

CORPORATE SUPER ASSOCIATION

Senate Select Committee on Superannuation
Parliament House
CANBERRA 2600

Via email: super.sen@aph.gov.au

Attention: Ms S Morton, Committee Secretary

21 June 2002

Dear Sirs

TAXATION LAWS AMENDMENT BILL (SUPERANNUATION) NO 2 2002

We refer to your call for submissions on the above topic prior to debate on the Bill in the Senate, and thank you for the opportunity to put the concerns of the Corporate Superannuation Association to the Committee.

New employer reporting requirements

The Bill proposes to introduce a new requirement for employers to report contribution amounts to members of accumulation funds within 30 days of the contribution being made (proposed new s 23A of the Superannuation Guarantee Administration Act: Item 116 of the Bill). Proposed subsection (2) would require the employer to give a report to the employee in writing identifying the amount of the contribution "and setting out any other information required by the regulations."

The Explanatory Memorandum states that section 23A will require employers to report to their employees the amount *and destination* of any contribution which reduces an employer's SGC under section 23 of that Act. However, it appears that the legislation as now proposed will leave some flexibility as to the way in which information regarding the destination of contributions is presented, given that this information is not set out in the legislation but may be prescribed by regulation.

We welcome a move to require the provision of information to employees by the employer as to the amount of contributions and their destination. This will encourage employee interest in their superannuation and assist with the process of further education of the community about retirement income.

Our only concern is that the currently proposed section 23A may be too prescriptive. We are conscious that provision of information to employees within 30 days of making a contribution amounts to a monthly reporting requirement in many cases, and we are concerned about the systems impact and practicalities of such a requirement.

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We are also concerned that any requirement introduced by legislation or by regulation that the employer report the destination of the contributions should be subject to the restraints of what is practical and useful.

Systems impact and practicalities

The most efficient method of providing the required information, for many employers, is likely to be via monthly payroll advice. We are aware that many but not all payroll systems already provide for reporting the amount of employer contributions. However, we understand that there could be some significant complexity in altering systems which do not as yet provide for this information, and in altering systems to supply the name of the fund to which the benefit is paid (if this becomes a requirement under the regulations).

We would be pleased to see provision for greater flexibility in providing the information to employees. For example, it may turn out to be less awkward for employers (even those contributing monthly) to report the information quarterly by way of separate information provided apart from the payslip. On the other hand, it may turn out that the payslip remains the obvious solution for most employers. In any event, we would prefer to leave room for exploration of reporting options by employers, ideally before the legislation becomes immutable. One way in which this could be achieved is by leaving flexibility or discretion in the legislation at this stage regarding frequency of reporting. This could be achieved, for example, by a minor amendment to proposed subsection 23A(3), which currently requires:

“The employer must give the report within 30 days of making the contribution.”

We would support the addition of words such as: “or within a period approved by the Commissioner” or “or as required by the regulations.”

Need for reporting of the fund name every time a contribution is made

Aside from causing particular systems challenges, the provision of this information on a monthly or quarterly basis is likely to be unnecessary in most instances. We would support a requirement that this information be reported to employees at least annually, or at the time when any change occurs. Again, we would support flexibility in the legislation regarding this requirement.

Yours faithfully

Elizabeth Goddard
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Corporate Superannuation Association