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DISCUSSION PAPERS

"How Small Business Perceives the New Superannuation Guarantee Charge"

by
Tapen Sinha
Bond University
and
Rebecca Benedict
Griffith University

DISCUSSION PAPER NO 50

DECEMBER 1993

University Drive,
Gold Coast,QLD,4229
AUSTRALIA

SCHOOL OF BUSINESS
DISCUSSION PAPERS

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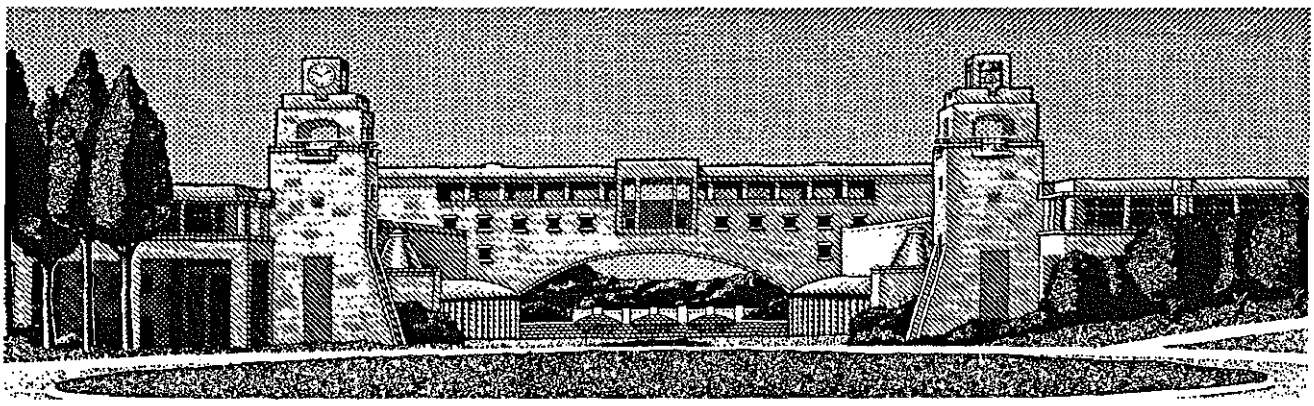

B O N D U N I V E R S I T Y

HOW SMALL BUSINESS PERCEIVES THE NEW SUPERANNUATION GUARANTEE CHARGE

December 1993

Tapen Sinha

Associate Professor of Finance, Bond University

and

Rebecca Benedict

Associate Lecturer in Marketing, Griffith University

EXECUTIVE SUMMARY

The parliamentary secretary to the Treasurer, Mr. Gary Johns said "The politics of superannuation is to get people to trust it, own it and believe in it." (The Australian, 1993). Unfortunately, government has not been very successful in pursuading people to trust, own or believe in it. Unlike Medicare, the benefits of the SGC is far into the future but costs are incurred now. Thus, the channels of communication between the government and the employers and between the government and the employees needs to be strengthened.

The main problem has been heterogeneity of communication between different interested parties (see, Benedict et al, 1993). In this paper, we have identified three important problems with superannuation:

- ☞ Small businesses fail to see any benefits from the SGC.
- ☞ Cost of superannuation in terms of future jobs lost will be high.
- ☞ Government agencies have failed to communicate adequate levels of information to small business employers about superannuation issues.

ACKNOWLEDGEMENTS

We are indebted to our research assistant Leonie Tilley and the respondents of the survey. Without their input, this research could not have been done. Partial financial assistance for this project was provided by the Australian Taxation Office. We are particularly indebted to Andrew Wirth and Sheila Bird for their support for this project. We would also like to thank the participants of a Bond University seminar who provided us with valuable input during this project. And we sincerely thank the participants of the Australian Taxation Office Tax Compliance Research Conference for their comments and criticism. However, we alone are responsible for any errors.

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Introduction

Small business has been treated differently by the new legislation on superannuation that came into effect on July 1, 1992: The Superannuation Guarantee Charge. We investigated the views of small business (Benedict and Sinha, 1992 and forthcoming) about superannuation immediately prior to this new legislation. Our research has highlighted several issues which warrant further investigation: (1) lack of knowledge by business owners about superannuation requirements and forthcoming changes, (2) hostility to compliance, (3) lack of business planning to cover superannuation costs thus reducing economic viability and job generation, and (4) the need to investigate directions that will increase compliance and reduce hostility to mandatory superannuation.

In the 1989/90 Annual Report, the Commissioner of the Australian Taxation Office noted "service makes sense: it costs less to collect revenue if people understand tax laws and comply voluntarily than if they make mistakes or must be forced to comply." (p.1) This research proposes to investigate a specific type of tax collected by the ATO: compulsory superannuation and the superannuation guarantee charge and how it is perceived by small business.

Scope of the Study

This study is the only one in Australia that looks at the attitudes of small business towards compulsory superannuation. MLC has recently produced a quarterly index on the attitude of people towards superannuation. However, people as employees

are only one part of the picture. The major cost of superannuation is being borne by business. In particular, small business is shouldering a large part of the cost of the Superannuation Guarantee Charge (SGC). From our previous study of pre-July 1, 1992, we found about 20% of small businesses were not meeting SGC requirements. Therefore, we decided to probe:

- Is small business meeting existing superannuation requirements?

Some small businesses complained that the cost of compliance was high. We decided to investigate that issue in the spirit of Pope and Fayle (1990). Thus, our second objective was:

- Assessing the cost and difficulty of compliance in terms of the paperwork burden.

One of the recurrent themes from small business research is the lack of planning by small business in different dimensions. It has been well documented as one of the root causes of failure of small business (Williams, 1986). In this study, we wanted to explore how small business is planning to meet current and future superannuation commitments. Therefore, we formulated the following research questions:

- What impact are current superannuation commitments having on small business? What impact will *future* superannuation have on small business?

Safety and costs of running a superannuation fund have been a recurrent theme in the responses we had from our previous study. Hence, we asked:

- If the safety of superannuation fund money could be ensured (i.e.. earnings could not be used up due to administration costs or rising fees) through legislation and/or the use of unclaimed funds as a safety net (i.e.. in case of fraud or fund failure) would hostility be reduced and willingness to comply with mandatory superannuation increase?

Small business, by its very nature, goes through large fluctuations in transactions. Thus, it has to deal with many part-time workers and seasonal workers. Having employees moving from job to job increases various necessary paperwork that small business has to deal with for the employees. As a research question, we asked:

- Would ensuring that employees who move from job to job (such as part time and casual employees) be able to transfer their super funds so they would never have more than one or two funds (i.e.. increasing ease of management of multiple funds for the employee and guaranteeing that the employee will actually receive the benefit the employer paid in) decrease small business hostility and increase compliance?

Another complaint we encountered in our previous study arose from an equity issue. Many small businesses complained that it was unfair that the employees did not have

to contribute anything towards their own superannuation whereas the employers have to make the entire contribution on behalf of the employees. On an economic ground, it does not make any difference whether the employer "pays" or the employee "pays" into the system. Presumably the equilibrium wage rate would adjust until the value of the marginal product of labour equals the wage rate. For the employer, the only relevant factor should be the total cost of an employee. However, some employers did not see it that way. A final research question was asked:

- If employees had to share the mandatory burden of super contributions, even as little as 1-2% would this reduce hostility and increase compliance by small business?

