Morton, Sue (SEN)

From: Clark, Murray (Sen J. Watson) on behalf of Watson, John (Senator)
Sent: Wednesday, 10 July 2002 4:21 PM
To: Morton, Sue (SEN)
Subject: FW: Superannuation for those close to retirement

-----Original Message-----
From: Tony Furse [mailto:furse@bigpond.net.au]
Sent: Wednesday, 10 July 2002 4:14 PM
To: Watson J
Subject: Superannuation for those close to retirement

Dear Senator Watson,

RE: Superannuation enquiry.

I only heard of the enquiry you are conducting into the nations superannuation requirements for the future. I'd like to make this submission.

I'm nearly 64 years old and still working, since the superannuation contribution scheme became compulsory I feel very hardly done by, the contributions I made have a retirement value today of much less than the money that was put into superannuation this situation is quite intolerable and it is impossible for me to top up the superannuation for an imminent retirement without having the extra tax deducted making the contributions almost valueless in the short term before my retirement. My original superannuation plans (made 30 years ago) were made around in down-sizing my home on retirement, I'd move into a home unit or the like, had the recent superannuation payment money been put into upping the value of my present home i'd be vastly better off.

I also would like to mention that one of my friends is a travelling salesman, his company pays FBT on the station-wagon car they gave him to do his 60,000 odd KM/year, he too wants to retire in the next few years. He too has a problem topping up his superannuation without incurring the penalty tax on contributions, his car is considered part of his salary package even though his personal use is almost nil, for private use he generally uses his wife's car. The reason that most salesmen get a car given to them and the company pays FBT is that under the present ATO motor vehicle expense deduction rules a single mistake in the onerous task keeping of a vehicle logbook will invalidate the company's vehicle tax deduction, companies can't trust salesmen to keep log books guaranteed to satisfy the tax commissioner. I believe that in the case of a person whose job specification calls for the use of a vehicle to interact with customers FBT should not be payable, It's not usually a fringe benefit, rather the opposite, the salesman is expected to garage and clean the vehicle at no cost to the company. In many cases private use of the vehicle is less that 5% of the all up vehicle expenses, but the ATO assesment of the fringe benefit value to the salesman's salary package amounts to 100% of the FBT valuations. This situation can really impact the value of superannuation payments for a salesman near retirement.

I really object to all the complication associated with superannuation due the government taxing it on three levels, many of the outrageous charges super funds have to contributors are justified on the basis of it costing the funds a fortune to be a tax collector under extremely complex rules. I believe that when the Keating government first started to raid super funds as a cash cow they justified it on the basis that everybody would put big swags of money into superannuation and avoid tax, this of course is not what really happens in the USA or other places where you put what you like into superannuation and get the deduction, but in the end the government gets normal tax rates when the super is drawn upon and it gets those rates on far larger amounts because of the capital growth in the super fund. The government merely defers collecting the tax to a point in time where tax is collected on a much larger amount. The problem Australia has is that it started too late, and the super-fund pipeline must be filled with money before the government can collect all these taxes.

I earnestly believe that under the present superannuation arrangements the government is squandering its future tax collecting ability for money it can use immediately. Under these rules everyone's a looser. Both the superannuant and the government would be better off if we regarded superannuation merely as a source of future taxation, and that taxation would occur on the greatly increased amounts of money available to the retirees.

I believe that in order to fill the superannuation pipeline without placing too great a burden on the taxation system, we could progressively introduce over the next few years a complete transition to the American system, say we change the rules for those over 55 next year, and each subsequent year make the qualifying age less by at least a few (perhaps 5) years. This will get the job done relatively quickly and prevent an immediate cash vacuum for the government coffers.

I hope this information is not too late to be included in your enquiry into superannuation.

Sincerely,
Anthony G Furse.

Tony Furse 15 Centennial Ave Lane Cove 2066, Australia.
Phone +61 2 9427 5526. FAX +61 2 9427 4450.
