



Australian Government
The Treasury

16 June, 2009

Committee Secretary
Senate Standing Committee on Economics
PO BOX 6100
Parliament House
CANBERRA ACT 2600

Dear Sir

**RESPONSES TO QUESTIONS ON NOTICE IN RELATION TO SCHEDULE 2 AND 3 OF
THE TAX LAWS AMENDMENT (2009 BUDGET MEASURES NO. 1) BILL 2009**

At the Senate Economics Committee on Wednesday 10 June 2009, a question from Senator Bushby was placed on notice.

Question from Senator Bushby:

Has any account been taken of the fact that if people are reducing the amount that they are putting into their superannuation, particularly those who are nearing the end of their career, that may leave them in a position in which they have to call on the pension?

Treasury response

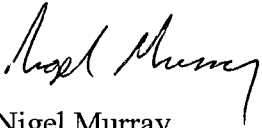
Yes. But any effect will be insignificant, and particularly negligible in the forward estimates period.

On a separate note, Treasury notes that some submissions to the Committee have raised the issue of the distributional impact of the reduction in the superannuation concessional contribution caps. Treasury modelling shows that the impact of the changes is estimated as follows:

- It is estimated that 170,000 people will be affected in 2009-10 (or 1.8% of individuals making concessional contributions). The average remuneration of those involved would be over \$220,000 per year.
 - Of those affected in 2009-10 around 77,000 are under 50, and 73% of those have annual remuneration over \$100,000.
 - Of those affected in 2009-10 around 93,000 are aged 50 or over, and 93% of those have annual remuneration over \$100,000.
- The average superannuation balance of those aged 50 or over and affected is \$870,000.

I trust this information will be of assistance to you. If you have further questions regarding this information, please do not hesitate to contact me on 6263 4426.

Yours sincerely

A handwritten signature in black ink, appearing to read "Nigel Murray". The signature is written in a cursive style with a large initial 'N'.

Nigel Murray
Manager
Contributions and Accumulation Unit
Personal & Retirement Income Division