The Senate

Economics Legislation Committee

Provisions of the Superannuation Safety Amendment Bill 2003

February 2004

© Commonwealth of Australia 2004

ISBN 0 642 71344 8

Printed by the Senate Printing Unit, Parliament House, Canberra.

SENATE ECONOMICS LEGISLATION COMMITTEE

CORE MEMBERS

Senator George Brandis, Chair	(Queensland, LP)
Senator Ursula Stephens, Deputy Chair	(New South Wales, CL)
Senator Grant Chapman	(South Australia, LP)
Senator Andrew Murray	(Western Australia, AD)
Senator John Watson	(Tasmania, LP)
Senator Ruth Webber	(Western Australia, ALP)

SUBSTITUTE MEMBERS

Senator Allison to replace Senator Murray for matters relating to the Resources portfolio

Senator Cherry to replace Senator Murray for the committee's consideration of the provisions of the Superannuation Safety Amendment Bill 2003

Senator O'Brien to replace Senator Webber for matters relating to tourism

Senator Ridgeway to replace Senator Murray for the committee's consideration of the provisions of the Treasury Legislation Amendment (Professional Standards) Bill 2003

PARTICIPATING MEMBERS

Senator the Hon Eric Abetz	(Tasmania, LP)
Senator the Hon Ronald Boswell	(Queensland, NPA)
Senator Geoffrey Buckland	(South Australia, ALP)
Senator George Campbell	(New South Wales, ALP)
Senator Kim Carr	(Victoria, ALP)
Senator John Cherry	(Queensland, AD)
Senator Stephen Conroy	(Victoria, ALP)
Senator the Hon Peter Cook	(Western Australia, ALP)
Senator the Hon Helen Coonan	(New South Wales, LP)
Senator Alan Eggleston	(Western Australia, LP)
Senator Christopher Evans	(Western Australia, ALP)
Senator the Hon John Faulkner	(New South Wales, ALP)
Senator Alan Ferguson	(South Australia, LP)
Senator Jeannie Ferris	(South Australia, LP)
Senator Michael Forshaw	(New South Wales, ALP)
Senator Brian Harradine	(Tasmania, Ind)
Senator Leonard Harris	(Queensland, PHON)
Senator Linda Kirk	(South Australia, ALP)
Senator Susan Knowles	(Western Australia, LP)
Senator Meg Lees	(South Australia, Ind)
Senator Ross Lightfoot	(Western Australia, LP)
Senator Joseph Ludwig	(Queensland, ALP)
Senator Kate Lundy	(Australian Capital Territory, ALP)
Senator Sue Mackay	(Tasmania, ALP)

PARTICIPATING MEMBERS (Continued)

Senator Gavin Marshall	(Victoria, ALP)
Senator Brett Mason	(Queensland, LP)
Senator Julian McGauran	(Victoria, NPA)
Senator Shayne Murphy	(Tasmania, Ind)
Senator Marise Payne	(New South Wales, LP)
Senator Aden Ridgeway	(New South Wales, AD)
Senator the Hon Nick Sherry	(Tasmania, ALP)
Senator Natasha Stott Despoja	(South Australia, AD)
Senator Tsebin Tchen	(Victoria, LP)
Senator John Tierney	(New South Wales, LP)
Senator Penny Wong	(South Australia, ALP)

SECRETARIAT

Dr Sarah Bachelard, Secretary
Dr Anthony Marinac, Principal Research Officer
Mr Matthew Lemm, Senior Research Officer
Ms Judith Wuest, Executive Assistant
Ms Barbara Rogers, Executive Assistant

Suite SG.64
Parliament House
Canberra ACT 2600
Ph: 02 6277 3540
Fax: 02 6277 5719
E-mail: economics.sen@aph.gov.au
Internet: http://www.aph.gov.au/senate/committee/economics_ctte/index.htm

TABLE OF CONTENTS

Membership of Committee iii

CHAPTER 1

INTRODUCTION 1

Background 1
Purpose of the bill 1
Reference of the bill 1
Submissions 1
Hearings and evidence 2
Acknowledgment 2

CHAPTER 2

THE BILL 3

Background to the bill 3
Current arrangements 4
Issues raised 4
Substantive changes made by the bill 6
Licensing of trustees 6
Registration of superannuation entities 6
Provisions for orderly exit of unlicensed trustees 7
Reporting requirements for actuaries and auditors 7

