

22 April 2002

Chairperson  
Superannuation Enquiry Committee  
Parliament House  
CANBERRA ACT 2600

Dear Sir/Madam

**Re: Superannuation Enquiry Committee**

I understand that there is a Parliamentary Committee reviewing all aspects of the Superannuation Scheme in Australia, which welcomes submissions.

Generally the Scheme is an excellent one in making provision for the future. However, I would like to make **three** key points for the consideration of the Committee:

**1. The \$450 Minimum Salary Level**

If a person is paid \$450 or more per month, the Superannuation Levy applies. This level has not changed since the Scheme was introduced, although salaries have increased considerably in the last decade. Our College employs about 150 part-time sessional tutors who only work one or two nights a week. We now find that people working on a wage of \$35-40 per hour are falling into the superannuation net **if they only** work 3 to 3.5 hours per week. This is proving a heavy cost to a non-profit community college and so I recommend that the ceiling be raised and then adjusted every year or two according to CPI figures.

**2. The Tax on Superannuation**

The Government wants people to make provision for their own retirement, but there is a three-point tax on superannuation - 15% on entry, 15% on earnings, 15% on exit. This is a real disincentive for people to invest in superannuation and should be reviewed.

**3. Choice of Superannuation Fund**

At one stage it was proposed that each employee could choose their own superannuation company. For a small organisation like ours this would involve a massive administration workload sending off scores of cheques for small amounts to different superannuation companies. For small organisations, it is better for one company to be chosen and employees can choose the specific type of funds in which they wish to invest (shares, property, fixed interest etc). When finishing their employment people can then transfer the funds into the super company of their choice.

I hope that these matters will be considered by the Committee.

Yours faithfully



Alan Craig  
Principal

