



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE
SUPERANNUATION BUDGET
MEASURES BILL 2004

In Committee

SPEECH

Thursday, 24 June 2004

BY AUTHORITY OF THE SENATE

SPEECH

Date Thursday, 24 June 2004
Page 25046
Questioner
Speaker Cherry, Sen John

Source Senate
Proof No
Responder
Question No.

Senator CHERRY (Queensland) (11.30 pm)—The Democrats oppose schedule 2 in the following terms:

- (1) Schedule 2, page 5 (line 1) to page 10 (line 11), **TO BE OPPOSED**.

The Democrats seek to delete this schedule from the bill. It is important that it be deleted from the bill because it is totally and utterly inappropriate to be dealing with the low-income earners co-contribution and the high-income earners surcharge in the same bill. The Democrats strongly support the issue of the co-contribution being proceeded with in this bill, but it is essential that we ensure that this bill is pure in dealing with the co-contribution issue. The surcharge issues should live or die on their own merits in a separate discussion and a separate debate. They should not be linked, as has been suggested by Senator Coonan and others, to this measure. Whether or not we would pass the surcharge reductions is something I would like to leave for another day.

I would note that the surcharge reductions as a whole are a tax equity measure designed to reduce the concession that was there for high-income earners. At the moment under the taxation system a high-income earner, even with a 12½ per cent surcharge, is getting a tax concession of 48.5 minus 12.5, which is 25 per cent for every dollar that their employer puts into superannuation. By contrast, a person earning an average of \$40,000 gets a concession of only 16½ per cent. Even with the current 12½ per cent surcharge, the high-income earners are getting a higher percentage benefit than a middle-income earner. When you compare them with a low-income earner in the 17 per cent tax bracket, they are getting only a two per cent tax concession on superannuation. We think the surcharge should be debated separately from the co-contribution. Whether it be a 2½ per cent cut, a five per cent cut, a 7½ per cent cut or abolishing the thing, we should be debating that separately in principle from the issue of the continuation of the co-contribution.