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28 September 2017

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

economics.sen@aph.gov.au

Submission: Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2017

We thank the Senate Economics Legislation Committee on the opportunity to make a submission on the Bill.

About Dixon Advisory

Dixon Advisory assists more than 20,000 families with their superannuation decisions including over 8,000 SMSF trustees, with a combined asset base of $6 billion for which Dixon Advisory provides a complete administration service. Dixon Advisory estimates that this makes it the fourth largest administrator in the $670 billion SMSF market. Dixon Advisory employs more than 350 people in its 5 offices: Sydney, Melbourne, Canberra, Brisbane and New York (USA).

SMSFs are an important sector in the superannuation industry. In the five years to 2014-15 the number of SMSFs increased by 27 per cent to 557,000[1], with total assets worth $590 billion. The latest ATO SMSF statistical report for March 2017, outlined that the total value of SMSF assets is $674.7 billion[2], with the member base of SMSFs totaling over 1.1 million members[3].

Comments on the Bill

In principle, we support moves to increase the minimum standards across the default super market that will strengthen consumer confidence in super. However, we are concerned that the Bill pre-empts the work that is underway by the Productivity Commissions review into superannuation and default models. The Senate Committee should evaluate the true impact of the Bill on all ongoing and future reforms and ensure that any impacts are consistent with current and future reform proposals. Otherwise, fragmented and piecemeal introductions of new standards may result in regulatory inefficiency, duplication in consumer and industry standards, increase consumer confusion in navigating the system as well as impose additional costs on businesses in complying with the new laws and regulations. Ensuring

[1] Australian Taxation Office, 2015, 'ATO releases latest SMSF statistics', viewed on 14 September 2017 <https://www.ato.gov.au/media-centre/media-releases/ato-releases-latest-smsf-statistics/>
[2] ATO, SMSF statistical report- March 2017, viewed 14 September 2017 <https://www.ato.gov.au/Super/Self-managed-super-funds/In-detail/News/SMSF-statistical-report---March-2017/>
[3] Above n2.

SYDNEY
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060
PO Box 29 CROWS NEST NSW 1585

MELBOURNE
Level 2, 250 Victoria Parade
EAST MELBOURNE VIC 3002
PO Box 140 FITZROY BC VIC 3065

CANBERRA
Level 1, 73 Northbourne Avenue
CANBERRA ACT 2601
GPO Box 1481 CANBERRA ACT 2601

NEW YORK
1000 Plaza Two, Floor 10
Harborside Financial Center
JERSEY CITY NJ 07311

CONTACT DETAILS
T 1300 883 158 | F 1300 883 159 | E info@dixon.com.au
AFSL 231145 | ABN 54103071665
dixon.com.au

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that new reforms are aligned with concurrent reforms is paramount to its successful implementation and likelihood of achieving desired outcomes.

The Senate Committee should also ensure that APRA's powers are well defined and structured in the Bill. Otherwise there is a risk that it may lead to regulatory oversights and impediments potentially resulting in funds losing their '*MySuper*' classification. As a result, such oversights may lead to market share loss and reputational damage for these funds as well as weakening consumer confidence in the overall '*MySuper*' system. Therefore, it is critical that APRA's powers are appropriately equipped and structured in the Bill to effectively implement and monitor the new requirements.

Should you have any questions please do not hesitate to contact me directly on [redacted]

Kind regards,

Damir Karamehmedovic (Policy and Financial Analyst, Dixon Advisory) *per*

Nerida Cole (Managing Director - Head of Advice, Dixon Advisory)

SYDNEY
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060
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