

2013/22

21 May 2013

Portability of superannuation between Australia and New Zealand – Regulations

ASFA lodged a submission on the proposed *Superannuation Industry (Supervision) Amendment Regulation 2013 (No. C)* (“the draft Regulations”).

While recognising the economic benefits and the benefits to individuals of the permitted movement of superannuation monies between Australia and New Zealand, ASFA notes that, all funds will face increased costs in implementing this measure.

In making a total of thirteen recommendations ASFA raised:

Three high level concerns with the regulations:

1. The structure – inserting a new Part rather than integrating the requirements into the existing framework;
2. A complete lack of visibility to fund trustees as to the actual implementation date to which they are working; and
3. The lack of clarity as to whether a fund trustee must transfer a member’s benefit to a KiwiSaver fund or whether a trustee could implement a fund rule prohibiting the payment of a member’s benefit to a KiwiSaver Scheme in circumstances where a rollover to an Australian regulated fund by the member would be permitted.

A number of specific concerns with the proposed Regulations and the Explanatory memorandum including:

1. The complexity of administration of the provisions;
2. The apparent contradiction between the application of paragraphs 12A.08(1) and (3) regarding when additional information must be sought;
3. The unnecessary complexity of the requirements of paragraph 12A regarding the degree to which the trustee must be satisfied before processing a request to transfer a benefit to a KiwiSaver fund; and
4. The lack of clarity on the applicability of the data standards to the rollover over a member benefit which contains a New Zealand-sourced component.