

Chris and Maria Ring
QLD

Sep 24 2003

Dr David Robertson PO Box 80 BELCONNEN ACT

Dear Dr Robertson

I am writing to you regarding the matter of early release of preserved superannuation funds for the purchase of a home for my family

A reading of the enclosed correspondences will fully explain my opinions and situation relating to this issue.

Firstly, I must say that I am most disappointed in government policy that does not take into account people in our particular situation. As a father of two children, aged 4 and nearly 6 I earnestly desire to provide a home that our family can call our own.

At this time we have no other choice but to rent, and at present must face the prospect of the property owner selling, and having to find another house in a convenient location close to a school. We have made a great deal of effort to find a safe location, which is only 3 minutes walk to a school. My wife does not as yet drive. We have only been in this location for just over 2 years; having to move will be quite disruptive to our family, especially when one considers that stability and continuity are important elements in the education of young children. Moreover, there is no guarantee that this scenario will not be repeated in the future.

At 55 and as a casual employee, my prospects of obtaining a home loan are negative. This however may not be the case were the government to release the \$76,000.00 that I have in my Self-Managed Super Fund.

I am most sceptical about the notion that superannuation is intended to benefit the people in their retirement. The responses I have received in relation to this matter convince me it's more about pump-priming the corporate elite through capital infusion through superannuation contributions-hence the red herring of tax concessions, which are only, upon reflection a temporary concession.

We will ultimately achieve Home Ownership, even if I initially take retirement in a few years from now; take a full payout and leave Australia and move to The Philippines, where we can pay cash for house; have enough for a second house and investment funds, and where my wife can re-train to enter her profession. So the prospects for our family would be greatly enhanced.

I suggest it is a sad comment on an affluent country like Australia when people in our circumstances have no other choice than to exercise their options and leave the country. The so-called fair go is just a myth!

I am not conversant with Federal or State Government Policy in the area of The Housing Commission, but I had the thought that if homes for people in our situation could be purchased by the Commission from the vendor, then security of residency would at least be assured for families in our situation. We respectfully request that you give this matter some thought, and perhaps make some suggestions/inquiries on our behalf.

We would greatly appreciate your thoughts and feedback on my proposals.

Yours truly,

Christopher J Ring

Chris and Maria Ring
QLD

The Honourable Alex Somlyay MP

Federal Member For Fairfax

February 4 2002

Dear Mr Somlay,

I am writing to you regarding the matter of superannuation. I would like to give you a brief background on my family, and myself in order that you may understand our family situation and how it relates to current superannuation law.

Firstly, and by the way of introduction my name is Chris Ring; my wife is Maria and we have two children Bethany aged 2.5 and Baden age four. Currently-after a long period of unemployment -I work as a casual steward at the Hyatt Regency Coolum.

I am 53 and worked for twenty-five years for Australia post. In 2001 I had \$100 000 in my employer financed superannuation scheme. After the downturn in the world economy and September 11 it currently stands at around \$89 000.

Because this is my second marriage I no longer own my own home and as my wife is not working we are forced to rent. It is highly unlikely, and moreover, impractical for us to apply for a home loan at this point in time. We would not be able to meet the requirements of the financial institutions -especially when one considers my age.

I believe the current superannuation laws are unjust-we would not meet the criteria for the early release of funds, which would enable me to purchase a home for my wife and children that they could call their own. If I were to die, or become a member of parliament they would of course be able to realise this dream.

I truly believe that cases such as mine should be reviewed on an individual basis, as a home of one's own is an investment which is probably more solid than any superannuation fund. I do not wish to confront the spectre of my superannuation fund-especially in light of September 11-being decimated or even wiped out, and coming to the realisation that that asset could have provided a home that my family could have called their own-that would be not only tragic but (I think) criminal.

I respectfully request that you call this to the attention of your cabinet colleagues.
And hopefully advise me on the thoughts and opinions of yourself and your party.

Yours truly,

Christopher John Ring B.A.



HON. ALEX SOMLYAY M.P

Federal Member for Fairfax



Mr C Ring
QLD

Dear Mr Ring

Thank you for your letter dated 4 February 2002 in relation to your concerns over your superannuation.