Methodology

The Gold Coast White Pages were used, as a source of businesses, to conduct telephone interviews with 348 small businesses in the Gold Coast region during September and October 1993. The interviewer started with A in the White Pages. Businesses the interviewer could identify as large businesses were not contacted. Businesses that did not have full time employees were excluded from the survey. Medical practitioners were excluded as they often have private listings in the White Pages but are connected with a large practice. Accountants and solicitors were excluded from the survey, it was felt they would be better informed about superannuation and their responses may not be representative across all industries. Real estate businesses were excluded as typically the staff are considered to be self employed.

A total of 1219 telephone calls were made resulting in 348 interviews. Four of the interviews were not included in the final analysis. Of these, 3 interviews were incomplete and 1 was a very large business. The analysis included 344 complete interviews. Forty one percent of the telephone calls resulted in contact with businesses that had no full time employees (large businesses were also screened out during this process). Seventeen percent of total telephone calls made contact with businesses where the business owner was unavailable at that time and would be difficult to contact. Refusals to participate were 8% of total telephone calls. Completed interviews were 28% of total calls. At the completion of the survey there were another 6% who had indicated they could be called back for an interview at a later point in time.

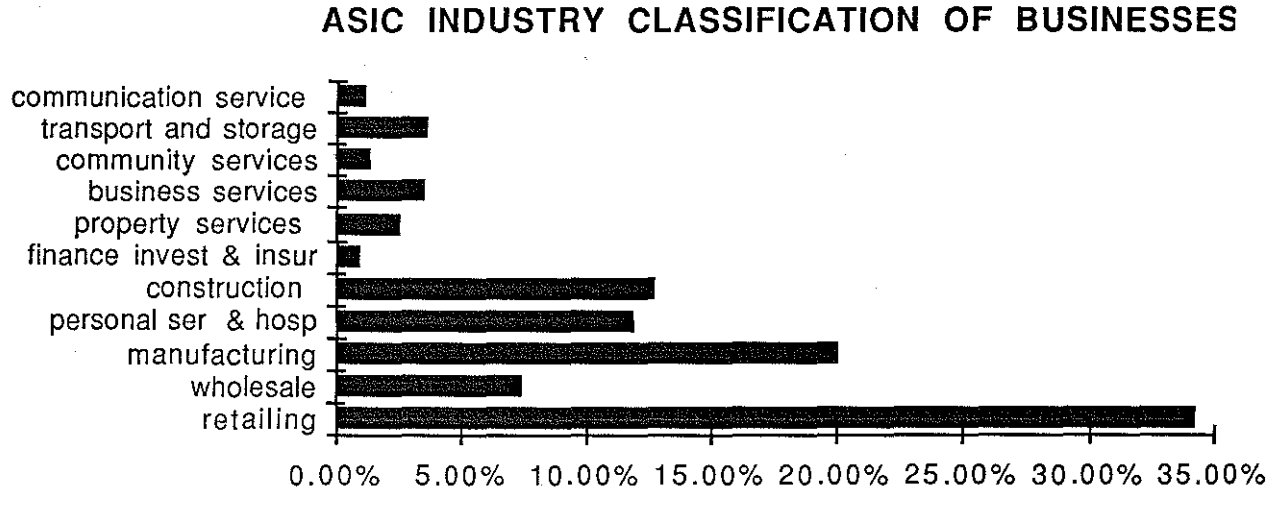
Of the total telephone calls made 515, contacts were with qualified businesses (i.e. those business with full time employees where the owner was available). The response rate for qualified interviews was 68%. The refused to participate rate was 18%. Fourteen percent had indicated they would be willing to participate if we could contact them at a later date when they were not so busy.

The survey instrument was a modification of a survey instrument we pre-tested in our superannuation study of pre-July 1, 1992. Some questions did not work well in the earlier study and were consequently dropped. A few questions were added to cover several issues not included in the original questionnaire. The background information of the subjects in this study were similar to our 1992 survey (Benedict and Sinha, forthcoming). See Appendix for a complete set of results.

DEMOGRAPHICS

Type of business

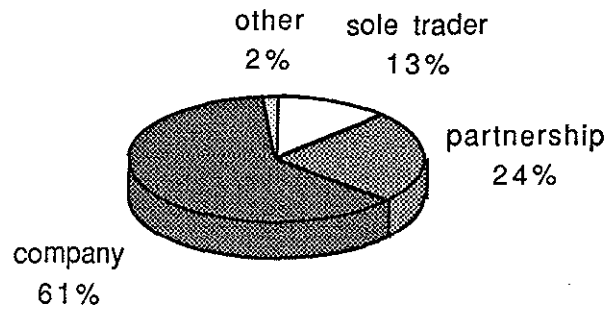
We asked the type of business the respondent was in. All were classified using the Australian Standard Industry Classification of the Australian Bureau of Statistics. The responses are:



The profile is roughly similar to the profile we had in our pre-July 1, 1992 study. Industries in the financial areas, property services and health areas are smaller in proportion due to the restrictions we placed on the sample. However, wholesalers, manufacturers and personal services were larger in proportion to our earlier study (these industries were probably under-represented in the earlier study so the results of the present work will be more meaningful for these industries) We have no reason to believe that the respondents in this survey were unusual in terms of their industry.

The business structure was noted for each respondent. The profile is similar to our pre-July 1, 1992 study.

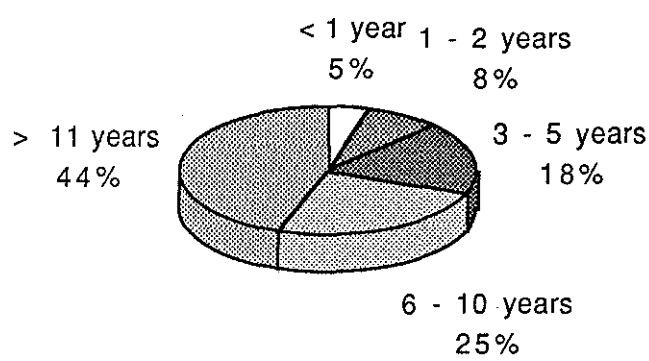
BUSINESS STRUCTURE



Number of years in business

This is an important piece of information that is usually related to the success of the business. The structure for our sample is:

NUMBER OF YEARS IN BUSINESS



The profile of small business shows that very few of the respondents were recent starters. Thus, the lack of understanding about superannuation which shows up in our results is not a manifestation of the lack of business experience of the respondents.

