

**Senate Select Committee on
Superannuation and Financial Services**

**Main Inquiry
Reference (c)**

Submission No. 4

Submittor: Mr Peter Armstrong
589 Upper Heidelberg Road
HEIDELBERG HEIGHTS VIC 3081

PETER ARMSTRONG
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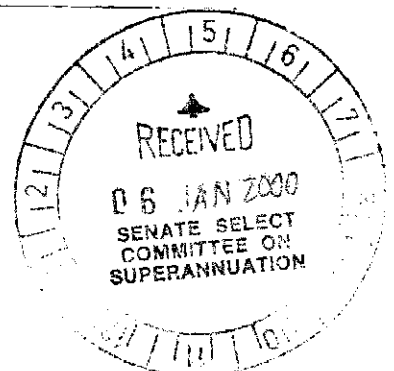
THUR. 6-1-2000

Dear Senators, - What would you do to the current wording of any legislation, IF it excluded YOU from any Superannuation Guarantee contributions from your Employers? see PROPOSED changes to the legislation within, Please write to ME

You have been given a chance in this NEW SENATE SUPER. COMMITTEE to include ALL workers in the super Guarantee system, SIMPLY by removing the Employers EXEMPTION from making contributions when employees receive salary and wages of LESS than \$450 per month, from THAT Employer.

You will NOTE in Senator Rod Kemp's letter to Sen. Peter McGauran 3rd Paragraph, The Assistant Treasurer seems to be HAPPY to provide a loophole for Employers to AVOID paying the super G. to our lower paid workers by employing workers only up to \$449 per calendar month, which could be the last 3 days of the month, AND continue to employ the SAME workers up to \$449 in the NEXT month, 6 continuous days LABOUR, and STILL MISS OUT on any super. G. arrangements, this is NO Guarantee AT ALL. Is this the intention of this legislation to discriminate against the weakest workers in Australia, Many of these constituents are in your care.

In the last paragraph Senator Rod Kemp states "The Govt. considers that these arrangements provide a BALANCE between the particular circumstances of casual and part-time workers, and the objectives of encouraging super. savings for retirement" Can you explain to me how MISSING OUT on ANY Super G. is a BALANCE? OR Missing out is "the objective of encouraging superannuation savings for retirement"? Please Write to me with answer



RECEIVED TIME 6. JAN. 16:00

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I am asking you to REMOVE the threshold of \$450 completely, and allow ALL workers to receive equal rights on all of the money they earn.

This will stop Employers EVADING to pay the Super G. to the lower paid workers as they are afraid to say anything because as the LAW is worded now, the Employer can employ someone else WITHOUT having to pay the Super G. up to \$449 in any one month.

IF ALL WORKERS WERE TREATED EQUAL BEFORE THE LAW
THIS COULD NOT HAPPEN.

Thank you. Peter Armstrong



ASSISTANT TREASURER
Senator The Hon. Rod Kemp

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www.treasurer.gov.au/AssistantTreasurer

17 DEC 1999

The Hon Peter McGauran, MP
Minister for the Arts and the
Centenary of Federation
PO Box 486
SALE VIC 3850

Dear Minister

Thank you for your personal representations of 22 November 1999 on behalf of Mr P. Armstrong, 589 Upper Heidelberg Road, Heidelberg Heights, Vic 3081, concerning the Superannuation Guarantee arrangements.

The Superannuation Guarantee system is part of a three tier approach to ensuring better incomes in retirement: through compulsory employer superannuation contributions, voluntary superannuation savings and the Age Pension. Legislation provides for the Superannuation Guarantee to increase from the current rate of 7 per cent of earnings to 9 per cent by 2002-2003 and subsequent years.

Mr Armstrong raised the matter of casual employees not receiving contributions under the Superannuation Guarantee arrangements. Employers are exempt from making contributions where employees receive salary and wages of less than \$450 per month.

In the 1996-97 Budget, the Government announced its intention to allow employees earning between \$450 and \$900 per month to have the option of negotiating with their employers to receive either Superannuation Guarantee employer contributions or an equivalent payment of wages and salary. On 10 June 1999, I announced that the starting date for this measure would be deferred. This deferral became necessary due to a backlog of legislation in the Senate, which has prevented the legislation being passed prior to the proposed commencement date of 1 July 1999. The Government remains committed to this measure.

While Mr Armstrong's views have been noted, the Government considers that these arrangements provide a balance between the particular circumstances of casual and part-time workers, and the objective of encouraging superannuation savings for retirement.

