



Superannuation
Complaints
Tribunal

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By email

29 April 2013

Principal Adviser
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir,

Financial industry supervisory levy methodology – discussion paper

The Superannuation Complaints Tribunal (the Tribunal) welcomes the opportunity to make a submission in response to the Discussion Paper about the Financial industry supervisory levy methodology. The Tribunal notes that the focus of the discussion paper is on the methodology used for the application of the levy.

The Tribunal wishes to make a submission in relation to Consultation issue 6.4 of the Discussion Paper and whether the current levy methodology could be enhanced to provide greater transparency.

About the Superannuation Complaints Tribunal

The Tribunal was established by the *Superannuation (Resolution of Complaints) Act 1993* (the Complaints Act). It is an independent dispute resolution body that deals with superannuation related complaints arising from the decisions and conduct of trustees, insurers and other decision-makers.

The Tribunal offers a free, user-friendly alternative to the court system for disputes relating to superannuation. The objectives of the Tribunal are set out in section 11 of the Complaints Act – to resolve complaints in a manner that is ‘fair, economical, informal and quick’, initially through conciliation and only where that fails, by review of the decision or conduct.

The Tribunal is part of the consumer protection functions in Australia’s financial system.

The Tribunal’s only function is the resolution of complaints made by members, former members and beneficiaries (or their representatives) of regulated superannuation funds, and exempt public sector superannuation funds that have come within the Tribunal’s jurisdiction as a result of regulations made under the Complaints Act for that purpose.

The Tribunal is not a membership-based body. All regulated superannuation funds (and other identified decision-makers) are required by the Complaints Act to be subject to the Tribunal's jurisdiction.

Section 7A of the Complaints Act provides that the Chairperson of the Tribunal is the executive officer of the Tribunal and is responsible for the overall operation and administration of the Tribunal.

Section 62(2) of the Complaints Act provides that the Australian Securities and Investments Commission (ASIC) must make available to the Tribunal such staff and facilities as are necessary or desirable to enable the Tribunal to perform its functions.

ASIC is funded to undertake this activity by the levy.

Observations

The amount collected through the levy for the Tribunal is included in the amount levied and allocated to ASIC - it is not separately identified. ASIC determines the level of resources that are expended for Tribunal purposes pursuant to section 62(2) of the Complaints Act.

Until 2010, the approximate amount levied on the industry and allocated to ASIC to fund the activities of the Tribunal was separately identified. For example, the Proposed Financial Sector Levies paper for 2009/10 issued in June 2009 included the following: 'Funding for the ASIC component of levies, which includes the Superannuation Complaints Tribunal (SCT), is \$18.5 million in 2009-10...The SCT comprises around \$5.3 million of this total.'

The impact of the current methodology is that the amount of the levy intended to be levied and expended on the activities of the Tribunal is not identified.

In addition, the Tribunal has from time to time requested additional funding through the Government's annual budget process. In 2010/11 this resulted in a Costing Agreement between the Department of Finance and Deregulation and the Tribunal providing an extra \$1.5 million per annum to the Tribunal over the forward estimates, to be recovered from the levy. The recovery of this funding is also not identified through the current levy methodology.

To enhance the Tribunal's accountability to the superannuation industry and government for its activities (including with respect to submissions for additional funding), and to enhance the transparency of the component of the levy collected to fund the Tribunal's activities, the amount collected for the Tribunal could be separately identified.

Should you require any further information in relation to the submission please contact me on (03) 8635 5551 or by email.

Yours sincerely

Jocelyn Furlan
Chairperson