CCIQ
Chamber of Commerce
& Industry Queensland

Industry House
375 Wickham Terrace
Brisbane Qld 4000

T 07 3842 2244
F 07 3832 3195
info@cciq.com.au

Hotline 1300 135 470
Employer Assistance
Line 1300 135 822

21 December 2011

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Submitted via email: economics.sen@aph.gov.au

Dear Committee Members,

On behalf of the Queensland business community, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback on the Senate Standing Committees on Economics in relation to the Minerals Resource Rent Tax Bill 2011 and related bills inquiry. CCIQ would like to make a specific submission in relation to the Superannuation Guarantee (Administration) Amendment Bill 2011.

CCIQ recognises the need for reforms to Australia's retirement incomes system to address future challenges such as meeting the needs associated with the major demographic shift in coming decades (ie aging of the population and rising life expectancies). However CCIQ is strongly opposed to implementing the current Bill due to the following reasons which are explored in further detail throughout the attached submission:

- ***Employers will be funding the increased superannuation Bill***, not the proposed mining tax revenue or cut in the company tax rate as indicated by the Government;
- An increase to the superannuation guarantee will have ***significant economic impacts*** for Queensland businesses with ***negative flow-on implications for employment***;
- ***Employees should be held more responsible*** and take greater ownership of their own retirement incomes;
- Employers should not be required to fund additional ***social welfare functions which are the responsibility of the Federal Government***;
- There has been a ***lack of consultation*** and debate on the impact of an increase to the superannuation guarantee levy on employers and further consideration should be given to alternative policy approaches.

CCIQ urges the Committees to consider the feedback provided in this submission and the associated quotes from Queensland business operators. It is essential that the Committee recommends the rejection of the Bill until a time when additional mechanisms are put in place to mitigate the associated negative implications for businesses and employment. CCIQ would also be pleased to appear before any public hearing on this matter. If you have any questions regarding this correspondence please contact me

Yours Sincerely,

Nick Behrens
General Manager, Advocacy
Chamber of Commerce and Industry Queensland

ABN [illegible]

CCIQ Advocacy

PROPOSAL

SENATE STANDING COMMITTEES ON ECONOMICS

CCIQ Submission on Minerals Resource Rent Tax Bill 2011 and Related Bills Inquiry

(with a specific focus on the Superannuation Guarantee (Administration) Amendment Bill 2011)

21 December 2011

CCIQ
Chamber of Commerce
& Industry Queensland

www.cciq.com.au/advocacy
ABN 55 009 662 060

1.0 OVERVIEW

1.1 The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback to the Senate Standing Committees on Economics in relation to the Minerals Resource Rent Tax Bill 2011 and related bills inquiry. CCIQ would like to make a specific submission in relation to the Superannuation Guarantee (Administration) Amendment Bill 2011 (the Bill). The Bill will incrementally increase the employer superannuation guarantee levy from 9 per cent to 12 per cent in seven stages between 2013-14 and the 2019-20 financial year.

1.2 CCIQ recognises the need for reforms to Australia's retirement incomes system to address future challenges such as meeting the needs associated with the major demographic shift in coming decades (ie aging of the population, rising life expectancies etc). However CCIQ is strongly opposed to implementing the current Bill due to the following reasons which are explored in further detail throughout this submission:

- ***Employers will be funding the increased superannuation Bill***, not the proposed mining tax revenue or cut in the company tax rate as indicated by the Government;
- An increase to the superannuation guarantee will have ***significant economic impacts*** for Queensland businesses with ***negative flow-on implications for employment***;
- ***Employees should be held more responsible*** and take greater ownership of their own retirement incomes;
- Employers should not be required to fund additional ***social welfare functions which are the responsibility of the Federal Government***;
- There has been a ***lack of consultation*** and debate on the impact of an increase to the superannuation guarantee levy on employers and further consideration should be given to alternative policy approaches.

1.3 CCIQ urges the Senate Standing Committees on Economics to consider the feedback provided in this submission and the associated quotes from Queensland business operators. It is essential that the Committee recommends the rejection of the Bill until a time when additional mechanisms are put in place to mitigate the associated negative implications for businesses and employment.

"Small business can simply NOT afford this."

"3% is a large increase and is not just limited to that 3% - Payroll Tax, Work Cover Premiums, Insurance costs etc will increase also as a direct result of this. Our business, and I'm sure most other SME businesses, will have this amount directly taken from already low profit margins."

