

# CORPORATE SUPER ASSOCIATION

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13 August 2012

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

Email to: [expandedreporting@treasury.gov.au](mailto:expandedreporting@treasury.gov.au)

Dear Sir

## **EXPANDED SUPERANNUATION REPORTING: EXPOSURE DRAFT LEGISLATION**

Thank you for the opportunity to comment on the above draft issued for public comment on 30 July 2012.

### **Background to the Corporate Super Association**

Established in 1997, the Association is the representative body for large corporate not-for-profit superannuation funds and their employer-sponsors. We represent 35% of corporate fund assets and 30% of members of corporate superannuation funds. In general, these funds are sponsored by corporate employer sponsors with membership restricted to employees from the same holding company group, but we also include in our membership a few multi-employer funds with similar employer involvement and focus.

Our funds include a number of defined benefit and hybrid funds.

### **Comment on the proposed legislation**

We understand the drivers behind the draft legislation but we have a number of practical concerns.

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### **Proposed reporting of member's interests or accounts in a fund**

We refer to the proposed new paragraph 390-5(9)(b) relating to the disclosure on the ATO reporting form of "the value of any superannuation interest, or superannuation account, the individual held in the superannuation plan at a particular time."

The draft Explanatory Memorandum, at paragraph 1.11, indicates that this has been broadly drafted to facilitate collection of information via the approved form, the requirements of which are to be determined in consultation with industry. Paragraph 1.12 of the Explanatory Memorandum suggests that where a hybrid fund maintains one account recording the value of the defined benefit interest and the accumulation interest for a single member, these interests will need to be reported separately.

Our members have expressed some concern regarding this anticipated split. Their concerns arise mainly in respect of certain interests where the member's interest on resignation is generally an accumulation benefit, but where the interest may become a defined benefit in certain specified circumstances, if the defined benefit amount would exceed the accumulation. Concerns have been expressed regarding the reporting of both amounts and the potential double counting which may ensue.

We suggest that the requirement should be that only one of the numbers should be reported, and that this should be the account balance at the time of reporting. The fund would generally report to the member the account balance (not the defined benefit underpin), but would also disclose that there is a guaranteed amount applicable under specified conditions and how it would be calculated.

This disclosure is considered appropriate, as the underpin or guarantee would operate only in specific circumstances. We would therefore support the reporting of the account balance for the purposes of the proposed member notification requirements.

Yours faithfully



**Mark N Cerché**  
Chairman  
Corporate Superannuation Association