CHAPTER 3

EVIDENCE TO THE INQUIRY 9

Issues raised in submissions 9
Timing of implementation 9
Inequity in process between trustees and regulator 10
Potential overlap between regulators 12
Proliferation of identifying numbers 13
Matters relating to equal representation requirements 14
Potential confusion in risk management requirements 15
Lack of materiality in requirements for reporting breaches 17
Scope of proposed regulations 18
'Fit and proper' test 18
Capital requirements 19

Other matters 19
GST implications 20
Cost of implementation 20
Conclusion 21
Recommendation 22

ADDITIONAL COMMENTS BY LABOR SENATORS 23

APPENDIX 1
SUBMISSIONS RECEIVED 27

APPENDIX 2
PUBLIC HEARING AND WITNESSES 29

CHAPTER 1

INTRODUCTION

Background

1.1 The Superannuation Safety Amendment Bill 2003 was introduced into the House of Representatives on 27 November 2003 by the Hon Peter McGauran MP, Minister for Science, on behalf of the Hon Ross Cameron, Parliamentary Secretary to the Treasurer.

Purpose of the bill

1.2 The reforms introduced by the bill are designed to enhance the prudential framework surrounding the superannuation system. The bill provides that all APRA regulated trustees must obtain a licence from APRA to operate a superannuation entity. Both corporations and groups of individual trustees will be able to apply for a trustee licence. The bill also provides for the registration of those superannuation entities. It introduces improved disclosure requirements, including new provisions requiring actuaries and auditors to report information to APRA in certain circumstances. It also contains powers to enforce the new framework.[1]

1.3 The bill gives effect to the government's response to the recommendations of the Superannuation Working Group released in October 2002, following consultation on options for improving the safety of superannuation.[2]

Reference of the bill

1.4 On 3 December 2003, the Senate adopted the Selection of Bills Committee Report No.16 of 2003 and referred the provisions of the bill to the Senate Economics Legislation Committee for consideration and report by 19 February 2004.

Submissions

1.5 The Committee advertised its inquiry into the Superannuation Safety Amendment Bill 2003 on the internet and in *The Australian* newspaper. In addition the Committee contacted a number of organisations alerting them to the inquiry and inviting them to make a submission. A list of submissions received appears at **Appendix 1**.

---

1 *Superannuation Safety Amendment Bill 2003: Second Reading Speech*, p.1.

2 *Superannuation Safety Amendment Bill 2003: Second Reading Speech*, p.1.

Hearings and evidence

1.6 The Committee held one public hearing at Parliament House, Canberra, on Thursday, 12 February 2004.

1.7 Witnesses who appeared before the Committee at that hearing are listed in **Appendix 2**.

1.8 Copies of the Hansard transcript are tabled for the information of the Senate. They are also available through the internet at http://aph.gov.au/hansard.

Acknowledgment

1.9 The Committee wishes to thank all those who assisted with its inquiry.

CHAPTER 2

THE BILL

Background to the bill

2.1 The superannuation industry has grown significantly in the last eight years, with the value of total superannuation assets rising from $231 billion in September 1995 to over $548.5 billion in September 2003. There are over 250,000 superannuation entities (comprising superannuation funds, approved deposit funds and pooled superannuation trusts), with over 88 per cent of workers covered.[1] According to the Explanatory Memorandum to the bill, superannuation is the second largest household asset after the family home.

2.2 In October 2001, in response to public concerns about the adequacy of the prudential framework governing superannuation, the Government released an Issues Paper entitled *Options for Improving the Safety of Superannuation* (the Issues Paper). The Issues Paper outlined a number of proposals for the supervision and governance of superannuation entities.

2.3 A Superannuation Working Group (SWG) was established to conduct consultations on the Issues Paper proposals and to develop legislative options to put to the Government. The SWG comprised representatives from the Treasury, the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).[2]

2.4 The SWG received over 50 submissions, held two rounds of public consultations, released a background paper and draft recommendations, and reported to Government with recommendations for change on 28 March 2002.[3]

2.5 On 28 October 2002, the Government responded to the SWG's recommendations, agreeing to the majority of its proposals to reform the prudential framework governing the superannuation system.[4]

2.6 The proposed amendments contained in the Superannuation Safety Amendment Bill 2003 implement the reform package agreed to in the Government's response to the SWG.[5]

---

1 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.4.

2 'Options for improving the safety of superannuation – Report of the Superannuation Working Group', 28 October 2002.

3 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.4.

4 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.4.

5 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.5.