"Unless there are offsetting productivity gains the savings must come from reduced employment."

"A 3% increase means an additional cost. It will need to come from employment costs as there is no fat remaining to be trimmed anywhere else. Businesses are running very lean at the moment and will need to keep lean throughout this decade. There is a currently a very real situation happening where Aussie jobs are moving overseas. Surprised the Government hasn't yet accepted this reality."

\- **Queensland Business Operators**

2.0 ECONOMIC IMPLICATIONS OF INCREASING THE SUPERANNUATION GUARANTEEE

2.1 CCIQ is strongly opposed to the Bill which will have significant economic impacts for Queensland businesses including impacts on business profitability with negative flow-on implications for employment. CCIQ estimates that the passing of this Bill will amount to an extra $4 billion per year in superannuation payments for Queensland employers alone.

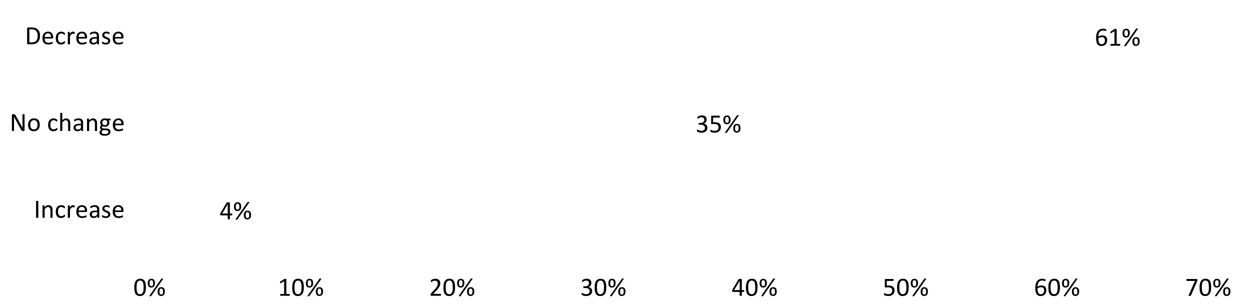
2.2 Queensland businesses cannot afford an additional financial liability at a time when economic instability, poor consumer confidence, rising input costs, political instability and new taxes continue to dampen future prospects. The current environment is summarised in the findings of the latest Commonwealth Bank CCIQ Pulse Survey of Business Conditions:

- Small and medium businesses are struggling to remain viable and compete in the high cost business environment that is emerging;
- There are concerns that government policy and decision making is disconnected from the reality of doing business for small and medium enterprises;
- Businesses are concerned about increasing high wage pressures considering business conditions and profitability remain well below optimal levels;
- The level of demand and economic activity has been the single most significant factor affecting business growth since December 2008 with no identified end in sight;
- Businesses continue to express significant concerns over the escalating cost of running a business arising from government taxes and compliance obligations which are preventing them from investing in growth and expansion;
- Direct wage costs also continue to increase in prevalence as an issue for businesses.

2.3 CCIQ is seriously concerned about the implications of government decision making on the bottom line of businesses, particularly SMEs. Every decision by government that adds another cost impost on businesses directly negatively impacts on the bottom line, employment, investment and affects the ability of Australian firms to compete in an increasingly globalised marketplace. Employers in Australia are concerned at the impact on employment of an increase in the existing compulsory employer superannuation guarantee levy.

2.4 A snap poll held of 400 businesses on the CCIQ website in late November found that 61 per cent of Queensland employers will decrease employment levels in their business if superannuation contributions increase by 3 per cent. Only 4 per cent of businesses indicated they would increase employment levels.

What effect will a 3 per cent increase in superannuation contributions have on your business's employment levels?



Source: CCIQ snap poll, November 2011

2.5 CCIQ believes a 3 per cent increase in the superannuation guarantee levy will have a devastating impact on the Queensland economy, businesses and employment due to reduced business capacity (particularly SMEs) to absorb an increase. CCIQ does not want to see an increase in superannuation come at the expense of business sustainability. However, our Chamber is supportive of increasing the retirement savings of employees through other means which are explored further throughout this submission.

2.6 Recommendation: The Superannuation Guarantee (Administration) Amendment Bill should be opposed or delayed due to the significant economic impacts for Queensland businesses and the associated negative flow-on implications for employment.