Employment characteristics

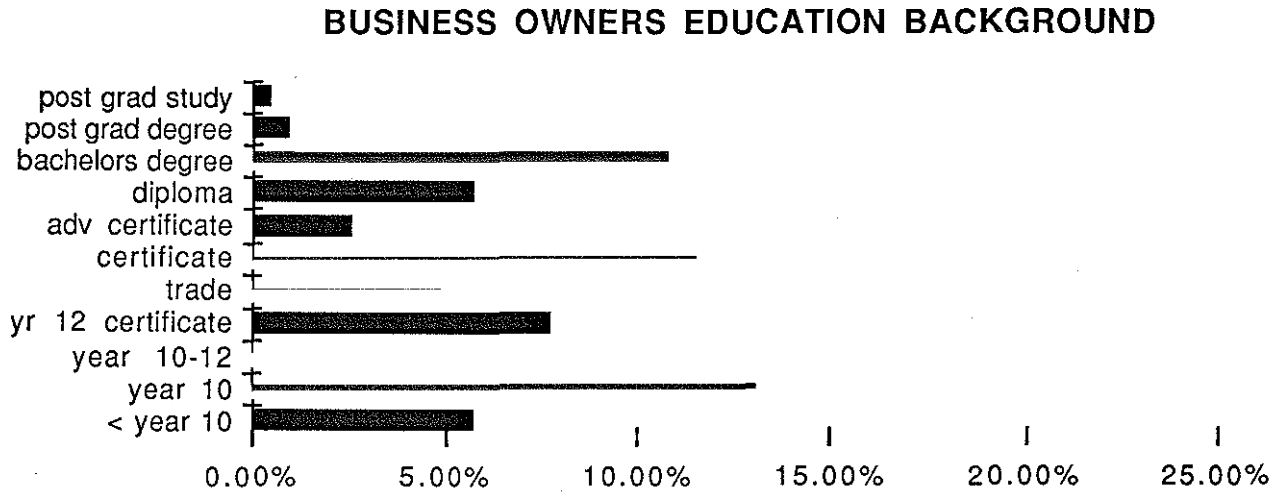
Small businesses may be more likely to employ part-time or casual workers in the future. Our previous study indicated this was an action businesses were likely to take with the Superannuation Guarantee. We collected this information.

FULL TIME		PART TIME		CASUALS	
0.0%	0	63.7%	0	66.9%	0
15.4%	1 - 2	25.3%	1 - 2	18.3%	1 - 2
34.0%	3 - 5	6.3%	3 - 5	5.5%	3 - 5
30.8%	6 - 10	3.2%	6 - 10	5.0%	6 - 10
12.5%	11 - 0	1.0%	11 - 20	2.0%	11 - 20
7.3%	20+	0.5%	20+	2.3%	20+

Since the focus of this study was superannuation for employees, we screened out all the potential respondents who did not have any *full time* employees. As a consequence, the generalisability of the results for all small business is somewhat limited. Almost 40% of small business employ part time or casual staff.

There is some confusion about defining small business. The Australian Bureau of Statistics defines small business as those enterprises employing less than 20 employees (but in the manufacturing industry, the definition of small business is extended to up to 100 employees). The SGC legislation has implicitly defined small business as those

with a pay-roll of $1 million or less. Under this definition we could estimate that less than roughly 5% of our sample would not be considered small business (If the average wage of an employee is $32,000 plus 30% on-costs then a business would have to employ approximately 24 full-time employees to have a pay-roll of $1 million). We had a very small group of medium sized businesses in our sample.



Educational background information is given above. The proportion of respondents in a given category varied from our previous study. However, as responses for comparable questions have remained very similar it could mean that educational levels are having little effect on perceptions about the Superannuation Guarantee. Some of these differences may also be explained due to the sampling restrictions.

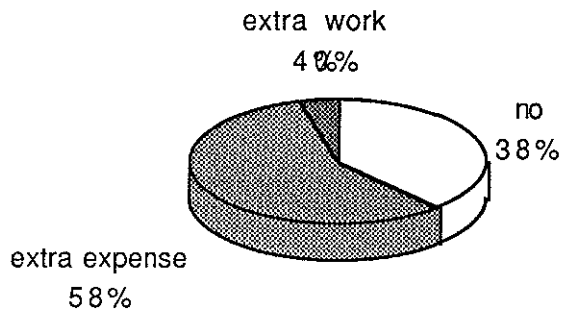
Results

Perceived disadvantages and benefits of SGC

When asked, "Do you see any disadvantages to your business from the existing superannuation?", nearly 38.1% said they did not see any disadvantage. Fifty seven and a half percent who experienced disadvantages from the SGC said it added extra

costs to their business. Four point four percent made miscellaneous responses to this question. However, there was one theme running through these responses: that the SGC will not benefit the employees at the end and that it was not the responsibility of the employers to subsidise employees retirement.

DISADVANTAGES TO BUSINESS



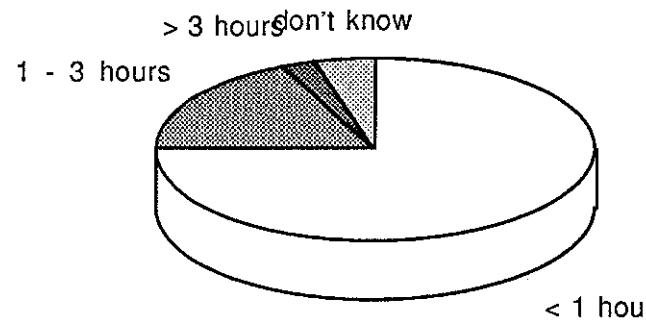
Although 38.1% did not find any disadvantage to their business, they gave a very different response when we asked them if they saw any benefits to their business from the existing superannuation. We were expecting some responses which point to happier employees, superannuation in lieu of wage rises and others to feature prominently. However, that was not the case. Over 93.9% did not see any benefits to their business, at all. This response is at odds with the previous question.

Paperwork burden of SGC

The paperwork burden of the new SGC has two components. For each new employee, the employer has to complete a set of paperwork. In addition, for each existing employee the employer has to submit a quarterly report. In our pre-July 1, 1992 study we had many respondents complain that the paperwork burden was expensive in

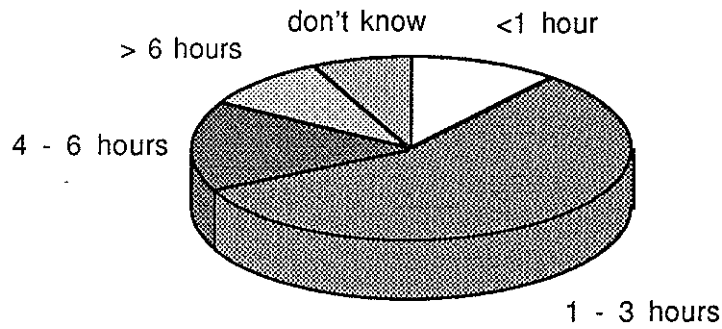
terms of time. However, for each new employee, 75.6% of respondents said that they had to spend less than an hour doing paperwork. Another 17.7% listed between one and three hours of paperwork. The mean time spent on all the paperwork for a new employee was 39 minutes.

