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SUPERANNUATION COMPLIANCE: SIMPLIFYING WHEN A STANDARD CHOICE FORM MUST BE PROVIDED BY AN EMPLOYER

Industry Super Australia (ISA) welcomes the opportunity to comment on Government's proposed changes to the obligation on employers to provide a standard choice form to employees.

Removing obligation to provide a standard choice form to temporary residents

ISA supports the proposed removal of the obligation on employers to provide a standard choice form to temporary residents. This change will simplify superannuation compliance obligations for employers of temporary residents, by reducing the amount of paperwork employers are required to provide to these workers. ISA supports red-tape reduction initiatives that do not adversely impact on workers.

ISA's support for this proposal is conditional on the maintenance of three important protections for these workers: the safety net provided by the existing default fund system, the ability to consolidate multiple accounts, and the ability of temporary residents to claim their super when they permanently depart Australia.

Superannuation safety net

We note that under the proposed changes, an employer's contributions will still need to be made to a fund that satisfied the requirements for default funds under s 32C(2) of the Superannuation Guarantee (Administration) Act 1992.

Maintaining a strong safety net is critical for all workers, including temporary residents. ISA strongly supports the existing safety net, under which workplace default funds are screened for quality by the Fair Work Commission. The existing default fund selection process has worked well, with default funds out-performing the OECD average and the retail and choice sectors in Australia.

Consolidation of multiple accounts

Many temporary residents undertake employment with a series of different employers during their stay in Australia. This often involves these workers holding small amounts of superannuation with several different default funds.

While the proposed changes do not remove the right of temporary residents to choose a superannuation fund, removing the obligation on employers to provide a standard choice form to these residents may make it harder for these workers to exercise choice, and therefore more likely that they will have multiple superannuation accounts.

Maintaining the ability for workers with multiple superannuation accounts to consolidate their superannuation is therefore critical.

Access to super on departing Australia

Finally, it is also imperative that the arrangements under which temporary residents are able to access their superannuation when they leave Australia are also preserved. Under these arrangements, temporary residents other than New Zealand citizens are able to claim their super when they leave Australia permanently, and their visa has expired or been cancelled, under the Departing Australia Superannuation Payment. Departing New Zealand citizens are able to transfer their superannuation to a KiwiSaver scheme under the Trans-Tasman Retirement Savings Portability Scheme for Individuals.

Removing obligation to provide a standard choice form when benefits are transferred under a merger

ISA also supports the proposed removal of the obligation on employers to provide a standard choice when an employee's superannuation benefits are transferred to a successor fund under a fund merger arrangement.

If you have any questions about this submission, please contact Ailsa Goodwin on (03) 9923 7172.

Yours sincerely



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