

13 September 2017

HESTA welcomes Bill to end \$450 super threshold and link the payment of super to wages

HESTA has welcomed a Bill introduced into Federal Parliament this week that would abolish the monthly \$450 super threshold and align the payment of Superannuation Guarantee (SG) payments with wages.

HESTA CEO Debby Blakey urged consideration of the Private Members bill introduced by the Nick Xenophon Team, saying urgent action was needed to address unpaid super and an antiquated \$450 super threshold that disproportionately impacted women.

"Women already retire with, on average, almost half the super of men and the \$450 threshold is one of the super system settings that perpetuates this ongoing inequity," Ms Blakey said.

"Women, particularly those working in health and community services, can often work in more than one part-time role. Their salary from each employer can fall under the \$450 per month super threshold, resulting in these women being totally excluded from super."

HESTA has long argued for the scrapping of the \$450 monthly threshold that was originally introduced to reduce the administrative burden on employers.

"This \$450 threshold makes no sense after the introduction of SuperStream that allows employers to make their SG payments in one simple upload. We are seeing the rise of part-time and casual work across our economy and if we don't abolish this outdated threshold we will simply be excluding a growing number of people from superannuation."

The Bill would also seek to link SG payments with the wage cycle. Currently, employers legally must pay 9.5% of ordinary time earnings in superannuation if an employee over the age of 18 earns more than \$450 (gross) a month. However, these SG payments are only required to be made quarterly.

"Superannuation is an employee's deferred wages so it's entirely appropriate that super contributions are paid with wages," Ms Blakey said.

"Unpaid super costs Australians billions of dollars every year that should be in their accounts, earning returns and helping grow their balances. It's vital that hard working Australians receive the super that is rightfully theirs."

Analysis conducted by Industry Super Australia of 2013/14 ATO data revealed an SG shortfall of \$5.6 billion, affecting 32 per cent of entitled workers.

Ms Blakey said the Bill had significant additional safeguards including giving the Fair Work Ombudsman greater powers to chase unpaid super and a requirement for employers to provide notice to their employees of when contributions are made for each pay period.

The Bill also closes a loophole allowing employers to count salary sacrifice towards their SG obligations.

"Many of our members in health and community services use salary packaging, or salary sacrifice to boost their super contributions," Ms Blakey said.

media
contact:

Sam Riley
Media Relations Manager
(03) 8660 1684

...
your stories,
our inspiration

“Most employers do the right thing and continue to calculate SG payments from the gross income, before salary sacrifice – but they are not required to. We see no reason why all employers shouldn’t be legally required to pay their full SG obligations, as super is based on gross wages earned.”

Ends

HESTA

HESTA is an industry superannuation fund dedicated to those working in the Health and Community Services Sector. HESTA has **over 820,000 members** and manages more than **\$40 billion** of members’ assets.

**media
contact:**

Sam Riley
Media Relations Manager
(03) 8660 1684

•••
your stories,
our inspiration