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Manager
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The Treasury
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Dear Mr Hockley

The National Australia Bank (NAB) welcomes the opportunity to provide feedback on the ***Proposed Financial Industry Levies for 2014/15*** discussion paper and notes its joint preparation with the Australian Prudential Regulation Authority.

NAB supports the policy objectives of cost recovery for the purposes of funding supervisory and regulatory bodies and their activities, specifically; the proposition that cost recovery can support market integrity and deliver on equity goals by ‘ensuring that those.. who create the need for regulation bear the costs’.¹ NAB further notes this funding approach accords with the published ‘core principles’ of the International Monetary Fund which seek to ensure the independence of regulatory authorities from Government.

NAB supports Option 1: *No change in the methodology from 2013/14.*

In supporting this option, NAB makes the following comments.

An expansion of the activities which are apportioned to the ‘unrestricted levy component’ as envisaged by Option 2, risks diluting the levels of certainty that regulated entities have under the current arrangements, particularly with respect to expected liabilities and regulator activity and therefore renders this model less compelling.

The consideration featured in the discussion paper to the current reforms experienced by the superannuation sector is a positive aspect of the document and it is important that this attention feature in subsequent consultations. One issue for future consideration is the operation of pooled superannuation trusts (PSTs), which are essentially wholesale entities and not accessed by individuals.

The concerns raised by the industry during the 2013 consultation concerning the double incidence of levying of PSTs remain, as do the concern about a levying model which seeks to cover costs responding to actions of individuals by bodies such as ASIC and the Department of Human Services.

Should you require further information on the issues raised in this document, please contact me on m: 0400 445 692

Yours sincerely,

Dallas J McInerney
General Manager
Government Affairs & Public Policy

¹ Department of Finance & Administration, *Australian Government Cost Recovery Guidelines*, July 2005