

MEDIA RELEASE

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Dividend imputation proposal needs revision but deserves considered and reasoned discussion

The Federal Opposition's new policy on dividend imputation deserves more considered discussion than it has had over the last few days, says Australia's leading advocacy body for older Australians.

"COTA agrees that the current policy gives people money for tax they have never paid and favors high net worth people who receive large payments but do not need support from taxpayers in retirement.

"However, the Opposition needs to recognise there are people of low and modest means who rely on these payments and who will not be able to change their arrangements in retirement to make up lost income.

"If you are a full or part pensioner you obviously don't have a high income and, following the pension assets test changes in 2015, you don't have a large nest egg either. Pensioners live on a very tight budget, so losing an average payment of \$1,200 has much more impact on a pensioner than a well-off Self Managed Super Fund member with a high balance losing tens of thousands.

"While the big savings will come from people with substantial assets and income, there are hundreds of thousands of part-pensioners who will be impacted, plus 14,000 full pensioners

Mr Yates said that the Federal Budget cannot afford to give taxpayer funds to people who are well off and don't need more money to live comfortably, when there are so many real needs in the community not being met.

"The main tax concessions on superannuation are still too generous for higher income, high asset people, despite the welcome reforms in 2016; so giving those people even more is not justifiable.

"COTA believes the additional revenue raised from this change should be reinvested in measures that will support older Australians such as:

- reducing the waiting list for home care packages in aged care, where tens of thousands of people are waiting up to a year for help
- finally putting in place an oral and dental care service for older Australians
- making superannuation fairer for women and low-income people.

COTA will negotiate with the Opposition about the situation of pensioners and other low income/low asset retirees to mitigate this unexpected impact. COTA also wants the Opposition to commit to measures that will assist older Australians with unmet needs in health and aged care.

"I am confident that the Opposition will give us a good hearing and we are keen to sit down with them and work out solutions, Mr Yates said.

"A lot of claims are being thrown around about the impact of this policy on older Australians – so it is important that debate is grounded in fact. The policy deserves considered discussion."

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