HOURS PER NEW EMPLOYEE

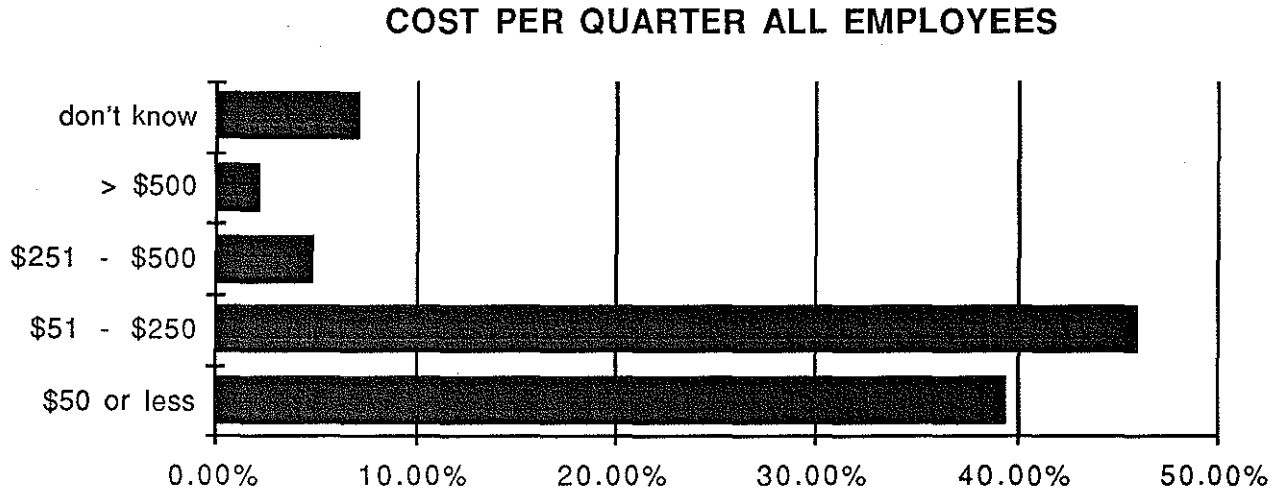


A more important cost consideration is the amount of time spent *per worker* on the paperwork. It worked out to 22 minutes per worker per quarter. We obtained this figure by asking the time spent for paperwork for the entire business per quarter and then dividing it by the number of employees for each business.

HOURS PER QUARTER ALL EMPLOYEES



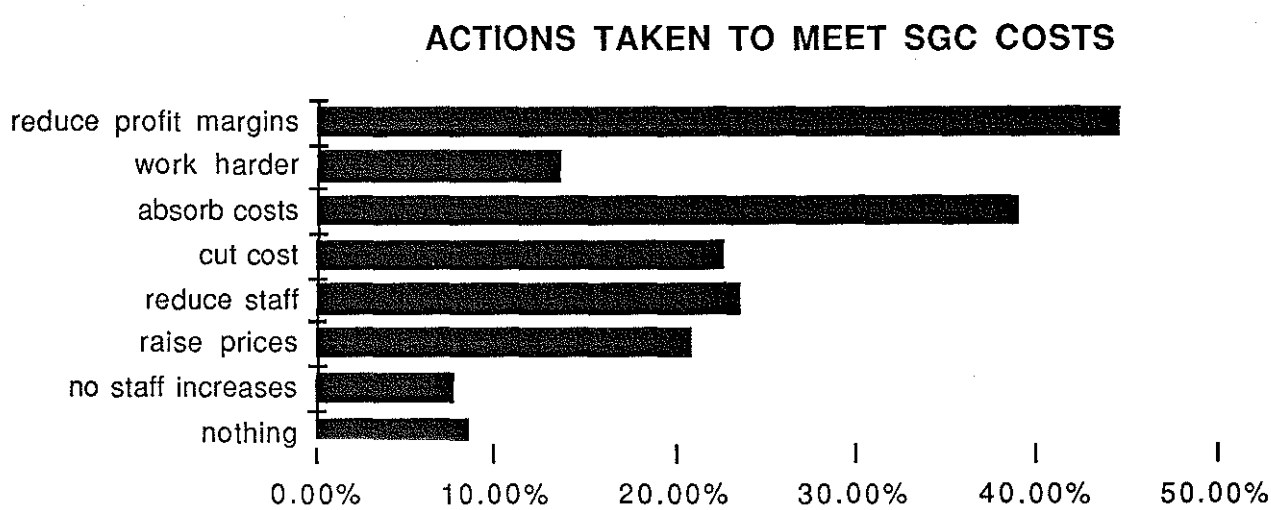
We also asked for a dollar figure for cost incurred for all superannuation paperwork. Per employee, per quarter, the cost was $14.77. In terms of compliance costs, the paperwork burden of the SGC does not appear to be significant for many small businesses.



However, it should be noted that many comments were made about the administrative burden. This could indicate that small businesses are not complaining about the paperwork and time burdens of superannuation per se, but may be indicating the administrative compliance burden in general is very high. Thus, superannuation is like the straw that broke the camels back. There is also an indication that the administrative burden varies significantly between industries. For example in the construction industry numerous examples have been given were the typical employee works 3-4 months for one company and then goes to a new job with a different company. This is quite different for the business that has a very loyal staff with low turnover such as some of the smaller furniture manufacturers.

Strategic decisions to meet current and future costs of SGC

We asked small business what they had to do to meet the cost of existing superannuation requirements. Almost 8.7% said they did not do anything. This contrasts with our previous study where 40% of the respondents did nothing. This may be an indication that many small businesses found it difficult to meet the costs of their employees superannuation by 14 August 1993.



Reducing the number of employees: In the introduction, we have alluded to the importance of small business in terms of growth in jobs. The Confederation of Australian Industries (1992) claimed that the SGC will cut into job generation by business in the future. From their survey of businesses, they estimated total jobs that would have been generated had there been no SGC was 100,000. Moreover, the Treasury's macroeconomic model of the economy also estimated a number of at least 50,000. In our sample, 23.6% of respondents said they had to reduce the number of employees (or not replace those who quit) to meet current SGC requirements (our previous research indicated 13% had reduced staff levels). There are at least 800,000 small businesses in Australia. If we extrapolate our figure for the entire country, we get an estimate of 192,000 jobs if every business reduces staff by one less employee.

Even if the businesses reduce employment by half of a full time person, the cost is still 96,000 jobs.