I have contacted Senator the Hon. Helen Coonan, Minister for Revenue and Assistant Treasurer, on your behalf and I will write to you again once I am in receipt of a response.

Yours sincerely

ALEX SOMLYAY MP
Member for Fairfax

Ref: AS:ag
6 February 2002

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**MINISTER FOR REVENUE AND
ASSISTANT TREASURER
Senator the Hon Helen Coonan**

19 MAR 2002

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The Hon Alex Somlyay, MP
Member for Fairfax
PO Box 351
COOLUM BEACH QLD 4573

Dear Mr Somlyay

Early Release of Superannuation Benefits for Housing

Thank you for your personal representations of 6 February and 18 February 2002 on behalf of Mr C. Ring, [address] Qld, concerning the early release of superannuation to purchase a home.

An important part of the Government's retirement income policy is to ensure that all members of the community have an adequate level of income in retirement. There are substantial taxation concessions for superannuation in order to promote self-provision for retirement, and restrictions are placed on the early withdrawal of superannuation savings to ensure that they provide for genuine retirement income.

The Government recognises, however, that these restrictions may cause undue hardship for some people because of their personal circumstances. The legislation therefore provides for the early release of superannuation benefits in certain limited circumstances, such as retirement due to incapacity, severe financial hardship and in a limited number of compassionate circumstances.

The legislation does not allow consideration of early release on any other basis and the final decision on whether a release is permitted on any of these grounds rests with the trustees of the applicant's superannuation fund, subject to the fund's governing rules.

In relation to the points raised by Mr Ring, I would note that consideration has been given to allowing access to superannuation savings to assist in purchasing a home. A discussion paper on this issue was released in conjunction with the 1997-1998 Budget. Following consideration of all of the issues and responses to the discussion paper, the Government announced in the 1998-1999 Budget that, for a number of reasons, it would not introduce a superannuation for housing scheme. Included in these reasons is the significant increase in housing affordability in recent years due to low interest rates.

Furthermore, a superannuation for housing scheme could not be targeted efficiently to those individuals who would not otherwise achieve home ownership before retirement and such a scheme would reduce retirement incomes and retirement savings.

In his letter, Mr Ring suggests that cases such as his, whereby an individual seeks early release of superannuation benefits in order to buy a home, be reviewed on an individual basis. In relation to this point, I would note that superannuation funds and their trustees are responsible for administering early release of superannuation based on 'severe financial hardship' grounds, and already make assessments on a case by case basis in this regard. However, seeking early access to superannuation benefits in order to purchase a home is not within the definition of 'severe financial hardship' for the reasons noted above.

Mr Ring also raised a concern about recent investment returns achieved by his fund. While the investment strategy of funds is one on which only the fund can comment, I would note that the short-term performance of assets may not necessarily be indicative of their medium or longer-term performance.

Thank you for drawing Mr Ring's views to the Government's attention.

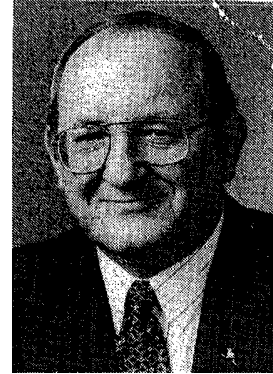
Yours sincerely

HELEN COONAN



HON. ALEX SOMLYAY M.P

Federal Member for Fairfax



Mr Christopher Ring
QLD

Dear Mr Ring

I refer to previous correspondence in relation to your request for the early release of your superannuation.

Senator the Hon. Helen Coonan, Minister for Revenue and Assistant Treasurer, has forwarded a response to representations I made on your behalf and I am enclosing a copy for your information.

I hope the information outlined in the Minister's letter clarifies the current situation with respect to your request.

Yours sincerely

ALEX SOMLYAY MP
Member for Fairfax

Ref: AS:ag
27 March 2002

Encl.

