11 June 2024

Acting Director
Regulator Engagement and Powers Unit
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: Supervisorylevies@treasury.gov.au

Dear Acting Director

Proposed Financial Institutions Supervisory Levies for 2024–25

CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and the Institute of Public Accountants (IPA) ("**the Joint Accounting Bodies**") welcome the opportunity to provide a submission to Treasury on the Proposed Financial Institutions Supervisory Levies for 2024–25 Discussion Paper ("**the Discussion Paper**"), currently available for consultation. Together, the Joint Accounting Bodies represent over 350,000 professional accountants in Australia, New Zealand and around the world. Our members work in diverse roles across public practice, commerce, industry, government, and academia. We make this submission on behalf of our members and in the broader public interest.

The Financial Institutions Supervisory Levies aim to recover costs incurred by the Australian Prudential Regulation Authority (APRA) for supervising regulated entities, in accordance with the Australian Government Charging Framework and Cost Recovery Policy (CRP – previously known as the Cost Recovery Guidelines). While most agency costs, except for the Australian Securities and Investments Commission (ASIC), are covered by this levy, ASIC's costs are recovered through its industry funding model separately.

Although page 2 of the Discussion Paper notes that an updated Cost Recovery Implementation Statement (CRIS) is expected by 30 June 2024, we believe that a CRIS should have been provided before this consultation according to the CRP. Providing this statement ahead of this consultation, even in draft form, would help stakeholders assess the levy's impact better.

This submission focuses mainly on aspects of the Discussion Paper relevant to large APRA-regulated superannuation funds, other than Pooled Superannuation Trusts (PSTs). We wish to welcome the maintenance of the levies for Small APRA Funds (SAFs) and Single Member Approved Deposit Funds (SMADFs) at $590 per fund. We do not wish to comment on the application of the levies to PSTs in this submission.

For large superannuation funds regulated by APRA, the existing tiered charging structure proposed in the Discussion Paper remains mostly unchanged, with slight increases in the percentage rate of each component. These adjustments would result in a large fund with total assets of $311 billion and 3.26 million member accounts being charged $11.4 million in 2024-25, up from $10.7 million in 2023-24. This translates to a cost of $3.49 per member account annually, up from $3.28.

Conversely, a small fund with total assets of $141 million and 462 member accounts would pass on $44.38 to each member account annually, up from $36.62 in 2023-24, representing over four times the proportional charge of the large fund, and a 21.2 per cent increase on 2023-24. This compares unfavourably to the increase attributable to each member account of the large fund, which would have been 6.4 per cent.

We are aware that current government policy settings are aimed at encouraging mergers to reduce fees for superannuation fund members, but we are not convinced that the substantial difference in the levies, such as in the two funds in our examples, is proportionate in any context. Members of small funds already shoulder a larger than normal burden in respect to the administration costs incurred in running smaller superannuation funds, and it is unjust to further compound this with an inflated share of these levies.

If you have any queries on this submission, please do not hesitate to contact Richard Webb, Superannuation Lead at CPA Australia on 03 9606 9607 or richard.webb@cpaaustralia.com.au.

Yours sincerely,

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