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SUPERANNUATION DISCUSSION WELCOMED

"The industry welcomes the news that the Government Actuary will be issuing a discussion document seeking industry views on how to define a superannuation scheme," says Vance Arkininstall, Chief Executive of the Investment Savings & Insurance Association.

The industry supports the Minister of Finance's statements that he favours higher earners directing earnings into registered schemes and benefiting from lower tax at 33%, provided that there is no abuse of the taxation system and the savings are locked in for retirement purposes.

"The industry believes that adequate controls against abuse already exist within existing superannuation scheme legislation administered by the Government Actuary. The industry has been working with Government and the officials on how these powers should be applied and strengthened where necessary. It is good to see that wider views will be canvassed," said Mr Arkininstall.

"The industry has strongly opposed changes which would have placed additional administration costs, complexities and limitations on employers, as some of the initial proposals including the 10% cap had proposed. Employer sponsored superannuation has suffered from an increase in complexity and compliance costs in recent years, resulting in a significant decline in the number of employer sponsored schemes," Mr Arkininstall said.

"For superannuation savings to increase we must find ways to unwind many of the complexities that have developed over recent years," said Mr Arkininstall.

"The industry is expecting the Minister shortly to announce an approach that will provide protection against abuse as well as encouragement for high earners to increase legitimate long term savings in a manner that does not impose onerous obligations and further complexity on the employer," Mr Arkininstall said.

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[Back to Top](#)