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Senator the Hon Helen Coonan

C.J Ring
QLD

Parliament House Canberra
ACT 2600

3/4/2002

Dear Ms Coonan

Thank you for your reply to my letter to Alex Somlay, Member for Fairfax-dated 19 March 2002-regarding early release of superannuation funds. Please forgive me, but I have some difficulty understanding some of the *raison d'etat* for many of the assertions you made *in* your letter to him. Firstly, if the government is concerned about adequate levels of income of its citizens when they reach retirement-why do not they consider the cost of rental expenses *Vis a Vis* home ownership? Does self-provision mean that on one's retirement one will be denied a full payout of one's Superannuation. I seem to recall that a young Senator (Bill O'Che) received his full superannuation payout upon leaving the Senate.

Secondly, you state that ...'The final decision on whether a release is permitted on any of these grounds rests with the trustees of the applicant's superannuation fund subject to the fund's governing rules.' The fact is that the government passes the legislation that the fund must abide by-not the fund administrators.

Thirdly, you make the point of affordability due to low interest rates. The issue of low interest rates is of course another *Red Herring*: To simplify my point 3% of 150000 is 4500 per annum not 4500 plus 150000. So, if one is on a low income and paid approximately half of one's 20 000 income it would take 10 years to pay off 25% of the loan. Clearly affordability is relevant to one's income-not to current interest rates.

Fourthly, there is currently provision for early release of superannuation funds-which does not require proof of hardship. Early release of superannuation -for whatever reason -is an undeserved privilege of Members of Parliament, which makes a mockery of any claims governments, make of concern for the welfare of the people- It's just not true!

Finally, I realise that it is probably beyond my understanding to fathom the intricate nature of the wise men and women who sit in our parliament. I only hold a humble B.A. with a double major in history and philosophy of science and political studies. So please forgive me if I fail to see the veracity of the points you make in your letter. To me it is indicative of all governments who seek to serve the system-not the people.

Yours truly,

Christopher John Ring B.A



**OFFICE OF THE
MINISTER FOR REVENUE AND
ASSISTANT TREASURER**
Senator the Hon Helen Coonan

22 APR 2002

PARLIAMENT HOUSE
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Mr C.J. Ring
QLD

Dear Mr Ring

Early Release of Superannuation Benefits for Housing

Thank you for your letter of 3 April 2002 to the Minister for Revenue and Assistant Treasurer concerning the early release of superannuation and responding to the Minister's recent letter to the Member for Faifax, the Hon Alex Somlyay, regarding concerns you raised. The Minister has asked me to respond to you.

As noted previously, the Government is committed to a retirement incomes policy that ensures that all Australians enjoy security and dignity in retirement. A key objective of retirement income policy in this respect is to encourage individuals to undertake private savings in order to secure a higher standard of living in retirement than would be possible from the age pension alone. Self-provision for retirement is primarily encouraged through the provision of substantial taxation concessions for superannuation saving.

Upon retirement, superannuation can be accessed as a lump sum, a pension, or some combination of the two. Private savings are another form of self provision for retirement, and of course the Government also provides the Age Pension (subject to certain income and assets tests).

The legislation governing early release provides for the early release of superannuation benefits only in certain limited circumstances, such as retirement due to incapacity, severe financial hardship and in a limited number of compassionate grounds. Superannuation benefits cannot be released to assist one in buying a home. As noted in earlier correspondence, this is due to increased housing affordability in recent years across all income ranges, and also because a superannuation for housing scheme could not be targeted effectively.

When policies such as early release of superannuation are targeted at assisting those facing severe financial hardship or personal crisis, whilst also restraining leakage from retirement incomes, they must necessarily be accompanied by specific qualifying conditions. In this instance, it was necessary to attach an objective test in order to determine eligibility for release of benefits under severe financial hardship grounds. A consequence of having defined eligibility tests such as these is that there will always be individuals who fall outside of the qualifying bounds.

It is inevitable that the early release criteria will not suit all individual circumstances. However, the Government considers that the existing early release mechanisms strike an appropriate balance between the need for superannuation benefits (which receive significant taxation concessions) to be preserved for retirement purposes against the need for access to be provided where superannuation fund members experience personal hardship.

On the matter of housing affordability, it is certainly true that one's income will impact on the ability to purchase a home or the type of home which can be purchased. However, in a low interest rate environment, those looking to buy a home can also afford to borrow more to finance a home purchase - increasing the ability of some people to own their own home. Of course, this has also been supplemented more recently by the Government's First Home Owners Scheme. In addition, lower interest rates provide existing homeowners with the option of reducing their monthly repayments or maintaining their current repayments and paying off their mortgage more quickly.

