



25 July 2017

Single Touch Payroll
Australian Taxation Office

Online choice of fund design

I attach a short submission from Cbus in response to the Single Touch Payroll Consultation Paper.

If any matter needs clarification, please contact James Bennett on (03) 9910 0218.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Atkin', with a stylized flourish at the end.

David Atkin
CEO, Cbus

Established in 1984, Cbus is the industry superannuation fund for the construction, building and allied industries. Cbus recently received recognition for its 12 years as a platinum rated fund by independent ratings agency *SuperRatings*. Cbus is run only to benefit members, and doesn't pay commissions to sales agents or financial advisers.

Cbus also invests back into the construction and building industry, which not only provides strong long-term investment returns, but helps boost our economy and create jobs within the industry.

Cbus has over:

- 742,000 members
- 128,000 employers
- \$39 billion in funds under management

Cbus, as a member of Industry Super Australia (ISA) and the Australian Institute of Superannuation Trustees (AIST), endorses the views expressed in their submissions in response to the Consultation paper.

Cbus is concerned that the online choice of fund form may have unintended policy implications for default fund selection. There is currently a Productivity Commission inquiry into superannuation that is considering a broad range of issues, including the process for allocating default funds. This process will report in June 2018 and a formal response from Government is not expected until 2020.

Given this timeline, and the critical importance of default funds, Cbus questions whether it is appropriate to proceed with an extension of single touch payroll (STP) to include 'super choice' when the big picture policy settings are unresolved.

Cbus is generally supportive of the move towards STP and believes it can provide a useful tool in helping to detect and address the issue of unpaid super.¹ We also support the recent recommendation from the Senate Economics Committee that consideration should be given to STP covering all businesses.²

1 See Cbus' submission to the Senate Economics Committee – Sub 48
http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/SuperannuationGuarantee/Submissions

2 Recommendation 31
http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/SuperannuationGuarantee/Report

However, Cbus is concerned to ensure that important consumer protections are not inadvertently eroded. Collecting employees' superannuation account preferences through online tools rather than paper forms is a welcome and sensible evolution to build a modern superannuation system that should benefit employers and employees.

As currently proposed, the online form would feature an employee's existing superannuation accounts but not their default fund. If a super fund has been chosen by employees through an EBA or is determined under an Award then Cbus believes this should be represented in the online choice form. We submit that it is not appropriate for any ATO process to undermine the existing default arrangements. It is not within the purview or remit of the ATO to influence the selection of default funds.

The consultation paper states that this due to "the complexity of default fund arrangements across employers, and the difficulty for the ATO to accurately capture and manage this data which would have to be provided by employers for each employee."

Cbus believes that default funds provide an important consumer protection that should be preserved with any migration to the online environment. We appreciate and accept it is complex and difficult; however, we believe it is too important to proceed until this issue is resolved.

Cbus is also concerned that the way existing funds are shown in the online form may be problematic given the brand name may differ from the legal name. For example, the correct legal name for Cbus is Construction and Building Union Superannuation Fund, and furthermore the trustee is United Super Pty Ltd; however, there is a risk that members may be confused by the longer legal names rather than the brand name with high awareness. To ensure clarity, a fund's logo should also be displayed alongside their brand name. This same issue currently exists in the MyGov superannuation page.