

CORPORATE SUPER ASSOCIATION

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Financial Services and Credit Reform Green Paper
Corporations and Financial Services Division
The Treasury
Langton Crescent
Parkes ACT 2600

By e-mail to financialservicesgreenpaper@treasury.gov.au

Submission: Green Paper on Financial Services and Credit Reform

Dear Sirs

I refer to the Green Paper, *Financial Services and Credit Reform*, issued by the Government in June 2008. The Corporate Superannuation Association welcomes the opportunity to provide comments.

1 Background: the Corporate Superannuation Association

The Corporate Superannuation Association represents twenty-four major not-for-profit corporate superannuation funds and their corporate sponsors. These funds are most of the largest funds in the corporate fund sector. The assets of Association members amount to approximately \$34 billion, representing about 46% of total corporate superannuation sector assets in Australia. In general, the funds are sponsored by corporate employer sponsors with membership restricted to employees from the same holding company group, but we also include in our membership a few multi-employer funds with similar employer involvement and focus to our stand alone member funds.

We have the following comments in relation to the Paper and the proposals.

2 General comments

In general, we are in support of consistent Commonwealth regulation to replace the heterogeneous State Laws affecting the products and services discussed in the Paper. We also support moves to avoid regulatory conflict.

The principal service affecting superannuation funds that is discussed in the Paper is that offered by the Trustee Company sector, and it is in this area that we offer more specific comments.

3 Trustee Corporations

As noted in the Paper, Trustee companies have broadened their operations from traditional activities into a range of other activities including, in recent years, the provision of licensed trustee services for superannuation funds. The prudential regulation of the trustees of regulated superannuation entities is carried on by APRA. For APRA-regulated trustees, the oversight of consumer related matters, including disclosure, is regulated by ASIC. We note that the largest element of the operations of the trustee corporations is now corporate activities and funds management activities. Activity based regulation applies to these services.

We would support uniform Commonwealth based regulation of these entities to reduce complexity. Most of the trustee corporations' business (other than traditional activities) is already regulated under various Commonwealth Acts depending on the type of activity. In respect of the traditional activities, given that these comprise a relatively small section of the trustee corporations' business, and given the number of individuals and small entities with which the trustee corporations deal in respect of the traditional activities, it appears that a Commonwealth regulatory focus on consumer issues rather than on trustee entity prudential issues would be appropriate.

Our major concern would be that whatever model is chosen for the regulation of trustee corporations' traditional activities should, given the present approach to regulation by function or activity, be restricted to these traditional activities. Under the current model of regulation by function, we would see APRA continuing as the sole prudential regulator of superannuation trusteeships provided by trustee corporations. We would not wish to see either APRA or ASIC assuming a type of global responsibility for regulation of trustee corporations such that a double regulatory layer imposed additional or conflicting reporting burdens.

Please contact my office on +61 3 9620 5155 or by e-mail to corsuper@netspace.net.au if you would like to discuss the above.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Bruce McBain', written in dark ink.

Bruce McBain
Chief Executive Officer
Corporate Superannuation Association