"It is absurd to impose additional cost on employers in the current economic climate."

"3% = $600,000 that customers won't pay, so we will have to make cuts to fund it."

"We are borderline downsizing now and this will push us over the top along with other rising costs."

"Adding another 3% to compulsory super will be the final nail in the coffin for my business. We have to compete in global markets & its stupid to be increasing our labour cost when we need to cut it to stay competitive. We expect to sell or close our business as soon as these cost increases apply."

"Cost of labour is the most difficult expense to keep under control in the current labour market let alone with an additional 3% added on - we assume the workers will still get a wage increase every year? The super system should be a deduction from gross wages not an addition to which employees take no ownership of and give employers no credit for being part of their income package."

"At the moment we are on the threshold of Payroll tax. If we get this increase we will have to pay payroll tax. This will be an extra burden on an already slow economy. Any staff who leave will not be replaced in the long term. So people leaving for the mines will not be replaced and we won't be putting any more on in busy periods - simple logic."

"Businesses are struggling now - people have to remember that the superannuation payment comes from the pocket of the business owner, it is not part of the wage. Who pays our super? Why should we pay super for backpackers when they can get their money on leaving the country when we have to wait until we are 65?"

"With an increase in labour costs without an increase in productivity we would then have to look at where we could cut costs. Thus it would be either no change to staffing levels and we would have to cut other areas or cut staff and make other improvements."

- **Queensland Business Operators**

3.0 FUNDING FOR THE SUPERANNUATION INCREASE

3.1 The Federal Government has continued to incorrectly imply that revenue from the mining tax would fund the proposed superannuation increase. In fact, the benefits experienced by the reduction in corporate tax and small business asset write-off will provide a very small percentage of the funds required to fund the proposed superannuation increase. The proposal to increase the superannuation guarantee levy should be delayed until a time when an appropriate funding mechanism has been identified.

3.2 A 3 per cent increase in superannuation does not simply represent a 3 per cent increase in superannuation costs, but a 33 per cent (one-third) increase to the existing employer-funded superannuation guarantee. This is a substantial cost increase that businesses require assistance to fund.

3.3 To demonstrate the significance of the cost increase, CCIQ puts forward the following simple case study that would be representative of many small businesses:

Small Business Case Study: Cost implications of a 3% increase in the superannuation liability

A small IT business currently employing 20 staff members on $50,000 a year has an annual superannuation liability for those employees of $90,000 on top of wages. An increase to the superannuation guarantee levy to 12% would increase this business's superannuation liability to $120,000 a year, an increase of $30,000 or 33.3% with no associated productivity improvements. This cost increase does not coincide with an increase in productivity however will also be payable in additional to increases in other business, employment and input costs.

3.4 Recommendation: The Senate Standing Committees on Economics should recommend outright opposition or delay to increasing the superannuation guarantee levy until a time when an adequate funding mechanism has been identified and implemented.

"An increase to superannuation will not come from the implementation of a mining tax, it will simply come from the wallets of small business. The misleading campaign by Labor to have the public believe this increase in the Superannuation Scheme will come from the Mining Tax is simply a lie. Business will foot the bill of the increased superannuation and not the government."

"For every 8 employees at 12% super I have 1 phantom employee with zero productivity. This is an unsustainable model. I will match the employee 1 for 1 over 9%. It is about time employees had some skin in the game as 100% of the benefit is theirs."

"An increase of just 1% for us paying $250k a year will amount to an extra $10 a day. There's isn't enough in the profit margins from jobs now to factor this in too especially when so many of our competitors are NOT paying it and getting away with it. We can't keep competing by doing the right thing. Employees at some point have to start paying for their own lifestyle they want to maintain when they retire. It shouldn't just be for the employer to pay their whole way."

"We can not afford employees. When we had them, they got paid more than us and have more entitlements than us. We are the ones taking the risks and putting in the long hard hours."

- Queensland Business Operators

4.0 EMPLOYEE CONTRIBUTION AND OWNERSHIP

4.1 CCIQ has long held the position that the next stage of retirement incomes policy should focus on increasing the self-reliance of employees and enhancing their capacity to adequately plan for retirement, subsequently encouraging more ownership of their financial future. Any increase in superannuation should be made through the introduction of employee contributions rather than further demands on already over-burdened employers.

