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Accumulation and Savings Unit
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

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Housing-Related Superannuation Measures

Thank you for the opportunity to provide feedback on the Exposure Drafts of the *Treasury Laws Amendment (Reducing Pressure On Housing Affordability) Bill 2017: First Home Super Saver Scheme & Contributing The Proceeds Of Downsizing To Superannuation and the First Home Super Saver Tax Bill 2017*.

For over 100 years, QSuper has been the default superannuation fund of the Queensland Government, helping current and former public sector employees and their spouses create a financially secure future. QSuper is one of the country's largest and most respected superannuation funds, with a membership of over 560,000 and more than \$70 billion in Funds Under Management. On 1 July 2017, QSuper became a public offer fund, opening our doors for all Australians to join.

QSuper remains committed to working constructively with the Australian Government as it implements reforms impacting superannuation. With respect to this package, QSuper proposes certainty on two components:

- 1) the definition of mandated employer contributions and;
- 2) a sufficient implementation period.

Definition of Mandated Employer Contributions

Queensland Government and related employers contributing to QSuper rely on the contribution requirements prescribed by State subordinate legislation, which is reflected, by reference, in most but not all awards or agreements. It is understood that there are other instances where employers are required to make a higher contribution above the Superannuation Guarantee, as prescribed under State legislation.

The current draft legislation provides that mandated employer contributions cannot be accessed for the purposes of the First Home Super Saver Scheme (proposed new section 138-30). The definition of mandated employer contribution referred to is under regulation 5.01 of SIS Regulations and is as follows:

mandated employer contributions, in relation to a member of a regulated superannuation fund, means contributions by, or on behalf of, an employer that are equal to the sum of:

- (a) the contributions made by, or on behalf of, the employer to the fund in relation to the member, that:
 - (i) reduce the employer's potential liability for the superannuation guarantee charge imposed by section 5 of the Superannuation Guarantee Charge Act 1992 ;
- or

(ii) are payments of shortfall components; and

(b) the contributions (other than contributions of the kind specified in paragraph (a)) made by, or on behalf of, the employer to the fund in relation to the member in or towards satisfaction of the employer's obligation to make contributions for the member, being an obligation under an agreement certified, or an award made, on or after 1 July 1986 by an industrial authority.

The above definition is silent on employer contributions required under State legislation.

Given the unique arrangements of state public sector based funds it is critical to ensure a clear definition of contributions that can and cannot be accessed as part of the First Home Super Saver Scheme.

Subsequently, QSuper proposes that new section 138-30(2)(b)(i) be expanded to include an employer contribution that is required to be made under State legislation.

Sufficient Implementation Period

In order to comply with the Trustee obligations related to the 'Downsizer' contribution measures, funds will need to change internal and member facing systems and processes. Progressing through this change process will require funds to consult with the Australian Taxation Office (ATO) and other regulatory bodies. The consultations and change implementation can take a significant amount of time to bring to successful conclusion.

Therefore, QSuper requests that Treasury allows sufficient time post the Parliamentary approval date for funds to implement required changes in consultation with the ATO and other regulatory bodies.

We trust this feedback will help provide clarity in the implementation of the package. Chris Ramsay, Senior Manager External Affairs and Policy is the primary QSuper contact regarding our submission and can be contacted on 07 3029 9666 or christopher.ramsay@qsuper.qld.gov.au.

Yours faithfully



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Strategy and Performance