



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

23 December 2020

Manager
Retirement Income Policy Division
Treasury
Langton Cres
Parkes ACT 2600

via email: superannuation@treasury.gov.au

Dear Sir/Madam

Treasury laws amendment (measures for consultation) bill 2020: single default account

We understand that the intention of this bill is to help address unnecessary duplication of fees and, where applicable, insurance premiums by reducing the likelihood of an employee having multiple superannuation accounts. We also recognize that this measure implements the intention of Recommendation 3.5 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (**Royal Commission**), which stated that a person should only have one default account and that machinery should be developed to 'staple' a person to a single default account.

However, we do not support this bill as currently framed because it will impose a further burden on small business employers, who already bear a disproportionate burden of tax collection and administration on behalf of the government and Australian Taxation Office (ATO).

Small business employers already operate within a strict superannuation guarantee (SG) regime, both in terms of reporting and remittance. It is unacceptable to add another layer of administrative burden by requiring a small business to engage with the ATO via the digital platform in order to identify the 'stapled fund' of a new employee. Further, if the small business is subsequently advised by the ATO that the employee's stapled fund has changed, further administrative work is imposed on the employer and the small business which is then placed at risk of failing the strict timelines for SG contributions. Small businesses do not have the systems and resources of bigger businesses to meet these demands.

The better solution is for the ATO to receive the SG contributions from the employer via an enhanced single touch payroll system and to manage the distribution of those contributions to the relevant funds of employees directly. Removing the administrative burden from small business employers increases the likelihood of compliance and reduces the risk of errors.

Also, the efficient handling of all SG contributions would be of real benefit to help improve the productivity of all small business employers.

If you would like to discuss this matter further, please contact Ms Louise Stuart-Watt on [REDACTED] or by email to [REDACTED]

Yours sincerely

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

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