



Australian Government

The Treasury

LOST MEMBERS' SUPERANNUATION ACCOUNTS

SUMMARY OF CONSULTATION PROCESS

The Government announced on 13 May 2009 that it would require superannuation providers to transfer lost accounts which have balances less than \$200, and those accounts which have been inactive for a period of five years and for which there are insufficient records to identify the owner, to the Commonwealth. The measure will have effect from the 2010-11 income year.

This measure was included in Tax Laws Amendment (2009 Budget Measures No. 2) Bill 2009, which was introduced into Parliament on 21 October 2009.

Consultation process

Consultation on a discussion paper entitled 'Superannuation Clearing House and the Lost Members Framework' was conducted between 14 November and 19 December 2008. Thirty one submissions were received.

Consultation on the draft legislation was conducted between 4 September and 25 September 2009. Six submissions were received.

Submissions can be viewed by clicking on the following link.

<http://www.treasury.gov.au/contentitem.asp?NavId=066&ContentID=1646>

Summary of key issues

Consultation on discussion paper

While the general approach contained in the Bill was canvassed in the discussion paper on the lost members framework, the paper did not seek comments on specific proposals.

Support for the approach of transferring small and insoluble accounts was mixed. The most common views put forward were that the lost member definition be changed or proactive steps be taken by the Australian Taxation Office to search for members or pay out benefits.

In announcing its decision to implement the proposal to transfer small and insoluble accounts, the Government indicated the measure will help to address the growing problem of lost superannuation accounts, potentially reducing the number of accounts by 40 per cent. Other issues canvassed in the discussion paper remain under examination.

Consultation on exposure draft

Some submissions preferred that the meaning of inactive and unidentifiable members be more clearly defined. However, the Government considers that the definition of an unidentifiable member in the draft Bill is appropriate as it provides trustees with discretion and flexibility. In addition, the explanatory memorandum clarifies that an account should be regarded as unidentifiable only where the information available to the trustee is very meagre — for example, where it includes only a name and no other information such as address, date of birth, or tax file numbers – so that the trustee is satisfied it will never be possible to pay an amount to the member.

Some submissions noted that there was duplication in the funds' reporting arrangements. As a consequence, the requirement for reporting the change in balances as calculated at two points of time has been removed from the Bill. Otherwise, the reporting and payment arrangements for the payment of lost superannuation accounts are generally consistent with those currently used for the payment of unclaimed money held by superannuation providers to the Commissioner of Taxation under the *Superannuation (Unclaimed Money and Lost Members) Act 1999*.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au . Alternatively, you can contact Alan Mallory on (02) 6263-3327.

Thank you to all participants in the consultation process.