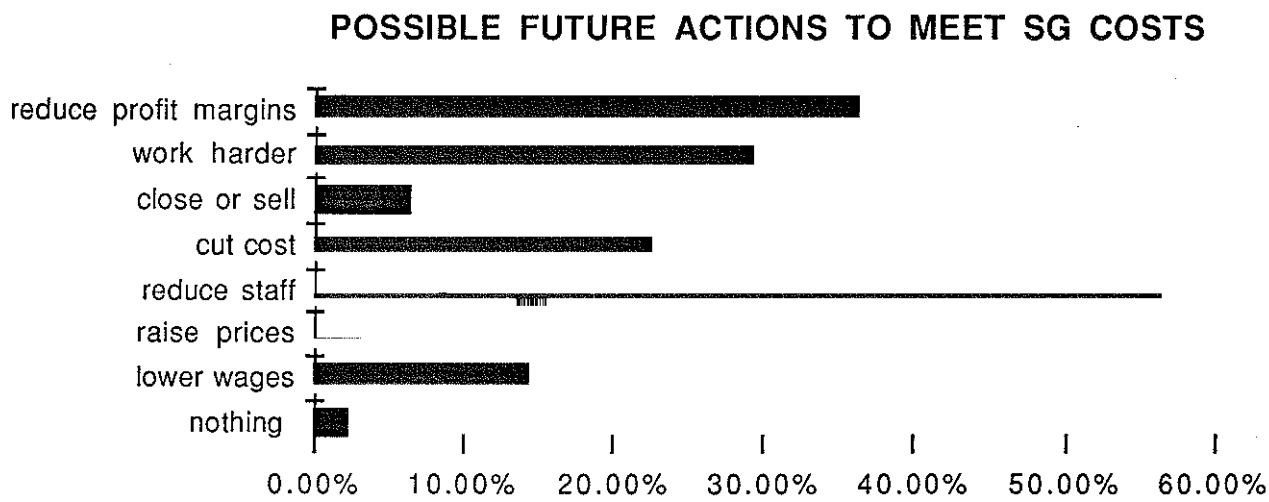
In terms of foregone jobs (which SGC seems to have prevented from creation) the cost is very high indeed. It works out to $3 billion per annum. We need to understand this cost and ask ourselves if retirement provision for the future retirees could have been financed in some other way.

We asked the respondents if they knew about the forthcoming changes in the rates between now and 2002, that the contribution rate is going to be ultimately 9%. Over 45.1% did not know about it. Clearly, the efforts of government and discussion in the media about forthcoming changes in superannuation, through the Superannuation Guarantee Bill of 1992, has not produced widespread knowledge. Later in the paper we find further evidence of communication failures.

For the future increase in the benefits of SGC, 56.4% of the respondents indicated that they might need to reduce the number of employees (this contrasts with 15% in our earlier study who indicated potential future actions they might have to take). Thus, the problem of jobs we identified above, will only get worse in the future. If we extrapolate our figure for the entire country, we get an estimate of 451,000 jobs if every business reduces staff by one less employee. Even if the businesses reduce employment by half of a full time person, the cost is still 225,000 jobs.

Cutting costs: 22.7% said they cut costs to meet existing SGC and 22.7% said they needed to cut costs in the future to meet future increases (this contrasts with 9% and 11% from our previous study).

Reducing profit margin: 44.5% (13% from previous study) said they reduced the profit margin to meet existing SGC and 36.3% said they needed to reduce the profit margin in the future to meet future increases.



Raising prices: 20.9% (9% from previous study) said they raised prices to meet existing SGC and 58.1% (13% from previous study) said they needed to raise prices in the future to meet future increases.

This option shows a large difference between what is being done now and what small businesses will do in the future. But reduction of profit or cutting costs did not. However, our previous survey findings for these same questions show very different response rates.

Perceptions about employee contributions and changing jobs

In our pre-July 1, 1992 survey we encountered a number of respondents who found the SGC to be unfair because it did not require the employees to contribute. So, in this survey we asked how small businesses felt about employees making additional contributions to SGC. 25.3% thought employees should and some felt it should be mandatory for the employees to contribute. However, 67.2% said it did not matter to them one way or the other.

We asked if changing jobs and a corresponding rise in multiplicity of superannuation had any perceived problems with business. About 76.5% did not find any problem with it. 14.5% responded with a focus on the extra burden of administrative work it generates.

The issue of employees changing jobs and ending up with many superannuation funds is not as simple as the figures above would indicate. For the very small business with loyal staff it may not be a very big issue. In some industries there is an industry super fund and as long as an employee stays employed within the industry all contributions are made to the one fund, regardless of how many employers have been worked for. In this instance the multiplicity of employees super funds is not a very big issue.

For industries with high turnover and no industry fund, employees are often required to roll-over their fund from their previous employer to their current employers fund when they change jobs. In this instance the multiplicity issue becomes enormous.

The biggest problem is the administrative burden burden involved in the hiring of new staff and the rolling over of departing staff. There is serious concern by employers in these types of industries that all the money they have paid in is being eroded by the administrative costs. These costs can be quite excessive if you are rolling over into a new fund every 6 months. Another area of inequity is the variability in administrative fees charged by various funds. If your superannuation is with Bankers Trust the administrative fees are at a minimum and the impact of the fees on the individuals earnings are quite small. However, some funds administrative fees are extremely high and the impact on the individuals earnings are so dramatic (especially when you are changing jobs frequently) that the perceptions there being no benefits from superannuation and feelings of distrust are magnified.

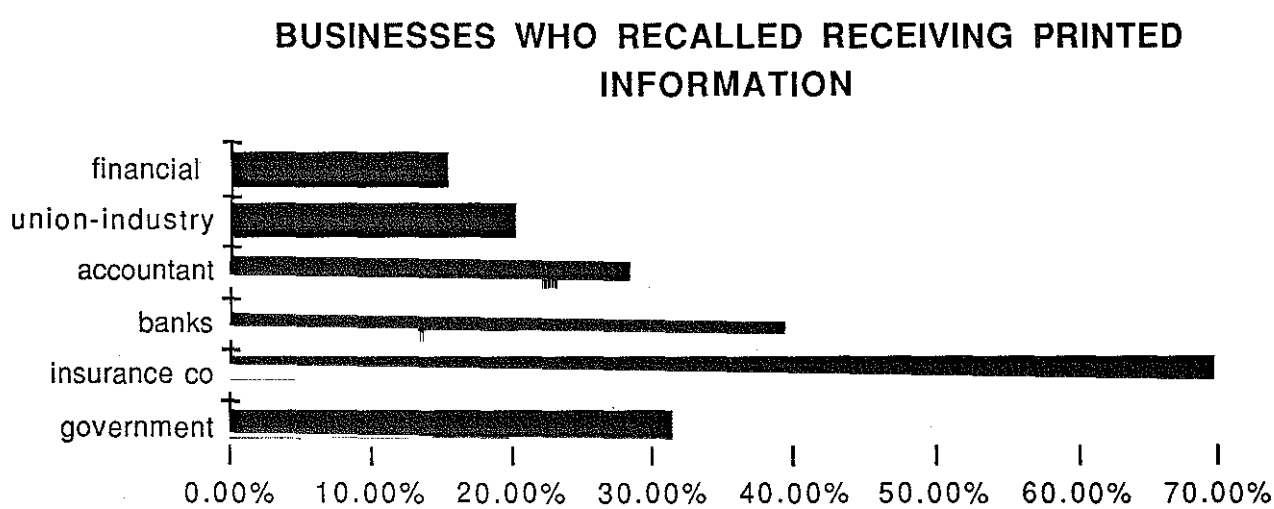
Another serious concern is the fact that employees are rolling themselves over. If they have less than $500 in their super funds the employee may take this money out. And, in fact, employees are doing just that. Employers in general are saying fair enough if we have to pay we will, but they are concerned when there are loopholes in the system that negates the intended long term benefits.

