



2016-17 Pre-Budget Submission

10 February 2015

AIST Submission

AIST

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.

As the principal advocate and peak representative body for the \$650 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.

Contact

Richard Webb, Policy & Regulatory Analyst

03 8677 3835

Tom Garcia, Chief Executive Officer

03 8677 3800

1 Executive summary

In brief

AIST does not support the Budget being used to implement changes to the superannuation tax environment without considering the outcomes of the tax inquiry process and retirement incomes review, as well as the setting of objectives for the superannuation system. We recommend that these are finalised prior to any hasty policy changes driven by fiscal short-termism. However, we continue to support Budget action on a number of specific measures to improve fairness and efficiency of the system.

As the peak industry body in the not-for-profit superannuation sector, AIST focusses on outcomes that improve financial retirement sustainability, adequacy and security for all Australians. AIST is also committed to measures that improve the fairness of the superannuation system, and believes that it is a budget responsibility to ensure that the system's integrity is preserved and extended.

AIST strongly advocates that the following is needed to overcome short term, piecemeal policy-making regarding superannuation, and to provide an objective approach:

- A superannuation framework of setting system objectives, and having a robust methodology to track whether the objectives are being met.
- Once this framework is in place, major reforms to tax and retirement income reviews may be considered.

The various Government-led reviews underway (e.g. tax; retirement incomes) need to be concluded before changes to superannuation are made. Properly conducted, these reviews are a once-in-a-generation opportunity for the Government of the day to make evidence-based, well-considered changes to superannuation and set it on the right course. Therefore as a central plank of our Pre-Budget submission this year, we reiterate our support for the tax inquiry and note that it is still in progress.

However, we also present a list of key measures that we believe are long overdue and can be implemented relatively easily as a step towards improving the fairness, adequacy and transparency of the superannuation system:

- Improve the fairness of the superannuation system through removal of the \$450 per month Superannuation Guarantee (SG) threshold and improving tax effectiveness of contributions for low income earners;

- Review rules relating to the age of fund members such as age-based contributions restrictions and work test requirements;
- Review the fairness of contribution arrangements in the workplace for employees, where differences between workplaces currently mean that some employees can't make salary sacrifice or deductible contributions, or are penalised for making them, and also where the calculation base for the SG is unfair and arbitrary;
- Review the legislative timeframes around the increase in the SG with a view to accelerating it to 12% sooner;
- Finalise work on the Financial Supervisory Levy as well as ASIC's proposed industry funding model; and
- Increase funding for indigenous identification schemes.

2 Tax and superannuation reforms in process

AIST is strongly of the view that the inquiries and reviews currently underway need finalising prior to any significant change in super policy. Recent comments by Government ministers, including the Prime Minister, have suggested some lessening of commitment to both this process, and the desirability of developing a package of comprehensive, coherent and integrated measures. AIST strongly submits that that the Government should renew and restate this commitment.

In particular, we draw attention to the noise being made by various policy makers around the role that the Budget is envisaged as playing with regards to tax policy. With the backdrop of a federal election in 2016, we caution against the use of this vital tool of macroeconomic policy-making being used to implement short-term policies that act against Australia's long-term interests. There is a generally accepted process for a Review - such as the tax white paper - and bringing an end to this process prematurely, as stated by the Prime Minister, the Hon. Malcolm Turnbull MP, last week contains risks:

I think given we're so close to the budget, the budget will be, for all practical purposes, the white paper.¹

Announcements of this nature made through the Budget process outside the context of these inquiries and reviews come with risks to the long-term sustainability of the super system and issues around inter-generational equity. We are now dealing with fallout from last year's budget, where 11th hour changes made to the taper rate for the Age Pension assets test will strongly impact middle Australia and significantly worsen the retirement savings gap between high and low income earners. The brutal impact of this change – which was made without any reference to the objectives of the superannuation system – is starkly apparent with its adverse effect on the 'fairness' indicator used in the AIST-Mercer Super Tracker, where 'fairness' is one of 10 metrics used to objectively measure the success and long-term sustainability of the super system.

Changes to age pension eligibility, age pension age and superannuation preservation age are examples of changes that should be considered as part of a comprehensive package of measures, and not just as means of managing expenditure.

¹ Henderson, A. (2016). Malcolm Turnbull says tax announcements 'likely' before May budget. *ABC News online*. [online] Available at: <http://tinyurl.com/hhvuswq> [Accessed 8 Feb. 2016].

