**THE HON JOSH FRYDENBERG MP**

**Treasurer**

# MEDIA RELEASE

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## EXPERTS SAVAGE LABOR'S RETIREE TAX AS IT BEGINS TO DISTORT MARKET BEHAVIOUR

Labor's retiree tax argument has been labelled as "promoting bad policy through fake news" in a scathing and forensic takedown by renowned Professor Adrian Blundell-Wignall.

Professor Blundell-Wignall, a former OECD director, said Labor's retiree tax policy "punishes those who looked after themselves for retirement," in an opinion piece published today.

He warned that Labor's tax would cause "economic damage" including a "cut into productive investment", more financial gaming and increased company debt, leaving the economy more exposed to shocks.

Professor Blundell-Wignall went on to say Labor's retiree tax "will be imposed retrospectively, making a mockery of the policies that were the basis of lifetime saving and asset allocation decisions – a real no-no of pension policy thinking in the OECD. It undermines the principle of choice based on a level playing field."

To add insult to injury, the Professor added that Labor's retiree tax will not "achieve the hoped-for revenue gains. It is precisely the sort of thing that financial markets are good at avoiding."

This begs the question; what reckless spending promises will Labor be forced to renege on as a result of their growing budget black hole?

Professor Blundell-Wignall's comments are the latest in a string of criticisms and concerns raised by experts and every-day Australians who have spoken out against Labor's retiree tax. What will it take for Labor to admit they got this wrong and drop its unfair and economically reckless tax?

Furthermore, it was detailed in the media today that many of Australia's biggest companies are devising strategies to pay out their franking credits as special dividends, before Labor has a chance to punish them if they were to win Government.

Mirrabooka Chief Executive Mark Freeman, who has announced his company is bringing forward their special dividend given the uncertainty around Labor's policy, said: "We are feeling the potential pain of people if this rule comes in, and so let's try and help them out now". He went on to say Labor's policy is "very grossly unfair for investors and trying to shift the playing field in favour of managed funds over self-managed superannuation".

This is because a large proportion of those Australians with self-managed super funds are in the retirement phase, with little income to off-set their franking credits, compared with industry or retail funds which pool the income of all superannuants. Many of the people in these large funds are not in the retirement phase and therefore have significant taxable income allowing the fund to get the benefit of their franking credits.

Faced with the disturbing evidence that Labor's retiree tax was already causing disruptions, distortions and deep concern in economic markets, the best response Chris Bowen could give to The Australian was that he "declined to comment". You couldn't make this stuff up.

On average, Australia-wide, under Labor's retiree tax 900,000 individuals with excess franking credits lose on average $2200 a year and 200,000 self-managed super funds lose on average $12,000 a year. Many will lose more as evident from the more than 1,000 submissions already received by the House of Representatives' economics committee inquiry into Labor's retiree tax.

This is part of Labor's plan for more than $200 billion in additional taxes of people's properties, incomes, business and savings. In contrast, our Government will protect the hard earned savings of Australians.

**ENDS**

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