

# Henry review creates more doubts on super

WORKERS are likely to desert the voluntary superannuation system as the industry braces for another round of rule changes.

Confidence in super is stretched from years of tinkering and constant changes.

Comments this week by Federal Treasurer Wayne Swan flagged yet another shake-up, including taxing super at a higher rate for some savers.

Advisers said yesterday that people were widely expected to stop their voluntary contributions until they knew what the next round of changes would bring.

"When the Government starts making comments like this it impacts on the behaviour of a lot of people," said superannuation lawyer Bryce Figot from DBA Lawyers.

"It's only a bit over two years since the last major changes and now we have these rumblings of more changes. It makes people less willing to put money into super.

"I think most people will wait until the end of this financial year, until after the release of the Henry tax review, before making any more contributions."

Wealth Within founder Dale Gilham said the Government was preparing for

**I can't tell you the amount of mums and dads who tell me they have no confidence in superannuation**

another round of tinkering.

"It diminishes confidence every time," he said.

"I can't tell you the amount of mums and dads who tell me they have no confidence in superannuation.

"One, they are very unhappy with the providers and their ability to deliver good returns and, two, governments appear to have this inability to stop fiddling.

"It means people have no certainty.

"Certainty is what they really want.

"They want to know that if they put in X amount of dollars into their super then they are going to be able to get that amount out at the other end.

"People are definitely pulling back on the amount they are putting in, absolutely. It makes sense.

"I'd rather have my money outside super where there are more options to invest than in super, where you can't get at it and you don't know what the rules will be when you finally can get at it."

Mr Swan flagged changes

to the concessional tax rate on superannuation at a business conference on Thursday.

The changes, which are expected to include a tax increase on super contributions by high-income earners, are part of a review of the tax system by Treasury secretary Ken Henry.

The review is expected to report to the Government next month.

Submissions to the Henry tax review by the super industry have centred on a rebate or reduction in the current 15 per cent tax on super for low-income earners, not an increase for high-income earners as indicated by Mr Swan.



Treasury secretary Ken Henry has the superannuation and mining industries worried

## Miners say they cannot afford any extra taxes

MINING industry insiders warn any proposal from Treasury boss Ken Henry to impose a new Federal Government tax on resources companies will deter vital foreign investment and kill off new projects.

And they caution that this, in turn, will strangle the sector that links Australia's prosperity with the rise of China and the emergence of India.

Tony Sage, executive chairman of Cape Lambert iron ore, said foreign investment may be the political hot potato of the day, but taxation poses just as big a challenge for mining

companies doing business locally.

He illustrates his point with Cape Lambert's \$106 million acquisition of the Lady Annie copper mine in Queensland from failed company CopperCo earlier this year.

The Queensland Government slapped \$6 million in stamp duty fees on Cape Lambert's purchase of Lady Annie, even though CopperCo was in liquidation.

The question of how much money governments are entitled to skim from the nation's vast mineral wealth is being asked across the industry.

The Minerals Council of Australia, a national industry body that represents miners and explorers, estimates the total tax paid by companies and individuals in the sector totalled about \$21 billion last financial year.

Mitch Hooke, the MCA's chief executive, said recent speculation about increased taxation on the mining sector was clouding the investment climate.

"The minerals sector is apparently seen as a ready milch cow to repair governments' fiscal positions, provide

a source of investment in critical social and physical infrastructure and to fund reductions in the company tax rate," he said.

The MCA estimates that the resources sector accounted for about 16 per cent of Australia's company tax contributions, even though it only represented about 8 per cent of national gross domestic product.

Earlier this month, Dr Henry suggested that miners should have paid as much as \$25 billion in additional royalties in the past decade.