



Australian
Chamber of Commerce
and Industry

31 January 2020

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

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

Dear Committee secretary,

RE: Inquiry into Treasury Laws Amendment (Your superannuation, your choice) Bill 2019 (The Bill)

The Australian Chamber of Commerce and Industry (ACCI) supports the amendment of subsection 32C(6) of the *Superannuation Guarantee (Administration) Act 1992* (SGAA) that will result in employees under new enterprise agreements and workplace determinations being able to have a choice of super fund from 1 July, 2020.

ACCI is of the view that extending choice to employees under new rather than existing enterprise agreements and work determinations made on or after 1 July, 2020 will minimise the cost and compliance burden on business while delivering the potential for improved outcomes for individual employees.

ACCI previously wrote on the issue of super choice, in our submission to the inquiry on the lapsed bill, Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No.2) Bill 2017. We reiterate our views here, particularly on the consequences of inaction on this issue. Exclusions from choice risks an unfair disadvantage for some Australians. It contributes to employees having multiple superannuation accounts with multiple fees and premiums, with the effect of reducing overall retirement savings that places a drag on the economy in the long term.

Concerns have been raised regarding the potential administrative burden that mandatory choice may have on business. This concern is not shared by ACCI. The introduction of *SuperStream* has significantly reduced the administrative costs of superannuation choice. The *SuperStream* Benefits Report identified efficiencies of approximately \$800 million per annum split about evenly between funds and employers.¹ The introduction of the changes contained in the Bill should have minimal administrative costs on business if it is introduced for new rather than existing enterprise agreements.

¹ ATO, *SuperStream* Benefits Report, P 5, August 2017



In cases where enterprise agreements are due for renewal, there is concern that without a broader awareness campaign, businesses and individuals may distort market outcomes. It is necessary that a broader awareness campaign provide individuals and business owners with an understanding of the new rules and crucially on high performance superannuation fund options. Complementary awareness measures will deliver the greatest benefit by reducing inefficiency and burdens placed on individuals, employers and the broader economy.

Thank you for the opportunity to comment. Please contact our office if you wish to discuss further.

Yours sincerely,



Dr Ross Lambie
Chief Economist



Scott Barklamb
Director, Workplace Relations