4.2 Whether the 9 per cent paid by employers is or is not adequate for future retirement income purposes, the idea that employers should bear the burden of funding the whole or most of the superannuation guarantee is unbalanced and unfair by both international standards and domestic considerations. As employees are the major beneficiaries of higher retirement incomes it is entirely appropriate that they should bear at least some of the costs and responsibility associated with providing that additional support.

4.3 As the below table demonstrates, Australia already has one of the most generous employer-funded superannuation schemes in the world. Governments must encourage people to save more money for their retirement and any future changes to the Superannuation Guarantee should instead be focussed on the introduction of employee contributions rather than further mandatory demands on employers.

Types of Private Pension Scheme, Coverage and Average Contribution Rates

	Largest Scheme			Second Largest Scheme		
	Scheme	Coverage	Contribution	Scheme	Coverage	Contribution
Australia	MO/P	>90%	9%			
Austria	VO	35%	1.5-2%	VP	10%	
Belgium	VO	40-50%	1-5%			
Canada	VO	39%	8.50%	VP	50%	
Czech Rep.	VO/P	40%	2.80%			
Denmark	MO/P	>90%	1%	QMP	>80%	10.8-17%
Finland	VP	15%	3%	VO	7%	2%
France	VO	10%		VP	8%	
Germany	VO	57%	2-4%	VP	13%	2-4%
Greece	VO/P	negligible				
Hungary	MO/P	58%	8%	VO/P	31%	5%
Iceland	MO	>90%	10%			
Ireland	VO/P	52%	10%			
Italy	VO	8%	2.35%	VP	2%	
Japan	VO	45%				
Korea	VO	negligible				
Luxembourg	VO	20%		VP	5%	4%
Mexico	MP	31%	6.28%			
Netherlands	QMO	>90%				
New Zealand	VO	20%				
Norway	MO	>90%	2%	VO	45%	
Poland	MP	49%	7.30%	VO/P	negligible	
Portugal	VO	4%	3%	VP	1.50%	
Slovak Rep.	MP	45%	9%	VP	27%	5.40%
Spain	VP	40%		VO	10%	
Sweden	MP	>90%	2.50%	QMO	>90%	2%
Switzerland	MO	>90%	7.18%			
Turkey	VO/P	negligible				
United Kingdom	VO	43%	9%	VP	16%	
United States	VO	47%	9%	VP	17%	

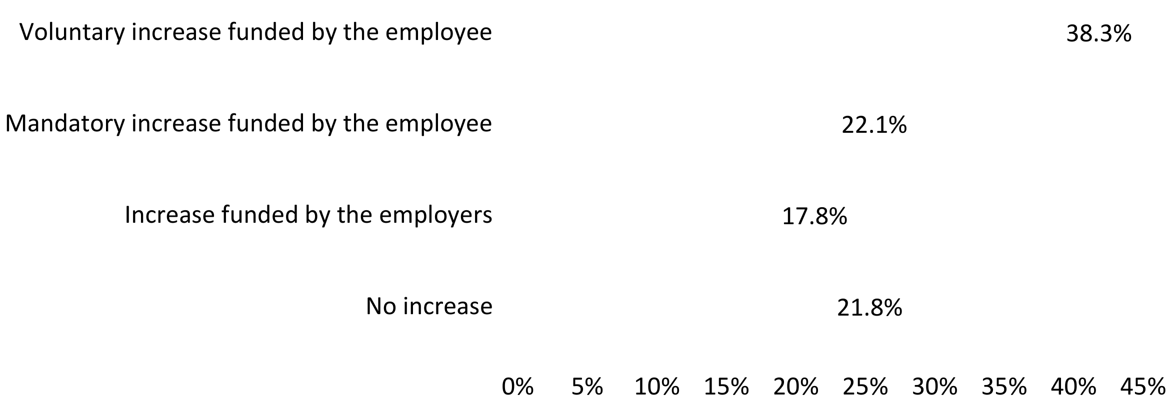
M = mandatory P = personal (individual based) V = voluntary

O = occupational (employer based) QM = quasi mandatory (coverage through collective agreements

Source: Pensions at a Glance: Public policies across OECD countries

4.4 A recent survey of over 400 Queensland employers found that the majority (78%) are supportive of increasing the superannuation guarantee. However, support is only provided for this increase to be funded by employees themselves, with 38.3% supporting a voluntary employee increase and 22.1% supporting a mandatory employee funded increase. Only 17.8% of businesses support an increase funded by employers on the basis of it being offset by future wage negotiations.