Current arrangements

2.7 Superannuation operates through a trust structure, with trustees having primary responsibility for ensuring that superannuation savings are prudently invested and managed, and fund members given adequate information on which to base investment decisions and assess the nature and performance of the fund's investments.[6]

2.8 However, the special characteristics of superannuation, which include compulsion, preservation rules that restrict access until retirement, taxation advantages, and limited choice and portability, oblige the Government to ensure adequate oversight of trustees through prudential regulation.

2.9 The regulatory framework for the superannuation system is primarily contained in the *Superannuation Industry (Supervision) Act 1993* (SIS Act). The SIS Act contains retirement income, prudential and some investor protection requirements, although most conduct and disclosure requirements are now contained (following reforms introduced by the *Financial Services Reform Act 2001*) in the *Corporations Act 2001*.[7]

2.10 Responsibility for regulating superannuation is divided between three regulators, as follows:

- the Australian Securities and Investments Commission oversees consumer protection provisions, including disclosure and advice. Reforms in the *Financial Services Reform Act 2001* require people who intend to advise on superannuation matters to obtain an Australian Financial Services License (AFSL) from ASIC;
- the Australian Taxation Office (ATO) supervises compliance with retirement income policies for around 245,000 self managed superannuation funds (funds with fewer than five members, all of whom must be trustees); and
- the Australian Prudential Regulation Authority prudentially supervises the remainder of superannuation entities (over 10,000), with the exception of exempt public sector schemes.[8]

Issues raised

2.11 The Government's 2001 Issues Paper raised two key issues:

- whether the prudential and legislative framework was outdated, inhibiting APRA's ability to identify and respond to perceived difficulties in superannuation entities; and

---

6 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.5.

7 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.5.

8 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.5.

- the adequacy of governance, particularly trustee competence, risk management systems and disclosure.

2.12 According to the bill's Explanatory Memorandum, the SIS Act was designed when compulsory superannuation was in its infancy and reflected Corporations Law at the time. As the industry has developed, the SIS Act has maintained a 'one size fits all' approach. This is despite the fact that there has been an increase in the number and diversity of superannuation products offered, exhibiting a range of risk profiles and characteristics.[9]

2.13 At the same time, the prudential and legislative framework for superannuation has not been updated to reflect the changes that have occurred in other prudential regimes, including the managed investments regime governed by the *Corporations Act 2001*.

2.14 For example, the Government noted in its response to the SWG Report that:

> superannuation is the only product regulated by APRA for which it is not necessary to obtain a licence to operate (with the exception of trustees intending to engage in public offer superannuation). It noted that a trustee can establish a fund and start managing other peoples' money without demonstrating the necessary skills or competence to do so, although APRA has powers to remove disqualified persons from certain roles in relation to a superannuation entity. Also, funds are not required to be registered with APRA prior to accepting member contributions. This is in contrast to requirements in the managed investments regime, where all schemes must be registered, and must be operated by a licensed responsible entity.[10]

2.15 The objectives of the reforms proposed by the bill are to enhance the current prudential supervisory framework to:

- reflect current supervisory practices and developments in other relevant regulatory regimes (eg. the managed investments regime);
- enable APRA to take a more preventative supervisory approach, which is more responsive to the potential risk of trustees;
- improve trustee competence and entity governance;
- provide for the orderly exit of trustees unwilling or unable to meet the new licensing requirements; and
- provide APRA with sufficient information about the particular risks associated with defined benefit funds, and with the tools to address those risks in a timely way.[11]

---

9 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, pp.7-8.

10 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.8.

11 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, pp.9-10.

Substantive changes made by the bill

2.16 The bill provides for licensing of trustees, registration of superannuation entities and new reporting requirements for actuaries and auditors. The bill also provides for appropriate enforcement powers, supported by penalty provisions, to underpin the new framework.[12]

2.17 The bill contains a number of formal provisions giving effect to Schedules which amend the *Superannuation Industry (Supervision) Act 1993*. It is intended that the new arrangements will commence on proclamation on 1 July 2004.[13]

Licensing of trustees

2.18 All APRA regulated trustees will be required to obtain a licence from APRA to operate a superannuation entity. Both corporations and groups of individual trustees will be able to apply for a trustee licence.[14]

2.19 The new trustee licences will be subject to conditions, including requirements for trustees to meet minimum standards of fitness and propriety. Different classes of licence will be issued for licensees operating different classes of funds.[15] For example, the proposed reforms will create two classes of licence, a public offer entity licence class and non-public offer entity licence class, and will enable sub-classes of licence to be prescribed under regulations. Capital requirements for public offer entity licence holders are set out in the legislation, and other class-specific conditions will be prescribed in regulations.[16]

