

PAUL HUDSON & ASSOCIATES SUPERANNUATION FUND

SUBMISSION TO PRODUCTIVITY COMMISSION **SUPERANNUATION PRODUCTIVITY**

SUPERSTREAM & SMSFs

The Australian Government has introduced SuperStream which has resulted in a substantial reduction in productivity for SMSFs, whilst would probably provide advantages to Commercial Super Funds and financial institutions.

It is suggested all SMSFs be exempt from this bureaucratic burden, not just those SMSFs that deal with small Employers.

Reduction in Productivity.

Prior to the introduction of SuperStream, SMSFs would, based on our experience, receive Salary Sacrifice and Super Guarantee payments 24 hours after the Employer paid them. SuperStream introduced an administrative layer involving two other (usually financial) Corporations in the payment process; as a result, it is received about 1 week after payment is made by the Employer.

In addition for this reduced productivity, the SMSF has to pay an annual fee to one of those Corporations. So the SMSF Member not only misses out on several days of interest on the funds but also has to incur an administrative fee for the privilege.

Furthermore there are further consequences of such reduced productivity which magnify it substantially. As a result of the significant delay between the payment and receipt of such Concessional Contributions, there is a phase delay between the Employers' and SMSFs' detail in their Annual Reports to the ATO which can appear to reveal a discrepancy in the SMSFs reporting. This can also result in erroneous, specious Excessive Contributions situations which take an enormous amount of time and discussion with the ATO to resolve.

Rarely in my Corporate experience has such a reduced productivity specious "improvement" ever been imposed.

The ATO who have considered the above arguments at a high management level, have responded by effectively stating that SMSFs have to experience reduced productivity for the greater good!

The loss of productivity is considerable given the amount of time and analysis that the SMSF and its Members have to undertake. It is an example of unconscionable behavior by a Government Agency who did not consult sufficiently with SMSFs before imposing reduced productivity upon them.