

SuperStream Fact Sheet

SuperStream is a package of reforms that will make the superannuation system easier to use for members, employers and funds. These reforms will ultimately, provide significantly reduced costs across the industry benefiting funds, members and employers. An Ernst and Young report estimated \$1 billion per annum in savings for the superannuation industry from SuperStream.

SuperStream for members

Currently the superannuation system can be difficult to understand and it can be hard for individuals to keep track of their accounts and move or consolidate their superannuation. There is no one place members can go to see all their superannuation accounts. There is a lot of red tape imposed by the superannuation industry when members want to move funds. There is no uniform approach to the processing of superannuation transactions. Members ultimately pay the price of inefficiencies in how the superannuation industry operates through higher fees.

Under **SuperStream**:

- ✓ Members will be able to keep track of their superannuation by logging on to an online portal which will list all their superannuation accounts.
- ✓ Members will be able to initiate consolidation of accounts electronically.
- ✓ Members will not be faced with a multitude of different requirements from different funds when they want to move their accounts – there will be one simple standard set of procedures.
- ✓ Low value inactive accounts under \$1,000 will be automatically consolidated into another of the member's accounts (unless they opt out) saving the member fees and making their super easier to manage.
- ✓ Contributions to funds and rollovers between funds will be processed more quickly.
- ✓ Members will find it easier to check if their superannuation contributions have been made as this will be reported on their payslip.

SuperStream for employers

Currently the superannuation system can be difficult to use for employers. Each fund they contribute to for their employees may have different processes and requirements adding complexity and time to what should be a simple task.

Under SuperStream:

- ✓ Employers will have a simplified administration process as there will be common data standards for contributions to funds, removing the need to provide different information (or in a different format) to different funds.
- ✓ There will also be standard procedures for making electronic payments.

SuperStream for funds

The superannuation industry has tried for many years to develop its own standardised processes and procedures for transferring data and information between funds, but has not been able to find common agreement across the entire industry. This has resulted in systemic inefficiencies as each fund has developed their own requirements making the process of moving funds and transferring data much more complicated than it needs to be.

Under SuperStream:

- ✓ There will be simplified administration processes when dealing with employers and funds due to the introduction of common data standards and processing requirements and greater use of electronic commerce.
- ✓ This will ultimately significantly reduce costs in the industry, benefiting funds and members. An Ernst and Young report estimated \$1 billion per annum in savings for the superannuation industry from SuperStream.
- ✓ Funds can make greater use of member TFN's to assist them in keeping track of member accounts and facilitate account consolidation.

A SuperStream Advisory Council will be established made up of representatives from the superannuation industry and employers to provide a forum for industry to report to Government on the implementation of SuperStream and look for ways to find further efficiencies.

Break-down of levy

Commonwealth costs associated with the implementation of SuperStream are \$467 million over 7 years.

Table: SuperStream high-level deliverables 2010-11 to 2017-18

	IT Costs (\$'000s)	Non-IT costs (\$'000)	Total (\$'000)
Data and e-commerce standard, enabling services and on-boarding	\$260,955	\$18,871	\$279,826
SuperSeeker, account consolidation and data matching	\$50,195	\$112,530	\$162,725
Program management and governance	\$0	\$7,738	\$7,738
Communications and research	\$0	\$16,820	\$16,820
Total	\$311,150	\$155,959	\$467,109

Impact

Estimates undertaken by the Superannuation industry have identified that SuperStream will save in the order of \$1 billion each year in processing costs. Averaged over the approximate 33 million accounts existing today, this saving is in the order of \$30 per account each year.

The cost of implementing the SuperStream reforms is \$467 million in total over 7 years to be paid for by a temporary SuperStream levy on APRA-regulated funds. If you averaged the full levy increase of \$121 million to apply in 2012-13 across the approximate 33 million accounts existing today, the cost is roughly in the order of \$4 per account.