From: campbell.simpson
Sent: Tuesday, 16 January 2007 4:47 PM
To: Economics, Committee (SEN)
Subject: Simpler Super

Good afternoon

I would be appreciative if you could consider the following 3 areas in relation to the Simpler Super legislation:

1. Can any changes to the legislation and explanatory memorandum be highlighted. Like many practitioners I am reading the 500 pages of bills and the EM. It would make it significantly easier for us if any a list of any changes to any of the Bills or EM could be provided so as to save us all reading it all again. One list after the legislation has gained Royal Ascent would be sufficient.

2. The new subdiv 290-C provides for a tax deduction for personal superannuation contributions made by self employed, substantially self employed and unemployed people. In my opinion, a deduction under this section should be open to those with employer superannuation support aswell. Effectively those with employer superannuation support can achieve the same outcome via salary sacrificing. Therefore there is no difference whether someone salary sacrifices or makes a contribution and claims a tax deduction under this subdivision. I have spoken to some people who have said that they would like to salary sacrifice but their employer won't let them.

I have also spoken to someone who has said they can only salary sacrifice down to a certain level as the award they are covered by requires a minimum wage. Their employer would be breaching the award if they allowed a salary sacrifice arrangement which resulted in the wages being below what is specified in the award.

Changing the legislation to allow anyone to be able to claim a deduction under this section will not result in any different outcomes to what I believe is intended. it will simply overcome the restrictions experienced by some people that I've detailed above.

3. At 5.13 of the Explanatory memorandum it states that new subsection 9A(1AA) will be inserted which allows for defined benefit income streams to continue to be 100% exempt for the age pension assets test. I have not yet read all the new changes, but my understanding is that this new subsection will allow a small portion of the community to be able to receive a substantial superannuation income without it being measured against the assets test for the age pension. This seems particularly inequitable. It seems to be creating an opportunity for a select few in complete contrast to the Government's goals in recently banning defined benefit pensions from being paid from small funds. This ban was mainly based on a perception that some wealthy people were using this strategy to create an age pension entitlement.

It would be helpful if the reason for exempting these income streams from the assets test were explained in the explanatory memorandum. If there is not a legitimate reason for this exemption then it should be removed from final legislation.

thanks

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