

30 April 2013

**Submission to Treasury with respect to the April 2013 Discussion Paper on  
Financial Industry Supervisory Levy Methodology**

The ASFA submission in response to the discussion paper on the methodology for determining how to recoup the costs of supervision of each industry sector addresses both the posed question as to whether the methodology was appropriate and the equally important, but unasked, questions of whether:

- the costs incurred are justifiable, and
- there is transparency and accountability with respect to the activities undertaken and the costs incurred

In ASFA's view a lack of transparency about the levy setting process and the length of time that has passed since the initial parameters were set justifies a thorough review of the levy determination process. One possibility put forward in the submission is that the Productivity Commission review the basis on which the levies are determined, including the underlying methodology utilised.

It is ASFA's view that the levy process should be as transparent as possible, through adequate disclosure and appropriate consultation.

With respect to the discussion paper ASFA's key points are:

1. Determination of direct salary costs attributable to each levy-paying industry should not be performed on the basis of time alone but actual salary costs incurred.
2. Consideration should be given to the appropriate method for allocating indirect costs.
3. The conceptual basis for imposing a minimum and maximum amount with respect to the restricted, supervisory component seems appropriate.
4. Consideration should be given to whether asset value continues to be the most appropriate basis for allocating the levies.
5. There needs to be a methodology underpinning the basis upon which the minimum and maximum amounts are set each year to ensure they are determined on an appropriate and equitable basis.
6. The methodology should make a distinction between superannuation funds and PSTs.
7. Consideration should be given to levying the SuperStream component on a per capita basis, as opposed to a levy based on assets.
8. A detailed analysis be undertaken to ascertain who will benefit from SuperStream as a basis for determining the extent to which costs should be recovered from superannuation

funds and the most equitable method of apportioning the costs between the benefiting parties.

9. With respect to the financial assistance levy, the most equitable method to apportion the costs of financial assistance is apply either a percentage across the assets of funds, with no minimum \ maximum, or a fixed dollar amount with respect to each member of the fund.