The Manager
Contributions and Accumulations Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: payslipsuper@treasury.gov.au

February 20, 2012

Dear Sir/Madam,

The Association for Payroll Specialists (TAPS) is the professional association for Payroll Professionals, established in 1990. We are a totally independent and unbiased body removed from any government department.

Our Mission

- To provide a high professional standard through education and mutual support.
- To provide a united voice that represents the views of members.
- To obtain recognition for payroll work in today's business environment.
- To identify current and future training requirements for those involved in the payroll function and organise appropriate facilities on behalf of its members.
- To conduct professional examinations that will cover the entire range of subjects associated with the payroll field.
- Provide C.P.S. (Certified Payroll Specialist) training.
- To provide University qualified education for our profession.

We welcome the opportunity to provide this submission about the exposure draft legislative payslip amendments to the Superannuation Industry (Supervision) Act 1993

We would like it recognised that much of the work in ensuring a business is compliant – especially in the areas of ensuring employees are provided with their correct wages and other entitlements – falls the Payroll Manager, Payroll Officer or Payroll Clerk of the business. The more complex pieces of legislation become, the more difficult it is for Payroll Professionals to manage this obligation especially when they must interpret and understand multiple pieces of legislation from many jurisdictions

THE ASSOCIATION FOR PAYROLL SPECIALISTS

We would like raise a number of issues about the requirement to report the date employers expect to make superannuation payments on payslips

Issue One: Research shows that there is no support for these expensive changes to the system

In the ATO research conducted by Colmar Brunton it was clear that the proposed payslip changes have little support at all levels.

Below are quotes from the presentation made to the SuperStream Working Group on 3 February 2012:

- “Payslip reporting was of little interest for individuals”
- “Payslip reporting is of most significance and concern to employers”
- Software providers said’ “Payslip reporting caused the most angst and concern. Costs seem to outweigh benefits – requires major system overhauls”
- Intermediaries said “Payslip reporting was met with scepticism”

Issue Two: Time Frame for Implementation

With only 4 months until the “go-live” date, and less time once the legislation passes through Parliament, we believe there will not be enough time for all payroll providers to write, test, and implement the changes.

As some payroll system providers may not be able to implement the changes, this will force employers who use those systems to manually make adjustment to payslips adding unnecessary administrative obligation and expense to their business.

Issue Three: Separation of superannuation and payroll duties

Superannuation amounts are calculated by payroll, but payments are usually made by accounts. Although payroll could show an expected date of payment many questions arise such as:

- What if the payment date changes?
- What happens if the payment is late?

An employer who makes the payment after the date shown on the payslip (but still within the quarter) may be bombarded with questions from employees – another unnecessary administrative burden employers will have to cope with

Issue Four: The role of funds

There is an ongoing problem of funds not crediting member accounts in a timely manner.

If an employer commits to a payment date, but the funds "sit" on the contributions for an extended period of time, the employer will be bombarded with employee queries about superannuation payments not appearing in their accounts which are beyond the control of the employer.

Issue Five: Fairness

The ATO concedes that there is only a small percentage of employers who are not compliant with their superannuation obligations. These changes enforce a massive burden on all employers. It is unfair to place additional burden on the 99% of compliant employers, just to solve a compliance problem caused by 1% of non-compliant employers.

We also do not believe that these changes will achieve the desired result of ensuring non-compliant employers comply with either their obligation to issue payslips or to make superannuation payments for their qualifying employees.

Issue Six: Casual employees and employees who work few hours

Employers are only required, for the most part, to make superannuation contributions when employees earn over $450 per month. For casual employees or employees who work few hours and are paid more frequently than monthly, employers are often unable to ascertain from one payslip to the next whether these employees will earn enough to have any superannuation paid in that month.

It is only when the "month end" superannuation reports are run that employers of these types of employees are able to determine their superannuation obligation. For these employees, this means that superannuation is not reported on their payslip on a payslip by payslip basis – as they did not earn enough on that particular payslip (usually the first one of the month) for a definite contribution amount to even be reported and most payroll systems are not sophisticated enough to have a "month to date" function for superannuation for payslip reporting. Even were this function available, it would mean that super for these employees may only be able to be reported once in the monthly cycle not on every payslip in the cycle.

This payroll system restriction would mean that employers of casual employees and employees who work few hours would be unable to meet their legislative obligation

Should you wish to clarify anything in this submission or require further information, The Association for Payroll Specialists would be happy to meet with Treasury at any time.

Yours Sincerely

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