

LIBERAL COMMITTEE REPORT ON EMPLOYEE SHARE SCHEMES THREATENS BUDGET BOTTOM LINE

The Assistant Treasurer, Senator Nick Sherry, today highlighted that the Liberal Party majority report of the Senate Economics Reference Committee Review into Employee Share Schemes poses an immediate \$135 million threat to the Budget bottom line.

In addition, the report risks the integrity of the retirement savings of Australians by calling on the promotion of such schemes as alternatives to superannuation retirement savings.

"Today's Liberal Party report manages – in just two reckless recommendations – to cost Australians \$135 million in revenue and to call on the Government to spend an uncosted amount on research that the former Government itself ended when in office," said the Assistant Treasurer.

"After 12 years of doing nothing and costing the Commonwealth hundreds of millions of dollars in uncollected taxes, the Liberals now oppose the Government's revised share scheme measures that deliver a balanced outcome, supporting employee share ownership while boosting tax integrity."

"We have responded to stakeholder concerns, consulted widely on the final measure and released draft legislation, now the Liberals have put a question mark on the legislation when business wants certainty."

The Liberal Party report has also expressed a view in support of the use of employee share schemes as an alternative to retirement savings (see page 26 of the Report), including a consideration that such schemes be taxed similarly to Superannuation Guarantee contributions.

"What should concern everyone in the community is the Liberal Party's new suggestion that the Government promote employee share schemes as a direct alternative to superannuation."

"This measure would allow all of a person's retirement savings to be undiversified and placed into only one asset – shares of the company they work for."

"The Liberals have learnt nothing from Enron and from WorldCom, where employees not only lost their jobs but their retirement savings as the company collapsed."

"The Government dissenting report has called on the Senate to pass the share schemes measure as soon as possible – I join with the responsible dissenting Senators and call on the Opposition to give business the certainty they need and back the measure," said the Assistant Treasurer.

The Government's draft package is open for written submissions until August 31. Copies of the consultation materials are available from www.treasury.gov.au.

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