

Submission reference: 2015/17

Submission to Treasury: proposed financial industry levies for 2015-16

ASFA does not oppose the recovery through the supervisory levy of expenses incurred by the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC), the Australian Taxation Office (ATO) and the Department of Human Services (DHS), to the extent that these relate to the supervision of superannuation funds.

However, ASFA's submission in relation to the consultation paper: *Proposed financial industry levies for 2015-16* (Consultation Paper) noted ASFA's continuing concerns in relation to the methodology and process used to determine the annual supervisory levies. These concerns, and ASFA's recommendations, include:

1. The 2015-16 Cost Recovery Implementation Statement (CRIS) to be published by APRA should contain sufficient detail to allow stakeholders to assess the appropriateness of the levies imposed on regulated industries. In future, APRA should ensure that any updated CRIS is available for stakeholders to consider as part of the annual levy determination process.
2. Application of SuperStream component only to APRA-regulated superannuation entities:
 - Treasury and the ATO should provide detailed support for the amount of the proposed SuperStream component and properly account for the expenditure of previously raised levies.
 - Treasury should reinvestigate options to subject self-managed superannuation funds to the SuperStream component of the levy, and consider whether a portion of the SuperStream component reflecting the benefits delivered to non-levied entities, such as employers, should not be met out of consolidated revenue.
3. Cost recovery in accordance with Government guidelines:
 - The 2015-16 CRIS should include sufficient information for stakeholders to ascertain the appropriateness of the proposed levy collections to recover the costs of activities undertaken by the ATO and DHS.
 - Prior to any decision being made regarding adoption of a full cost recovery model for ASIC, Treasury should release sufficient information to enable stakeholders to understand the costs incurred by ASIC in respect of each regulated industry and ASIC's current and future resourcing needs.
4. The amount of funding allocated to the Superannuation Complaints Tribunal (SCT) should be separately identified. In addition, Treasury and ASIC should urgently review the SCT's funding needs to ensure it is adequately resourced to address its workload and meet its statutory objectives.
5. A three-year funding model for regulators should be adopted as recommended by the Financial System Inquiry. However, given the substantial sums already recouped via the supervisory levy, there should not be any net increase in the regulatory charge imposed on the APRA-regulated superannuation industry.
6. Both the 2015-16 CRIS and the annual consultation papers should include meaningful detail about the manner in which the minimum and maximum amounts for the restricted component have been determined. In addition, the minimum and maximum amounts should strive to reflect the actual costs of supervising the entities in the relevant industries.
7. Treasury should recommend that Government changes the time at which levies are set, to allow longer for consultation. In the meantime, Treasury should ensure that the annual consultation occurs as soon as possible after the delivery of the Commonwealth Budget.