

## SUBMISSION 37

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	37
Date Received:	18/08/05
Secretary:	SLP.



Hon. Mike Rann MP  
Premier of South Australia

Hon Bruce Baird MP  
Chair  
Standing Committee on  
Economics, Finance and Public Administration  
Parliament House  
CANBERRA ACT 2600

Dear Mr Baird

Thank you for your recent letter, regarding an inquiry into improving the superannuation savings of people under the age of 40, by the House of Representatives Standing Committee on Economics, Finance and Public Administration.

I have noted the committee's inquiry with particular reference to:

- the barriers and/or disincentives to contribute to superannuation;
- the current incentives in place to encourage voluntary superannuation contributions;
- improving their awareness of the importance of saving early for their retirement.

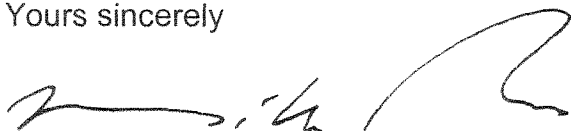
I am well aware of the fact that too many people inadequately prepare themselves for retirement by not directing part of their salary and wages to superannuation schemes. I also appreciate the fact that people need to commence making personal contributions to their superannuation schemes at an early age in their working careers in order to have the best opportunity to build up adequate retirement savings. For most people, it becomes too difficult to be prepared for financial adequacy in retirement if an investment of personal salary and wages is left until after the age of 40.

The South Australian Superannuation Board that administers the State Superannuation Schemes has, for many years, been quite active in encouraging government employees to make personal contributions to their superannuation. I am advised that, whilst it is never easy to get members to contribute, we now have about 35% of government employees making personal contributions. The encouraging news is that the percentage of members covered by the Government's Triple S accumulation style scheme continues to grow as a result of constant promotion to members by the Superannuation Board of the benefit of contributing. The Triple S Scheme is the only scheme open for public sector employees.

The Commonwealth's co-contribution arrangement has assisted in encouraging more people to contribute, but its effectiveness in encouraging people to contribute adequate amounts to be of real benefit in retirement is limited.

Whilst my Government will not be making a formal submission to your inquiry, I would still like to make the comment that I believe employees may be more attracted to direct a proportion of their salary and wages to a superannuation fund if there was some form of tax deductibility for such a contribution. Tax deductibility of member contributions might just be the attraction that is necessary to encourage more employees, and particularly those under age 40, to contribute.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Rann', with a large, sweeping flourish at the end.

MIKE RANN  
Premier

4/7/2005