

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury

Australian Taxation Office

Additional Estimates 17 February 2005

Topic: Audits – List of unfunded defined benefit funds

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Senator Sherry—I now turn to the issue relating to unfunded defined benefit super schemes and their surcharge tax assessment. Is the nature of the discrepancy uncovered by the ANAO in Audit Report No. 21 related to the same issue we have been discussing?

Mr Jackson—*No, it is not. The issue with the unfunded defined benefit funds relates back to the provisions of the act as they relate to record keeping for unfunded defined benefit funds. There is no requirement for us to keep a separate account of surcharge liabilities for those funds—accepting that they are basically government funds and that they would keep their own records and make payments as appropriate.*

When the audit office had a look at that last year, they went and made some inquiries of a couple of the funds and extrapolated those inquiries through to a number which was different to the one that we had in our accounts. I think there was a \$25 million difference between the amounts. They concluded that they could not certify that that was an accurate and correct amount. What we have done now is instituted a process of rolling audits, or examinations, of these funds. We are working with the funds to ensure that our accounts align with the record that the funds have and that there will be no discrepancy in future.

Senator Sherry—*When will that be completed?*

Mr Jackson—*We will have completed seven of the funds by the end of this financial year and we will roll over next year to some more funds. I expect the process will continue as a rolling process.*

Senator Sherry—*Could you take it on notice to give me a list of those funds.*

Mr Jackson—*Of the funds that we are auditing?*

Senator SHERRY—*Yes. What sort of number are we dealing with, approximately?*

Mr Jackson—*There are 32 funds in total.*

Answer:

There are 32 Unfunded Defined Benefit Funds.

These funds, that we have included in our case selection group, fall under two categories. They are either:

- established by or operated under a Commonwealth, State or Territory Act. These Acts, which currently number 53, are listed in Part 1 of Schedule 1 of the Superannuation Contributions Tax Regulations 1997; or
- established by or operated under a trust deed and listed in Part 2 of Schedule 1 of the Superannuation Contributions Tax Regulations 1997. There are currently 7 of these schemes.

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Whilst there is no public listing of unfunded defined benefit funds, perusal of these Regulations will allow an appreciation of the type of funds involved.

Parts 1 and 2 of Schedule 1 of the Superannuation Contributions Tax Regulations 1997 are attached for information.

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UNFUNDED DEFINED BENEFIT SUPERANNUATION SCHEMES
(regulation 2A)

Part 1 – Commonwealth, State or Territory Acts

Commonwealth

101 Defence Act 1903

102 Defence Force Retirement and Death Benefits Act 1973

103 Governor-General Act 1974

104 Judges' Pension Act 1968

105 Military Superannuation and Benefits Act 1991

106 Parliamentary Contributory Superannuation Act 1948

107 Superannuation Act 1976

108 Superannuation Act 1990

New South Wales

111 Judges' Pensions Act 1953

112 Local Government and Other Authorities (Superannuation) Act 1927

113 New South Wales Retirement Benefits Act 1972

114 Parliamentary Contributory Superannuation Act 1971

115 Police Regulation (Superannuation) Act 1906

116 State Authorities Non-contributory Superannuation Act 1987

117 State Authorities Superannuation Act 1987

118 State Public Service Superannuation Act 1985

119 Superannuation Act 1916

120 Superannuation Administration Act 1996

121 Transport Employees Retirement Benefits Act 1967

Victoria

131 Attorney-General and Solicitor-General Act 1972

132 Constitution Act 1975

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133 County Court Act 1958

134 Magistrates' Court Act 1989

135 Public Prosecutions Act 1994

136 State Employees Retirement Benefits Act 1979

137 State Superannuation Act 1988

138 Supreme Court Act 1986

139 Transport Superannuation Act 1988

Queensland

151 Governors' Pension Act 1977

152 Judges (Pensions and Long Leave) Act 1957

153 Parliamentary Contributory Superannuation Act 1970

154 Superannuation (State Public Sector) Act 1990

Western Australia

161 Government Employees Superannuation Act 1987

162 Judges Salaries and Pensions Act 1950

163 Parliamentary Superannuation Act 1970

164 Superannuation and Family Benefits Act 1938

South Australia

171 Governors' Pensions Act, 1976

172 Judges' Pensions Act 1971

173 Parliamentary Superannuation Act 1974

174 Police Superannuation Act 1990

175 Southern State Superannuation Act 1994

176 Superannuation Act 1988

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Tasmania

181 Governor of Tasmania Act 1982

182 Judges' Contributory Pensions Act 1968

183 Parliamentary Retiring Benefits Act 1985

184 Parliamentary Superannuation Act 1973

185 Retirement Benefits Act 1993

186 Solicitor-General Act 1983

Australian Capital Territory

191 Superannuation (Legislative Assembly Members) Act 1991

Northern Territory

194 Administrators Pension Act 1981

195 Legislative Assembly Members' Superannuation Act 1979

196 Superannuation Act 1986

197 Supreme Court (Judges Pensions) Act 1980

Part 2 – Superannuation Schemes established by, or operated under, trust deeds

New South Wales

201 Macquarie University Professorial Superannuation Scheme

202 University of New England Professorial Superannuation Fund

203 University of New South Wales Professorial Superannuation Fund

204 The University of Wollongong Professorial Superannuation Scheme

South Australia

221 Police Occupational Superannuation Scheme

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Northern Territory

251 Northern Territory Police Supplementary Benefit Scheme

252 Northern Territory Supplementary Superannuation Scheme