

Djh:Vmw

Our Ref:

Your Ref:

12 July 2006

The General Manager
Superannuation Retirements & Savings Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir

**SUBMISSION ON - THE PLAN TO SIMPLIFY AND STREAMLINE
SUPERANNUATION**

We read the Plan in detail and have the following comments:

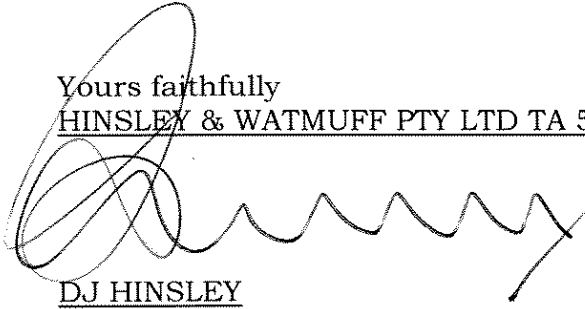
1.
 - A Superannuation Fund for which we act, has a significant problem brought on by the restriction on contributions by Members of what is referred to as "undeducted contributions".
 - Clause 4.5 caps undeducted contributions at \$150,000 a year, there are now proposals to enable contributions of \$450,000 for 3 years to be made.
 - There needs be transitional provisions to cover the case of our client.
 - In this instance, land was purchased in a superannuation fund and prior to 9 May 2006, a building contract for some \$1.5M to commence forthwith, was entered into by the Superannuation Fund. Instalments were to be contributed as undeducted contributions by the Member over the period commencing forthwith to enable the building contract to proceed.
 - The superannuation fund must have the funds contributed to enable it to honour the contract and accordingly \$1.5M must go into the fund - in the form of undeducted contributions.
 - The cap results in the imposition of penalties including the requirement to pay back excess contributions over the cap and, in this case, it is just not feasible.

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- Accordingly, we strongly suggest that transitional arrangements are permitted to allow greater undeducted contributions as required, particularly in the case of an instance like our client where a contract has been entered into prior to 9 May 2006 and must be fulfilled by the superannuation fund.
2. As to Clause 4.4.2 and the ability for deductible contributions to be made for those aged until 75, deferring this provision until 1 July 2007 appears inequitable particularly for those who have not made significant contributions to superannuation in the past. Could this not be introduced forthwith?

Yours faithfully

HINSLEY & WATMUFF PTY LTD TA 59 947 007



DJ HINSLEY

Director

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