

## **Tax Laws Amendment (Superannuation Reporting) Bill 2004**

### **Labor Comments**

The Labor party agrees that there are some practical problems associated with the current reporting requirement that employers notify **all** employees of the superannuation guarantee (SG) contributions that have been made on their behalf. Difficulties undoubtedly occur in some industries with a high turnover in employees, for example, some sectors of the hospitality and agricultures industries.

Accordingly, Labor suggests that a more appropriate approach to these problems is a "carve out", using regulation of those industry sectors where there is a real and substantial problem, instead of the blanket approach of removing the reporting requirement from all employers. This reasonable and sensible approach is not supported by the Government.

It is hypocritical of the Government and some industry associations who have made submissions, to complain about additional paperwork and cost for business, when the introduction of so-called fund choice on 1 July 2005 will lead to a far greater increase in paper work and cost than the measure under consideration.

Quarterly payments were introduced for a number of reasons one of which was safety; a consumer protection measure in anticipation of the proposed introduction of a fund choice regime. There are significant non-payment problems in relation to SG and often the problem is not identified until the business concerned is bankrupt or in the hands of the liquidator.

Whilst it is difficult to obtain an accurate number of the SG payment defaults on business failure, it is certainly in the tens of thousands in each year. Many workers have lost years of superannuation in these circumstances and most often they are those workers who can least afford to lose their superannuation savings – low income workers and those who will face difficulty finding employment after the collapse of their employer's business.

At the very least a regular reporting mechanism should be provided to facilitate the identification of defaulting employers and to track the size of the default problem.

Labor will therefore support the Bill but with an amendment to the following affect.

A requirement that the Australian Tax Office in its annual report, clearly indicate the number of non-complying employers, the number of employees affected by non compliance, and the level of enforcement and actual recovery of unpaid SG.

Senator Ursula Stephens  
**Deputy Chair**

