

Shorten's \$34b super gaffe

Andrew Tillett and Tom McIlroy, Apr 16, 2019 — 9.00pm

Scott Morrison has accused Bill Shorten of lying to voters after the Opposition Leader matched a government promise to not to lift taxes on superannuation or introduce new ones despite Labor policies adding up to a \$34 billion hit on retirement savings.

Amid growing fears within Labor ranks the election is tightening, the opposition scrambled to downplay Mr Shorten's superannuation gaffe by clarifying the commitment meant no new or higher taxes than those already announced.



A bare-footed Scott Morrison kissed the kitty when he had a go at lawn bowls in Torquay. Dominic Lorrimer

Mr Shorten's difficulties were compounded by an awkward press conference where he repeatedly refused to answer questions about the impact the opposition's carbon emissions reduction policies would have on the economy.

Labor was also forced on the backfoot over revelations it had deleted dozens of paragraphs of details over its negative gearing and capital gains tax policies from its website.

Superannuation battlefield

Campaigning in the retirees' haven of Victoria's Bellarine Peninsula, which is in the marginal seat of Corangamite, Mr Morrison sought to sharpen the differences with Labor, as well as win back the Liberal base, by vowing no more tinkering with superannuation. "I make it very clear, no new taxes, no higher taxes on superannuation under my government ever," he said. "This gives people certainty to plan for their future. It means that the goal posts will never be shifted."

Under questioning at his press conference, Mr Shorten also ruled out hiking taxes on retirement savings. "We have no plans to increase taxes on superannuation. We have no plans to introduce any new taxes on superannuation," he said. However, Labor has announced four superannuation policies ahead of the election campaign, which the Coalition estimates would see a \$34 billion increase in tax over a decade, hitting hundreds of thousands of workers.

One policy is to abolish catch-up concessional contributions, which currently allow workers with super balance of less than \$500,000 to roll over the unused portions of the annual \$25,000 cap on contributions for up to five years so they can pour more money into their funds. Another is removing tax deductibility for personal contributions under the \$25,000 cap for self-employed workers such as tradesmen and women. Also on the cards is slashing the non-concessional contributions cap from \$100,000 to \$75,000, reducing a person's ability to make a large one-off contribution to their super balance that could come from the sale of an asset or receiving a redundancy payment or inheritance.

Labor also wants to slug high-income earners by reducing the income threshold from \$250,000 to \$200,000 so they pay a higher 30 per cent tax instead of the concessional 15 per cent rate on contributions.

'Either lying or just forgotten'

Mr Shorten put forward these proposed superannuation changes in August 2016, describing them as "generously high-income loopholes".

But Mr Morrison said Labor could not be trusted on superannuation. "I have no idea what Bill Shorten was talking about today when he says he won't be putting increased taxes on superannuation. That's his policy," he said. "But I suppose, if you've already racked up \$387 billion in higher taxes, he must have forgotten that includes \$34 billion of taxes alone on superannuation. "When

the number gets that high, he's either lying about it today or he's just forgotten the last person he hit with higher taxes."

Labor's campaign spokesman and finance spokesman Jim Chalmers said Mr Shorten's commitment was referring to additional changes beyond those that had been "on the table for some time now". "We have no further announcements to make on superannuation taxes in the campaign. So the policy that we announced some time ago we'll take to the election," he told the ABC.

The Prime Minister rejected criticism of his own record on making unexpected superannuation changes, when as Treasurer he unveiled a number of changes to tackle what he described as "excesses" in the system at the 2016 budget that sparked a backlash among wealthy retirees.

"We have no plans to increase taxes on superannuation," Bill Shorten said. Alex Ellinghausen "As I said at that time, once we dealt with them, then we were done with them. That's why I can give the assurance," he said.

Mr Morrison unleashed his strongest campaign attack yet on Labor's separate \$57 billion plan to scrap franking credit refunds for retirees. Both Corangamite and Boothby in Adelaide where Mr Shorten campaigned on Tuesday have a high proportion of seniors. About 8500 people in Corangamite are beneficiaries of franking credit refunds and 8800 in Boothby.

Mr Morrison said the refunds were relied upon by retirees to help with the cost of living, such as private health insurance, electricity and even paying to travel to see family. "That's what Labor's retiree tax will take away and steal from Australians," he said.

Amid the cut and thrust of campaigning, traded barbs with a journalist after refusing to answer questions on the cost to the economy of Labor's carbon emissions reduction policies, "I'm going to give your colleagues half a go," Mr Shorten said. Mr Shorten also defended the deletion of information on Labor's policies on its housing policy website, saying it was being updated. "As new numbers come to light, we update them. "

'Complete rubbish'

The changed information comes less than a week after The Australian Financial Review revealed that Labor's negative gearing could be overstated by between

\$2.5 billion and \$8 billion due to inaccurate assumptions on the level of investment in new housing stock.

Meanwhile, the Grattan Institute's new "Orange Book" policy manifesto for the next government warns that increasing compulsory superannuation contributions, to 12 per cent from the existing 9.5 per cent of employee income, would lower wages by more than 2 per cent. "The people who will do worse will be low-income earners because they are the people whose wages are really being squeezed and will see their wages go up by not as much," Grattan Institute chief executive John Daley said. The gradual increase in the superannuation guarantee is due to resume from 2021 and be completed by 2025 and is officially bipartisan, though philosophically more strongly supported by Labor.

Mr Morrison dismissed "complete rubbish" the institute's claim on Tuesday the Coalition would need to cut spending by about \$40 billion a year by 2030 to afford its big personal income tax cuts and deliver on its budget surplus forecasts. But shadow treasurer Chris Bowen said report exposed how the government's unlegislated tax cuts would bake in \$40 billion of "secret spending cuts". "This is the latest proof that the Liberals will cut schools and hospitals to pay for bigger tax loopholes for the top end of town," he said.