



Media Release

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Is Bill Shorten dishonest or just incompetent?

Yesterday Bill Shorten misled Parliament when he said that his *Superannuation Guarantee (Administration) Amendment Bill 2011* abolishes the superannuation guarantee age limit.

In doing so he gave Parliament the impression that he was acting now to implement Coalition policy to abolish the age limit which we took to the last election.

The legislation he introduced into the Parliament is clear. It is not removing the age limit at all.

Instead Bill Shorten's legislation only increases the superannuation guarantee age limit from 70 to 75. This is of course in line with Labor's policy at the last election.

The government has also now decided to link this measure to the passage of its deeply flawed, unfair and ill-conceived mining tax.

That was never a condition of Labor's policy on the superannuation guarantee age limit before the last election.

Bill Shorten's announcement later in his speech introducing the Bill that he would ask the Parliament to abolish the age limit altogether by further amendments at a later stage was clearly an afterthought.

Only the Coalition has been consistently committed to ending the discrimination in the superannuation system against older Australians by completely removing the superannuation guarantee age limit without other conditions attached to that.

Specifically, the Coalition has not made that change conditional on a complex, unfair and distorting mining tax.

Instead of bumbling along with his own flawed legislation, Bill Shorten should just agree to pass the Coalition's private members' Bill.

Our Bill has been in the Parliament since February and actually delivers on the promise Bill Shorten made to Parliament yesterday to abolish the age limit.

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PROCEDURAL TEXT

Date Wednesday, 2 November 2011 Page 6 Questioner Speaker	Source House Proof Yes Responder Question No.
<p>Superannuation Guarantee (Administration) Amendment Bill 2011</p> <p>Superannuation Guarantee (Administration) Amendment Bill 2011</p> <p>First Reading</p> <p>Bill and explanatory memorandum presented by Mr Shorten.</p> <p>Bill read a first time.</p> <p>Mr SHORTEN (Maribyrnong—Assistant Treasurer and Minister for Financial Services and Superannuation) (09:31): I move:</p> <p>That this bill be now read a second time.</p> <p>I am introducing this bill because the parliament should pass laws which are optimistic, positive and constructive about Australia's future.</p> <p>It proposes to increase the superannuation guarantee charge from nine percent to 12 percent.</p> <p>* <u>And this bill abolishes the superannuation guarantee age limit.</u></p> <p>This bill passes the test of being optimistic, positive and constructive.</p> <p>We are living longer than ever before. Australians are reorganising their lives to adapt to longer life. So we should change our laws to move with the new rhythms of life.</p> <p>Those of us over 65 now are only three million in number, but by 2050 there will be 8.1 million.</p> <p>Today there are 50 of us in work for every 10 of us in retirement. By 2050, there will be 27 of us in work for every 10 of us in retirement.</p> <p>These days we are probably at school, or in an apprenticeship, or in university or in learning until we are 20 or 25.</p> <p>We then work for 35 years, and after that we have another 20 or even 30 years to think about things, play</p>	<p>bowls, go fishing, join reading groups, write family histories and the rest of it. Thirty years, perhaps. Forty, maybe.</p> <p>Life itself, our life in the best country on earth, has been redefined by these new unchangeable figures of a long and largely healthy life.</p> <p>Longer life full of quality and meaning is the great gift of 20th century Australians to 21st century Australians. And we should celebrate it.</p> <p>Therefore the goal of lifetime income security celebrates a long and quality life.</p> <p>This bill declares that the Australian people understand change is inevitable.</p> <p>This bill declares Australians reject the proposition that Australians should stay frozen in the moment.</p> <p>This bill declares that Australians do not believe change is too hard.</p> <p>This bill declares that Australians understand that as we are living longer, we need to smooth our prosperity over longer life.</p> <p>Until 1985, private retirement income under the superannuation provisions only applied to the very wealthy and some well-paid employees in the public sector.</p> <p>Until 1985 the great majority of working Australians had no viable access to the generosity of the superannuation tax provisions.</p> <p>Until 1985 most Australians had to rely on the taxpayer provided age pension as their principal postemployment income system.</p> <p>The first move towards universal access under the superannuation provisions came as part of the Hawke government's accord with Australian trade unions.</p> <p>The Labor government of the day and the trade unions agreed that the profit share in the economy had to be restored to re-ignite private investment. At the time, unemployment and inflation were both hovering around 10 per cent.</p>

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Schedule 1—Superannuation guarantee age and percentage

Superannuation Guarantee (Administration) Act 1992

1 Subsection 19(1) (paragraphs (a) and (b) of the definition of charge percentage)

After “subsection (2)”, insert “for the quarter”.

2 Subsection 19(2)

Repeal the subsection, substitute:

(2) The charge percentage for a quarter in a year described in column 1 of an item of the table is the number specified in column 2 of the item.

Charge percentage (unless reduced under section 22 or 23)		
Item	Column 1 Year	Column 2 Charge percentage
1	Year starting on 1 July 2013	9.25
2	Year starting on 1 July 2014	9.5
3	Year starting on 1 July 2015	10
4	Year starting on 1 July 2016	10.5
5	Year starting on 1 July 2017	11
6	Year starting on 1 July 2018	11.5
7	Year starting on or after 1 July 2019	12

3 Subsection 23(2) (example)

Omit “If there are no other contributions, and no reduction under section 22, then the charge percentage will be 3 (instead of 9).”.

4 Paragraph 27(1)(a)

Omit “70”, substitute “75”.

5 Application



28 days after the end of the quarter, the employer will not be able to claim a deduction for the payment of the SG charge or payment of late superannuation contributions which are offset against the SG charge.

1.6 Currently, the SG charge is payable by employers who do not contribute 9 per cent of ordinary time earnings on time for eligible employees under the age of 70.

1.7 This Bill extends liability for the SG charge for employers as they will be required to contribute the relevant percentage (for the particular quarter) of ordinary time earnings for eligible employees under the age of 75.

Raising the superannuation guarantee age limit from 70 to 75

1.8 Under subsection 19(1) and paragraph 27(1)(a) of the SGAA 1992, salary or wages paid to an employee who is 70 or over does not count towards the calculation of the SG shortfall. Since there is no SG shortfall, this means that employers are not required to make SG contributions for employees who are aged 70 or over.

1.9 This Bill raises the SG age limit from 70 to 75 and requires employers to contribute to complying superannuation funds of eligible mature age employees under the age of 75.

1.10 Raising the SG age limit to 75 brings the SG amendments in line with provisions of the *Income Tax Assessment Act 1997* (ITAA 1997) which allow employers to claim a full deduction for all contributions to superannuation funds made on behalf of their employees up to age 75 and allow self-employed people to make deductible contributions until they turn 75.

Increasing the superannuation guarantee charge percentage to 12 per cent

1.11 In order to avoid an SG shortfall in respect of a quarter, employers currently have to pay 9 per cent of ordinary time earnings in superannuation contributions for eligible employees. In order to increase future retirement incomes for Australian workers, this Bill gradually increases the SG charge percentage each year, reaching 12 per cent in 2019-20.

1.12 Employers will now have to contribute the applicable SG charge percentage for the quarter to avoid being liable for the SG charge.