2.1 The tax inquiry

The Government should not make changes to superannuation tax or other retirement income arrangements through the 2016-17 Federal Budget, as these arrangements must be addressed through the Tax Inquiry that will result in measures taken to the next Federal Election.

The Government has designed the Tax Inquiry process to include a discussion paper, Green Paper and White Paper in the lead up to the election. This process has the benefit of extensive consultation and development of a comprehensive, coherent and integrated package of measures.

AIST has closely followed the Tax Inquiry, having made three submissions on the tax discussion paper. In these submissions, we advocated that the concurrent retirement income review presently being undertaken by Treasury was premature. This concurrent Review should not have been undertaken prior to the Tax Inquiry, This highlights the pitfalls of making policy decision hastily, when there is the distinct probability that reviews in progress will contain an evidence-based solution to policy problems.

2.2 Retirement incomes review

Changes being considered to the system of retirement income used within Australia's superannuation system are presently under consideration as part of Treasury's review of retirement incomes. As early as our submission in September 2014, we noted that:

...there are many factors outside the scope of [the discussion paper] that have not been addressed. Consequently, we take the opportunity to recommend a broader review of retirement incomes where the interplay between tax, tax environments and social security are included within the scope of the review. In addition, we re-iterate that this review will work best, having considered global best practice and applying findings to adequacy, sustainability and longevity.²

We maintain that this was the correct approach to take at the time. However, with the passage of time and the work that has been undertaken, we are now concerned that the work completed to date will be left incomplete or forgotten. We submit that the Government should consider also whether this process should be committed to in full and state their position on this work.

2.3 The objectives of the superannuation system

AIST supports the Government's commitment to implement Recommendation #9 of the final report from the Financial System Inquiry to seek broad political agreement for, and enshrine in legislation, the

² AIST, (2014). *Response to Treasury: Review of retirement income stream regulation*. [pdf] Melbourne: Australian Institute of Superannuation Trustees, p.4. Available at: <http://tinyurl.com/ogwso8m> [Accessed 10 Feb. 2016].

objectives for the superannuation system, and to report publicly on how policy proposals are consistent with achieving these objectives over the long term.

This is entirely consistent with the view that we put in our second round submission to the Inquiry about obtaining bipartisan support for legislated objectives of superannuation, including the provision of equitable, adequate and sustainable retirement incomes (also having regard to the relationship with the Age Pension and the health care system).³

AIST is committed to working with the Government, other political stakeholders and the rest of the superannuation industry to define the objectives for superannuation.

As a first step in this process, we recommend that the Government directly task Treasury to draft a more detailed discussion paper on the objectives of superannuation based on the recommendations of the Inquiry or commission this from an academic centre that specialises in superannuation and financial services. Given the widespread support, this should not wait for the Government's comprehensive response to the Inquiry.

AIST proposes that the Government convene a summit on the objectives for superannuation at the earliest opportunity during 2016. This summit should involve consumers, employers, the superannuation industry, Government, other political parties and regulators.

In line with the model adopted in constitutional conventions, AIST recommends that the summit be chaired by a representative appointed by the Government, with the deputy chair appointed by the Opposition.

In order to keep the discussion at a high level, and to build on the current level of bipartisan support, AIST also recommends that a brief high-level statement of principles be developed by a preliminary working group based on the discussion paper recommended above.

AIST is committed to achieving a bipartisan outcome on this issue, both politically and at a superannuation industry level. We will provide whatever support we can to encourage industry participants to work together and adopt a common and reasonable member- and system- focused outcome.

³ AIST, (2014). *Response to the Financial System Inquiry Interim Report*. [pdf] Melbourne: Australian Institute of Superannuation Trustees, p.55. Available at: <http://tinyurl.com/n4ozc4l> [Accessed 10 Feb. 2016].

2.4 How to assess superannuation system performance and policy changes

The Final Report generally proposed an *ad hoc* approach to assessing the performance of the superannuation system against the proposed objectives. While the Final Report identifies proposed objectives, it does not set out how the objectives should be objectively measured.

We note that in the Government's response to the FSI final report, detail was not yet available as to how the objectives would be used in providing a framework for measuring competing superannuation proposals.

AIST submits that an objective measure of superannuation performance is a critical adjunct to the setting and assessing of objectives, and should be developed as a matter of urgency.

Within this context, AIST has developed the AIST Mercer Super Tracker to assess the progress of the retirement income system based on available evidence and to support a reasoned discussion about the system's ongoing progress. The Tracker will be used by AIST for this purpose, but is also presented to governments and others as a starting point or potential framework to measure performance against superannuation objectives.

