



**Senate Select Committee on
Superannuation and Financial Services**

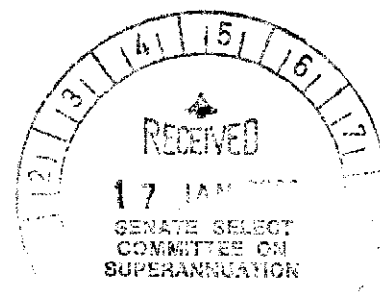
**Main Inquiry
Reference (a) + (c)**

Submission No. 9

Submittor: Mr Jeremy Porteus
83 Railway Parade
MOUNT LAWLEY WA 6050
 - (08) 9271 2540
 - (08) 9271 1442

Nugent, Greg (SEN)

From: Susan Orchard [jmojs@enternet.com.au]
Sent: Wednesday, 5 January 2000 4:09 PM
To: superannuation senate committee (E-mail)
Cc: Keith Reilly (E-mail)
Subject: FW: Senate Select Committee on Super & Fin. Services



Please find attached a submission sent to us by a member. It was too late to be incorporated into our submission and has been forwarded to you for consideration at the members requested.

Regards
Susan Orchard
Superannuation Technical Consultant
The Institute of Chartered Accountants in Australia

> -----
> From: Jeremy Porteus
> To: techsec@icaa.org.au
> Subject: Senate Select Committee on Super & Fin. Services
> Date: Sunday, 2 January 2000 7:24PM
>
> Dear ICAA
>
> This contribution to the Institute's submission is a little late, but I
was
> hoping that it may be added if the matters have not already been
addressed.
> If it is too late to be included in the Institute's submission, could you
> please forward these contents to the Senate Select Committee before
7/1/00.
>
> In relation to part (a), I believe that the measures proposed to require
all
> members of (excluded) SMSF's to be trustees or directors of the corporate
> trustee are troublesome, onerous and unnecessary.
>
> Situations where the corporate trustee is also the family company and the
> superfund includes other family members or 1 or 2 key employees in its
> membership, will cause a deal of expense and hardship for the principal
> members/directors. If the male head of the family and his spouse do not
> wish these other closely related parties to be directors of their family
> company, they will have to incur the hassle and expense of obtaining
another
> company to act as trustee of the superfund, pay additional ASIC lodgement
> fees and have their superfund deed amended to provide for the new
trustee.
>
> A far simpler and more economical exercise would be to require superfund
> deeds to be amended to recognise a member's committee that included all
> members. This "member's committee" would basically have the power to
direct
> the trustee in certain parts of its function, thereby achieving the same
> result of having all members involved in the operation and prudential
> management of the fund.
>
>
> Also in relation to part (a) involving consumer protection for
> superannuation, I would ask that the Senate Select Committee consider
> abolishing the Superannuation Surcharge.
>
> >From a government that has preached long and hard about the necessity of
> self-funded retirement in the future, and the importance of the
> Superannuation Guarantee Charge to secure the future of Australian
workers,
> the Super Surcharge is a hypocritical slap in the face for those
> Australians that can be bothered to worry about providing for their own
> retirement.
>
> How can the government claim to have any amount of intelligence by adding
> another 15% tax to super contributions over the income-linked threshold

??

- > This is a massive disincentive for Australians with higher taxable incomes
- > to do the right thing and contribute to superannuation. If enough of these
- > people underfund themselves as a result of this measure and then draw on the
- > Social Security system, then the whole exercise could be revenue negative in
- > the long run anyway.
- >
- > The government should be doing a lot more to encourage all Australians to
- > provide for their own retirement. If wealthier people are fully self-funded
- > for retirement, where is the social inequity ??? At the very least they are
- > not relying on the government to pay for their retirement, and these savings
- > can be used to help those that need it.
- >
- > You got it wrong, now do something positive to fix it.
- >
- >
- >
- > In relation to part (c), my only comment to the Senate Select Committee is
- > that the Superannuation Guarantee Charge enforcement procedures should be
- > more lenient for small companies. The government has to understand that many
- > small companies sometimes have periods of poor profits and are simply unable
- > to pay super surcharge amounts by the required time. In many cases this is
- > done to avoid having to terminate any employees to cover the temporary low
- > profit (or loss) situation. The government must also realise that whilst it
- > is an admirable and necessary thing to provide superannuation benefits to
- > employees, that not everyone has been able to achieve a similar increase in
- > net profit percentages to cover the percentages required under the SGC. In
- > small family companies this often means a significant reduction to family
- > income.
- >
- > I would suggest a more commercially realistic approach to collection of the
- > Charge. This could involve (optional) extended deadlines for payment of
- > superannuation for those employers that need the extra time, with a
- > reduction in the current amounts of penalties to nil Interest and
- > administration charges would continue, but interest charges to be reduced
- > from 10%pa to the average rate of return achieved by institutional funds in
- > the previous financial year. This provides a more realistic market
- > approach
- > to compensating employees for the time value of their contributions.
- >
- > I would also suggest that all superannuation contributions paid by employers
- > including interest and applicable charges be tax-deductible regardless of
- > when they are paid. The ATO can use the Courts to pursue complete
- > non-payers, rather than punish all late payers with unfair costs and
- > ramifications.
- >
- > Many employers who are late with their super, avoid completing a SGC
- > return
- > until they are subjected to an SGC audit - in many cases due to the fact
- > that they are not happy about making a non tax-deductible business
- > expense
- > payment.
- >
- > I think that a more conciliatory and commercial approach to collection
- > procedures will actually increase compliance.
- >
- > Yours faithfully,

- >
- > Jeremy Porteus CA
- > Alleneus (Chartered Accountants)
- >
- > Mount Lawley Western Australia.
- >
- > tel (08) 9271 2540
- > fax (08) 9271 1442
- >