

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 14

Topic: Superannuation Clearing House

Hansard Page: E80-81 (01/06/2010)

Senator EGGLESTON asked:

Senator EGGLESTON—I would like to ask you some quick questions on the superannuation clearing house. Registration opened for the government's superannuation clearing house, through Medicare, on 24 May. I wondered how many registrations have been made in the first week or so of the registration period and to date?

Senator Sherry—These questions would need to go to Medicare because they are doing the clearing house activity. The ATO cannot help you.

Senator EGGLESTON—Okay. I accept that. Thank you.

CHAIR—Is that all we have in the superannuation section of Revenue Group in the ATO?

Senator EGGLESTON—There are other questions which do relate to Treasury in the same area, such as how many businesses are Treasury expecting to register for the clearing house services? I would have thought that would be a matter of Treasury modelling.

Mr Willcock—I would have to take that on notice, I think. We certainly were working on some sort of estimate as to the take-up rate. I cannot remember off the top of my head just what those estimates were, so I would have to take that on notice.

Senator EGGLESTON—Superannuation funds can also register for the clearing house. How many superannuation funds have registered and how many superannuation funds is Treasury expecting to register for the clearing house?

Senator Sherry—The question on actual numbers that have registered would have to go to Medicare. I do not know whether Treasury can help you with an estimate.

Senator EGGLESTON—Can Treasury detail all the expenditure on the government clearing house since 2007, broken down into years, and the costs of continuing to operate the clearing house over the forward estimates? You might have to take that on notice.

Mr Willcock—We would have to take that on notice.

Senator EGGLESTON—The clearing house is only available to employers with less than 20 employees. What is the procedure when an employer reaches over 20 employees if it is already registered as having under 20 employees? How will Treasury ensure that all employers registered have less than 20 employees? How will you police this scheme, in other words?

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Mr Willcock—I understand that there are some business rules that Medicare has developed in consultation with the industry, but I will have to take that on notice to provide you with details.

Senator Sherry—For convenience, the questions which you have asked that should go to Medicare, we will transmit to the appropriate committee and try to give you a composite response.

Senator EGGLESTON—I am grateful for that. Thank you.

Answer:

Senator Eggleston – I would like to ask you some quick questions on the superannuation clearing house. Registration opened for the government's superannuation clearing house, through Medicare, on 24 May. I wondered how many registrations have been made in the first week or so of the registration period and to date?

Response: During the first week of operation of the superannuation clearing house, Medicare Australia received 79 registrations from employers. As at 16 September 2010, 1684 employers had registered with Medicare Australia.

Senator Eggleston – There are other questions which do relate to Treasury in the same area, such as how many businesses are Treasury expecting to register for the clearing house services? I would have thought that would be a matter of Treasury modelling.

Response: Use of the clearing house service is optional for small businesses. The likely level of take up of the service cannot be known in advance and will depend on the perceived benefits to small businesses of using the service. No targets for the number of registrations have been set. However, for capacity planning and costing purposes, some internal assumptions were made in relation to the level of take up of the clearing house service in its initial years of operation. In this context, an assumption was made that up to 10 per cent of eligible small businesses would access the clearing house service in its first year of operation.

Senator Eggleston – Superannuation funds can also register for the clearing house. How many superannuation funds have registered and how many superannuation funds is Treasury expecting to register for the clearing house?

Response: It is not necessary for a superannuation fund to register with Medicare Australia for a payment to be made to that fund. However, registration will allow superannuation funds access to additional functionality from Medicare Australia, such as the ability to advise employers whether the provision of a member number is mandatory for the fund. To date, 235 superannuation funds have registered with Medicare Australia.

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Senator Eggleston – Can Treasury detail all the expenditure on the government clearing house since 2007, broken down into years, and the costs of continuing to operate the clearing house over the forward estimates? You might have to take that on notice.

Response: Work carried out by Treasury in relation to the provision of policy advice on the small business clearing house measure has been undertaken within existing departmental funding. This work has not been costed separately from Treasury's other policy advising functions.

Medicare Australia has been provided with funding for the cost of developing and operating the small business clearing house service. This funding was included in the 2008-09 Budget and amounts to \$16.1 million over three years (from 2009-10).

Senator Eggleston – The clearing house is only available to employers with less than 20 employees. What is the procedure when an employer reaches over 20 employees if it is already registered as having under 20 employees? How will Treasury ensure that all employers registered have less than 20 employees? How will you police this scheme, in other words?

Response: In order for employers to register with Medicare Australia, they must accept the terms and conditions for use of the small business clearing house service. These terms and conditions specify that, at the time the employer uses the facility, they employ less than 20 employees.

Medicare Australia will continuously monitor use of the clearing house service to identify instances where employers exceed the eligibility requirements by submitting payment in respect of more than 20 employees. To avoid disadvantaging businesses whose employee numbers fluctuate during peak periods, limited flexibility will be applied when assessing compliance with the eligibility requirements.