The Super Tracker has considered several indicators under the broad headings of 'adequacy' and 'sustainability'. There is a natural and healthy tension between adequacy and sustainability. It is important to recognise the importance of both providing adequate benefits and long term sustainability.

Notable findings from the Tracker included scores for equity, the gender gap, superannuation coverage, personal contributions, cost of government support, and length of retirement. The scores highlighted the need for improvement in the areas of tax, gender and workforce participation. The Tracker has been and will continue to be used to test a number of different scenarios. The Tracker can also be used to help shape policy positions and measure the performance of the retirement income system.

A copy of the inaugural AIST Mercer Super Tracker report of March 2015 'How the super system stacks up on fairness, adequacy and sustainability' is attached to this submission as a separate document.

3 Measures to provide fairness, adequacy and transparency

3.1 Improve the fairness of the superannuation system

3.1.1 Removal of the \$450 per month superannuation guarantee (SG) threshold

AIST recommends the removal of the \$450 per month income threshold on the Superannuation Guarantee as a measure to improve fairness.

Access Economics⁴ modelling commissioned by AIST in 2010 shows that while the aggregate impact of removing the \$450 monthly threshold would be small, industry experience suggests it is likely to be quite concentrated, resulting in significant improvements for those individual workers who are most disadvantaged by the current exemption. Access Economics estimated that the cost to government of removing the exemption would be minimal (0.003 per cent of GDP in 2041).

AIST notes that the high concentration of females working part-time is a contributing factor to their relatively low superannuation balances. Women comprise over 67 per cent of the part-time workforce and have almost the same number of full time and part-time workers⁵ (over twice as many full time workers are men as compared to part time). AIST has long argued that abolishing the exemption on compulsory superannuation contributions for those earning less than \$450 per month would benefit many women – as well as males – on low incomes, working on casual or part-time bases. In female-dominated industries where working for several employers is common (such as retail, hospitality and nursing), many employees are excluded from the SG system because the \$450 threshold applies only to a single employer, and not on a combined income level. Australia ranks fifth in the OECD for incidence of women in part time work at 38.5%.⁶

It should also be noted that at current SG rates, anyone earning just under the threshold would be eligible for \$41.63 per month: administration of this measure could cost more than this.

AIST recommends that the \$450 per month income threshold for the superannuation guarantee be abandoned.

⁴ Access Economics Pty Ltd. 2009. *Retirement Incomes Policy Simulations Paper*. [pdf] Melbourne: Australian Institute of Superannuation Trustees and Industry Superannuation Network. <http://tinyurl.com/l4g33n6> [Accessed: 30 Jan 2014]

⁵ ABS, *Employee Earnings and Hours*, Australia, May 2010 (6306.0)- [Accessed 27 January 2012]

⁶ OECD, <http://www.oecd.org/statistics/#d.en.199456>, Chart LMF1.6.A: Incidence of part-time employment, 2011, Sourced 04/01/2013.

3.1.2 Improve fairness for lower income earners

AIST supported the Low Income Superannuation Contribution (LISC) scheme, as it was sound and fair policy.

At the time that it was introduced, AIST opposed the linking of the LISC to the MRRT. We recognised that in ordinary circumstances, the revenue from a taxation measure contributes to consolidated revenue, and expenditure measures are rarely included as part of a package with a revenue measure.

We also noted that there are a number of issues that the LISC addressed, either in full or in part, including:

1. Low income earners were subject to tax on superannuation contributions at a higher rate than tax on their wages or salary, unlike middle or higher income earners.
2. Tax returned to superannuation savers acts as an incentive to save.
3. Progressive rates of taxation in superannuation assist in addressing the gender gap – a growing problem in superannuation savings.

AIST notes a crescendo of calls for a fair treatment of the equity of taxation in the superannuation system. Although we accept that the LISC is to be removed in 2017, we note that the benefits of the LISC can be realised as part of a more targeted approach to taxation. In particular, we note recommendations by Industry Super Australia, Deloitte, RiceWarner, the Grattan Institute and others calling for a progressive approach to taxation in superannuation based upon discounted or rebated taxation. To this end, we believe that improving fairness in taxation will benefit low income earners in particular. The AIST Mercer super Tracker ranks 'fairness' of the superannuation system as having the lowest of the 10 Tracker scores.

However, we also take this opportunity to re-iterate that changes of this nature need to be placed in a holistic context where recommendations contained in a properly undertaken tax inquiry are allowed to inform any such changes made.

