

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

16 February 2012

Question No: AET 7

Topic: Lost superannuation – compliance program and costs

Hansard Page: 78-79

Mr Peterson: Balances change, so what is reflected on the lost members register is not necessarily the latest balance, which is why you saw that shift, that jump, in account balances in 2009-10, when we had a full re-report of the register. A further full re-report of the register is planned for April reporting in 2012, and we are hoping there to see some really positive shifts because of a number of the initiatives we have taken in relation to lost super.

Senator SHERRY: Presumably, from time to time, you would check with funds. You would have some sort of compliance activity to make sure they are reporting in accordance with the requirements?

Mr Peterson: We run a regular program of audits across larger funds that we refer to as accuracy and completeness audits. They necessarily pick up lost and under-reporting and unclaimed reporting et cetera.

Senator SHERRY: Can you give me a bit more detail of that compliance program and the cost thereof? Take it on notice; I do not want to explore that at the moment.

Answer:

The ATO has had an Accuracy and Completeness audit program since 2006-07. The program reviews the reporting obligations of the large funds regulated by the Australian Prudential Regulation Authority (APRA), of which there are around 400. The ATO's commitment to this action is reflected in the ATO's Compliance Program, with funds selected for audit where their reporting indicates any potential inadequacies or discrepancies.

The program aims to mitigate the overall risk that large APRA funds may fail to report information accurately and completely which impacts on a range of matters including:

- correct payment of co-contributions
- correct assessment of excess contributions tax, and the release of excess contributions where a release authority has been issued
- members' ability to be re-united with their lost superannuation
- members' ability to find their unclaimed superannuation entitlements
- the accuracy of the lost members register
- the accuracy of the register of unclaimed superannuation and whether money has been properly paid to the ATO, and
- the payment of entitlements to departing temporary residents.

The program includes review and analysis of information reported by funds and extends to field based visits to compare data lodged with the ATO with information held by the fund.

The ATO has seen improvements in fund processes, systems and understanding of reporting obligations as a result of the reviews. Superannuation providers who are subject to an audit are found typically on subsequent review to lodge more accurate and complete data across all superannuation products. Improvements are often also found to flow across to other funds covered by a common administrator. The audits themselves have also resulted in the correction of previously reported incorrect data.

The ATO's management of fund compliance with reporting obligations is also supported by a range of communication and education activities. This includes protocol documents on member contribution statements, lost members, and unclaimed superannuation, to assist funds in the interpretation and application of the law in relation to their reporting obligations.

Over the last three years, 456 audits have been finalised. In 2010-11, the ATO completed 173 audits at a staffing cost of approximately \$2.5 million.