

10 August 2012

Manager
Contributions and Accumulations Unit
Personal and retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: expandedreporting@treasury.gov.au

Dear Sir/Madam,

RE: Expanded Superannuation Reporting

The Australian Institute of Superannuation Trustees (AIST) is an independent, not-for-profit professional body whose mission is to protect the interests of Australia's \$450 billion not-for-profit superannuation sector. AIST's members are the trustee directors and staff of industry, corporate and public-sector superannuation funds, who manage the superannuation accounts of two-thirds of the Australian workforce.

In this letter, AIST comments on the proposed expanded superannuation reporting legislation. The legislation will amend the *Tax Administration Act 1953* to expand the information required to be reported by superannuation providers in respect of their members. Under the revised reporting obligations, superannuation providers will be required to provide statements for all members who held an interest in the fund at any time during the reporting period, not just those for whom contributions were received.

AIST supports the proposed legislation that will allow the ATO to display more comprehensive superannuation information to individuals and facilitate both the proposed consolidation measures and other account balance related measures. However we propose a number of recommendations and comments regarding the exposure draft (ED) and explanatory memorandum (EM).

AIST recommends that a theme of consistency be applied to all aspects of the design of the amendment. Firstly, all reporting from funds to the ATO should be electronic and utilise the legislated Standard Business Reporting data standards (SBR) to provide a co-ordinated approach and reliable data. To assist this, clear definitions must be provided for each required piece of information so that the ATO is receiving the same information from all sources.

Further, we encourage communication between the relevant regulators to make sure that whatever reporting items are being requested, that they are consistent in definition between

regulators and that no duplication occurs. This serves the dual purpose of reducing confusion between regulators and minimising costs to superannuation providers. It is critical that the soon to be released APRA data collection requirements are in line with the new Member Contribution Statement (MCS) requirements, amongst many other reporting requirements.

One concern that we have is the significant increase in the volume of data that the ATO will be receiving and processing. We are aware that one fund already has to split its MCS data into 10 batches in order for the data to be received in manageable size. A solution could be for funds to only report items that have changed, much along the same lines as the current LMR process, for example.

Also, will this new MCS requirement reduce or remove the requirement of the Rollover Benefits Statement (RBS). Removing any duplication would be the ideal outcome for funds and members.

With regards to paragraph 1.11 in the EM, we draw your attention to the following section;

“The precise details of what is to be reported will be captured in the approved form subject to consultation with industry”

and recommend that any consultation with industry be conducted in a timely and transparent manner to allow both funds and administration providers sufficient time to provide input and implement any changes in an efficient and cost effective manner.

Lastly, we draw your attention to the issue of timing. We understand that many funds align the MCS with the annual review process. Generally, after the balance calculations have been run for the annual review, the annual MCS is run for the ATO so that the balances include final investment earnings to 30 June. However, if a fund has not applied interest or taxes to an account by MCS date, then they will report to ATO without this information which implies inaccurate information for the purposes of this amendment. Changing the MCS submission date to align with the periodic statement (i.e. 6 months from the end of the reporting period) date may alleviate such problems

If you have any further questions regarding this submission, please contact Tom Garcia, Policy & Regulatory Manager on (03) 8677 3804 or tgarcia@aist.asn.au.

Yours sincerely,

A handwritten signature in black ink that reads 'Fiona Reynolds' in a cursive script.

Fiona Reynolds
Chief Executive Officer