



Shop, Distributive & Allied Employees' Association

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**Submission to the Senate Standing Committee
on Economics on the Minerals Resource Rent Tax Repeal
and Other Measures Bill 2013**

The Shop, Distributive and Allied Employees Association (SDA) is Australia's largest trade union with over 213,000 members.

The SDA is opposed to the abolition of the Minerals Resource Rent Tax and the related measures. In particular we are opposed to the repeal of the following:

- Income support bonus,
- Schoolkids bonus,
- Low income superannuation contribution; and
- The rephrasing of the Superannuation Guarantee percentage increase.

All of these measures were designed to provide specific support for low income families. Their removal will severely impact upon the families affected.

The SDA believes that there needs to be equity and fairness in the taxation system. The minerals in the grounds of Australia belong to all Australians and all Australians are entitled to share the benefits they bring. As such some form of minerals resource tax is justified. The SDA accepts that there may be flaws with the current tax. That does not negate the principle that a minerals resource tax is justifiable. Such a tax needs to take into account the legitimate profit aspirations of the mining industry but should also take into account the needs of all Australians.

The Income Support Bonus is a payment of \$105.80 for singles and \$88.20 for partnered recipients, made twice yearly. In weekly terms it equates to about \$4.05 per week for singles and \$6.80 for couples.

The Schoolkids bonus delivers a payment of \$ 410 per year for each child in primary school and \$820 per year for each child in secondary school. This equates to a weekly payment to families of \$8 for a child in primary school and \$16 for a child in secondary school.

A couple family with one child at secondary school in receipt of these two payments faces losing almost \$23 per week if these two payments are withdrawn.

This is a significant amount of money for low income people and they cannot afford to lose it.

Australia already has an inadequate Newstart payment. Even the Business Council in its 2012 submission to the Senate recognized this fact.

NATSEM has shown that singles and couples with children where the parent/s are on NSA are living below the poverty line, even with these bonus payments being applicable.¹

The costs of raising children are substantial. NATSEM has calculated that for a low income family the cost of raising two children from birth to year 12 is \$474,000. For middle income families the cost is \$812,000. The loss of \$23 per week is very significant².

It is in the long term interests of Australia for the government to provide adequate levels of support, including economic support to Australians families so that all families can function effectively.

Withdrawal of payments to low income families is not in the long term interest of Australia.

Should the government proceed with the repeal of the Income support bonus and/or the Schoolkids bonus then the government should commit to returning the money low income Australian families will lose to them in the form of real increases in family payments.

The Low Income Superannuation Contribution provides a payment of up to \$500 per year for individuals with a taxable income of \$37,000 or less. The effect of this payment means that such individuals do not pay tax on their superannuation contributions. This constitutes a significant boost to the retirement savings of low income families. Its removal will adversely affect the capacity of many families to save for retirement.t

Delaying the introduction of increases in the Superannuation Guarantee Contribution will also have a deleterious impact on the long term retirement savings of many Australians.

Given the demographic changes occurring in Australia and specifically the aging of the population the adequacy of retirement savings is a large and growing issue.

An Australian government with an eye to the long term would see great value in encouraging retirement savings.

It is simply not in the long term interests of Australia to impede the growth of superannuation. We urge the government to reconsider its moves in the superannuation area.

Ian Blandthorn
National Assistant Secretary
21/11/2013

¹ Research Note, Working Australia, NATSEM, February,2013.

² The cost of raising children in Australia, NATSEM, 2013