

Employer direct payments deliver the model to assist in reducing superannuation wage theft in Australia

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Yesterday's report by the Senate Economics References Committee into the non-payment of Superannuation Guarantee (SG) - highlighting employers are not paying billions of dollars' worth of super - requires an immediate fix and fresh solutions.

Integrated Payment Technologies Limited (InPayTech) says its overlay technology can assist in reducing these losses to Australian workers.

The Senate Economics References Committee said it is "deeply concerned by recent analysis by Industry Super Australia that indicates that employers failed to pay an aggregate amount of \$5.6 billion in SG contributions in 2013-14".

"The committee is keenly aware that this amount represents 2.76 million affected employees, with an average amount of over \$2000 lost per person in a single year".

"Given the significant size of the fiscal impact of SG non-payment ... the committee feels that it is necessary and wholly reasonable for the government to consider stronger, more proactive compliance activities in the SG space," the *Superbad – Wage theft and non-compliance of the Superannuation Guarantee* report said.

The committee said efforts by the Australian Taxation Office (ATO) to identify and reduce unpaid super have been "inadequate."

InPayTech's system, PayVu, can help to overcome these inadequacies. PayVu significantly speeds up SG payments to the **same day** and reports these payments to the ATO via Single Touch Payroll (STP).

For employers with 20 or more employees, STP reporting of SG payment information will be mandatory from 1 July 2018, though business can start from 1 July 2017. STP streamlines the way employers report tax and superannuation information to the ATO, which will be able to track which employers are paying the right amount of super - and which ones are not.

"PayVu is an overlay service that will sit over the top of the STP initiative of the ATO and fully automates SG payments. Too many employers are skipping their SG obligations, and this is costing workers billions of dollars each year. PayVu will assist in reducing this 'wage theft'," said PayVu's Don Sharp.

Industry Super Australia (ISA) said yesterday that the Government could fix unpaid super by aligning SG payments and by extending STP coverage to all employees. "Both the senate committee and an inter-agency group established by the Financial Services Minister have been working on this for five months. The ducks should be lined up and ready to go," ISA said.

Employer Direct the new pathway for employers

Importantly, InPayTech says the notion of 'employer direct' payments are a crucial element to increasing transparency and efficiency into the way salaries and super are paid. PayVu enables small employers (less than 20 employees) to make direct payments to members' superannuation

accounts. This will reduce the time it takes super payments to go to employees' funds to **one day** from an average of **four** days.

"STP processing will also go a long way to avoiding super payments getting lost in the system, from which clearing houses are profiting. If payments get sent to wrong accounts, the refund can end up sitting in clearing houses' accounts for an indeterminate time, and clearing houses earn interest on this - at employees' expense," said PayVu's Sharp.

"PayVu will help to reduce this and get the refund sent directly to employers from where it can be re-contributed into employees' accounts, where it belongs," he said.

Employers too are likely to spend much less time administering their super obligations and avoid complicated payment processes, saving valuable time and money too.

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For more information or to speak to Don Sharp, contact

Media Contact:

Bella Nguyen

Financial Media Services

+61 (0) 424 267 567

Bella@financialmedia.com.au

About InPayTech

Integrated Payment Technologies Limited (InPayTech) is an Australian financial technology business that has designed an innovative overlay capability with broad domestic and global applications across banking, wealth management, pensions and financial services.