Impact of advertising on small business

For the past year, there have been a number of advertisements in the newspapers, radio and television about superannuation. The Commonwealth Government (through the Australian Taxation Office and the Insurance and Superannuation Commission) have undertaken a major campaign of informing businesses about their obligations to meet the SGC. Implicitly, these campaigns are directed towards small business. Big businesses have their in-house accountants and finance departments to

take care of additional liabilities. They do not need an information campaign like this to comply or be informed. They have their own specialists. However, that is not the case for small business. Therefore, it is critical to see if and how information gets through to small business about the SGC.

There were 68.6% of the respondents who said they did not receive any information about SGC from any government agency. This would appear to indicate massive failure of government communication about superannuation. Even though most of these respondents actually received material from the ATO and or the ISC about the SGC, they did not remember anything about it.



On the other hand, 69.8% of the respondents said they received information about superannuation from insurance companies. Clearly, the insurance companies have succeeded in getting the information out there where government channels have failed. Another 39.5% received information about superannuation from banks.

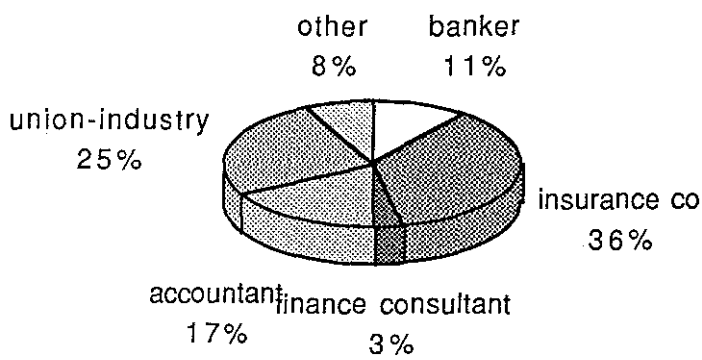
Information from banks and insurance companies are going to be biased because they are potential profit makers from superannuation products. Again, the failure of the government in this direction needs to be addressed. Since the motives of government, insurance companies and banks differ: government needs a different communication strategy as compared with institutions with profit motives.

We wanted to test if the government information campaign, information from banks, insurance companies, accountants and financial consultants made any difference in the knowledge of small business about future changes in superannuation.

Government information did have a positive impact on whether the business knew about superannuation increases (Chi-square with 1 degree of freedom = 4.102, significant at 5%). Similarly, insurance company's information (Chi-square with 1 degree of freedom = 3.941, significant at 5%), bank's information (Chi-square with 1 degree of freedom = 7.518, significant at 5%), accountant's information (Chi-square with 1 degree of freedom = 5.792, significant at 5%), financial consultant's information (Chi-square with 1 degree of freedom = 9.733, significant at 5%) all had an impact on the knowledge of the small businesses of future rises in superannuation. However, union's information did not have any impact on small businesses' knowledge of future rises in superannuation (Chi-square with 1 degree of freedom = 0.842, not significant at 10%). We could infer from this that the information presented within the various communication vehicles is capable of getting the facts across. Where they are failing is being unable to attract sufficient interest from the small business sector so they will pay attention to the information presented.

Television advertising has also been an integral part of the campaign about superannuation from both government and private organizations. Thirty five point two percent of the respondents did not recall having seen any advertisement on television about superannuation. Another 32.8% could name the company they saw in the ads. Among the features recalled, 25% could remember that there was an emphasis on employer responsibility.

HOW BUSINESSES CHOSE SUPERANNUATION FUNDS



Insurance companies and union/industry association groups have had the largest influence on a companies choice of superannuation funds. Use of bankers and accountants has risen sharply from our previous study and use of financial consultants has decreased. Use of insurance companies and unions or industry associations has remained approximately the same.

Level of contribution: for self and for employees

Among the respondents, we found compliance was universal. However, this does not necessarily mean that all small businesses are actually complying with the SGC. It is

possible that the businesses that are not complying are the ones that refused to take part in our survey. In a press release on October 20, 1993, the Audit Section of the Australian Taxation Office revealed that over the last fortnight random audits showed a 10% non-compliance rate and a further 10% who were "trying but not getting it right." This would match up roughly with the 18% refusal rate for the survey. However, our respondents indicate 100% compliance. In our sample, 92.2% of the respondents were contributing 3% for their employees and another 7.8% respondents were contributing 4-6% of wages in superannuation.

We were also interested in finding out how much the business owners themselves contributed to their own superannuation funds. Twenty four point seven percent were contributing 3%, 30.8% were contributing 4%-10% and another 6.7% between 11-20%.

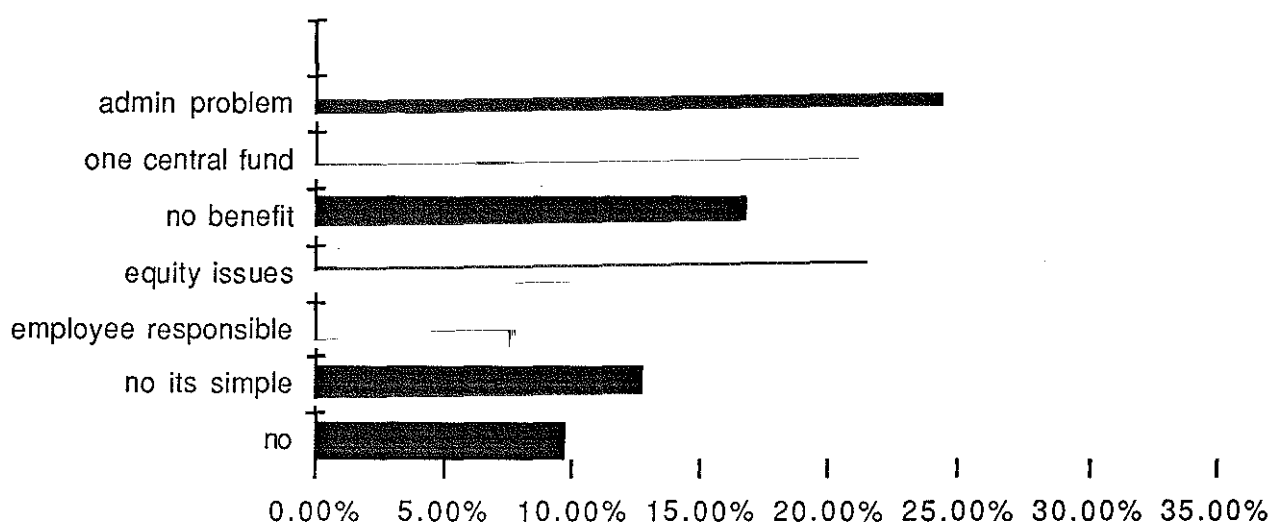
Of interest were the 14.2% of business owners who preferred other investments as a means for funding their own retirement, and another 9.6% who were not funding their retirement at all for various reasons.

