



SMSF Working Group

Issues paper on collection of statistics

May 2011

PROPOSED REFORM – RECOMMENDATION 8.15

The Government supports the recommendation to provide the ATO with a specific mandate to collect and produce SMSF statistics, the details of which be developed in consultation with industry, which provide greater understanding of the SMSF sector and its performance.

The Super System Review noted that the information needs for industry participants will vary significantly depending on their involvement. Information helps to:

- a) Improve decision making and choice;
- b) Improve understanding; and
- c) Enhance competition, analysis and monitoring of Australia's superannuation system.

The ATO currently sources data from a number of ATO forms and processes and publishes a quarterly statistical report for SMSFs. Data from the ATO is also incorporated into reports published by APRA including the *Annual superannuation bulletin* and the *Quarterly superannuation performance*.

Achieving comparability of data between SMSFs and large APRA funds was viewed as a positive outcome in many submissions to the Review. Achieving such an outcome will be difficult given the different regulatory reporting and accounting requirements of the two sectors. To achieve 100% comparability, there would need to be significant changes to SMSF reporting.

APRA will be making changes to their outcome reporting as outlined in the recommendations in Chapter 4 of the Final Report. Any work on comparability will need to take this work into consideration.

ISSUES

Data collection and reporting

The ATO currently produces a quarterly statistical report for SMSFs. The primary source of data for this report is the SMSF annual return. The information in this report includes:

- SMSF population and asset allocation tables
 - population of SMSFs and members
 - asset allocation (break-up of assets into various classes).
- Annual SMSF population analysis tables
 - asset allocation by asset value of the fund
 - membership sizes (SMSFs with one, two, three or four members)
 - demographics (state break-up of SMSFs, members and assets)
 - member demographics (age and income of members)
 - total asset ranges (distribution of the size of SMSFs)
 - average assets (per member and per SMSF)
 - flow of funds (contributions, transfers, benefits and expenses).
- SMSF quarterly establishment tables
 - demographics (state break up of SMSFs)
 - member demographics (age of new members)
 - member demographics (income range of new members).

As part of the Super System Review, *A statistical summary of self-managed superannuation funds* was produced. The aim of the publication was to provide a broad factual overview of the SMSF sector with a view of informing submissions relating to SMSFs in response to the Review. The publication was largely based on published and unpublished data provided by the ATO. The information reported in this publication included:

- Growth of the SMSF sector including:
 - Contribution flows
 - SMSF rollovers
 - Growth in the number of SMSFs
- SMSF management

- Trustee structure
- Service providers
- Member demographics
- Member income
- Member balances
- Investment performance
- Asset allocation
- Operating expenses
- Compliance

The ATO intends to publish a similar statistical summary based on more recent data.

The ATO currently collects information on SMSFs from the following sources:

1. The ABN registration process. An entity registers to be an SMSF at the same time it applies for an ABN. Basic establishment information is collected at this point in time.
2. The SMSF annual return. A combined income tax return and member contribution statement lodged with the ATO annually.
3. The Auditor contravention Report. A report that is lodged by an SMSF's approved auditor if a contravention is found.

The Super System Review concluded that in order to improve the level of available information, additional data would need to be collected from SMSFs. Although the Panel recognised that this would have cost implications, it believes the long-term benefits to public policy making and to the industry would outweigh these costs.

Additional data may be collected by making amendments to existing ATO forms or introducing new forms for SMSFs to complete. It is expected that this would result in additional costs for the ATO and for SMSFs.

Undertaking a sampling process may provide an alternative to changing existing ATO forms. The ATO may send an annual statistical survey to a targeted group of SMSFs in order to obtain data that isn't currently collected by existing processes. However, this option may also result in higher compliance costs for the sample of SMSFs selected.

Questions

What are the most efficient and effective methods of collecting data that will provide greater understanding of the SMSF sector, and allow for comparability with other superannuation sectors?

What additional data needs to be collected?