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Manager
Domestic Prudential Unit
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Submission: Discussion Paper on Proposed Financial Sector Levies for 2010-11

The Association of Superannuation Funds of Australia (“ASFA”) is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. Our members include corporate, public sector, industry and retail superannuation funds plus service providers who provide professional services to SMSFs, account for more than 5.7 million member accounts and over 80% of superannuation savings.

ASFA would like to thank you for the opportunity to provide comments in regard to the above discussion in the paper and the possible levy scenarios for superannuation entities.

The aggregate amount sought to be recovered

ASFA does not oppose the recovery through the supervisory levy of expenses of APRA, ASIC and the ATO which are relevant to the supervision of superannuation.

ASFA notes that the total amount sought to be recovered in regard to superannuation entities has decreased compared to the previous year. However, given that there was a reduction in the number of supervised superannuation entities from 475 to 429 over the last year we would have expected a larger reduction in the supervisory time and costs attributable to superannuation, even with the use of a four year moving average.

The amount of \$6.8 million sought for the operations of the Australian Taxation Office in regard to the Lost Members Register (LMR) is down slightly from the amount recovered for this in the previous year. However, given the nature of the operation of the Lost Members Register this is still a very substantial amount, in excess of what has in the past been required to operate the complex program of the Superannuation Complaints Tribunal. ASFA continues to have reservations about the ATO recovering a very complete range of general overhead costs not even remotely connected to the Register. An amount of \$6.8 million for the operation of the LMR appears to involve a very generous level of funding which we believe is not commensurate with the volume of enquiries handled and what is involved in maintaining an electronic register based on bulk information supplied by funds.

ASFA also notes that as a result the new Departed Temporary Residents and lost members measures of the government, in the next few months nearly half of the accounts listed on the Lost Members Register will actually be unclaimed monies that have been paid into the consolidated revenue account of the Commonwealth. In these circumstances ASFA does not consider that it is appropriate that superannuation funds should be levied for the claimed full costs of running the LMR. A substantial proportion of the costs will be attributable to the unclaimed monies received by the Commonwealth under the new arrangements. The ATO has already received budget funding to cover the cost of administering those unclaimed monies.

The levy parameters for 2010-11

ASFA considers that the levy structure in Scenario 2 should be amended in order to provide for a lower payment to the ATO given that much of the costs of the Lost Members Register will relate to unclaimed monies administered by the Australian Taxation Office. ASFA also notes that Scenario 2 delivers very substantial reductions in levies for relatively small superannuation funds (in the \$50 million to \$250 million). The discussion paper does not give any reasons why it is considered that a reduction in levies of over one third is appropriate for such funds. ASFA considers that if such a large change is being made in the distribution of the levy burden is to be made reasons for this should be provided.

If you have any questions in regard to this submission please contact Ross Clare on (02) 80790809 or rclare@superannuation.asn.au.

Yours sincerely

Ross Clare
Director of Research