3.2 Review the timeframe around increases to the Superannuation Guarantee

We note that the changes to the schedule of increases to the Superannuation Guarantee (SG) which will see it eventually increase to 9.5% was formally delayed in 2014, through the repeal of the Mineral Resources Rents Tax.

Under the current timetable, the SG rate is set to increase to 12% from the earliest date of 1 July 2025, and will be fixed at 9.5% until 1 July 2021. This represents a major setback to a key long-term objective of superannuation, which is to ensure all working Australians enjoy an adequate retirement income. Delays to the SG timetable will also create more fiscal pressure on future governments in regards to age pension funding. To this end, AIST recommends an annual review of the SG rate so that future budget improvement may see the SG rate increased sooner.

3.3 Review rules relating to the age of superannuation fund members

3.3.1 Remove age-based restrictions on contributions into superannuation

We are mindful that Australians are living and working longer.

In January 2015, the then Treasurer The Hon Joe Hockey MP⁷ noted that:

The fact that we are living longer is great news. It is kind of remarkable that somewhere in the world today, it is highly probable a child has been born who will live to be 150. That is a long time. They would have said 100 years ago that living to 80 or 90 was a long time. The question is how do we live with dignity. How do we ensure that we have good quality of life the whole way through? This is the conversation we are going to be having with the Australian people over the next few months.

AIST believes that this is a good time to have the conversation about why age-based superannuation contribution restrictions are in place.

We are aware of the increasing problems that longevity risk is creating, notably with regards to Australians' retirement savings. As Australians live longer, the justifications for age-based restrictions on contributing into superannuation are disappearing, and we can no longer support the restrictions.

Age-based restrictions also add complexity and red tape to the system. In accepting contributions, a trustee must be mindful of whether a member is in a position to make a contribution, based upon their age. And although age-based restrictions on SG contributions ended in 2013, we note that there remain a plethora of regulations making it difficult or even impossible, for older working Australians to contribute to their retirement savings. The following is a list of some age-based restrictions presently in force with regards to contributions into superannuation:

- A work test (of gainful employment on at least a part-time basis) must be satisfied from the age of 65, if a member is making a personal contribution;
- If a member is making a contribution on behalf of an eligible spouse, the eligible spouse must satisfy the work test from age 65 onwards;
- The 'bring forward rule' which allows members making non-concessional contributions to bring forward two additional years of non-concessional contributions is no longer able to be used from age 65 onwards;
- Contributions on behalf of eligible spouses may no longer be made once the eligible spouse has turned 70;

⁷ Hockey, J. (2015). *Mornings with Neil Mitchell* [radio], 3AW, 19 January 2015. Melbourne.

- Eligibility for the government co-contribution ceases for financial years which end in the year that the taxpayer turns 71;
- Personal contributions may no longer be contributed to superannuation, once a member turns 75; and
- Retirement income streams may not be contributed to at all, once commenced, due to tax integrity rules. With some restrictions, these can be commenced from age 65, regardless of taxpayers' personal situation, however rules exist to commence these earlier under transition-to-retirement rules.

We note that in addition to these, the Age Pension age is in transition to 67, meaning that where some of the above thresholds may have been linked to the Age Pension in the past, this no longer appears to be the case.

These rules appear both discriminatory and arbitrary. AIST recommends that age-based rules that prevent contributions be removed. Furthermore, we recommend a review of the tax integrity rules to ensure that retirees, who legitimately supplement their retirement income with occasional work, or those who are genuinely transitioning to retirement, are able to 'top-up' their retirement income streams.

3.3.2 Removal of the work test requirement on contributions for superannuation fund members aged 65 and over

In the process of removing age-based restrictions on superannuation contributions, AIST recommends removal of the work test.

The work test was designed for an earlier period, where superannuation benefits were subject to a reasonable benefit limit imposed through use of taxation, and the use of such disincentives tacitly noted that one's life expectancy was shorter.

We view the imposition of this requirement to be unnecessary, as well as being unable to be enforced. The removal of this limitation will enable all Australians to contribute as well as allow superannuation funds to get on with their job of processing contributions, unencumbered by this layer of regulation.

3.4 Review the fairness of existing arrangements for employees

3.4.1 Ensure the availability of salary sacrifice contributions to all employees, or allow all Australians to make deductible contributions.

