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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Federation Chamber

BILLS

**Tax and Superannuation Laws Amendment
(2012 Measures No. 1) Bill 2012**

Second Reading

SPEECH

Monday, 21 May 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Neumann, Shayne, MP

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Mr NEUMANN (Blair) (16:28): I speak in support of the Tax and Superannuation Laws Amendment (2012 Measures No. 1) Bill 2012. Nothing defines the difference between the Labor side of politics and the coalition more than superannuation. Labor built the superannuation scheme in this country. Whitlam was the founding father—really the Henry Parkes—of superannuation with his proposals back in the early 1970s, but it was Hawke and Keating who built a \$1.3 trillion-plus superannuation scheme and funds across the country which have meant that we are the fourth largest holder of superannuation funds in the world. We are looking to another \$500 billion worth of superannuation in the next 20 years or so. I notice positive comments by former New South Wales Liberal opposition leader John Brogden in relation to the way this government is building superannuation. For example, the increase from nine to 12 per cent on superannuation means that 43,000 people in my electorate of Blair in South-East Queensland will benefit from the superannuation reforms, 'securing superannuation', as it says in our policy. The legislation before the chamber is part of that package, and I think it is important that we make these reforms. This is one of the few bills with respect to superannuation that those opposite are prepared to accept and agree to. We welcome that. We hope that they have similar Damascus road conversion experiences with respect to superannuation in the future. As the member for Moreton said, the first schedule really deals with a GST-free health supply. There is a fixing up of a Federal Court case in relation to problems caused by that judgment. Often we have to bring in legislation to fix up cases—this time caused by the full court of the Federal Court in a case. That relates to restoring the intention of policy so that noncommercial activities of government-related entities are not subject to GST, so we have done that in schedule 2.

Schedule 3 implements the MYEFO measure outlook in relation to pausing indexation of concessional superannuation cap for a year. It remains fixed at \$25,000—it was expected to go up to \$30,000, but that includes up to and including the 2013-14 financial year and has an impact on the over-50 group as well. Schedule 4 gives eligible individuals the option to have certain excess concessional contributions refunded.

I note the comment made back on 1 March by Minister Shorten in relation to this matter. He made this point, and I think he is correct:

The introduction of this bill marks another important step the government is taking to improve the fairness of the superannuation system, by making sure those individuals who make a genuine mistake get a second chance.

It means, effectively, that eligible individuals have the option to have excess concessional contributions of up to \$10,000 refunded and assessed at the marginal tax rate instead of a more punitive, potentially higher, tax rate of excess contributions tax, which is certainly quite prohibitive. This is an issue which has been raised with me as a federal member on numerous occasions by a number of middle and upper-middle income earners—not just the highest income earners—in my electorate.

I have seen the benefits of what the Australian Taxation Office has had to do with respect to those employers who have failed to comply with their obligations to pay superannuation for employees. There are quite dodgy employers in relation to this matter. I am not going to start naming them, but there are a number of cases that I have heard of as a federal member. People have said to me that they have expected, and have thought, that their employers were paying superannuation but, in fact, they have discovered that they themselves are vulnerable when the company goes bust or falls on hard times. They have found that, in fact, the superannuation has not been paid, and they were not notified. They thought the employer was doing the right thing. They thought the employer was paying the money. They were not given any information on the contributions in time to take any action. The law used to require employers to report their contributions within 30 days of making them; but the coalition, when in government, got rid of that requirement back in 2004. It is a sad indictment and a big mistake in that it increased the capacity and opportunity for rogue employers to get around their superannuation obligations at law.

This particular provision was an announcement as part of our federal election campaign package in 2010. It requires employers to report to employees, on payslips, not only how much super they will be paying but also

when they plan to pay it. This measure comes into force from 1 July 2012. It is not difficult for employers to do that. I was an employer for 20 years before I was elected to this place and I cannot see that it is too onerous. I think information is power, and it helps employees in those circumstances to take legal action and to make complaints to the Australian Taxation Office, and it is important that that take place. The member for Moreton was outlining the fact that there are nearly 18,000 employee complaints to the ATO regarding superannuation guarantee entitlements. I have to say that in the five years I have been a federal member, I have seen quite a number of these matters—perhaps not as many complaints or issues raised in relation to Medicare, family law or social security, but a considerable number of these complaints have come across my desk from constituents who have been very concerned. To put it in its context of 2010-11, we are talking about investigations that related to 279,000 employees. That is an enormous number of people. If you put those people into the MCG they will fit a number of times. That is the extent of the people who have had problems in this regard.

This is legislation which, when you look at it on its face, does not look particularly interesting or sexy, or like something that would engage the front page of the *Daily Telegraph*, but we are talking about legislation that will make a big difference. It will empower those employees who are most vulnerable and most likely to be subject to fraud, embezzlement or mismanagement of corporate affairs by their employers—particularly part-time or casual employees, women, people in low-income and low-paid areas like the service industries and cleaners and the like, who find themselves at risk of rogue employers. There are not that many, but there are still some. In fact, when you consider 279,000 employees were found to be affected in superannuation investigations by the ATO in one year and the raising of \$517 million, the collecting of \$269 million in superannuation guarantee charges and the collecting of \$139 million in penalties, it has an enormous impact not just on corporate Australia but also on people in communities across the country.

I am pleased that we are making a big difference. One of the things that I am pleased we are making a difference on—and I will finish on this note—is the extra superannuation for 23,600 low-income earners in my electorate. I am pleased with what we are doing for senior Australians in allowing superannuation to continue. Those superannuation contributions for older Australians who are transitioning from full-time work into part-time work as they go into retirement is an important step as well. This is part of our securing our superannuation package. I am pleased to support it. I think it is worthy of support and I am glad those opposite have, like St Paul on the road to Damascus, decided to support us in this regard.