



Looking after you
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Manager
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(By Email: supervisorylevies@treasury.gov.au)

Proposed Financial Industry Levies For 2014-15

The Queensland Local Government Superannuation Board (the Board) as trustee for the Local Government Superannuation Scheme (LGsuper) welcomes the opportunity to provide feedback and comments on the proposals outlined in the above Consultation Paper.

LGsuper

The Board is constituted under the Local Government Act 2009 (Qld) to act as trustee for LGsuper, a public sector superannuation fund. LGsuper provides coverage for all employees in Queensland local government and currently comprises 87,000 members and approx. \$8.0b in FUM.

The Board currently comprises 4 member-elected representative directors, 4 employer representative directors and 4 independent directors. By 31 December 2014 the Board will transition to 3 member-elected representative directors, 3 employer representative directors and 3 independent directors.

Proposed Levies for 2014-15

The Consultation Paper proposes two options for the allocation of levies for 2014-15. Option 1 reflects the same methodology as for 2013-14 while Option 2 reflects the allocation of all activities, excluding APRA's prudential supervision, to the unrestricted levy component. Under Option 2 the maximum cap for the restricted levy component is reduced to reflect the cost of SuperStream being met from the unrestricted levy component.

The Board supports the allocation of the activities other than APRA's prudential supervision to the unrestricted levy component under Option 2. The activities are more closely aligned to an organisation's size, in both FUM and membership, and should be allocated using the unrestricted levy methodology. The Board also supports the reduced maximum for the restricted levy for superannuation funds. It was considered the previous maximum penalised the funds in the mid-tier of superannuation funds (\$5b to \$10b of FUM) relative to the larger funds.

Fund Membership as Levy Base for SuperStream

The Consultation Paper also proposes two options for the recovery of SuperStream costs. The first option is as per Option 2 above. The second option, referred to as Option 2A in the Consultation Paper, proposes that the unrestricted component of the levy is split to be partly calculated on a per member basis (the SuperStream component) and partly on a fund's asset base (the non-SuperStream component).

The Board supports Option 2A. SuperStream is a member-centric initiative wherein the processing of contribution transactions are being made more efficient through the application of data standards and more efficient IT processes. Contributions to funds are made on a member basis. Larger funds with large memberships are expected to achieve greater benefits from the implementation of SuperStream.

Further, as indicated in the Consultation Paper, SuperStream activities also encompass:

- Enhanced matching of member information to accounts by the ATO to aid account consolidation;
- Provision of an interactive online portal by the ATO for members to view their superannuation accounts, including active accounts;
- Provision of a (member's) TFN validation service by the ATO for funds and employers.

Costs for these activities are more appropriately recovered using a membership basis.

The Board considers that recovering the SuperStream costs using a per member basis is more equitable.

Yours sincerely



Ian Harcla
Scheme Secretary & Deputy Chief
Executive Officer