

# Media Release

Tasplan is Tasmania's largest multi-industry super fund with over 90,000 members, 9000 participating employers and \$600,000,000 of funds under management

## **Super Log – Jam Must Be Cleared**

**05/01/05**

Tasmania's largest multi – industry superannuation fund has voiced concerns over delays in payments associated with the Federal Government's superannuation Co – contribution Scheme.

The Co-contribution Scheme was first introduced in 2003 as part of a Commonwealth strategy to encourage Australians to save more for their retirement ; it involves the Federal Government making a co-payment to match personal contributions.

In 2003 / 04 the co – payment was on a dollar for dollar basis up to a maximum of \$1000 whilst in 2004 / 05 it was increased to \$1.50 per dollar up to a maximum of \$1500 – salary thresholds and other criteria apply.

Many thousands of low income Australians dug deep to find the money to make a personal contribution so that they would be eligible for the additional super ; the Government's co – payment for 2003 / 04 remains outstanding for many Australians.

The Australian Taxation Office, on behalf of the Commonwealth, released public statements indicating its intentions to make the co – payment into the super accounts of Australians from November 2004.

Whilst there can be problems in implementing any new plan, we are now nearly seven months into a new financial year.

Super Funds are concerned that they will commence to receive calls from disgruntled members demanding to know why the Government's Co – contribution is not in their accounts as promised.

General Manager of Tasplan Super, Neil Cassidy, believes the ATO must act quickly if it is to restore confidence in the Government's Co – contribution Scheme and stem any cynicism and disillusionment which would be the outcome of further delays.

“All Australians know the way in which the ATO pursues outstanding taxation moneys – there is no period of grace – money must be paid immediately with interest and penalties applying for overdue amounts” Mr Cassidy said.

“It is not surprising therefore that Australians have a low tolerance for delays on the part of the ATO and expect a close adherence to the timetable set by the Government. Super funds like Tasplan shouldn't be put in the position where its staff have to deal with complaints from members about delays in the payment of the Government's Co – contribution.”

As very few payments have been made prior to the 31 December 2004, the Co – contribution will not now make it into the mid – year statements of most super fund members and much less interest will be earned on the Commonwealth's co – payment.

According to Cassidy, it is critical for the Government to maintain faith with a population whose confidence in superannuation as a form of retirement savings has only commenced to grow.

The Government's Co – contribution Scheme is an excellent way to encourage more Australians to save for their retirement. However, there is a risk that the attraction of the strategy will diminish if the co –payment is not at least made within six months of the financial year to which it applies.

The Government needs to take action immediately so as not to break faith with the hundreds of thousands of Australians who are eligible for a Co – contribution payment.