Salary sacrificing into superannuation is a sensible means for employees to supplement their provision for retirement. Despite the tax advantages, salary sacrifice is not available to all employees, as it is generally dependent on the terms of modern awards, EBAs, and individual contracts of employment. AIST recommends that the Government legislate to provide all workers with the ability to make pre-tax salary

sacrifice contributions to their superannuation fund. Greater access to salary sacrifice should increase the effectiveness of superannuation as a long-term investment vehicle.

One of the reasons that salary sacrifice is not made available to employees is due to the perceived cost of implementation and processing, especially for small business. AIST points out that implementation of initiatives such as this on a large scale provides wholesale cost savings that are not apparent in a voluntary system, as payroll systems are required *en masse* to change over to support the new rules.

In addition to the lowered business costs from implementing this change, we point to the estimated low cost associated with this measure: Assuming that even a larger number of additional employees, such as 50,000 immediately took advantage of salary sacrificed superannuation contributions and sacrificed at a rate of about 5%, then this would result in an overall tax cost of \$37.5 million nationally (based on a median wage of \$50,000 per annum).

In addition to the reasons outlined above, AIST sees the provision of salary sacrifice to all employees as a means to improve fairness.

A significant number of Australian workers do not have access to salary sacrifice arrangements. In many cases, information about salary sacrifice arrangements is only available to employees when they proactively seek the information from the employer.

We note that the ATO's Superannuation Industry Relationship Network (SIRN) is presently consulting on the deductibility of contributions. We note that allowing the deductibility of contributions for all Australians would correct this situation immediately.

3.4.2 Abolish the loophole that allows a reduction of SG amounts due to salary sacrifice.

The Government should also legislate that where employees partake in a salary sacrifice arrangement, their employer cannot base their SG obligations on the reduced 'take-home' salary amount.

AIST has long proposed the abolition of this loophole, as it allows employers to profit from diligent employees who are proactively contributing towards their retirement, and short changes employees, who in many cases are not even aware that their contributions are less than what they think.

3.4.3 Link the superannuation guarantee to a gross remuneration measure

The SG is presently linked to ordinary time earnings, or OTE. OTE unfortunately only captures some of the many payments that can be paid to employees as part of their work. OTE does not incorporate overtime, whether or not this is regularly worked, nor does it incorporate paid parental leave.

Determining whether a payment forms part of OTE is presently indecipherable. In Superannuation Guarantee Ruling SGR 2009/2⁸, the Commissioner of Taxation considered the following payments and only concluded in 14 cases that these formed part of OTE:

Payment no.	Payments to an employee in relation to...	Salary or wages?	OTE?
Awards and agreements			
1	A simple overtime situation	Yes	No
2	Overtime hours - agreement prevailing over award	Yes	No
3	Agreement supplanting award removes distinction between ordinary hours and other hours	Yes	Yes
4	No ordinary hours of work stipulated	Yes	Yes
5	Casual employee - <i>shift-loadings</i>	Yes	Yes
	<i>overtime payments</i>	Yes	No
6	Casual employee whose hours are paid at overtime rates due to a 'bandwidth' clause	Yes	No
7	Piece-rates - no ordinary hours of work stipulated	Yes	Yes
8	Overtime component of earnings based on 'hourly driving rate' formula stipulated in award	Yes	No
Allowances			
9	Allowance by way of unconditional extra payment	Yes	Yes
10	Expense allowance expected to be fully expended	No	No
11	Danger allowance	Yes	Yes
12	Retention allowance	Yes	Yes
13	Hourly on-call allowance in relation to ordinary hours of work for doctors	Yes	Yes
Payment of expenses			

⁸ Australian Taxation Office, *Superannuation guarantee: meaning of the terms 'ordinary time earnings' and 'salary or wages'*, SGR 2009/2, 13 May 2009.

14	Reimbursement	No	No
15	Petty cash	No	No
16	Reimbursement of travel costs	No	No
17	Payments for unfair dismissal	No	No
18	Workers' compensation -		
	<i>Returned to work</i>	Yes	Yes
	<i>Not working</i>	No	No
Leave payments			
19	Annual leave	Yes	Yes
Termination payments			
20	Termination payments -		
	<i>In lieu of notice</i>	Yes	Yes
	<i>Unused annual leave</i>	Yes	No
Bonuses			
21	Performance bonus	Yes	Yes
22	Bonus labelled as ex-gratia but in respect of ordinary hours of work	Yes	Yes
23	Christmas bonus	Yes	Yes
24	Bonus in respect of overtime only	Yes	No

Table 1

Although SGR 2009/2 forms guidance and is not binding upon the Commissioner of Taxation, the confusion that this creates is unnecessary. In addition, we are concerned that these payments are capable of being gamed by employers or employees in order to reduce an employer's SG liability, or inflate an employee's take-home pay at the expense of their retirement savings.

