

23 April 2013

Dr Richard Grant  
Acting Secretary  
Parliamentary Joint Committee on Corporations and Financial Services  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Sir/Madam

### **Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2013**

The SMSF Owners' Alliance (SMSFOA) represents trustees and beneficiaries of self-managed superannuation funds (SMSFs).

SMSFOA supports the objectives of the Bill.

#### *Chapter 1 – General Measures*

A simplified prospectus for retail corporate bond issues by listed companies should stimulate the market for corporate bonds, which is not highly developed in Australia, and assist capital formation.

It should also provide superannuation funds, including SMSFs, with a greater choice of investment options. At present, SMSF asset allocation is heavily focussed on listed shares with comparatively low investment in debt securities.

Combined with the offer of Commonwealth Government bonds to the retail market, easier access to corporate bonds will assist SMSF owners to adjust asset allocation in accordance with their investment strategy, taking into account yield and risk.

We believe the conditions set in the Bill for the issue of retail corporate bonds will provide sufficient protection for SMSFs and these can be complemented by Regulations to be developed.

While SMSFOA welcomes greater investment choice for SMSFs, we also take the opportunity to state that we are firmly of the view that investment decisions by trustees must continue to be exercised in accordance with their responsibility to act in the best interest of members of the fund, taking into account investment strategy and professional advice they may see fit to seek. There should be no directed investment of SMSF assets into government or corporate bonds or any other investment class, e.g. infrastructure bonds.

*Chapter 2 – Use of terms ‘financial planner’ and ‘financial adviser’*

SMSFOA also supports the measure to restrict use of the terms ‘financial planner’ and ‘financial adviser’.

While this will not guarantee the quality of advice offered, it will give existing and potential SMSF owners a greater degree of confidence in dealing with planners and advisers who are licensed by ASIC to describe themselves as such.

We would be pleased to assist the Committee further at their convenience.

Yours sincerely,

Duncan Fairweather  
Executive Director  
SMSF Owners’ Alliance

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