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Driving Business Success for Consulting Firms in the Built and Natural Environment

23 December 2011

Senate Standing Committees on Economics

PO Box 6100
Parliament House
Canberra ACT 2600
Australia

To Whom It May Concern,

Re: Superannuation Guarantee (Administration) Amendment Bill 2011

I write to express Consult Australia's opposition to the passage of the Superannuation Guarantee (Administration) Amendment Bill 2011 increasing the employer superannuation guarantee levy from 9% of payroll to 12%, in seven stages between 2013/14 and 2019/20.

Consult Australia is the association for professional services firms within the built and natural environment. Our member firm services include, but are not limited to: design; architecture; technology; engineering; planning; landscape architecture; surveying; cost consulting; project management; and management solutions. We represent some of the industry's biggest players in this space with our member firms collectively employing more than 50,000 staff.

Consult Australia is a proud member of the Australian Construction Industry Forum (ACIF), the Australian Services Roundtable (ASR), and the Australian Chamber of Commerce and Industry (ACCI). Consult Australia has been pleased to see the clear articulation of its opposition to this Bill as expressed through the submissions already made to Parliament by ACCI.

As noted in those submissions, this Bill is a \$20 billion compulsory levy on payroll for firms effecting a one-third increase to the existing employer levy. Introduced contrary to the recommendations set out in the Henry Tax Review, the levy is an impost on business that cannot be justified.

Arguments suggesting firms can negotiate a wage-superannuation trade-off are moot, particularly in professional services, and more so in a time of increasing skills shortages and bottlenecks. Wage levels are already rising and reducing the competitiveness of our services internationally; this Bill will serve only to exacerbate that situation. Suggestions that businesses are compensated through associated reductions to the corporate tax rate, and small businesses through improved asset write-offs, are disappointing insofar as they fail to recognise the far more substantial cost to business of this levy.

This cost is particularly acute for professional services firms, accounting for over eighty per cent of Australian industry, but for whom wages are their primary cost. At a time when the services sector should be supported as the future for Australian industry in light of a declining manufacturing base, it is particularly disappointing to see the passage of a Bill that undermines the competitiveness of these very industries.

We recommend that the Committee reject the Superannuation Guarantee (Administration) Amendment Bill 2011. The Committee should recommend that the government not proceed with the 9% to 12% levy increase until at least a workable and fair funding base is found: that is not at the expense of Australian business.

Further to our concerns with the substance of the change introduced by the Bill, we are disappointed to see the passage of this Bill as one of ten 'related Bills' to the Minerals Resource Rent Tax Bill 2011.

There is no natural or necessary connection between superannuation policy and the funding of retirement incomes and taxation policy for the mining and resources sector. They are two separate issues, and both are issues of a substantial policy nature affecting the economy and broader society in different and potentially profound ways. Both issues require deep and considered policy consideration in their own right. The passage of these Bills together is to the detriment of clear, transparent policy debate and sets an unwelcome precedent for future policy development.

I would be pleased to speak to these comments in person as that would assist your deliberations.

Yours sincerely,

Megan Motto
Chief Executive