I trust this information will be of assistance to Mr Armstrong.

Yours sincerely

ROD KEMP

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An Employer's Guide



The Superannuation Guarantee



The provisions of the Superannuation Guarantee apply to all employers including:

- non-resident employers who have employees working in Australia;
- Commonwealth and tax exempt Commonwealth authorities;
- tax exempt organisations; and
- family companies and trusts paying salary or wages.

To be considered a contract that is wholly or principally for labour, the value of the labour component must be more than 50% of the value of the contract.

Labour includes mental and artistic effort as well as physical work. For example, a person who is required to play an instrument at a series of concerts would be an employee of the person who made the contract with them.

There are no provisions to treat related employers as one employer. Each is treated as a separate employer.

Exemptions

You do not have to provide superannuation support for some limited categories of employees. These categories are:

- employees paid less than \$450 in a calendar month; *SENATORS, JENSE REMOVE*
- employees aged 70 and over; *Words*
- employees under 18 years of age working 30 hours, or less, per week; *Goden, Amelborg*
- non-resident employees paid for work done outside Australia;
- resident employees paid by non-resident employers for work done outside Australia;
- foreign executives who would have been eligible for the previous class 413 (executive (overseas)) visa or entry permit under the Migration (1993) Regulations. Call the Super Helpline (13 10 20) if you need more information; and
- employees paid to do work of a domestic or private nature for not more than 30 hours a week, eg. part-time nanny or housekeeper.

DELETE • employees paid less than \$450 in a calendar month; *SENATORS, JENSE REMOVE*

Please remove the \$450 threshold in class PROPOSED suggestion, to stop Employer avoidance and evasion practices. Words, Goden, Amelborg



* The Government announced in the 1996-97 Budget measures to allow employees earning between \$450 and \$900 per month to choose between Superannuation Guarantee contributions or the equivalent in salary and wages. This measure will become effective from 1 July 1999. Until the legislation has been passed, the exemptions to the Superannuation Guarantee will remain as outlined above.

Some payments are exempt. These include certain payments made under the Community Development Employment Program Scheme.

Who is an employee?

Generally, an employee is an individual who receives payment in the form of salary or wages in return for their labour or services.

A person may also be an employee if they are engaged under a contract that is wholly or principally for their labour. Even though payments to such a person may be covered by the *Prescribed Payments System*, that person may still be an employee for the Superannuation Guarantee. Further information is provided in rulings available from the Tax Office (eg. the *Superannuation Guarantee Ruling SGR 93/1—'Who is an employee?'*).

*From Senator
Lubbock/Gawron*

1990-91-92

THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA

HOUSE OF REPRESENTATIVES

SUPERANNUATION GUARANTEE
(ADMINISTRATION) BILL 1992

SUPERANNUATION GUARANTEE
CHARGE BILL 1992

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Hon John Dawkins, M.P.)

32240/92 Cat. No. 92 4247 1



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shortfall in respect of an employee. In order to facilitate the redistribution if a shortfall exists, the Commonwealth or a tax-exempt Commonwealth authority will be taken to have paid the superannuation guarantee charge on 14 August in the year following the year in question.

A tax-exempt Commonwealth authority is an authority or body that is established under a law of the Commonwealth and is not liable for any tax under a law of the Commonwealth. [Clause 5]

Exemptions

An employer will not have to provide superannuation support in a contribution period for certain employees in the circumstances outlined below.

- 1. An employer will not have to provide superannuation support for an employee once the employee reaches 65 years of age. [Paragraph 24(1)(a)]
- 2. Non-residents, employed by resident or non-resident employers, where the salary and wages (see explanation below) paid to the employee is for work done outside Australia. [Paragraph 24(1)(b)]
- 3. Residents employed by a non-resident employer where the salary and wages paid to the employee for work done outside Australia. [Paragraph 24(1)(c)]

A resident for purposes of (2) and (3) is a resident for income tax purposes. [Clause 8]

NO NEED NOW FOR ANY MIN. WAGE PAYMENT.

4. An employer will not have to provide superannuation support for an employee in any month where the employee receives salary and wages of less than \$250. [Subclause 24(2)]

NOTE
this was the original proposal.

- 5. Salary and wages earned by an employee who is under 18 years of age and is employed part-time will not be included in determining if an employer has an individual superannuation guarantee shortfall in respect of the employee. [Clause 25]