

Consumer protection for late super payments retained in full

Thursday, 16 March 2016

The Australian Institute of Superannuation Trustees (AIST) has welcomed the retention of the full Superannuation Guarantee Charge – an important consumer protection measure for superannuation payments to employees – following debate in Parliament earlier today.

The charge – a penalty paid by employers who fail to make their quarterly SG contributions on time – was to be diluted under the Treasury Legislation Amendment (Repeal Day 2015) Bill, but a last minute amendment has seen it removed.

AIST CEO Tom Garcia said that AIST is very pleased to see common sense prevail.

“The SG charge is necessary to protect employees, and we are pleased to see that Parliament has recognised the important role it plays,” said Mr Garcia. “Reducing the penalty also reduces the incentive for employers to pay mandatory super on time.”

Under the proposed changes put forward late last year, the SG charge – a penalty paid by employers who fail to make their quarterly SG contributions on time – would have only been calculated on ordinary time earnings and interest will only be payable from the SG due date, significantly reducing the cost to non-compliant employers.

Research by TRIA commissioned by not-for-profit super fund Cbus found that around one in fifteen workers were missing out on super.

“The SG charge is necessary to protect employees from employer non-compliance which we know is a particular problem in certain industries,” said Mr Garcia. “Everyone is entitled to receive their superannuation contributions on time.”

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AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.