

Unpaid super problem not confined to the gig economy

While the gig economy is causing problems for workers trying to grow their super, the growing problem of unpaid super is not just tied to gig economy jobs, the Chief Executive of Industry Fund Services (IFS) Cath Bowtell said.

IFS, which among other services, collects unpaid super on behalf of a number of industry super funds, last year collected \$187 million from over 36,000 employers on behalf of almost 226,000 employees. Many “gig economy” workers, such as the 1.1 million Australians working for unincorporated businesses who don’t meet the traditional definition of an employee, may still be eligible for compulsory super. “Last night’s Four Corners program rightly highlighted the implications that the so called “gig economy” will have on workers and on Australia’s retirement savings system,” Cath Bowtell said.

“However, while there are some new forms of employment that fall outside the compulsory superannuation net, many gig economy jobs are eligible for compulsory super.”

“We are kidding ourselves if we think non-payment of superannuation is confined to casual or contract labour working short engagements for multiple employers.”

The Australian Tax Office estimated underpayments of \$17.1 billion in compulsory super entitlements to Australian workers from 2009-2015. It estimates \$2.85 billion in superannuation guarantee obligations went unpaid in 2014-15.

Cath Bowtell said the unpaid super problem was as much an enforcement problem as a law reform problem, and one that could be addressed by funds taking action as quickly as possible upon discovery of unpaid super.

“While there is a role for the ATO, there’s also a lot more that super funds can do to chase up unpaid super, and educate their members and employers about their rights and obligations.

Bowtell says that in IFS experience, early intervention is critical. “Fund trustees are often the first to know when payments are missed, so the earlier action is taken, the more likely the debt will be recovered with a simple phone call.”

About Industry Fund Services Unpaid Super

Industry Fund Services is a leading provider of specialist financial products, services and advice to industry super funds and their members.

IFS’ specialist unpaid super division has operated since 1991, and is the leading collector of outstanding contributions for industry funds. Our approach is based on maintaining relationships while resolving sometimes difficult situations.

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The facts and opinions above are those of the author in his/ her capacity as a representative of Industry Fund Services Limited (IFS) ABN 54 007 016 195, AFSL 232514.

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