

The Association of Superannuation Funds of Australia Limited
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REFORMS TO INCOME TESTS – CONSULTATION PAPER AND DRAFT BILL

The Association of Superannuation Funds of Australia wishes to provide some brief comments on the Government's discussion paper on the reforms to income tests as announced in the 2008/09 federal budget.

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. Our members which include corporate, public sector, industry and retail superannuation funds, account for more than 5.7 million member accounts and over 80% of superannuation savings.

ASFA notes that a primary focus of the discussion paper is greater consistency in the manner in which superannuation contributions are treated for means-tested programs. ASFA supports, on equity grounds, both the proposal for increased consistency of treatment and the proposal to count salary sacrifice contributions as income for benefit entitlement calculation purposes.

Although this is primarily a matter for employers, a principal policy focus of ASFA is improving the administration of superannuation arrangements. To that extent, ASFA has an interest on administrative issues relating to the payment of superannuation contributions.

At a time when reduction in employers' red tape is a government priority, the proposed implementation arrangements appear overly complicated and will, ASFA believes, result in both uncertainty of operation for employers and costly administrative processes.

ASFA has reviewed the submission lodged by Mercer (Australia) Pty Ltd. ASFA supports the Mercer comments and views and would support government giving serious consideration to their proposals for simplifying the proposed administrative arrangements.

Should you wish to discuss this matter further please contact our principal policy adviser, Robert Hodge, on (02) 8079 0806.

Yours Sincerely

Melinda Howes
Director, Policy and Industry Practice