



# **SECURING AUSTRALIANS SUPERANNUATION**

## **CARAVAN INDUSTRY ASSOCIATION OF AUSTRALIA**

### **SUBMISSION**

**Submission Date:**

3.11.2023

## ABOUT US

The Caravan Industry Association of Australia is the peak national body for the caravanning and camping industry in Australia. Our organisation's vision is, "To lead and champion a safe, compliant and sustainable caravanning and camping industry in Australia" while working under our operation pillars.

The Caravan Industry Association of Australia operates as a not-for-profit organisation with a membership base comprising the individual state caravanning and camping associations with whom we work collaboratively.

There are over 6,000 businesses across the entire caravan supply chain including 2000 Caravan Parks. They are responsible for generating \$27.1bn in measured annual economic impact across manufacturing, trade, retail, rental and caravan park revenue including visitor expenditure.

Many of these industry businesses financially support the organisation by making voluntary contributions towards a cooperative fund that aims to support the sustainability of the greater industry.

We are proudly the largest holiday accommodation provider in Australia and the largest provider of regional accommodation across Australia irrespective of the purpose of travel.

Our industry is also the largest remaining automotive / trailer manufacturing sector in Australia, leading the world with our innovative and durable design.

Our operational pillars span across data and research, advocacy, compliance, accreditation and marketing - working to lead and champion a safe, compliant and sustainable caravan and camping industry in Australia.

A successful and safe caravan and camping industry is good for Australia. It is good for governments, communities and businesses alike, and provides respite for all Australians looking for a holiday to reconnect with families and friends in a variety of contexts.

## EXECUTIVE SUMMARY

Caravan Industry Association of Australia welcomes the opportunity to offer a submission to the Securing Australians Superannuation.

Caravan Industry Association of Australia, representing a diverse cross-section of the national tourism and hospitality sector, submits this response to the proposed changes in the Superannuation Guarantee (SG) system. This submission reflects the collective insights and concerns of our members, focusing on the impact these changes could have on labor intensity, administration fees, compliance costs, and the perceived benefits of proactive SG compliance.

The shift to a payday super system is anticipated to increase the administrative burden significantly, especially for businesses with high employee turnover and seasonal staffing patterns. Adjustments to the administration fee structure, as proposed, could disproportionately impact smaller operators within our industry, potentially escalating operational costs.

To mitigate the impact on businesses, especially SMEs, we advocate for a phased implementation of the payday super system. We also recommend providing additional support, including training and compliance assistance, to businesses transitioning to the new system.

Continued dialogue with industry representatives is essential for refining and adapting the system to address specific challenges faced by our sector.

While recognising the intent behind the proposed changes, it is imperative that implementation considers the unique dynamics of the caravan industry.

Our recommendations aim to strike a balance between ensuring compliance and maintaining the operational viability of businesses within our sector. We look forward to collaborative efforts to refine these changes, ensuring they serve the best interests of both employees and employers in the caravan industry.

## KEY RECOMMENDATIONS:

- **Phased Implementation Plan:** A phased approach would allow businesses to adapt gradually, reducing the immediate impact on operational capacity.
- **Targeted Support and Training:** Offer tailored support programs, including training sessions and compliance assistance, specifically designed for industries with high seasonal employment.
- **Inclusive Review of Fee Structure:** Engage with industry representatives to ensure that the revised fee structure is equitable and does not place an undue burden on specific sectors, particularly those with high turnover and seasonal employment patterns.
- **Ongoing Dialogue with Stakeholders:** Establish a continuous feedback mechanism with industry bodies to monitor the impact of these changes and adjust policies accordingly.



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## OVERVIEW

The Caravan Industry Association of Australia, representing a diverse and vibrant sector crucial to the Australian tourism and hospitality landscape, welcomes the opportunity to provide a comprehensive response to the National Superannuation Consultation. Our industry, characterised by its dynamic workforce encompassing a wide range of roles, from seasonal workers to full-time professionals, plays a pivotal role in domestic tourism and driving economic growth and employment across the nation to the magnitude of \$27 billion.

In light of the proposed changes to the Superannuation Guarantee (SG) system, our submission supports the efforts made by the Australian Taxation Office (ATO) in making Superannuation safer and equitable for all Australians, while raising industry concerns related to the proposed changes.

We are particularly concerned about the implications of these changes on labour intensity, administration fees, and overall compliance costs, which are vital aspects for the sustainability and competitiveness of our members.

In order to support this submission, an industry wide survey was undertaken to assist in informing a response.

Our goal is to ensure that any changes to the superannuation framework are implemented in a manner that supports the continued growth and vitality of the caravan industry, while aligning with the broader objectives of fairness and efficiency in the national superannuation system.

## IMPACT ON LABOUR INTENSITY

Challenges of Frequent Reconciliation: The proposed move to a payday super system introduces more frequent reconciliations. In terms of industry concerns, impact to resources and business efficiency was of the highest priority with over half of the industry believing there would be a negative impact to operations, efficiencies, and resourcing.

This sentiment was further supported through the belief that the changes **will not** provide a positive impact to businesses.

It is strongly believed by industry there would require caravan industry employers to allocate additional manpower and resources to superannuation management. For many businesses, especially smaller operators, this change translates into hiring new staff or reallocating existing employees from revenue-generating activities.

## ADMINISTRATIVE BURDEN

The complexity of compliance will escalate, necessitating investment in new software solutions or external consultancy services. This will particularly impact businesses with high employee turnover rates, a common characteristic of the caravan industry.

## PROACTIVE COMPLIANCE

The proposed changes in the Superannuation Guarantee (SG) system, it's important to acknowledge a notable sentiment within our industry. Recent surveys indicate that approximately 53% of stakeholders in the caravan industry support the efforts of the ATO in proactive SG compliance. However, there remains concerns over increased administrative burdens and perceived lack of direct benefits to the businesses.

## ADMINISTRATION FEE CHANGES

The current flat fee of \$20 per employee per quarter is a manageable expense. However, the proposed adjustment to the fee for each reconciliation period could result in significant financial strain, especially for businesses employing large numbers of seasonal workers.

SMEs form the backbone of our industry. These businesses, with limited financial and administrative capacities, would be disproportionately affected by any increase in administration fees.

## COMPLIANCE AND PENALTIES

The introduction of more stringent penalties in a system with increased reporting frequency could lead to unfair punitive measures for businesses struggling with the

new demands. The caravan industry, with its unique employment patterns, could be unfairly disadvantaged.

We recommend a restructured penalty system that considers the nature of non-compliance and the business's effort to rectify issues. A tiered penalty system might be more appropriate, offering leniency for first-time or minor non-compliance issues.

## CONCLUSION

As an industry, we support the overall goal of ensuring timely and accurate superannuation payments for all Australian workers. However, it is crucial that these changes are implemented in a way that is sustainable and considerate of the unique challenges faced by the caravan industry. We trust that our feedback will contribute to a more balanced and effective superannuation system.

**END**

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