

ATO releases updated LCGs for consultation

The ATO has updated two law companion guides to reflect certain amendments made by the government to superannuation law in June, which have been issued as draft versions for public comment.

The ATO has released a draft version of both LCG 2016/12 Superannuation reform: transfer balance cap and 2016/12 Superannuation reform: total superannuation for public comment, which include updates that reflect certain amendments made by the government in relation to TRISs and LRBAs.

In June this year, the government passed a law that meant that where loan repayments are paid from an accumulation interest, but the asset that's been purchased under the LRBA is allocated to the pension interest, this will give rise to a credit in the member's transfer balance account.

The technical amendment only affects segregated funds that enter into an LRBA on or after 1 July 2017.

SuperConcepts general manager of technical services and education Peter Burgess said this was essentially implemented as a preventative measure to discourage individuals from entering into strategies that allowed them to transfer value from the accumulation interest to a pension interest without it being caught under the transfer balance cap.



The draft version of LCG 2016/9 has been updated to include this change in the law and contains examples explaining how the measure will operate in practice.

“[This measure] is quite complex in situations where there's more than one pension member in the fund,” said Mr Burgess.

“In those cases you will have to proportion the value of the loan repayment between those members. So it's quite involved.”

Administrators and software providers, he said, will also have to make changes to their systems and processes to make sure they can recognize these types of events when they happen, do the proportioning calculations correctly and report these amounts to the ATO.

“The policy makers have gone to a lot of trouble here to stop a strategy which, even without these amendments, I suspect few SMSFs would be able or interested in implementing.”

The draft version of LCG 2016/12 has been updated to include the amendment that enables TRISs to be maintained through to retirement phase and receive a tax exemption on earnings where the member is aged 65 or has met a condition of release with a nil cashing restriction and notifies the superannuation provider of this fact.

Both draft LCGs are available for public comment until 27 October 2017.

[1] M. Brownlee and M. Brownlee, “ATO releases updated LCGs for consultation”, *Smsfadvise.com*, 2017. [Online]. Available: <https://www.smsfadvise.com/news/15914-ato-releases-updated-lcgs-for-consultation>. [Accessed: 28-Sep-2017].



Brisbane small business to pay female employees more superannuation than male co-workers

A BRISBANE small business of eight employees has decided to “level the playing field” and pay its female employees one per cent more superannuation than their male co-workers.

The Construction Training Centre at Salisbury is believed to be one of only a few employers to do so, and possibly the smallest company to have introduced the gender equity initiative.

The ANZ Bank has been paying its female staff an extra \$500 a year in superannuation contributions since 2015.

Financial services firm Rice Warner has given its female employees two per cent more super than its male staff since 2013.

Fuel distributor Viva Energy Australia recently offered employees a full-time super payment of 12 per cent base salary for up to five years during unpaid parental leave and part-time work.

CTC at Salisbury had five female and five male employees when chief executive officer Phil Diver decided to do “something extraordinary” for their female staff.

He wanted to partly redress the imbalance in superannuation benefits generally accumulated by women by the time they retired.

“Women, in general, have considerable time away from the workplace either in the form of maternity or carers leave, or returning as part-time or casual workers,” Mr Diver said.



“Coupled with this, women are over-represented in low paid and part-time or casual work.”

The company’s finance and risk manager Carolyn Mather said the extra super for women idea was put to the board and all staff at team meetings and there was a unanimous vote in favour.

Odette Isaac, Carolyn Mather and Lynn Starkey-Neate at The Construction Training Centre at Salisbury. Picture: Claudia Baxter/AAP

The company, which operates a 12ha site with a high risk simulation training facility and conference rooms, currently has four male and four female employees.

“It’s nice to know a little company like this can make a difference. It’s going to mean a lot more for the younger generation,” said Lynn Starkey-Neate, 65, accounts and sales co-ordinator.

A December 2015 report showed the average superannuation balance for males was around \$135,000 and \$83,000 for females. Average balances around retirement age (60 to 64) were \$292,500 for men and \$138,150 for women.

Queensland Civil and Administrative Tribunal said under the Commonwealth Sex Discrimination Act, special measures aimed at accelerating de facto equality between men and women are not considered to be discrimination.

It meant the CTC initiative also is lawful under Queensland law.

a2 Milk has just cleared new regulatory hurdles in China for its infant formula

a2 Milk has cleared new regulations in China for the sale of its infant formula.

Formula processed by partner Synlait has just met new regulations under the China Food and Drug Administration to bring products into China through traditional import channels.

Changes in regulations last year hit producers of infant formula, including Tasmania-based Bellamy's, stalling sales in China. All infant formula brands must be registered by January 2018.

Geoffrey Babidge, CEO of a2 Milk, says the flexible multi-channel infant formula strategy has positioned the company well in the context of the current regulatory requirements.

"We look forward to the continued expansion of our business in China following this announcement," he says

Synlait and a2 Milk's commercial relationship began in 2010 with a goal to manufacture the world's first infant formula made from milk containing only the A2 betacasein protein type, and free from the A1 protein type. a2 Milk acquired an 8.2% shareholding in Synlait in March this year.

a2 Milk last month posted a 198% increase in annual profit to \$NZ90.65 million.

Sales and earnings in China more than doubled to \$NZ88.9 million (\$A81.8 million) from \$NZ38.2 million (\$A35.1 million).

The company's total revenue was up 55.8% to \$NZ549.53 million (\$A505.7 million).

Infant formula generated 72% of the company's total revenue for the year, up from 61% in 2016.