Superannuation contribution increase supported by Queensland employers



Source: Commonwealth Bank CCIQ Pulse Survey, October 2011

4.5 Recommendation: Instead of increasing the employer funded superannuation guarantee, an alternative policy should be implemented that provides an option for the contribution of employees' to their own superannuation fund and associated retirement lifestyle.

"The most equitable way [to increase superannuation] would be for a joint increase of $ for $ by the employer and the employee. This way the impact on the business would not be so great and the employee may begin to appreciate the value of these contributions."

"At some point in time employees should be held responsible in part for their own future prosperity. Why is it always the employer who should carry the can?"

"All for saving but why can't the employee contribute like they do in other countries, it's their future."

"This is just another government added cost to the Horticultural Sector. Unfortunately for us the producers, the consumers aren't going to pay more for their FRESH, AUSTRALIAN produce so we will be out of pocket!!! What about the employees putting a set amount aside for their own future!!!! People need to take more responsibility for their own lives and not rely on others all the time."

"As a society, we need to be educated to take responsibility for own affairs and any increase in Super should be employee contributions. Any increases in costs to businesses continues to make them noncompetitive against the ever growing international market who do not operate with the same high level of regulation. Any changes would not be in the interest of the country as a whole."

- **Queensland Business Operators**

5.0 SOCIAL WELFARE FUNCTIONS

5.1 Queensland businesses have raised serious concerns around the increasing financial burdens being placed on them to fund the retirement income challenge facing Australia's aging population. There is great concern at the seeming 'outsourcing' by federal and state governments in Australia of social welfare functions onto private employers. The last twenty years have seen employers increasingly forced to shoulder the burden of the retirement incomes problem facing the Australian population. Employers are already compelled to provide a Superannuation Guarantee of 9% of the notional earnings base of employees, while also contributing around 40% of general tax revenue that in turn is used to fund the Age Pension.

5.2 CCIQ is proud of the important role that Queensland business plays in social development through the creation of jobs and knowledge, the supply of goods and services, the payment of taxes and wages and the means by which to levy a GST. Accordingly any retirement incomes policy requires much more than just regarding Australian employers as a money-tree for workforce superannuation.

5.3 Governments should not offload their primary responsibility for welfare onto the business community. As well as providing jobs and tax revenue, business additionally contributes to the social safety net via the payment of a generous minimum wage, sick leave, carer's leave, annual leave, personal leave, workers' compensation contributions, termination and redundancy payments. Every decision by Government to add another layer of social responsibility onto business negatively impacts on their bottom line, jobs and investment.

5.4 Recommendation: The Federal Government to take back control of their social welfare responsibility and work with employers, not rely on them, to meet the needs of our aging population and retiring workforce.

"This is simply a means to transfer retirement responsibilities from Government and individuals to Business. It will reduce Australian competitiveness, drive up costs and increase unemployment."

"I don't understand why Australia is one of the only countries that super is added to salary. It should be reduced from salaries. Employees don't realize the added cost."

"We are unable to raise our sell price as we are in a world market, therefore we will have to reduce our overall employment costs either by shorter hours or let 1 employee go."

"In a tight market, anything that eats into our margins means costs have to be cut elsewhere."

"An increase in employer super contributions - will force us to consider more automated and efficient processes in our manufacturing company. The market in that we compete will not accept product price rises due to increased labour costs - therefore we will be forced to push out employees and move in where possible more machines or outsource to overseas companies who have much reduced labour costs or relocate our company off-shore. We would approximately reduce our staff by 25-100 percent - with a 3 percent rise in Superannuation."

- **Queensland Business Operators**

6.0 CONSULTATION AND REVISED POLICY SETTING

6.1 CCIQ is concerned about the lack of consultation regarding the impact on businesses of the Bill. The origins of the proposal to increase the superannuation levy is questioned by business, particularly considering an increase to the superannuation guarantee has not been recommended in any independent review, including the Henry Tax Review.

6.2 The Federal Government has not undertaken any consultation to determine the impact that the proposed superannuation increase would have on businesses, nor the negative flow on effects for employment and the economy that have been highlighted throughout this submission. Passing the Bill without an adequate understanding of the associated implications is irresponsible and could lead to irreversible long term impacts.