Finally, in relation to your comments regarding the superannuation benefits of Parliamentarians, I would note that, recent legislative changes have brought the Parliamentary Contributory Superannuation Scheme (PCSS) more into line with community standards. These changes provide that Members and Senators who join the Parliament at or after the 2001 election will not be entitled to receive their parliamentary pension before the age of 55. The changes impose a higher standard of preservation on Members and Senators than applies to other Australians who receive pensions and it will closely align their superannuation with the majority of Australians who receive lump sum benefits, which must be preserved until at least age 55 in most circumstances. Under the preservation standards, lifetime pensions, like PCSS pensions, can be paid at any age.

I trust this information will be of assistance to you.

Yours sincerely

Genevieve Marjoribanks
Departmental Liaison Officer

Hon Nick Sherry
Parliament House
Canberra 2600

Chris and Maria Ring
QLD

7/5/2002

Dear Mr Sherry:

I am writing to you regarding the matter of superannuation and how it impacts upon my particular family situation. I have included my letters to Alex Somlyay and Helen Coonan and their replies in chronological order. This will give you a detailed background to the concerns and questions I have raised with them (and their offices) in relation to this matter.

I am dissatisfied with Sen Conan's contention (paragraph 1 p 2) that a superannuation scheme could not be "targeted efficiently to those individuals who would not otherwise achieve home ownership before retirement."

This bespeaks of a government that is either bereft of ideas or the intellectual capacity and moreover the political will to write effective social policy.

In our case we could easily meet a 60 percent deposit for a home if we had access to the full amount of my preserved super fund. I would suggest that criteria could be laid down whereby a benchmark of say 60 percent deposit would be grounds for release of a super fund for housing. This would not be a difficult scheme to implement in cooperation with the financial institutions. And it certainly would not open the floodgates for early release of funds, as there would only be relatively few cases that would qualify under this criterion. Moreover it makes good economic common sense given the volatile nature of the market *Vis a Vis* property as an investment-a point which seems to elude this government. I have just touched the surface of this matter, and I am perplexed at the thinness of the governments policies in this area: Senator Coonan *et el* do not take into consideration my personal circumstances-in relation to obtaining finance- nor do they attempt to offer any reassurance that the full payout of my super fund can ultimately be used to purchase a home for my family.

I believe that government-if it is genuinely concerned with ensuring dignity in retirement for its citizens- should seek to ensure the highest possible number of Australians achieve the social and economic security of home ownership. Policies that are espoused by Coonan and other intransigent individuals, it would seem to me, are not designed to benefit the welfare of Australian families but to serve their true constituents by bankrolling the corporate sector. Surely after they leave parliament they will be well rewarded with a lucrative position on the board of some large corporation.

I am confident however that yourself and your Labor Party colleagues ascribe to a different ideology, one that is truly concerned in serving the people and not the power elite of the corporate sector. We therefore respectfully pray that you will take on board the matters that I have raised with the possible view to improving superannuation legislation. I believe that after more than twenty-five years service in the public sector I am entitled to strive (at my stage of life) towards the provision of a home that we as a family can call our own.

PS: Since I first wrote to Alex Somlyay my preserved superannuation fund has fallen another five thousand dollars. It now stands at just over eighty-four thousand dollars. At the end of 2000 it was approximately one hundred and four thousand. I invested a modest sum [\$6000] eighteen months ago in shares, which are now valued at almost \$ 10 000. I have more confidence in my management skills than I do in any fund manager, and would much prefer to have our family's future invested in a home than in the money- market game. Incidentally, I find Helen Conan's superficial responses an insult to my intelligence.

Yours sincerely,

Chris Ring

Chris and Maria Ring
Queensland

Sep 24 200

Dr David Robertson
PO Box 80
BELCONNEN ACT 2616

Dear Dr Robertson:

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At this time we have no other choice but to rent, and at present must face the prospect of the property owner selling, and having to find another house in a convenient location close to a school. We have made a great deal of effort to find a safe location, which is only 3 minutes walk to a school. My wife does not as yet drive.

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