

More frequent payslip reporting by employers needed to address \$billions in unpaid super

Tuesday, August 29, 2017

The Australian Institute of Superannuation Trustees (AIST) has today welcomed a package of Government reforms aimed at improving superannuation guarantee (SG) compliance by employers, whilst calling for more frequent employer payslip reporting.

AIST CEO Eva Scheerlinck said employer non-compliance with SG obligations costs workers billions of dollars in lost superannuation, leading to poorer retirement outcomes and a higher age pension payment liability for the Government.

Figures released by the Australian Taxation Office today show the SG 'gap' has cost workers \$17 billion since 2009.

"Even on the conservative figures released today, the ATO have confirmed that there is a massive problem of underpayment that has to be addressed," Ms Scheerlinck said.

"Superannuation is deferred wages and, in a compulsory super system, members must receive their full entitlements. Importantly, this package of reforms includes strengthening employer penalties for non-compliance and enhancing the ATO's power to deal with repeat offenders."

The Government's reform package also reveals more details on the Government's timetable for Single Touch Payroll rollout, with a phase in for small employers to start from 1 July, 2019.

Ms Scheerlinck said requiring small employers to adopt Single Touch Payroll for super payments was a critical reform needed to address the issue of unpaid super. Moving to electronic payment systems will give the ATO near-real time visibility of an employee's wage and super payments to workers, and allow enforcement to be far more immediate.

"The problem of non-compliance with super payments is most acute among small business so encouraging all employers to take up electronic payment systems is a significant step in tackling unpaid super, as well as the black economy," Ms Scheerlinck said.

While noting that the new package of reforms required super funds to report contributions at least monthly, Ms Scheerlinck said it was crucial that employers be required to pay super at least monthly (though, ideally, in line with wage payments) and to record actual benefits paid on the employee's slip. Currently, employers are only required to pay superannuation guarantee (SG) on a quarterly basis.

"Disappointingly, the package lacks this key reform," Ms Scheerlinck said. "Improved payslip reporting would help employees keep better track of their super payments by providing them with the ability to check that their super has actually been paid into their fund. We believe this measure would have a significant impact for members. We will work with the Government to bolster the efficacy of the package in this way."

Contact: AIST Senior Media Manager Janet de Silva: 0448 000 499; Media Officer Sarah Goodwin: 0401 769 296

AIST is the peak industry body for the \$700 billion profit-to-member super sector which includes industry, corporate and public sector funds.