Suggestions for management and compliance

We had an open ended segment in our questionnaire. We have collated the responses into several broad categories. The biggest gripe was from 31.7% of the respondents who claimed that superannuation should be an employee responsibility. Responses in this area were mixed. Some seemed to feel the employer should not have to subsidise employees retirement. Whereas others seemed to feel that the

employee must share the burden with the employer. They could do this by matching the employer contribution and/or having their own funds organised so the only thing the employer needs to do is contribute their required portion in the fund. In this scenario, the employee deals with the paperwork and the choice of complying funds. Another 24.4% felt that fund management issues needed to be looked into. They found fund management costs to be high, funds lacked portability, and the overall complexity needs to be reduced. 21.2% felt that the only way to simplify superannuation and to provide benefits for the contributors was to have it collected through some centralised system (by government). Some wanted the government to manage it as well, while others did not want government to have control of the funds. There were 16.9% who did not believe it will work and no one will ever get the intended benefits therefore their suggestion was to abolish it.

SUGGESTIONS BY BUSINESS OWNERS HOW SUPERANNUATION NEEDS TO BE CHANGED TO MAKE IT EASIER TO MANAGE AND COMPLY



Conclusions

We are now in a position to answer the questions we posed in the beginning of the paper:

(1) Is small business meeting the existing superannuation requirement? The answer is a (qualified) yes. The way they are meeting current requirements has raised questions about the impact of superannuation on potential job losses.

(2) Are the paperwork compliance costs large? The answer is no in some instances, as the estimated costs in terms of time and money is an insignificant part of the total wage bill. However for some industries it is a much larger problem. Again, however, we need to address the question of potential lost jobs as well as considering that the issues vary largely by industry.

(3) What impacts do current and future SGC requirements have on small business? The most important finding here is about half of the respondents were not even aware of future rises in SGC. Thus, we have a case of massive communications failure from the government and other agents to small business.

(4) Is equity an issue? A small but significant number of small business owners found it was "unfair" to require the employer to pay for the employee's retirement.

The parliamentary secretary to the Treasurer, Mr. Gary Johns said "The politics of superannuation is to get people to trust it, own it and believe in it." (The Australian, 1993). Unfortunately, government has not been very successful in pursuading people to trust, own or believe in it. Unlike Medicare, the benefits of the SGC is far into the future but costs are incurred now. Thus, the channels of communication between the government and the employers and between the government and the employees needs to be strengthened.

The main problem has been heterogeneity of communication between different interested parties (see, Benedict et al, 1993). In this paper, we have identified three important problems with superannuation:

- ☞ Small businesses fail to see any benefits from the SGC.

- ☞ Cost of superannuation in terms of future jobs lost will be high.

- ☞ Government agencies have failed to communicate adequate levels of information to small business employers about superannuation issues.

Recommendations

This research was designed to answer the initial research questions posed at the beginning of this report. However, it still leaves many issues that need to be addressed un-answered. There is a *continuing* need for more research so we can truly make adequate and viable recommendations for improvements to the superannuation guarantee: (1) that will enable the system to provide the intended benefits to all Australian workers, and (2) so that people will trust it, own it and believe in it. We believe a critical issue to achieving this is through communications between all interested parties and the potential changes that will improve the SGC.

Given the complexity of making the superannuation guarantee work we need a model of the superannuation system that will allow the interactions and communications between interested parties to be evaluated and monitored on a regular basis. Benedict et. al. (1993) have proposed such a model and have developed a research methodology that will provide the depth of information necessary to apply such a model. This work provides a model that allows for establishing (1) a baseline on various issues, (2) ability to monitor changes over time, and (3) examining the effects of changes or intended changes to the system. The key focus of this type of research is *on going* communications between all parties. It will also provide insight into potential improvements needed (specifically, in this case, from small businesses).

There are difficulties that will occur (and are occuring) with communications in our complex superannuation system that involves many different parties who have different motives, needs and perceptions.

There will always be communication problems or gaps no matter how good the communications channels are, or how much work has been put into them. Thus a good monitoring and tracking system, we believe, is vital to understanding the issues for a changing and evolving system.

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APPENDIX

Results have been tabulated and inserted into a copy of the questionnaire. The questionnaire is reproduced largely in its original format for the interest of those who wish to see how the interview was actually conducted. The sample size was 344 small and medium sized businesses. Only 25 respondents were classified as medium sized businesses (i.e. having greater than 20 employees). Three sets of tabulations were conducted to test if the 25 medium sized businesses had any impact on the results for small businesses. There were not any significant effects from the 25 medium sized businesses.

SUPERANNUATION QUESTIONNAIRE: After August 14, 1993

HI MY NAME IS _____ MAY I PLEASE SPEAK TO THE OWNER.

I'M CALLING FROM THE SCHOOL OF BUSINESS AT BOND UNIVERSITY.

WE ARE CONDUCTING A SURVEY ABOUT SUPERANNUATION WITH

BUSINESS OWNERS THAT HAVE FULL TIME EMPLOYEES.

THE SURVEY WILL TAKE ABOUT 10 MINUTES. ALL INFORMATION IS KEPT IN

THE STRICTEST OF CONFIDENCE. CAN YOU A SPARE A FEW MINUTES TO GO

THROUGH THE SURVEY WITH ME?

THANK YOU VERY MUCH, AND THE FIRST QUESTION IS...

A1. B Do you see any disadvantages to your business from the existing superannuation? **[do not read responses]**

38.1%	1❑	no
	yes	**[ask]** What specific disadvantages do you see? **[prompt]** Anything else?
57.5%	3 = extra expense/bigger cost	
4.4%	4 - miscellaneous responses mostly relating to extra work	

C2. D Do you see any benefits to your business from the existing superannuation? **[do not read]**

93.9%	1❑	no
6.1%	2❑	yes **[ask]** What benefits do you see?

E3. How many hours would you estimate it would take to prepare all the superannuation paperwork for a new employee?_____

75.6%	less than 1hour
17.7%	1 - 3 hours
2.3%	greater than 3 hours
4.4%	don't know/many said accountant or broker did this

F4. How many hours would you estimate it would take to prepare all the superannuation paperwork for your business per quarter?_____

11.3%	less than 1 hour
56.3%	1 - 3 hours
16.2%	4 - 6 hours
9.0%	greater than 6 hours
7.2%	don't know/many said accountant or broker did this

G5. How much would you estimate it actually costs you, in terms of dollars, to meet all the superannuation paperwork for your business per quarter?_____

39.5%	$50 or less
46.0%	$51 - $250
5.0%	$251 - $500
2.3%	greater than $500
7.2%	don't know/many said accountant or broker did this

H6. I What sort of things has your business had to do to meet the cost of the existing superannuation requirements? **[prompt only if necessary when they understand only ask - anything else?]**

This is a multiple response question answers will not total 100%

8.7%	1❑	don't do anything
7.8%	2❑	not increasing employment and employment benefits
20.9%	4❑	raise prices
23.6%	5❑	reduce total number of employees/use more casual-parttime
44.5%	6❑	reduce profit margins
22.7%	8❑	cut cost
39.0%		14 = absorb costs/operational costs increase
13.7%		15 - work harder/try to increase the business/growth attempts

M7. Are you aware of the changes that the Superannuation Guarantee Charge will have on super contributions from 1994 to 2003? **[do not read]**

45.1%	1❑	no	**[read]** The contributions will be increasing to 9%.
54.9%	2❑	yes	**[read]** Well you know contributions are going up to 9%.

