

20 January 2014

Via email: [SuperStreamStandards@ato.gov.au](mailto:SuperStreamStandards@ato.gov.au)

Dear Sir/Madam,

**Re: Amendments to Contribution Transitional Arrangements (Schedule 1 to the Superannuation Data and Payment Standard 2012)**

The Australian Institute of Superannuation Trustees (AIST) is an independent, not-for-profit professional body whose mission is to protect the interests of Australia's \$600 billion not-for-profit superannuation sector. AIST's members are the trustee directors and staff of industry, corporate and public-sector superannuation funds, who manage the superannuation accounts of two-thirds of the Australian workforce.

**Extension of contribution transition-in period**

AIST is pleased that the draft amendments extend the timeframe for transitional arrangements by one year, and introduce an induction process to support employer implementation. These amending measures have been discussed extensively by the ATO with stakeholders and will facilitate efficient implementation.

AIST also welcomes the structured and orderly tripartite approach to implementation between super funds, employers and the ATO generally based on the concept of mutual consent and compliance.

However, as always, there is a need to ensure clarity and consistent understanding of the message, expectations/requirements and process. AIST suggests a number of further changes below to meet this need.

**Requirements for participation in a contribution induction group**

This may even include further clarification and emphasis of matters that are already reasonably clear in the exposure draft and the explanatory statement. An example of this is as follows:

In order to accept a nomination for participation in a contribution induction group, the *minimum* profile to be used between a fund and an employer is an ultra-light profile. The author of this submission has already encountered confusion about this amongst some industry participants who have interpreted this to mean that an ultra-light profile is the required (rather than the minimum profile). AIST recommends that this be further clarified in the explanatory statements.

### **Use of alternate electronic file formats after June 2017**

There are also elements that have been raised in the consultation process and which have led to certain expectations that are not reflected in the amended arrangements.

AIST is concerned that draft clause 4.1(b) prohibits the use of alternative electronic file formats by a superannuation fund after 30 June 2017. In the consultations we understood that there would be the opportunity for bridging solutions to become enduring solutions after 30 June 2017. While the details of this required clarification, the amending arrangements would shut the door upon this.

The existing uncertainty about this is compounded by the draft amendments, and is causing confusion amongst AIST member funds. Some of these funds are planning on the bridging solutions becoming enduring solutions, and they should be allowed to continue developing these approaches. Significant resourcing decisions hinge on the clarification of this point.

If draft clause 4.1(b) is intended to extend the timeframe for transitional arrangements including bridging solutions - and is not intended to exclude enduring solutions - then (at the very least) the Explanatory Statement should make this point clearly.

This is not the only clarification that is needed in relation to enduring solutions. As a priority, the ATO (in the Contributions Implementation Working Group and in direct discussions with super funds) must clearly, publicly and consistently prescribe the requirements for an enduring solution.

AIST supports employers and trustees reaching consent about participation in a contribution induction process, and agrees that this will result in implementation between these mutual consenting parties in an orderly and sustainable manner.

However, AIST does not necessarily have the same level of confidence about the management of employer contributions and on-forwarded data messages received by choice-nominated APRA-regulated super funds and SMSF.

Unless it is clearly and universally understood that these contributions and messages will be sent within the standard, prior to them being sent, then there will be widespread confusion and varying levels of readiness. This would be the antithesis of an orderly process.

### **Receiving compliant contribution transaction messages from 1 July 2014**

The requirements of draft clause 4.5 to receive compliant contribution transaction messages from 1 July 2014 will not be sufficient of itself to ensure widespread compliance. This situation is *not* analogous to the situation with rollover implementation. Contribution implementation

involves many, many more stakeholders and participants, and the same level of 'buy-in' and active support for implementation cannot be assumed.

AIST strongly submits that the ATO needs to actively explore alternate and additional transitional arrangements. One AIST-member has suggested that the ATO reduces the scope so that funds need to receive CTR's only from 1 July 2014. While AIST also encourages further consultation with the industry about the best resolution of this issue, this is an approach we support.

The current requirement is that super funds will have to receive both CTR and MRR messages from 1 July. It is suggested that the ATO reduces the scope so that funds need to receive CTR's only. This will reduce complexity and allow the industry to stabilize processing of CTR's before MRR's are sent. This would be similar to the transition-in period for rollovers where there was a delayed requirement to receive IRR's and RTR's.

#### **Error message requirements**

AIST supports the six month delay in the requirement to have error messaging capability to assist parties to develop and test solutions prior to moving to full implementation, particularly in order to ensure that compliant software is available to employers. This may also be an area where further ATO guidance would assist the implementing.

In addition, AIST suggests that APRA give funds relief from meeting the processing SLA's until electronic response messages are mandatory. This is similar to the relief APRA gave super funds in relation to the 3 day processing SLA for rollovers.

While this is of course an APRA responsibility, the responsible government agencies are required to work cooperatively, and AIST recommends that that the ATO makes this recommendation to APRA. Notwithstanding this, AIST of course accepts the efficiencies associated with better error handling at the earliest opportunity.

If you have any further questions regarding this submission, please contact David Haynes, Executive Manager Policy & Research on 03 8677 3803 or at [dhaynes@aist.asn.au](mailto:dhaynes@aist.asn.au) .

Yours sincerely,



Tom Garcia  
**Chief Executive Officer**