

Submission number: 2014/23

13 June 2014

Proposed financial industry levies for 2014-15

ASFA's submission in relation to the consultation paper: *Proposed financial industry levies for 2014-15* ("the Consultation Paper") notes a number of concerns in relation to the methodology and process used to determine the annual supervisory levies, including.

- APRA has not published a Cost Recovery Impact Statement ("CRIS") in relation to the financial industry levies it collects, despite repeated undertakings that it would do so and specific recommendations from the Australian National Audit Office ("ANAO"). This limits industry's ability to assess the appropriateness of the proposed levies. ASFA considers that APRA should issue a draft CRIS for industry comment *before* settling the 2014-15 levies.
- Insufficient information is available regarding the methodology behind the calculation of the minimum and maximum amounts for the restricted component of the levy.
- The period allowed for consultation on the 2014-15 levies is, as in past years, inadequate. ASFA strongly endorses recent ANAO recommendations that Treasury should provide additional time and opportunities for stakeholders to participate in the annual levies consultation process.
- Many issues in relation to the SuperStream component of the levy remain unresolved. In particular, industry has not been provided with adequate information supporting the amount to be recovered, or a proper accounting for the expenditure of amounts previously levied. The component is also applied inequitably, being recovered from APRA-regulated funds only.
- More information is required to support the continued application of the APRA levy methodology to costs recovered on behalf of the ATO, ASIC and the Department of Human Services.

ASFA's submission also makes a number of comments and recommendations in relation to the specific matters raised in the Consultation Paper:

- While ASFA welcomes the proposal to apply a lower levy rate to Pooled Superannuation Trusts, the information provided is insufficient to enable the industry to assess the appropriateness of the proposed rate.
- Industry has not been given adequate time or information to fully assess the impacts of moving the SuperStream component from the restricted component to the unrestricted component for 2014-15 (Option 2) and applying a 'per member' levy base to the SuperStream component from 2015-16 (Option 2A). Separate consultation on these changes should be conducted following the publication of a detailed CRIS.
- In the event that Treasury proceeds with Option 2 for 2014-15, Option 2A should be subject to more detailed consultation, to minimise the risk of producing outcomes that are inequitable or unnecessarily costly and burdensome. Re-consideration of the arrangements for the SuperStream component should recognise that the beneficiaries from the SuperStream reforms are not limited to APRA-regulated funds and their members.
- The amount of funding to be allocated to the SCT from the ASIC component of the 2014-15 levy should be separately identified.