



Council of **Small Business**  
of Australia

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Members of the Senate Standing Committee on Economics  
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Committee Secretary  
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Canberra ACT 2600

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5 March 2010

Dear Senators

### **Inquiry into Medicare Small Business Superannuation Clearing House**

Thank you for the opportunity to make a written submission to your Inquiry, following up from our oral evidence delivered to the Committee on Wednesday 3 March 2010.

COSBOA is the peak body in Australia representing small businesses through industry based and geographic business organisations. Our membership ranges from large national professional associations like the Pharmacy Guild of Australia and the National Institute of Accountants, through to State based groups including the Furnishing Industry Association of Australia (Vic/Tas) and the Tasmanian Small Business Council. Through our membership base we connect with around 250,000 small businesses, plus we have extensive networks connecting us with the remainder of the small business community.

The small business sector provides jobs for nearly 5 million people, including the business operators themselves. Of the 2 million small businesses that exist, 800 000 are businesses that employ people. 84% of all businesses employ fewer than 5 people.

### **Support for the scheme**

The Council of Small Business of Australia (COSBOA) welcomes the Federal Government initiative to provide free superannuation clearing house services to small businesses in Australia, and acknowledges this fulfilment of an election commitment.



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The proposed scheme has been designed to assist small businesses to comply with their superannuation obligations, which naturally is supported by our organisation. It is our view that the scheme is likely to help employers by providing a simple, cheap and efficient clearing house and it will potentially provide a safeguard for employees by supporting employers to meet their superannuation obligations in a timely fashion.

The fact that the scheme is free for small businesses should necessarily mean that compliance costs are reduced when it comes to small businesses paying their employees' superannuation into various funds. The system has the potential to improve business to government dealings, and improve small business compliance in relation to superannuation more generally.

An ancillary benefit of the scheme is that more superannuation funds should be encouraged towards accepting electronic payments. It is surprising that some funds do not accept this form of payment in 2010. This should in turn promote choice in the market, and help promote efficiency for small businesses who deal with superannuation funds.

## **Concerns**

The key item of concern in relation to the proposed scheme is around the areas of marketing and communications. A high level of engagement not only with small business representative groups, but also with small business operators themselves, is necessary to ensure a strong take up of the scheme. This requires significant investment to be effective.

It is essential that clearly defined targets are set to measure the success of this scheme. There must be a strong return on investment to taxpayers to ensure that schemes such as this that are designed to support small businesses and promote their efficient dealing with government, continue to enjoy support from governments and the community.

An appropriate budget for the maintenance and upgrade of this system must be put in place for the medium term.

We note the tight time frame that remains to deliver the scheme and believe this is ambitious.



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It is essential that the Medicare system is compatible with existing accounting and payroll software that is currently in the market. We expect that given two firms account for 90% of the payroll services market (MYOB and Reckon) that they will be engaged in the development of the Medicare scheme to ensure that it fits with the existing software that small businesses use.

COSBOA is satisfied with the procedures proposed by Medicare for small businesses that exceed the threshold limit of 20 employees during a 12 month period.

Please do not hesitate to contact us if you require any further information.

Yours sincerely

(...)

**Jaye Radisich**  
CEO