

## Deputy Chair's Dissenting Report

1.1 The superannuation system that exists today is vastly different to the system that existed in 1992 when the superannuation guarantee (SG) was legislated. However, the legislation governing the administration of the SG remains largely unchanged.

1.2 In 2015-16 employer contributions to superannuation totalled \$89.6 billion. This total has progressively grown from about \$62 billion in 2006-07.<sup>1</sup>

1.3 The total size of funds under management in the superannuation system has grown from around \$150 billion in March 1992<sup>2</sup> to over \$2 trillion dollars in 2017.

1.4 The growth in the size and significance of the superannuation system to both individuals and the Australian economy more broadly has been primarily as a result of successive government decisions to compel Australians to forgo a substantial proportion of their pay today in order to save for their retirement.

1.5 The Turnbull Government believes it is imperative that the legislation governing the system is modernised, with well-governed standards of oversight and accountability as its foundation.

1.6 Given the importance of superannuation savings on the lives of Australians living in retirement, the Turnbull Government takes employer non-compliance with their SG obligations very seriously.

1.7 In December 2016, the Government established an interdepartmental working group to investigate community concerns and develop practical recommendations reporting to the Minister for Revenue and Financial Services to deal with SG non-compliance. The Government is considering this report.

1.8 Senator Hume wishes to highlight evidence provided to the committee by the ATO in its submission that the research referred to extensively during the inquiry by the superannuation industry lobby group, Industry Super Australia (ISA), was likely to substantially overstate the prevalence of SG underpayment:

We do not consider the number of people identified with an amount of SG underpayment in the ISA report to be reliable...

and:

...the adjustments for OTE used in the report are insufficient to account for the differences seen with employment models and work practices across various broad industries. This means the report substantially overstates the prevalence of SG underpayments.<sup>3</sup>

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1 APRA, Annual Superannuation Bulletin, Table 4a: Financial performance by fund type (as at 1 February 2017).

2 Parliamentary Library, *Chronology of superannuation and retirement income in Australia*, June 2010, <https://tinyurl.com/lnme2ol>.

3 Australian Taxation Office, *Submission 6*, p. 12.

1.9 Senator Hume notes the breadth of issues raised during the course of this inquiry and the Committee's recommendations. However, some recommendations made by the Committee are, in the view of Senator Hume, beyond the scope of the Terms of Reference.

1.10 Recommendations 3, 5, 7, 8, 9, 11, 14, 15 and 18 are considered by Senator Hume to be beyond the scope of the terms of reference of this inquiry.

1.11 Senator Hume recognises that the issue raised in the Chair's report under recommendation 3 is an important one and believes that the Turnbull Government should examine it in the near future.

**Senator Jane Hume**

**Deputy Chair**