6.3 CCIQ is also calling for the Superannuation Guarantee Levy Bill to be de-coupled from the Minerals Resource Rent Tax Bills to ensure the associated impacts can be fully considered. Both of these Bills will have significant impacts on Queensland businesses and require deep and considered debate in their own right. It is important that debate on the proposed increases to the superannuation guarantee is not lost in the debate on the MRRT. Retirement incomes' policy requires serious consideration to determine the best approach to ensure the needs of future generations are met.

6.4 The major policy objective must be to bring about fundamental change in Australia's system of retirement incomes and savings. Change must be directed towards the goal of providing all Australians with the fairest and most sustainable system of retirement incomes and savings, consistent with the constraints of prudent economic management. A significant rebalancing of responsibility for retirement incomes provision needs to occur with today's employees needing to save more in voluntary plans, retire later or otherwise accept a lower income in old-age relative to earnings when working.

6.5 CCIQ is supportive of the following policy issues being given consideration during the current debate:

- *Government-funded pension:* The question is not whether public moneys should be spent, but rather how to spend them most effectively. Means testing is a necessary part of such a system and should be conducted in such a way as to ensure that individuals are not discouraged from saving for self-funded retirement. Public moneys should aim to fulfil social obligations to those in need, which do not have the resources to provide for themselves in retirement. However, it is essential that individuals are encouraged to fund their own retirement to the greatest extent possible. The more individuals are encouraged to save for their own retirement, the better off they and the economy will be.

- *Retirement Ages:* Regulations should discourage taxpayer-funded early retirement. Disincentives for workers to remain in the labour force after a certain age must also be eliminated. This will only occur if tax-funded early retirement is made less attractive and less feasible.

- *Compulsory Superannuation:* While the current level of the Superannuation Guarantee will have a sizeable impact on retirement incomes it is accepted that additional contributions will be necessary in order for individuals to achieve the standard of living they currently anticipate in retirement. At a minimum, a focus on measures to promote the self-funding of retirees beyond the compulsory arrangements currently in place will be essential in ensuring that the retirement incomes system in Australia is viable in the long term.

- *Income Streams:* In principle, the system should encourage income streams as opposed to lump sum payments. Income streams must be encouraged in order to assist national savings and avoid the undesirable social consequences that can be caused by unwise financial choices being made on receipt of a lump sum for retirement. It is much easier to design a comprehensive tax and social security system when individuals mainly have access to an income stream form of payment.

- *Superannuation funds:* The management and administration of superannuation and retirement savings funds must be transparent, efficient and cost effective. Recent changes will go a long way towards this goal.

- *Taxation:* The taxation of retirement savings must be aimed at encouraging private contributions - not maximising current taxation revenue. If Australia is to achieve the appropriate retirement incomes and savings, a strategic, long-term approach must be taken to the taxation of retirement income. Taxation measures applied as part of a retirement incomes policy must adopt the following aims:
    - maximising retirement savings;
    - encouraging private contributions for all members of the community;
    - setting taxation at levels which do not inhibit a fund's capacity to grow; and
    - minimising the compliance costs for business.

6.6 Overall, CCIQ is supportive of a retirement savings system that includes government-funded pensions, compulsory superannuation and voluntary savings. However CCIQ believes there is a much greater role for employees and the government by providing incentives to save and ensure that individuals embrace the responsibility of safeguarding their own appropriate retirement savings. CCIQ is supportive of investigating the following policies to encourage private retirement savings:

- *Compulsion:* The main argument for compulsion is that it protects people from the regret of not having saved enough for their retirement when they were younger. It also protects societies from having to pay for safety-net benefits for those irresponsible individuals who did not provide for their old age. Implementing this paternalistic approach is simple: it involves choosing a target replacement rate and then ensuring that people reach that target through either public retirement-income provision or mandatory private pension plans. From the international experience, introducing mandatory private pensions appears to be the only way to have private pensions that cover significantly the working-age population.

- *Tax Incentives:* The "traditional" way of encouraging voluntary savings for retirement has been through tax incentives. A standard policy that aims to encourage private, voluntary retirement savings is to give preferential tax treatment to pension plans. That is tax incentives aim to increase the return on pension savings subsequently providing a higher net rate of return on savings which will encourage people to save more.

