FINANCIAL SERVICES COUNCIL

26 May 2017
The Treasury
Langton Crescent
PARKES ACT 2600

Email: ASICfunding@treasury.gov.au

Attention: Mr. Ryan Walsh

(In Word and PDF formats)

Dear Sir

ASIC Supervisory Cost Recovery Levy Regulations 2017:
Exposure Draft (ED) and Draft Explanatory Statement (DES)
Industry Funding Model (IFM)
Supplemental Submission

Further to our correspondence earlier today, we have received some further comments which we would ask that you accept as part of our submission.

The additional comments we have received are as follows-

Double Counting

1. We appreciate that the ED does attempt to address this issue. However, it is still not entirely clear to us that this clearly is achieved so as to remove the prospect of double counting for levy purposes. One particular instance which is not uncommon in a conglomerate situation is where a superannuation fund will invest all or a significant proportion of assets of the fund in an associated life entity and holds a group investment policy. The ED of course refers to formulae for both superannuation and insurance entities for the purposes of calculating the levy for superannuation entities and life companies;

2. As we have said previously, we appreciate that the intent of the IFM is to prevent double counting of the same or significantly the same assets and this was discussed in conjunction with the issue of the Proposals Paper;

3. Could you please clarify how this issue is addressed effectively in the ED and whether this is to be subject to further arrangements ,for example, subsequent legislative instruments;

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APRA Levy

4. In similar vein, we note that currently the APRA levy contains an ASIC component. It seems to us that it would be appropriate for the ASIC component under the APRA levy to be excised and for it to be addressed under the IFM. If this were not done, it seems to us that there is a risk that the ASIC component is "counted twice", ie, under each of the APRA and ASIC IFM levies. Again, this may be an issue which was intended to be clarified by subsequent instruments. However, your comments would be appreciated.

Should you have any questions, please contact the writer on 02-9299 3022.

Yours Faithfully

Paul Callaghan

General Counsel