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The Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Suite SG.64
Parliament House
CANBERRA ACT 2600

E-mail: corporations.joint@aph.gov.au

Dear Mr Sullivan

Inquiry into the structure and operation of the superannuation industry

Following on from our appearance before the Committee at its public hearing on 25 October 2006, CPA Australia makes this supplementary submission, containing a number of attachments, to address the questions on notice that were taken during the hearing.

Self managed superannuation fund research

Attachment 1 is the CPA Australia research report *Self Managed Super Funds* published in October 2004. The report provides information on the reasons why people use self managed superannuation funds (SMSFs) as well as the influence of various sources on the take up or rejection of SMSFs. While not in the published report, it was found only 11% of fund owners established their funds based on the recommendation of their accountant or family and friends. The majority reasons given were for greater control over their own investments and flexibility.

When questioning the role of accountants and financial advisers in recommending the establishment of SMSFs, we note Investment Trends recently released an IFSA commissioned report on SMSFs which found SMSFs were more often established on the recommendation of a financial planner (39%) than that of an accountant (27%).¹ We suggest the secretary obtain a copy of the report from IFSA.

SMSF advice guidelines

Attachment 2 is CPA Australia's recently released guidelines for members on providing advice on SMSFs for the Committee's reference. The guidelines focuses on the key factors to consider when recommending SMSFs, what advice unlicensed accountants can provide under FSRA, and the legal requirements for providing licensed advice.

¹ *SMSF Trends – Grey leads the way*, IFSA media release, 14 November 2006

Deductibility of superannuation contributions

At the hearing, CPA Australia outlined its proposal to extend tax deductibility to all superannuation contributions. Attachments 3 and 4 are submissions to Treasury that include outlines of the proposal. Attachment 3 is our supplementary submission made on 7 August 2006 in response to the superannuation simplification consultation. Attachment 4 is our 2007-08 Pre-Budget submission.

Should you have any queries or require further information please contact me on 02 6267 8552 or by email: michael.davison@cpaaustralia.com.au.

Yours sincerely

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