



6 December 2004

Committee Secretary
Senate Economics Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Re: Tax Laws Amendment (Superannuation Reporting) Bill 2004

The National Farmers' Federation (NFF) has been made aware that the *Tax Laws (Superannuation Reporting) Bill 2004* has been referred to the Senate Economics Committee.

The Bill seeks to remove the requirement for employers to provide reports to employees under the superannuation guarantee arrangements.

NFF strongly supports the Bill and seeks its urgent passage through Parliament.

The requirement of employers to notify employees when the employer makes superannuation payments has created administrative and costly headaches for Australian farmers, and in particular, those who employ large numbers of casual employees for harvest periods.

NFF has sought the removal of the requirement for some considerable time and congratulates the Government for the early introduction of the Bill during the 41st Parliamentary term.

An outline of the NFF's concerns is provided below:



The Issues

NFF is very concerned with the cost compliance consequences of the *Taxation Laws Amendment (Superannuation) Act (No 2) 2002*.

The provisions of section 23A of the *Superannuation Guarantee (Administration Act) 1992* require an employer to advise all employees, in writing, that payment has been made to a superannuation fund within 30 days of the payment of superannuation. The notice should include the amount paid, when it was paid and which fund it was paid to.

NFF has worked with the ATO to minimise the administrative costs within the parameters of the legislation but with limited success.

The following are the key issues relating to compliance with Section 23A:

- Substantial cost of administration in meeting the requirements particularly with large numbers of casual employees plus additional costs such as postage and payroll upgrades.
- Extra time required in undertaking the paperwork to advise all employees of the superannuation payment.
- Problems associated with compliance are exacerbated for farmers requiring large numbers of employees for short period of time such as the harvest period. Most employees employed for a short period of time are still eligible for superannuation.
- Difficulties arise in advising employees who are no longer working on the farm when notices have to be provided to employees. Employers cannot provide superannuation notices when an employee leaves their employment, as the notices have to be provided after the employer has made payment, which is usually undertaken once a quarter.
- Difficulties in advising itinerant workers who do not have a fixed address and are no longer working on the farm.
- Difficulties in undertaking all paperwork at same time during busy seasonal requirements, that is, BAS and superannuation, when need time to actually oversee harvest.



- In many circumstances the costs involved in notifying employees is more than the employee has actually received as a superannuation benefit in the case of short term casuals.
- A minor breach of the legislation imposes a significant fine.
- Information is already provided by employers on pay slips that identifies the superannuation accumulated for a particular pay period in compliance with workplace legislation.
- Notification to employees is already undertaken by the superannuation funds. This is a particularly important source of information as it confirms that the employer has actually made payment.

Conclusion

The administrative time and cost impacts of Section 23A have been considerable for Australian farmers.

NFF submits that the cost to small business outweighs the benefits sought by the legislation, that is, to better inform employees of their superannuation. This objective can be met through advice by the superannuation funds themselves.

We seek the immediate endorsement of the *Tax Laws Amendment (Superannuation Reporting) Bill 2004*.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Denita Wawn', written over a light grey rectangular background.

DENITA WAWN
Policy Manager & Industrial Relations Advocate

CC The Hon Mal Brough MP, Assistant Treasurer
The Hon Fran Bailey MP, Minister for Small Business & Tourism