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Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600
Sent via e-mail to corporations.joint@aph.gov.au

Dear Dr Grant,

SUPERANNUATION LEGISLATION AMENDMENT (REFORM OF SELF-MANAGED SUPERANNUATION FUNDS SUPERVISORY LEVY ARRANGEMENTS) BILL 2013

Thank you for the opportunity to provide the Committee with comment regarding the *Superannuation Legislation Amendment (Reform of Self-Managed Superannuation Funds Supervisory Levy Arrangements) Bill 2013*.

ASFA would like to make comment on the levy itself and reiterate previously articulated concerns regarding transparency and accountability in regards to all regulatory levies.

The levy

ASFA agrees that the Australian Taxation Office (ATO) should be able to recover the *Superannuation Industry (Supervision) Act 1993* supervisory costs directly related to self-managed superannuation funds (SMSFs). That is, the levy should not be a cost recovery mechanism for the provision of taxation services to SMSFs (lodging returns, responding to taxation issues etc.).

ASFA believes that it would be useful for the ATO to publish each year SMSF levy income collected each year and details of the costs incurred in supervision of SMSFs for the purposes of regulatory supervision.

Accountability \ transparency of determination of costs and levy

ASFA has raised concerns in regards to industry levies in the past. The most significant aspect of agencies being primarily funded by levies is that it represents a form of moral hazard, in that the party which is providing the funding (industry) has no control over the resourcing decisions made by the agency. This extends to the type, and in particular, the scope of activities engaged in by the agency and the quantum, and nature, of the resources used.

As such, there is limited input by those impacted by the levy in the way of effective oversight, checks and balances and controls to ensure that the activities performed, the resourcing utilised and the resultant costs incurred are appropriate and reasonable.

The usual process with respect to any funding process requires a certain amount of rigour, which necessitates having to perform a cost \ benefit analysis and prepare a business case, thereby imposing a fiscal discipline on the party concerned. If costs can simply be recovered by the imposition of a levy the agency is relatively unconstrained as to the approach it can take, the scope and size of any project \ activity and accordingly the costs it incurs.

It is therefore ASFA's view that, to ensure confidence in the levy calculation and imposition process, sufficient information be made available by regulators in respect to the costs being recovered by the levies. Adequate disclosure and appropriate consultation in regards to all industry levies should be a fundamental feature of any levy process.

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Yours sincerely

Fiona Galbraith
Director Policy