- *Financial education:* Private saving activity by Australian households has been steadily deteriorating throughout the introduction of compulsory retirement income savings. A clear message must be sent to households that even with the introduction of the Superannuation Guarantee they still need to save for their retirement. If people are better educated about superannuation and their level of entitlements during old age, they would be able to determine an appropriate savings profile in their approach to retirement. A greater comprehension of the superannuation system is essential to motivate greater private savings.

- *Soft compulsion:* Automatic enrolment is a "third way" between the alternative approaches of compulsion and voluntarism. The idea is that people have to opt out of saving for retirement rather than opt in. It is often called "soft compulsion". Surveys of financial literacy by the OECD routinely find that people agree that saving for retirement is important and that they feel that they should be planning for old age. Unfortunately, this often does not translate into action: inertia and procrastination predominate. An obvious reason for this is that the process of signing up for a pension plan can be long and complex. Another problem is lack of information about savings options and insufficient understanding of complex investment decisions. Automatic enrolment is designed to capture such people and turn them into retirement savers (unless they specifically opt out).

6.7 Overall, all initiatives for change must be directed towards developing policies which are sustainable in the long term. Individuals must be encouraged to save for their own retirement with confidence in the stability of the system. Haphazard change represents a disincentive for individuals who may wish to contribute more for their own retirement needs.

6.8 Recommendation: The Senate should oppose or delay the passing of the Superannuation Guarantee (Administration) Amendment Bill 2011 while the Federal Government undertakes a detailed consultation process with industry to determine the best approach for retirement income policy in Australia moving forward that will reduce the negative impacts on Queensland businesses and deliver the best outcomes for the community and retiring workers.

"With more rising costs, carbon tax & increased super contributions Australian manufacturing companies will be forced to source products from overseas."

"A 3% increase in super, with payroll tax and Workcover on top of that adds $130,000 to our costs which will be almost impossible to recover in the present economic climate. Whilst the current levels of Super contributions is clearly inadequate, the employee must make some sacrifices too, otherwise manufacturing in Australia will be really doomed. We cannot compete with overseas goods right now, and the only way forward is to transfer manufacturing overseas to countries that do not have these imposts."

"Our wage bill currently sits higher than 50% before on-costs, and this will increase with new national reforms due to commence in January 2012. Increases in superannuation to 12% will impact the bottom line of the business greatly and as such, cost increases will have to be passed onto families utilising our service. I see no benefit in increasing superannuation, instead government should be looking at personal wealth growth strategies and encouraging saving, principle place of residence ownership and implementing safeguards for investors and encouraging second job take-up not penalties via tax etc."

- **Queensland Business Operators**

7.0 CONCLUSION

CCIQ is strongly opposed to increasing the superannuation guarantee levy from 9 per cent to 12 per cent. CCIQ recommends the following:

1. **The Superannuation Guarantee (Administration) Amendment Bill should be opposed or delayed due to the significant economic impacts for Queensland businesses and the associated negative flow-on implications for employment.**

2. **The Senate Standing Committees on Economics should recommend outright opposition or delay to increasing the superannuation guarantee levy until a time when an adequate funding mechanism has been identified and implemented.**

3. **Instead of increasing the employer funded superannuation guarantee, an alternative policy should be implemented that provides an option for the contribution of employees' to their own superannuation fund and associated retirement lifestyle.**

4. **The Federal Government to take back control of their social welfare responsibility and work with employers, not rely on them, to meet the needs of our aging population and retiring workforce.**

5. **The Senate should oppose or delay the passing of the Superannuation Guarantee (Administration) Amendment Bill 2011 while the Federal Government undertakes a detailed consultation process with industry to determine the best approach for retirement income policy in Australia moving forward that will reduce the negative impacts on Queensland businesses and deliver the best outcomes for the community and retiring workers.**

"An increase in superannuation must be offset by future pay increases."

"We will reduce staff rather than increase overhead."

"Business can not support an increase to 12% at this time. I am also strongly against existing compulsory superannuation structure. The average worker does not have the financial literacy to manage their own fund. Most would not be aware that their fund be reduced severely depending on the economic climate. Far too much money is lost to fees in low contributing employees funds."

"As primary producers, our profit each year is decreasing rapidly. If much more increases, it will not be viable to continue producing food here in Australia."

- **Queensland Business Operators**