N8. O P At this point in time, what sort of things do you think your business will have to do to meet the future cost of superannuation contributions? **[do not read and do not prompt]**

This is a multiple response question answers will not total 100%

2.3%	1❑	nothing
14.5%	3❑	lower wages
58.1%	4❑	raise prices
56.4%	5❑	reduce total number of employees/use more casual-parttime
36.3%	6❑	reduce profit margins
22.7%	8❑	cut cost
6.4%	10❑	close business or sell business
29.4%	13❑	work harder, longer/try to increase business/growth strategies

S9. Employees can have many super funds as a result of changing jobs. How does this affect your business? **[do not read]**

76.5%	1❑	does not have any effect
9.0%	2❑	employees will never get any benefits/can't keep track of employees and funds
14.5%	3❑	extra work, causes problems

T10. How would you feel about your employees making an additional contribution to their superannuation funds? **[do not read]**

25.3%	1❑	they should, equal contributions, mandatory
67.2%	3❑	it doesn't matter one way or the other
7.5%	6❑	not in favour or it should be employees choice

11. Have you received any printed material about superannuation from... **[tick all indicated]**

YES	NO		
31.4%	68.6%	u❑	any government agency
69.8%	30.2%	v❑	insurance companies
39.5%	60.5%	w❑	banks
28.5%	71.5%	x❑	accountants
20.3%	79.7%	y❑	union or industry association
15.4%	84.6%	z❑	financial consultants

AB12. AC Have you seen any advertisements about superannuation on television? **[do not read]**

This is a multiple response question answers will not total 100%

35.2%	1❑	no
18.3%	2❑	yes - **ask** Please tell me anything you can remember about one or two of the advertisements. **[do not read categories listed below, write in any comments - prompt with]** Any thing else?
32.8%	3❑	company **[write in company]** _____
20.0%	4❑	features of advertisement_____
25.0%	5❑	employer's responsibilities_____

THE LAST QUESTIONS ARE ABOUT YOU AND YOUR BUSINESS. WE ASK THESE QUESTIONS AS IT HELPS IN THE ANALYSIS TO BE ABLE TO LOOK AT THE RESULTS BY DIFFERENT CATEGORIES OF BUSINESSES.

AD13. What type of business are you in? **[write in actual business if you are unsure of correct classification]**

34.3%	1❑	retailing (e.g. fruit & , take-away,boutiques, video hire)
7.5%	2❑	wholesale
20.1%	3❑	manufacturing
11.9%	4❑	personal services & hospitality (e.g. hairdressers, laundries)
12.8%	5❑	construction (e.g. building and trade)
1.0%	6❑	finance, investment, & insurance (e.g. investment cons.)
2.6%	7❑	property services (e.g. rental properties, surveying)
3.5%	8❑	business services (e.g. accounting, legal, data processing)
1.4%	9❑	health, education, welfare, and community services
3.7%	10❑	transport and storage
1.2%	11❑	communication service (e.g. postal, telegram, telephone)

AE14. What is your business structure?

12.8%	1❑	sole trader
24.1%	2❑	partnership
61.6%	3❑	company (incorporated)
1.5%	4❑	other, **[please write in]**_____

AF15. How long have you been in this business?

4.9%	1❑	< 1 year
8.1%	2❑	1 - 2 years
18.0%	3❑	3 - 5 years
24.7%	4❑	6 - 10 years
44.2%	5❑	> 11 years

16. How many full time employees work in your business including yourself and any partners? **[do not read categories, get response before asking next part]** How many part time? How many casuals?
[tick one box in each column]

ag FULL TIME			ah PART TIME			ai CASUALS		
0.0%	1❑	0	63.7%	1❑	0	66.9%	1❑	0
15.4%	2❑	1 - 2	25.3%	2❑	1 - 2	18.3%	2❑	1 - 2
34.0%	3❑	3 - 5	6.3%	3❑	3 - 5	5.5%	3❑	3 - 5
30.8%	4❑	6 - 10	3.2%	4❑	6 - 10	5.0%	4❑	6 - 10
12.5%	5❑	11 - 20	1.0%	5❑	11 - 20	2.0%	5❑	11 - 20
7.3%	6❑	20+	0.5%	6❑	20+	2.3%	6❑	20+

AJ17. Please try to estimate the percentage of your personal income that you contribute for your own super contribution is it...

24.7%	3❑	3%
30.8%	4❑	4-10%
6.7%	5❑	11-20%
14.0%	6❑	don't know **[do not read don't know]**
14.2%	7❑	prefer other investment options
5.8%	8❑	can't afford it
3.8%	10❑	don't believe in it

[If anything less than 3% is indicated ask:] Is there any reason why it is less than 3%?_____
_____

AK18. What is the minimum super contribution made by the business for all employees, is it...

92.2%	3❑	3%
7.8%	4❑	4 - 6%

AL19. How did you choose your superannuation fund? **[do not read]**

10.5%	1❑	banker
36.3%	2❑	insurance companies
3.0%	3❑	financial consultant
17.4%	4❑	accountant
25.3%	5❑	union, industry/trade association, professional society
7.5%	6❑	other **[write in]**_____

AM20. Is your age.....

7.3%	1❑	21 - 30 years
24.1%	2❑	31 - 40 years
46.5%	3❑	41 - 50 years
22.1%	4❑	51 - 60 years

AN21. What is the highest level of education you have completed? **[do not read]**

5.8%	1❑	< year 10
13.1%	2❑	complete year 10
22.4%	3❑	between year 10 - 12
7.8%	4❑	high school certificate
18.6%	5❑	trade/apprenticeship
11.6%	6❑	certificate
2.6%	7❑	advanced certificate
5.8%	8❑	diploma
10.8%	9❑	bachelors degree
1.0%	10❑	post graduate degree
0.5%	11❑	post graduate studies

AO22. Which of the following ranges best describes your annual sales?

6.1%	1❑	$50,000 - $100,000
13.7%	2❑	$101,000 - $200,000
29.7%	3❑	$201,000 - $500,000
18.3%	4❑	$501,000 - $1 million
24.7%	5❑	$1 million & 1 - $5 million
4.1%	6❑	> $5 million
3.4%	7❑	refuses to answer **[do not read]**

AP23. AQ AR And finally, do you have any ideas or suggestions about how superannuation could be made easier for you to manage and comply with?

This was an open ended question that has been categorized and contains multiple responses and does not add up to 100%. Classifications of 1 and 2 were only coded if that was the only response to this question.

9.8%	1❑	no
12.8%	2❑	no, it is simple as it is
31.7%	3❑	employees responsibility
21.5%	5❑	fairness & equity issues
16.9%	7❑	abolish it, it won't work, people will never get the benefit
21.2%	9❑	one national fund, collected like a tax
24.4%	10❑	simplify, reduce administration costs, problems with funds

THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND PARTICIPATION