

1 June 2012

Mr Tim Bryant
Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Bryant,

Inquiry into the Superannuation Legislation Amendment (Stronger Super) Bill 2012 and the Superannuation Supervisory Levy Imposition Amendment Bill 2012

The Association of Superannuation Funds of Australia, Australian Institute of Superannuation Trustees, Financial Services Council and Industry Super Network take this opportunity to raise our concerns with the Committee about the proposed levy on super funds to fund the implementation of SuperStream.

The levy will be applied using the power to be provided in the Superannuation Supervisory Levy Imposition Amendment Bill 2012. That Bill expands the matters for which a superannuation supervisory levy *can apply* to include the SuperStream measures to be established by the Superannuation legislation Amendment (Stronger Super) Bill 2012.

This letter is to be read in conjunction with the separate submissions that our organisations may also make to the Committee.

There is some urgency to these issues given the tight deadlines for implementation of SuperStream. If the legislation is enacted, super funds will be required to use SuperStream data standards for specified transactions from 1 July 2013, with mandatory requirements for employers to be implemented during 2014 and 2015.

We are all on record as strong supporters of SuperStream and support its phased introduction for super funds and employers. We recognise that there will be significant savings for super fund members, employers, super funds and Government, *if properly designed and implemented*. All sectors of the superannuation industry have been working towards these goals through our participation in the Treasury-convened SuperStream Working Group, and through advocacy for these reforms publicly and amongst our members.

The estimated cost to Government of implementing the SuperStream is \$467.1 million. This is to be funded via a levy on APRA regulated funds, the cost of which will be borne ultimately by superannuation members. The superannuation industry recognises the necessity of a levy to fund the ATO's implementation of SuperStream but believe it is vital that expenditure is carefully targeted, cost-effective, transparent and accountable. While systems changes will be considerable very little information has been provided to date on what precisely the levy will fund.

We are aware that the Government intends to publish further details, however as this is not available at the time of Committee hearings we encourage the committee to ensure that there are robust processes in place to ensure the expenditure meets the policy objectives; and ongoing consultation with superannuation funds, administrators and employers to maximise the effectiveness of these important reforms.

In addition to the \$467 million levy, super funds are facing internal SuperStream implementation costs estimated at hundreds of millions of dollars. Significant costs will also be incurred by employers, software developers and superannuation administrators, which are also likely to be in the hundreds of millions of dollars.

Given the cost of these reforms will ultimately be borne by superannuation members, it is critical that the industry and government work closely.

All sectors of the superannuation industry believe the Bill should be amended to include a requirement that:

1. The ATO as the principal expender of monies is required to table a detailed costs breakdown of the two major policy objectives (namely consolidation and standardisation as referred to in Subsection 50(6));
2. Regular transparent reporting to the SuperStream Advisory Council on expenditure and progress against budgeted plans be required;
3. The ATO and superannuation industry look for areas where the expenditure and development already planned or in place by the industry reduces or negates the need for ATO expenditure;
4. The levy is paid in annual instalments by superannuation funds in line with the ATO's requirements.

We each look forward to expanding on these matters with the Committee at the public hearings on Monday 4 June 2012.

Yours sincerely,

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Association of Superannuation Funds of Australia

JOHN BROGDEN

Chief Executive Officer
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