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Australian Government
The Treasury

25 September, 2009

Standing Committee on Employment and Workplace Relations
House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Mr Knight

RESPONSE TO QUESTIONS ON SUPERANNUATION

This email responds to questions asked by the Committee at the public hearing on 10 September 2009. I have worked closely with the Australian Taxation Office in reanalysing their data on people with wages under \$450 per month, or the equivalent of this in daily terms.

The Australian Taxation office estimates that:

- In 2007-08, there were 2.25 million jobs which paid less than the daily equivalent of \$450 per month. This covered 18.1 million employee months at an average wage of \$173 per month.
- Of the 2.25 million jobs, 522,000 were for people who only had one job in the year.
 - 280,000 of this group (53 per cent) had employer superannuation contributions;
 - Those with employer superannuation contributions received 63 per cent of the wages received by employees with only one job in the year where that job paid less than \$450 per month.
- Of the 2.25 million jobs, only around 240,000 were held by people with several jobs under \$450 per month and none over \$450.
- Of the 2.25 million jobs, 1.5 million were held by people who also had a job paying over \$450 per month.

Using this data, the Australian Taxation Office has calculated the income year cost to employers of paying superannuation to **all** people with a job which paid under \$450 per month as shown in Table 1.

Table 1:

Total Employer Cost of SG for all jobs paying less than \$450 per month - Income year					
For employees aged 18 to 70 years	2010-11	2011-12	2012-13	2013-14	2014-15
	\$m	\$m	\$m	\$m	\$m
Net cost to Employers	215	220	230	240	250

However, 53 per cent of the group with only one job which was under \$450 per month received employer contributions, and those with super contributions received over 60 per cent of the wages of the group. Treasury has estimated the **additional** income year cost of employers paying superannuation to those earning less than \$450 per month as shown in Table 2.

Table 2

Additional Employer SG Cost for jobs paying less than \$450 per month where no employer super now - Income Year					
For employees aged 18 to 70 years	2010-11	2011-12	2012-13	2013-14	2014-15
	\$m	\$m	\$m	\$m	\$m
Net cost to Employers not paying if under \$450 now	85	90	90	95	100

I hope that these estimates are useful to the Committee.

Yours sincerely

Phil Gallagher PSM
 Manager
 Retirement and Intergenerational Modelling Unit
 Tax Analysis Division