

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

Dear Mr Hallahan

TAX LAWS AMENDMENT (SUPERANNUATION REPORTING) BILL 2004

Thank you for the opportunity to comment on Tax Laws Amendment (Superannuation Reporting) Bill 2004 (the Bill).

The Australian Chamber of Commerce and Industry (ACCI) is the peak council of Australian business associations. ACCI's members are employer organisations in all States and Territories and all major sectors of Australian industry.

ACCI is Australia's largest and most representative business organisation. Through our membership, ACCI represents over 350,000 businesses nation-wide, including the top 100 companies, over 55,000 enterprises employing between 20-100 people, and over 280,000 enterprises employing less than 20 people. The ACCI network employs over 4 million working Australians, clearly indicating the interest of ACCI and its members in the obligations attached to making superannuation contributions.

The Bill removes the requirement for employers to report to employees the amount of employer's superannuation Guarantee (SG) contribution. The provision of information to employees will be maintained by a combination of reporting provisions in other Australian workplace legislation that requires reporting on payslips, and annual reporting from superannuation funds.

ACCI strongly supports this amendment because:

- there is no policy rationale for the existing reporting requirement which warrant this on-going its compliance burden upon employers.
- the measure has a significant cost to employers while providing limited if any benefit to employees;
- the information provided in these reports is already being provided in other forms (particularly on payslips and in fund reports);

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- any additional provision of such information by employers should be determined by workplace level negotiations consistent with the workplace relations framework, not imposed by Government;
- the amendment fits within a broader policy framework of removing inefficient regulation and;
- It may encourage some employees to be in more regular contact with their superannuation fund.

ACCI encourages Committee members to consider the significant compliance burden faced by hard working small business proprietors as they deal with the required paperwork of quarterly reporting obligations. As ACCI has consistently called for over many years, and consistent with the efforts dating back to the mid 1990s (for example the Bell Report), any paperwork obligations which have no policy benefit / justification should be closely scrutinised and removed.

Employers now make compulsory superannuation payments at least quarterly. However, when quarterly obligations were introduced in mid 2003 the Senate imposed an additional requirement that employers must notify every eligible employee each quarter of payments that have been made into the superannuation fund, once they were made (not before).

Australia has strong obligations on employers to make superannuation contributions and strong sanctions for not doing so. This contribution framework ensures a regular flow of superannuation monies from employers to funds. In short, there is significantly reduced scope for any superannuation losses to employees such that reporting could be merited.

ACCI estimates that the existing obligations have meant about 20 million individual and repetitive notifications every year by Australian employers. Notices even have to be given to staff who have left a business or who are itinerant workers. ACCI considers this to be red-tape overkill which offers nil benefit.

Continued removal of inefficient regulation is fundamental to Australia's continuing economic performance. Parliament must be vigilant in ensuring that poor, unbalanced and unnecessary regulations, such as the existing SG reporting requirement, are removed (particularly where they deliver a very small or non-existent benefit).

There is no prejudice to employees in the changes proposed in the Bill. An employer is still compelled to make quarterly payments, the superannuation fund provides annual reports to members (employees), employers maintain time and wage records and any employee at any time can ring up their superannuation fund and check if employer payments are up to date. This is also very much a case of repetitious regulation / reporting requirements.

The Bill would in no way prevent employees being notified of superannuation payments by employers, perhaps half yearly, quarterly, or even monthly. Rather, it allows this to be negotiated at the workplace level

consistent with the reform of workplace relations regulation generally – where this is a priority for particular employees and employers.

The current SG reporting requirements prevent employers and employees from negotiating over this provision, and from properly taking into account unique workplace issues (particularly the ability of businesses to comply with the requirement).

ACCI supports the regulation of minimum employment conditions necessary as a genuine safety net to underpin and support determination of actual terms and conditions at the workplace level. Reporting on SG payments does not meet such a test.

The change proposed in the Bill may mean that some employees liaise more directly with their superannuation fund. That is a good thing. With superannuation choice of fund to be introduced in mid 2005 employees will be better off if they have already been pro-active in dealing with their superannuation fund. Many employers will have new paperwork obligations at that time, and the repeal of this unnecessary quarterly notification requirement will be timely.

In ACCI's 2004 pre-election survey 89% of small businesses nominated overall complexity of the tax system was of a major or moderate impediment in the operation of their business. The compliance relief provided in this Bill is a positive step in reducing the pressure on the Australian small business community and it can be achieved in a manner which is without detriment to employees.

If you require any further information about this submission, please contact Greg Evans at ACCI on 6273 2311.

Yours sincerely

Peter Hendy
Chief Executive Officer