In addition, we point to the gender gap between male and female Australians and note that as recently as October 2015⁹, we recommended that the superannuation guarantee be also paid on paid parental leave.

AIST proposes that SG be linked to an employee's gross remuneration rather than OTE to reduce confusion, red tape, and manipulation.

⁹ AIST, (2015). *Senate Economic References Committee: Economic Security for women in retirement*. [pdf] Canberra: Parliament of Australia. Available at: <http://tinyurl.com/h6hmcay> [Accessed 5 Feb. 2016].

3.5 Finalise work on the Financial Supervisory Levy as well as ASIC's proposed industry funding model

One of the OECD principles of financial consumer protection says that there should be responsible business conduct by financial services providers, drawing the nexus between consumer behaviour and increased transparency:

The principle of responsible business conduct is important in order to ensure that financial services providers and authorised agents act fairly, honestly, professionally and with due skill, care and diligence when dealing with consumers. Duty of care is necessary in addition to improved transparency because consumers have bounded rationality and therefore cannot be expected to always make decisions that are in their own best interest¹⁰.

We note that transparency was a key pillar of the election of the Government. Prior to the election, the Government, when they were in opposition, wrote this with respect to productivity and regulation¹¹:

Under Labor's own rules, government departments and agencies are required to prepare Regulation Impact Statements for regulatory proposals that are "likely to have a regulatory impact on business or the not-for-profit sector, unless that impact is of a minor or machinery nature and does not substantially alter existing arrangements.

We pointed out in our submission to Treasury in 2014¹² that we agreed with this assessment, noting that the Cost Recovery Guidelines (CRGs) themselves were under review. However, we also noted that the existing CRGs had not been applied to either the existing levy structure, the changes that were proposed could not be seriously entertained. Hence AIST could not support the proposed changes.

In past years, we wrote about the inconsistencies in the Financial Supervisory Levy, noting that the inconsistencies should be resolved in accordance with the Government's published Cost Recovery Guidelines (CRGs)¹³. Since then, we note that consultation has also been undertaken into a proposed

¹⁰ Chapman, M. (2013). *The G20/OECD High-Level Principles on Financial Consumer Protection*. [presentation] Geneva: Organisation for Economic Co-operation and Development.

¹¹ Liberal Party of Australia, (2014). *Boosting Productivity and Reducing Regulation*. [online] Available at: <http://tinyurl.com/onm6lxz> [Accessed 12 Jun. 2014].

¹² AIST, (2014). *Financial Supervisory Levies 2014-15*. [pdf] Melbourne: Australian Institute of Superannuation Trustees. Available at: <http://tinyurl.com/k7f974c> [Accessed 5 Feb. 2016].

¹³ Department of Finance, (2015). *Cost recovery*. [online] Available at: <http://tinyurl.com/pjfv69t> [Accessed 22 Jan. 2015].

industry funding model for ASIC. Our submission to this review noted that, in addition to a concurrent Capability Review of ASIC which we believe should have been combined:

Consistent with the Cost Recovery Guideline requirements, a published Cost Recovery Impact Statement (CRIS) regarding ASIC funding is a fundamental pre-condition for transparency and accountability¹⁴.

We urge the Government to conclude work on these. Finalising these will ensure certainty for industry and superannuation members. However, we note that we cannot support models proposed to date if recommendations contained are unable to adhere to the Government's own standards of transparency and accountability. We additionally note that efficient collection of levies will ensure the drain on Treasury coffers is minimised and that regulators are appropriately resourced.

3.6 Increase funding for Indigenous identification schemes

AIST notes that in many Indigenous communities, a significant number of individuals do not possess sufficient identification documentation to claim their superannuation benefits.

We are aware of two notable schemes that exist in the Northern Territory where tribal elders verify individuals and provided with photographic identification; however funding to these schemes is uncertain.

AIST recommends the Government re-commit to funding these schemes to ensure that fraud and mistakes are minimised, and so that superannuation funds can best serve their Indigenous members without the roadblocks caused by a lack of documentation.

¹⁴ AIST, (2015). *Senate Economic References Committee: Economic Security for women in retirement*. [pdf] Canberra: Parliament of Australia. Available at: <http://tinyurl.com/h6hmca> [Accessed 5 Feb. 2016].