

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

10 – 11 February 2010

**Question: aet 40**

**Topic: Superannuation Clearing House & Medicare**

**Hansard Page: Written**

**Senator EGGLESTON asked:**

1. Will payments from employers to the clearing house be accepted over Medicare service counters by Medicare staff? If so, what provisions have been made for Medicare offices to cope with an increased workload?
2. Payments will be required to be made by employees by the 28<sup>th</sup> of each month. What will happen to an employer if a payment is not made due to the Medicare system being at fault or if queues at a Medicare office are too long?
3. Will the Treasury ensure that Medicare staff be adequately trained to answer questions from employers about the clearing house and their superannuation guarantee obligations?
4. How would an employer choose a private sector clearing house rather than the Government approved house run by Medicare? Will employers receive information that they are free to choose a private clearing house?

**Answer:**

1. Under the proposed arrangements payments and accompanying data will only be accepted electronically by Medicare Australia. Staff at Medicare Australia shopfronts will not be involved in manual processing of superannuation contributions from employers.
2. We have assumed the question relates to the ability of employers to discharge their superannuation guarantee (SG) obligations by paying to the approved clearing house.

Current Australian Taxation Office (ATO) administrative practice (as set out in Practice Statement LA 2007/1 (GA)) is that an SG charge will not be raised against an employer which has allowed sufficient time for a clearing house to process its payments and where failure to make the contribution by the due date was not attributable to any fault of the employer. It is envisaged that this practice statement will be revised following the passage of the Bill to reflect the new SG arrangements in respect of employers paying to the approved clearing house.

3. In consultation with the Treasury, Medicare Australia will develop a suite of Small Business Superannuation Clearing House policies and procedures. This reference material will enable Medicare Australia Service Officers to provide employers with information regarding the clearing house, including limited information regarding superannuation guarantee obligations. For specialist

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assistance relating to superannuation obligations, Medicare Australia will refer employers to the Australian Taxation Office.

4. The Medicare Australia operated clearing house service will be optional for eligible small businesses. Eligible businesses will be able to choose to discharge their superannuation obligations by paying to the government-provided clearing house facility, to a private sector clearing house service or directly to superannuation funds. Employer and industry groups have indicated a willingness to utilise existing communication channels to raise awareness of the availability of the Medicare Australia clearing house facility. However, the decision on whether to use the facility will rest with individual employers.