 23rd of February 2023. Minister Clare on the one hand denied the party had backflipped on superannuation changes but conceded that accounts with a balance of over \$3 million would be taxed. These actions by the current government have broken a pre-election promise which is a breach of faith with voters.
- ii) A figure which is currently being circulated, even from senior Government public servants is that once a contributor is over the \$1,7 million tax free threshold (July 2023), they will be taxed at a rate of 15% to \$3 million and 30% over \$3 million. Even though the current Prime Minister, is still disingenuously saying, in there will be no major change to the superannuation system.
- iii) The Labor minister, Chris Bowen has long advocated removing Imputation Credit benefits from funds such as SMSF (Self-Managed Superannuation Funds). Such a change would be a major change to the operation of superannuation programs. Many retirees have contributed to SMSF for decades, factoring in Imputation Credits in their retirement. Changes now are unjust to SMSF retirees, and do not preserve the ideology of equitable as stated in the operational definition being proposed. Also, such changes do not meet the proposed understanding of "dignity which- denotes the importance of financial security and wellbeing in retirement" Many retirees have been punished by the change in the

superannuation policy of only allowing a tax free threshold of \$1.6 now \$1.7 million (July 2023). After contributing to superannuation funds for decades the rug was pulled from under their feet. The current government does not seem to be able to budget within its means. They can only see superannuation funds as some sort of untapped source of revenue which they must somehow get their hands on to prop up unsound budget decision.

- iv) The Australian public have seen the devastating ramifications of the Pink Bats scheme when put in the hands of incompetent politicians and senior public servants. Furthermore, the current effects of the Chair of the RBA Dr Lowe's inexcusable public statement that there would be no change in interest rates until 2024, which encouraged people to take out large loans to buy a house. Then the RBA started increasing interest rates in late 2022 catching many mortgage holders by surprise, and in financial difficulties. In both cases the Government and RBA have taken no responsibility for their actions. The lack of accountability measures displayed in these decisions does not provide the Australian public with trust that the current government is looking forward to the future and wellbeing of the people who are affected by such decisions. The results of these changes in policy to the operation of superannuation schemes should not be undertaken in this 'drip feed' approach. A full and comprehensive statement needs to be put to the Australian people so they know what is actually being proposed. The lack of transparency in this current proposed objective change introduces the scepticism of a 'hidden agenda.'
- v) Furthermore, the current government is publicly inaccurately stating that only 80,000 accounts will be affected. 20-year-olds, who have to compulsorily contribute to superannuation, will all be affected by this change in superannuation policy when they come to retire. The \$3 million line in the sand will be met by these future retirees. The current government should publicly state the real numbers who will be affected, rather than this false statement they are pushing at the moment.

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

First, this question is flawed. To ask "is the proposed approach to enshrining the objective in legislation appropriate?" is not the question? How can any Australian comment on enshrining the objective in legislation when the current government has already stated that it will change the superannuation implementation policy and procedure? The Australian public have seen the devastating effect of the **Robodebt** scheme when put in the hands of incompetent politicians and senior public servants. Changes to the operation of superannuation schemes should not be undertaken in a 'drip feed' approach. A full and comprehensive consultation paper outlining all the objectives and operational implementation features needs to be put to the Australian people. Then they might be in a position to know what is actually

being proposed. The lack of transparency in this current proposed objective change introduces the scepticism of a 'hidden agenda.'

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

First, this statement is also flawed, as the proposed objective change is not an accountability measure. Secondly, how can any Australian comment on an alternative mechanism without it being appropriately stated and put out for consultation. So, this fourth consultation question is insulting and inappropriate. Once again, highlighting the consequences that the Australian public experienced through the devastating effect of the **Robodebt** scheme when put in the hands of incompetent politicians and senior public servants. In addition, the Australia public can see the consequences of the lack of inbuilt accountability measures by governments and senior public servants through the rioting of the NDIS.

Changes to the operation of superannuation scheme/s should not be undertaken in this micro approach. A complete, and comprehensive, statement needs to be publicly disclosed to the Australian people. Then tax payers, and superannuation contributors, will be in a position to know what is actually being proposed. The lack of transparency, the inconsistent comments, and the incorrect numbers of those who will be affected made by current government ministers and senior public servants, regarding this current proposed object change is inexcusable and deceptive.