

On the statistics you mentioned, where's the information coming from? You mentioned that 16 or 17 per cent will be addressed by this. How are we arriving at those numbers?

Of the \$5.90 billion in employer superannuation underpayments, only \$0.98 billion is for people who salary sacrifice (16.6 per cent). We arrive at this figure by dividing the amount of unpaid super entitlements (\$5.9 billion) by the amount of RESC¹ used to reduce, but not remove, the employer contribution gap (\$977.36 million).

For 2016-17, ISA estimates that of the 2.85 million people with total employer contributions less than 8.75 per cent of OTE, only 171,700 people who were salary-sacrificing were underpaid.

An additional 199,750 people with salary sacrifice contributions were underpaid SG, but were not underpaid in terms of total employer contributions including their salary sacrifice contributions.

	\$ Millions	Number of SG Eligible Workers ²
RESC used to remove employer contribution gap	\$561.90	171,700 (sample population not underpaid SG)
RESC used to reduce the employer contribution gap but some SG gap remains	\$977.36	199,750 (sample population underpaid SG)
TOTAL	\$1539.27	371,450

Just over 13 per cent of employer superannuation underpayment is for people who salary sacrifice. We arrive at this figure by dividing the number of Australians who are underpaid super entitlements (2.85 million) by the number of people who are underpaid due to the salary sacrifice loophole (371,450).

Further to that, would that take into account who was apprenticed, who was on overtime and who was earning less than \$450 a month?

ISA's estimates seek to apply all the legislative rules set out in the *Superannuation Guarantee Administration Act 1992* including:

- The \$450 per month exclusion outlined in Section 27 (2);
- The under 18 year old exclusion for those working part-time outlined in Section 28;
- The use of Ordinary Time Earnings (excluding overtime) outlined in Section 6;

Apprentices would be included in the analysis if they are not excluded by the age and income-based rules above. Full detail of ISA's methodology can be found in Appendix A of the report *Super Scandal* released on 3 May 2019.

¹ If an employer makes salary sacrifice contributions for an employee, those extra payments must be reported on the employee's annual payment summary. The extra amount is a reportable employer super contribution (RESC). Compulsory SG payments are not reported.

² Uses ATO 2% sample

A copy may be found here:

<https://www.industrysuper.com/media/super-scandal-unpaid-super-guarantee-2016-17/>