

We believe an alternative default model for superannuation is not feasible with the current collection process.

The current process places employers at the heart of the collection system.

Most employers, some 95%, are small businesses who do not have a pay team for managing superannuation payments.

The owners of a small business are not paid to collect the superannuation on behalf of superannuation funds and must either pay a bookkeeper or accountant to do their work. The owners of small businesses are the only individuals who can be fined for not completing their tasks.

Most superannuation funds are incompetent at maintaining records of payments and records of where their members are working. The funds do not know when their members change jobs or cease working.

Under the current situation the supplier of a service to a small business is selected by another party, either the employee or through the default fund process. Often the fund chosen is difficult to deal with and threatens innocent small business people with legal actions for not collecting funds or not undertaking tasks that the small business person does not need to undertake.

The current process also removes choice for the owner of the funds.

We believe that if the superannuation funds are included in PAYG payments to the tax office (ATO) that the choice of fund will always rest with the owner of the funds who will inform the ATO to which fund they wish their contributions sent.

There will be no need for a default fund as the Superannuation payments will sit with the ATO until informed which fund will be used. This also saves the funds a lot of administrative work.

Thanks you for the opportunity to submit and sorry for the delay.

Regards

Peter Strong
CEO (Based in Canberra)