

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation

Outcome/Program: 1/1.2

Topic: Costs of administration of funds

Senator: Cormann

Question reference number: F32

Type of question: Hansard, F&PA Committee, page 41, 23 May 2012

Date set by the committee for the return of answer: Friday, 6 July

Number of pages: 1

Question:

Senator CORMANN:I want to understand the costs of administration – the cost changes in terms of the administration of the funds you administer versus the additional revenue that will flow from it. What is going to be the cost of administering the measure, vis-a-vis the revenue that will flow from it?

Senator Wong: We can do that.

Mr Tune: We will take that on notice, Senator.

Answer:

The revenue costing presented in *Budget Paper No. 2* for 2012-13 for the reduction of higher tax concession for contributions of very high income earners was undertaken by Treasury, using its superannuation microsimulation model. Treasury has advised as this model is based on a sample of confidentialised unit record data provided by the ATO, it is not possible to use this model to estimate revenue derived from members of particular Commonwealth superannuation schemes, nor members of State-based unfunded superannuation schemes.

An aggregate allowance was made in the costing for the effect of high income unfunded defined benefit scheme members being subject to this measure, but no further disaggregation of this group was possible.

The exact level of revenue collected from such schemes (and its profile across years) will be dependent on the final design details. Treasury are consulting with the superannuation industry and other relevant stakeholders on further design and implementation details.

In relation to administration costs for the Commonwealth public sector schemes a provision in the order of \$3 million in the first year and some \$1 million per annum in the out years has been made in recognition that there will be costs. It is a very broad provision with an actual estimate of the costs being dependent on the final design details.