



9 November 2012

The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: economics.sen@aph.gov.au

Dear Mr Bryant,

Re: Inquiry into Treasury Legislation Amendment (Unclaimed Money and Other Measures) Bill 2012

CHOICE supports the Treasury Legislation Amendment (Unclaimed Money and Other Measures) Bill 2012.

CHOICE has been concerned for many years on the growing number of lost accounts, particularly superannuation though also in banking, first home saver accounts and life insurance, and the fees that have been imposed on them.

The proposed amendment contains several important benefits for consumers. With unclaimed monies being transferred four years earlier to the Commonwealth, the Australian Securities and Investments Commission, or the Commissioner of Taxation, the erosion of balances through fees, commission and adverse market movements is substantially reduced. We note that the proposed amendment also provides that accounts transferred to the Commonwealth, the Australian Securities and Investments Commission, or the Commissioner of Taxation will be paid interest in accordance with the Consumer Price Index, which will ensure that the real value of the unclaimed money is preserved.

We are also aware of recent initiatives aimed at reducing the amount of lost money. The Australian Tax Office's (ATO) Superseeker tool has been a welcome development and this year a significant amount of money was reunited with consumers - 'lost' super decreased from \$20 billion to \$17.4 billion, which we understand is the first time the amount of 'lost' super has fallen.

However we believe that more could be done to make it easier to reunite consumers with their lost accounts and this amendment needs to incorporate measures designed to ensure that consumers get their money back.

These measures could include an obligation on institutions to inform consumers of any unclaimed accounts in their name when a consumer opens a new superannuation or banking account, by conducting searches in the Superseeker tool, in the case of superannuation, or MoneySmart Unclaimed Monies tool, in all other cases. This is

Unlocking the power of consumers

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particularly important when searching for lost superannuation, as a consumer needs to have all of their details available, including their tax file number, when using the Superseeker tool. The requirement of a consumer to enter their tax file number to conduct a search on the Superseeker site may be preventing consumers from undertaking searches in an ad hoc manner. The ATO may be able to advise further on this requirement and suggest other possible measures to return unclaimed money to consumers.

To enhance consumer understanding of the nature of all unclaimed monies, we believe that there needs to be regular, six-monthly, reporting on all categories of unclaimed monies. This would need to also include details on how to reclaim lost funds and also the amount of fees and other charges deducted since the account became designated as unclaimed and before being transferred to the Commonwealth, the Australian Securities and Investments Commission, or the Commissioner of Taxation.

In addition to this amendment, we believe that other avenues need to be considered to reduce the overall amount of unclaimed monies. In particular, we note the recent success of the inaugural MoneySmart Week's call for people to undertake a Money Health Check. A call to people to search for unclaimed money and simple tools to use to make a claim could make a significant contribution to any future MoneySmart Week.

Should you wish to discuss any detail of this submission, please contact Elizabeth McNess, Principal Advisor, Financial Services, on _____ or _____.

Yours sincerely,

Alan Kirkland
CEO
CHOICE

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