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15 August 2019

Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: economics.sen@aph.gov.au

Dear Committee Secretary, [o. 1\) Bill 2019](#)

**AFA Submission – Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1)
Bill 2019**

The Association of Financial Advisers Limited (**AFA**) has served the financial advice industry for over 70 years. Our objective is to achieve *Great Advice for More Australians* and we do this through:

- advocating for appropriate policy settings for financial advice
- enforcing a Code of Ethical Conduct
- investing in consumer-based research
- developing professional development pathways for financial advisers
- connecting key stakeholders within the financial advice community
- educating consumers around the importance of financial advice

The Board of the AFA is elected by the Membership and all Directors are currently practicing financial advisers. This ensures that the policy positions taken by the AFA are framed with practical, workable outcomes in mind, but are also aligned to achieving our vision of having the quality of relationships shared between advisers and their clients understood and valued throughout society. This will play a vital role in helping Australians reach their potential through building, managing and protecting wealth.

It is noted that the 2019 Tax Integrity and Other Measures No.1 Bill contains seven separate elements. We have limited our response to Schedule 7 on Salary Sacrifice Integrity.

Response to the Bill

The AFA has previously spoken in favour of law reform to prevent employers from using optional employee elected salary sacrifice benefits to reduce the employer's obligation to contribute SGC superannuation contributions. In our view this is a totally inappropriate action by employers and it is therefore necessary to modify the law to prevent this from happening in the future. There is

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no basis to justify this practice, where the actions of the employer achieve a reduction in the total cost of employment to the disadvantage of the employee.

The reality with this issue, is that many of the employees who are impacted by this practice, would not be aware that their employers are doing this, and would therefore not have the chance to object.

In our review of the legislation, we have not identified any issues that might prevent the achievement of the intended objective.

Concluding remarks

The AFA strongly supports the Salary Sacrifice Integrity reform measure.

The AFA welcomes the opportunity to make this submission. Should you require any clarification with respect to this submission, then please contact us on [REDACTED]

Yours sincerely,

Phil Anderson

General Manager Policy and Professionalism
Association of Financial Advisers Ltd