



Submission to the Senate Economics Legislation Committee

Inquiry into the Treasury Laws Amendment (2018 Measures No. 4) Bill 2018 [Provisions]

Dear Committee Members,

Job Watch Inc. (**JobWatch**) is pleased to contribute to this inquiry into the *Treasury Laws Amendment (2018 Measures No. 4) Bill 2018 [Provisions]* (**Bill**). JobWatch is an employment rights community legal centre which is committed to improving the lives of workers, particularly the most vulnerable and disadvantaged. It is an independent, not-for-profit organisation which is a member of the Federation of Community Legal Centres (Victoria). This submission is based on the experiences of callers to and clients of JobWatch and the knowledge and experience of JobWatch's legal practice.

JobWatch welcomes the proposed amendments to the *Tax Assessment Act 1953 (TAA)*. It is our opinion that these measures implementing the recommendations of the Superannuation Guarantee Cross-Agency Working Group are a step in the right direction towards making the Superannuation Guarantee system a genuine guarantee for Australian workers.

The superannuation guarantee (**SG**) system is designed to leverage the benefit of compound interest to enable Australian workers to provide for themselves in retirement. The corollary of this is that the negative consequences of unpaid contributions are also compounded. JobWatch believes that superannuation is effectively deferred wages so non-payment of superannuation is tantamount to wage theft, and that wage theft should not be tolerated.

We take this opportunity to comment on elements of the Superannuation Guarantee Integrity package contained in schedules 1 – 6 of the Bill.

Schedule 1. Directions to pay the SG Charge

Jobwatch believes that the Commissioner should be given power to issue directions to pay in relation to all contraventions of the obligations to pay SG related liabilities by employers. Limiting the scope of the application of the Commissioner's powers to serious contraventions by employers whose actions are consistent with an ongoing and intentional disregard of those obligations constrains the Commissioner's ability to deal with the underlying issue of widespread non-payment of SG.

Schedule 2: Power of the Commissioner to disclose information to affected employees

This measure is expected to improve the capacity of employees for self-help enforcement of their entitlements. However, under the current SG system employees cannot compel the ATO to take action on their behalf.¹ The lack of a universal individual right of redress under the national workplace relations system remains problematic.²

JobWatch reiterates its recommendation for a legislative option for employees to take action against their employers for unpaid superannuation. Such a measure would alleviate the demand on the ATO's resources and allow affected employees, particularly vulnerable, low paid workers, the self-determinative means to ensure payment of SG entitlements.

Schedule 3: Single Touch Payroll Reporting

The proposed expansion of Single Touch Payroll reporting to include all entities with employees is expected to have the greatest impact in improving superannuation compliance through greater visibility and transparency.

JobWatch believes that Government should adopt a policy of mandatory reporting and payment of employee tax and superannuation obligations at the time of the payroll event.

¹ *Kronen v FCT* [2012] FCA 1463, *Kronen v Commissioner of Taxation* [2013] FCA 416.

² JobWatch 2017 Submission to the Senate Standing Committee on Economics Inquiry into Superannuation Guarantee Non-payment.

Doing so would reduce the administrative burden on employers and maximise the benefit of compounding interest for the employee.

Please contact Ian Scott on [REDACTED] if you have any queries.

Job Watch Inc.

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Per: Ian Scott