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**SENATE ECONOMICS LEGISLATION COMMITTEE ON  
ECONOMICS**

**INQUIRY INTO THE SUPERANNUATION GUARANTEE  
(ADMINISTRATION) AMENDMENT BILL 2011 AND  
MINERALS RESOURCE RENT TAX BILLS**

**22<sup>nd</sup> February 2012**

**Opening Statement by the Australian Chamber of  
Commerce and Industry (ACCI)**

The Superannuation Guarantee Bill, with its primary impact of lifting the compulsory levy on the nation's nearly one million employers from 9% of payroll to 12%, is of profound concern to ACCI and our members, and raises substantial public policy issues in its own right.

That it is, to date, not being dealt with by the parliament as a stand-alone Bill but as a related Bill to the Minerals Resource Rent Tax Bills is a matter of regret, and an error of process that risks fair treatment and the perception of fair treatment to those employers and small businesses who will be footing this bill.

That this Senate Committee is today spending some time to look at this Bill is helpful, and indeed essential.

Our submission focuses on the superannuation issue exclusively because whilst there are many views already being expressed about the best tax treatment of the mining industry, but there is too little debate about this so-called related Bill.

ACCI does not support the Superannuation Levy Bill for a variety of reasons set out in paragraph 29 of our submission. On retirement incomes policy grounds, the Henry Tax Review recommended the very opposite to what the government proposes.

Aside from whether the levy should or should not be increased, there are profound reasons why the Senate should require the government, its treasury and independent authorities to undertake more work and analysis before voting on the Bill.

High on that list is the fact that the proposal has no credible or workable funding basis for the \$20 billion levy hit. It's not funded by the mining tax, let's be clear about that.

And also high on that list is the point made in paragraph 51 of our submission, that passing this Bill effectively kills off a real chance of a wage-superannuation trade off through industrial relations arrangements.

It would be a gross failure of our government and political system if a law adding \$20 billion of new costs is enacted and then only after the event ministers, cabinets and politicians scramble around trying to find a way to pay for it.

Two final matters.

We have an additional recommendation to make to the Senate in addition to the six on page 22 of our submission.

Since the Bill was introduced, the government has wisely established a 3-person panel to review the Fair Work Act. Our submission to that review, and that of others, deals in part with the capacity of that legislation to support a wage-superannuation trade off.

This is an important new opportunity to synchronise the levy Bill with the industrial relations system, which is the least that should occur. Our further recommendation is that the Senate defer voting on the Bill until the government's current Fair Work Review has reported, and that this Committee recommend to that review panel that the Fair Work Act be amended to require arbitrated minimum wage decisions between 2013 and 2020 implement a wage-superannuation trade off to the value of any legislated increase in mandatory employer superannuation obligations.

My final point is this. The level of frustration and concern amongst business, especially small and medium sized employers, with this proposal is very real – even with the proposed phasing of the levy rise. The signed statement by their representatives last November, which I have included in our submission, is evidence of that. Since then, that concern – if anything – has heightened, with the prospect of new wage rises, new superannuation administration obligations, and the high dollar and soft trading conditions all eroding capacity and competitiveness.

On this score, I provide Senators with ACCI's most recent Small Business Survey, released yesterday, which showed a disturbing level of uncertainty and subdued trading. Perhaps even more relevantly it revealed that small business owners continue to rate government taxes and charges as the number one constraint on small business investment. That could hardly be a more pertinent issue in the context of this Bill increasing a mandatory levy.

Thank you, senators.