



22 June 2017

Manager  
Banking, Insurance and Capital Markets Unit  
Financial System Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [supervisorylevies@treasury.gov.au](mailto:supervisorylevies@treasury.gov.au)

Dear Sir/Madam,

**Re: Proposed Financial Institutions Supervisory Levies for 2017-18**

**In brief:**

AIST notes that the assessment of the levies is difficult, given the current lack of a Cost Recovery Impact Statement. We note that it is difficult to assess whether the levies comply with the Government's Cost Recovery Guidelines, particularly the items relating to additional funding. AIST recommends that a CRIS be provided with the levies discussion paper in future years.

AIST welcomes the opportunity to provide a submission in respect of this discussion paper.

As highlighted in our previous submissions, the proposed levies are difficult to assess given that firstly, a Cost Recovery Impact Statement (CRIS) has not yet been released as is required under the Government's own Cost Recovery Guidelines (CRGs). This makes it difficult to assess the quantum or application of the levies. We look forward to the release of the CRIS by 30 June, however we note that this is too late for us to consider in making this submission.

AIST reiterates its appreciation for the strategy underpinning the suite of Government guidelines, including:

- Australian Government Cost Recovery Guidelines<sup>1</sup>.

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<sup>1</sup> Australian Government, Department of Finance, (2014). *Australian Government Cost Recovery Guidelines, July 2014 - Third edition*. Resource Management Guide No.304. [online] Australian Government. Available at: <http://tinyurl.com/lplwh2g> [Accessed 22 June 2017].

- Australian Government Charging Framework ('Charging Framework')<sup>2</sup>.
- Regulator Performance Framework ('Performance Framework').

This suite reinforces the need to have a CRIS from APRA simultaneously with the issue of any proposed levies papers. The application of resources to government objectives under the Performance Framework should also be simultaneously released. AIST notes that a CRIS will be released by 30 June but strongly advocates that even a draft CRIS and the outcomes of the Performance Framework (which is still in train) simultaneously with any levies discussion papers would provide greater transparency.

Page 6 of the discussion paper refers to the three measures for funding increases. The first one in particular, which considers the additional funding of \$28.6 million over four years, is relevant to the superannuation industry. AIST welcomes the extra resourcing to be provided to APRA for increased regulatory activity to protect the financial interests of superannuation fund members as well as other customers of Australia's financial sector. We look forward to seeing whether this complies with the CRGs when the CRIS is released.

AIST notes the introduction into the levies for the first time of the Australian Competition and Consumer Commission (ACCC) who are establishing a dedicated competition analysis function for Australia's financial system. AIST welcomes this role and supports efforts to improve competition across Australia's financial sector. We note that superannuation funds and private health insurers will not be subject to cost recovery of the ACCC's portion and welcome this, as these are not areas that the new Financial Services Competition Unit (FHCU) will be focusing on immediately. However, we take this opportunity to recommend that the new arrangements be reviewed to ensure that these are compliant with the CRGs.

We note that ASIC's costs are to transition to the new industry funding model, and will have transitioned out of the Financial Industry Supervisory Levies (FISLs) from 2020-21, with none of ASIC's ongoing costs recovered through the FISLs from 2017-18. In addition, we note that the Superannuation Complaints Tribunal (SCT) will be wound down and no longer in operation from 1 July 2020. AIST queries how this will be managed moving forward and believe that more information should be provided regarding this.

Finally, we note that the SuperStream component as well as the funding announced in the 2016 Mid-Year Economic and Fiscal Outlook (MYEFO) for the Gatework Network Governance Body (GNGB) is to be undertaken through the levies. We take this opportunity to point out that as Self-Managed Superannuation Funds (SMSFs) stand to benefit from the SuperStream reforms in

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<sup>2</sup> Australian Government, Department of Finance, (2015). *Australian Government Charging Framework*, Resource Management Guide no. 302. [online] Australian Government. Available at: <http://tinyurl.com/grrwr8q> [Accessed 22 June 2017].



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the same way as APRA-regulated funds, the SMSF sector should bear part of the cost, which will be \$32.0 million in 2017-18.

For further information in relation to our submission, please contact Richard Webb, Policy & Regulatory Analyst on 03 8677 3800 or at [rwebb@aist.asn.au](mailto:rwebb@aist.asn.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Eva Scheerlinck', is written over a horizontal line.

Eva Scheerlinck  
**Chief Executive Officer**

*The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.*

*As the principal advocate and peak representative body for the \$700 billion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.*

*AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.*