

## TASMANIAN ASSOCIATION OF STATE SUPERANNUANTS

PO Box 66  
New Town  
Tasmania 7008

3 August 2006

General Manager  
Superannuation, Retirement and Savings Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam

The Tasmanian Association of State Superannuants (TASS) welcomes the opportunity to comment on the Federal Treasurer's proposals to simplify superannuation. Our organisation of some 1450 members represents those former Tasmanian public servants and statutory officers who came within the ambit of The Retirement Benefits Fund (RBF) defined benefits scheme and who chose the pension option.

This Association wishes to place on record its appreciation of the generous concessions to superannuant retirees proposed in the recent budget initiatives by the Treasurer. We welcome and strongly support the taxation relief proposed for elderly superannuants in the 2007/2008 financial year, and beyond, as well as the easing of the eligibility for social security benefits.

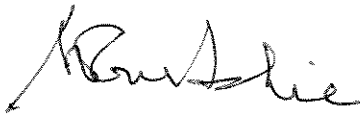
We note in particular that as from 1 July 2007 it is proposed that lump sum and pension payments paid from taxed funds (including Victorian and NSW State Schemes) and which currently attract a 15% tax rebate, will be totally tax free to their members, provided that they are aged 60 years or over, and their pension will therefore not be included in assessable income. However lump sum and pension payments paid from public superannuation schemes such as our RBF, which we are told is untaxed, will not qualify to be tax free but instead will attract a 10% tax rebate. While we welcome the proposed 10% tax rebate for these pensioners we would appreciate an explanation of the process used to arrive at the 10% figure.

The Association appreciates the new government initiatives. However, the news media, particularly the press, seems to have only highlighted the proposed tax free superannuation next year for persons 60 or over at that time. As a consequence a significant number of our members are yet to realise that there are two categories of superannuants and that not all will be eligible for a tax free superannuation income. Others have raised the issue mentioned earlier. 'How does the 10% rebate for untaxed funds equate with zero tax for taxed funds?'

Another matter that has been raised is a comparison between those in a taxed and untaxed fund. If we accept that those in a taxed fund should pay less tax than those in an untaxed fund, and taking two superannuants each with the same value supplementary income of say \$6,000, then the person in the taxed fund will pay no tax on this income. A person deriving superannuation from an untaxed source (eg the RBF) will be required to pay tax on the \$6,000 at the appropriate marginal rate. Thus in reality the tax free status will apply to more than just the superannuation pension. We believe our members have made a valid point in this regard and support the finding of an appropriate remedy. Suggestions made include increasing the 10% to an actuarially calculated figure. Or exempt the first \$6,000 (ie the threshold income) of supplementary earnings of eligible superannuants.

In summary our organisation is very impressed and pleased with the changes proposed but feels that some fine tuning may be necessary to achieve an equitable balance between the tax paid by superannuants receiving a pension from taxed and untaxed funds. With State based superannuation funds, the taxed status of each State fund is determined by past action or inaction of previous State governments and has nothing to do with actions by individual superannuants.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rob van Schie', written in a cursive style.

Rob van Schie  
President