



## National Tourism Alliance

# POLICY POSITION

## Superannuation

### Position

That Government change the current superannuation arrangements such that :-

- The superannuation guarantee threshold is raised to \$1800 per quarter (from \$450 per month) and that it be indexed to CPI.
- That superannuation contributions for working holiday makers be contributed to a training and education fund.

### Rationale and Background

Australia's retirement income policy must be improved if it is to adequately provide for the needs of an aging population. It is also clear that, in low margin labour intensive business such as the majority of tourism businesses, further increases to the employer contribution to superannuation can not be sustained.

Alternatives must be found to fund Australia's retirement. Employers are currently making the lion share of contribution. It is now time for a shared approach including employers, employees and government.

This shared approach should adopt two key principles as follows :-

#### **Eliminating the wastage**

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There are some key areas of leakage in the current superannuation arrangements. One of the significant areas of wastage is the payment of superannuation contributions for individuals who never collect the amounts deposited. In general this is either because the amount of the contribution is so small that it is not worth the hassle of rolling it over into another fund (or the amount has been 'eaten-up' by administration fees), or, in the case of working holiday-makers they are unable to collect the monies from outside Australia.

Even in the face of changed legislation (enabling and promoting the collection of contributions by working holiday makers) very few collections are being made.

This wastage should be eliminated. In these cases the employer is making a financial commitment for no end gain. It is therefore recommended that

- a. The superannuation guarantee threshold be raised to \$1800 per month (from \$450 per month) and that it be indexed to CPI.
- b. That superannuation contributions for working holiday makers be contributed to a training and education fund.

## **Sharing the load**

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Since the Superannuation Guarantee Levy was introduced in 1992, employers have been carrying the burden of the required increase in retirement savings for Australians. This burden can not be increased to a level that will satisfy the need for retirement income without placing the continued viability of the businesses at risk. It is therefore time to look at how the burden might be better spread among all the stakeholders.

It is therefore recommended that Government consider compulsory employee superannuation – this could be initiated at some time in the future when a tax cut is made possible and some proportion of the individual benefit could be allocated to Superannuation.

In considering employee contributions, government should address the method of collection and consider initiatives such as collection with withholding tax. The level of burden on business should not be increased through this process. In addition, the benefits of employee 'ownership' of superannuation should be carefully thought through as a benefit of this approach.