MEDIA ALERT

COMMITTEE CALLS FOR IMPROVEMENTS TO THE SUPERANNUATION GUARANTEE

RECOMMENDS MOVE TO QUARTERLY PAYMENTS AND MORE ACTION BY THE ATO

The Chair of the Senate Select Committee on Superannuation and Financial Services, Senator John Watson (Liberal Party, Tasmania), today presented to the President of the Senate the Committee's report: *Enforcement of the Superannuation Guarantee Charge*.

In the inquiry, the Committee looked at the adequacy of the Superannuation Guarantee (SG) arrangements and found that while Australia's superannuation system is considered one of the world's best, significant improvements are needed.

"Too many people are not getting access to their superannuation contributions because of the current requirements," Senator Watson stated. "Non-compliance of employers, overly prescriptive requirements, and exploitation of loopholes are disadvantaging too many employees, with older Australians, casual, part time workers and overseas itinerant workers particularly disadvantaged," Senator Watson said.

The Committee identified particular concerns with the ATO's administration of the SG, including its lack of prosecution activity against employers who continually default on their SG responsibilities. Another problem identified was an apparent lack of response by the ATO to individual employee complaints.

One of the largest areas of concern for the Committee was the alarming increase in superannuation monies that are unclaimed by employees. Senator Watson stated: "The number of SG vouchers that are not claimed is actually greater those claimed. This amounts to over $96 million in unclaimed money and this is much too high."

The Committee also found that because the current processes are too complex, this creates an excessive administrative burden on employers, particularly small business. According to Senator Watson, "In many cases, penalties imposed on employers through the Superannuation Guarantee Charge seem too severe, when often employers and employees are not fully aware of their SG rights and responsibilities."

To address these issues, the Committee has made 16 recommendation in the report. These recommendations include:

- Increasing the frequency of SG payments – to provide for quarterly payments where these are currently annual;

- More action by the ATO - including more attention to prosecuting continually defaulting employers, and more follow up of individual complaints;

- More streamlining of SG processes - including a review of the SG voucher system, and more coordination across government, industry and employer groups;

- More consumer protection - including clarifying the legal liability of employers and others if employee insurance cover is lost due to non-payment of the SG; and

- More equity - by removing the age and work tests for SG for those under age 70, including commissions as income for SG purposes, examining income thresholds, and facilitating more consistency with State and Federal awards.

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