

## **Not So Guaranteed: Superannuation guarantee and Australian small businesses**

By Brett Freudenberg (Griffith University) and Scott Sargent, Email: [b.freudenberg@griffith.edu.au](mailto:b.freudenberg@griffith.edu.au)

When Australia's compulsory superannuation system was introduced in 1992 the name given to it, the superannuation guarantee, suggested that the payment of contributions by employers would be 'guaranteed'. Reporting on compliance with superannuation guarantee by small-to-medium enterprises (SME), however, paints a vastly different picture – especially for small businesses. Such non-compliance draws into question how certain the superannuation guarantee system is for employees of these enterprises, and thereby undermining this important pillar of Australia's retirement system. Non-compliance by the SME sector is of concern given that it accounts for nearly 50 percent of private employment in Australia.

This paper will examine data on the compliance by small business employers with their superannuation guarantee obligations that indicate this is far from the case. The paper will examine the reasons behind non-compliance by small business employers and the related issue of non-recovery of outstanding entitlements by the Australian Taxation Office.

The paper will then consider recommendations for reform of the current system to reduce the incidence of non-compliance by employers and to increase the likelihood of recovery of outstanding entitlements. The paper will conclude by setting out areas worthy of further research and by arguing that reform is required to ensure that superannuation guarantee contributions are 'guaranteed' for small business employees.