

4 April 2014

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

Dear Sir/Madam,

**Re: Schedule 1 – Transitional arrangements to the Superannuation Data and Payment Standards 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.

AIST repeats the comments we made in our letter of 20 January 2014 in response to the December 2013 proposed amendments to the transitional arrangements:

*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, there is one overwhelming issue and a number of secondary issues that need to be addressed.

**Mandatory requirement on super funds to accept contributions**

The issue of most concern is about an aspect of the contribution transitional arrangements that is not proposed to be amended. That is, the *mandatory* requirement on super funds to *accept* SuperStream compliant messages from 1 July 2014 remains a matter of enormous concern to many super funds and their service providers.

An approach generally based on the concept of mutual consent and with carefully staged transition does not sit well with the possibility of unilaterally-initiated transactions outside of the proposed transitional arrangements. This potentially distracts the planning process for orderly transition, raises issues of liability that would not even be mitigated by APRA taking a facilitative approach to implementation for the twelve months to 1 July 2015.

This issue is not analogous to the requirement to accept rollovers using SuperStream from 1 July 2013 while the requirement to send rollovers was introduced in various dates from September to December 2014. The universe of participants at this stage of rollovers implementation was only in the low hundreds, with around 30 key touch-points. All participants had a reasonable level of understanding of the arrangements being introduced in a phased manner.

In contrast, there are up to 100,000 medium to large employers, many largely unaware of the impending process. It is possible that some may take precipitate action in relation to contributions implementation without being aware of the transitional arrangements.

AIST submits that there should be a voluntary acceptance by super funds of SuperStream compliant messages from 1 July 2014, and that the requirement becomes mandatory from completion of induction group processes for funds participating in that process. A mandatory requirement for super funds to accept SuperStream compliant messages should only commence from 1 July 2015.

#### **An electronic file format the trustee has advised it can accept**

AIST supports the amendment (paragraph 4.2(a)(i)) that allows employers to submit contributions using a non-complying electronic file format the trustee has advised it can accept for the period between 1 July and 2 November 2014. This will result in super funds being better able to plan and resource implementation.

However, if there are any practical limits to the nature of the electronic file format that the ATO would regard as acceptable, they should clarify this in the explanatory statement to the Legislative Instrument. For example, is it acceptable to send a scanned document attached to an email? AIST thinks not, but this should be addressed before not after the event.

#### **Associated payments conform to methods specified in Schedule 3**

This requirement (paragraph 4.2(a)(ii)) appears to require that a trustee accept only electronic payment methods for all employers that are sending electronic file formats. This may cause a significant change in operating model from 1st July 2014 where there is a current reliance on cheque processing.

If the intention of the transitional arrangements is to avoid a step change in process then acceptance of cheques as a deposit method needs to be allowed in line with non-standard messaging until 3 November.

### **Error and outcome messaging**

AIST notes that error messaging is not proposed to be required until 2 February 2014. AIST also notes that this is an area that still requires much work in developing and testing an industry-wide solution. However, the sooner that feedback loops are put in place, such as provided by error messaging, the better.

AIST makes two suggestions:

1. That the target date for error processing remains 2 February 2014 but that the Legislative Instrument contains some increased flexibility. That is, that the ATO be authorised to set a later date than 2 February (but no later than 30 June 2015) if their assessment of industry readiness deems this necessary.
2. That the Fund Validation Service includes a flag about whether or not a super fund can provide error messaging.

If you have any further questions regarding this submission, please contact David Haynes, Executive Manager, Policy & Research on 03 8677 3800 or at [dhaynes@aist.asn.au](mailto:dhaynes@aist.asn.au) .

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia  
**Chief Executive Officer**