Chapter 1

Introduction and conduct of the Inquiry

1.1 On 1 November 2012, the Senate referred the provisions of the Treasury Legislation Amendment (Unclaimed Money and Other Measures) Bill 2012 for inquiry and report by 19 November 2012.

1.2 The Bill makes amendments to the *Banking Act 1959* (Banking Act), *First Home Saver Accounts Act 2008* (FHSA Act), *Life Insurance Act 1995* (Life Insurance Act), *Superannuation (Unclaimed Money and Lost Members) Act 1999* (SUMLM Act), *Australian Securities and Investments Commission Act 2001* (ASIC Act), and *Corporations Act 2001* (Corporations Act) to give effect to the unclaimed moneys measures announced in the 2012-13 Mid-Year Economic and Fiscal Outlook (MYEFO).

1.3 These measures include:

- reducing from seven years to three years the period of inactivity before bank accounts, First Home Saver Accounts (FHSAs) and life insurance moneys are treated as unclaimed and transferred to the Australian Securities and Investment Commission (ASIC);
- increasing the threshold below which small lost member superannuation accounts are required to be transferred to the Australian Tax Office (ATO) from $200 to $2000, where the account has been inactive for a period of five years or the member is uncontactable;
- reducing from five years to 12 months the period of inactivity before which the superannuation accounts of unidentifiable members are transferred to the ATO;
- providing for unclaimed moneys and proceeds from the sale of unclaimed properties under the Corporations Act transferred to ASIC to be recognised directly in the Commonwealth Consolidated Revenue Fund, rather than deposited and held for six years in the Companies and Unclaimed Monies Special Account (CUMSA), which will be closed; and
- providing for the payment of interest on unclaimed moneys from 1 July 2013, with the interest rate to be calculated according to regulations, with the intention being that the rate would be calculated in accordance with the Consumer Price Index (CPI).

Conduct of the inquiry

1.4 The committee advertised the inquiry on its website and in the *Australian* (7 November 2012), and wrote directly to a range of individuals and organisations inviting written submissions. The committee received 13 submissions, which are listed at Appendix 1.

1.5 The committee appointed a sub-committee, chaired by Senator Cameron, to conduct the hearing and prepare this report.

1.6 The sub-committee held a public hearing in Canberra on 12 November 2012. The names of witnesses who appeared at the hearing are at Appendix 2.

1.7 The sub-committee thanks all who contributed to the inquiry.

Background to this inquiry

1.8 The unclaimed money measures covered in the Bill were announced in the 2012-13 MYEFO.[1]

1.9 As described in greater detail in the next chapter, these measures are intended to help reunite people with their unclaimed money, while preserving the value of this money.

Financial impact

1.10 The measures in this Bill will result in estimated savings over the forward estimates of:

(a) $92.3 million from measures in Schedules 1, 2 and 3, which relate to bank accounts, FHSAs and life insurance monies;

(b) $675.2 million from measures in Schedule 4, which relates to superannuation; and

(c) $118.5 million from measures in Schedule 5, which relates to the holding and handling of unclaimed property (including unclaimed moneys) arising under the Corporations Act.[2]

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1 Australian Government, *Mid-Year Economic and Fiscal Outlook 2012-13*, pp. 10, 46, 277-78. Available at http://www.budget.gov.au/2012-13/content/myefo/download/2012-13_MYEFO.pdf.

2 Explanatory Memorandum, Treasury Legislation Amendment (Unclaimed Money and Other Measures) Bill 2012, p. 3.