

DARYL PEACE  
4 BRIDGET CRT  
SALE  
VIC 3850

GENERAL MANAGER  
SUPERANNUATION, RETIREMENT AND SAVINGS DIVISION  
THE TREASURY  
LANGTON CRESENT  
PARKES  
ACT 2600

Dear Sir,

Further to the plan to simply super, I think the broad outline by the Treasurer (in May 2006) is step in the right direction. Any plan to cut red tape must be supported.

However I would like to see three small matters captured by the legislation.

The first is the need to have the \$50,000 contribution cap made subject to AWOTE or CPI whichever is greater.

The second issue is similar – any dollar amounts quoted in the bill (or bills) should be subject to AWOTE or CPI whichever is greater.

My final point concerns how the legislation will treat defined benefit members, particularly those belonging to funded funds.

My concern stems from the experience of when we had the surcharge on superannuation contributions. Under this legislation the use of the word 'notional contributions' meant that employees who were under the threshold for paying tax, and whose funds were on a contribution holiday ended up paying tax. Clearly an unfair situation and not one the Treasurer (or Govt members) mentioned as the bills passed through the houses.

So when I read on Page 4 (of "A Plan to simplify and Streamline Super Superannuation" ie 'the Plan') that the annual limit of \$50,000 is to include 'notional contributions' I think we are heading down the same path.

I guess this all hinges on what is the definition of 'notional contributions' and how this is applied to the limit of \$50,000.

For example, say a member of a funded fund pays in \$35,000 during the year, only to discover a notional amount of say \$20,000 has been deemed by the Actuary to accrue on the members account. The Fund will then be forced say 'sorry' we cannot accept your \$35,000, because together with the \$20,000 you are over the limit of \$50,000.

Whereas the member in an accumulation fund would be ok to remit \$35,000 (and this would accepted as it is under the \$50,000 limit).

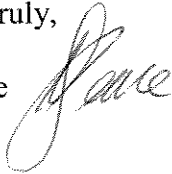
I note that on page 27 of the Plan some extra detail is provided, but on page 31 under clause 4.5.4 it seems the special rules are yet to be developed.

In summary on this point, surely for the purposes of super contributions being capped at \$50,000 we should have the SAME rules applying to accumulation and defined benefit members.

Lets not lose sight of the object of the exercise, ie **make super simple**, not re-invent two classes of contributors each with their own special ules.

Yours truly,

D Peace  
8/8/06

A handwritten signature in cursive script, appearing to read 'D Peace', written over the typed name and date.