2.20 Trustees will be required to prepare and maintain a risk management strategy (RMS) as a condition of licence. In the RMS, the trustee must outline 'reasonable measures' to identify, monitor and manage risks that arise in relation to the trustee's activities relevant to the class of licence.[17]

Registration of superannuation entities

2.21 A licensed trustee must register with APRA any entities that the trustee intends to operate under the licence. The trustee will be required to prepare a risk management plan (RMP) for the superannuation entity, in which the trustee must set out 'reasonable measures and procedures that the trustee is to apply to identify, manage and control the risks arising from operating the entity'.[18]

---

12 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, pp.2-3.

13 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.3.

14 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.10.

15 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.2.

16 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, pp.10-11.

17 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.11.

18 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.11.

2.22 The Explanatory Memorandum notes that, in particular, 'the RMP will be required to address risks to the entity relating to the entity's investment strategy, its financial position and any outsourcing arrangements'.[19]

Provisions for orderly exit of unlicensed trustees

2.23 The bill provides for the 'orderly exit' of trustees that are unable or unwilling to meet the new licensing requirements at the end of the transition period. To its existing powers under the SIS Act will be added provisions allowing APRA to remove a trustee who has not gained a licence by the end of the transition period.

2.24 APRA will also be able to approve arrangements to transfer all of the members' benefits in an entity to another entity under certain conditions. This will prevent members being penalised by losing their complying fund status if their trustee is unable or unwilling to fulfil the requirements of the new framework.[20]

Reporting requirements for actuaries and auditors

2.25 Auditors and actuaries will be required to notify the Regulator at the same time they notify the trustee that an entity has breached legislative requirements or is in an unsatisfactory financial position. Actuaries will further be required to report to the Regulator where a trustee or employer-sponsor fails to implement specified actuarial recommendations.[21]

2.26 Such persons will be able to provide information to the Regulator, without fear of claims for damages, if they consider it will assist the Regulator to perform its function under the SIS Act or the *Financial Sector (Collection of Data) Act 2001*. These amendments reflect arrangements operating in other prudentially regulated sectors, and in particular under the 2001 amendments made to the *Insurance Act 1973* by the *General Insurance Reform Act 2001*.

---

19 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.11.

20 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, p.11.

21 *Explanatory Memorandum*, Superannuation Safety Amendment Bill 2003, pp.11-12.

CHAPTER 3

EVIDENCE TO THE INQUIRY

Issues raised in submissions

3.1 The Committee received 13 submissions to the inquiry. All submissions supported the intention of the legislation and acknowledged the need for a robust regime to ensure the safety of superannuation entitlements and to bolster public confidence in the superannuation system.

3.2 Submissions also identified, however, a number of issues of concern in the legislation as drafted. These issues included:

- timing of implementation;
- inequity in process between trustees and regulator;
- potential overlap between regulators;
- proliferation of identifying numbers;
- matters relating to equal representation requirements;
- potential confusion in risk management requirements;
- lack of materiality in requirements for reporting breaches;
- scope of proposed regulations; and
- other matters.

3.3 The Committee outlines these concerns below.

Timing of implementation

3.4 The bill has a commencement date of 1 July 2004 and provides for a two year transitional period, during which trustees may implement strategies to meet the requirements of the new licensing regime and apply for the relevant licences.

3.5 Submissions supported the two year transitional period, but expressed concern that in practice the period may be shortened. They noted that a genuine two year transition period will require the regulations, procedures and operating standards surrounding the bill to be fully in place by 1 July 2004 and that this is a 'very tight timeframe'.[1]

3.6 The Association of Superannuation Funds of Australia (ASFA) stated that:

---

1 Submission 2, Australian Administration Services Pty Ltd, p.3.

> From the outset Treasury and APRA must complete the necessary regulations, operating standards, guidance and associated documentation and procedures by 1 July 2004 to ensure that trustees can apply as soon as possible. The regime must be in place at the commencement of the two-year transitional period, not slowly rolled out over two years.[2]

3.7 APRA informed the Committee that:

> It is our intention to have the full set of material, including all of our guidance notes, the application form and all of the guidance that goes with the application, prepared and available to the sector prior to the beginning of the licensing period. We certainly want to avoid rolling out parts of our requirements once licensing begins. We think that is unfair to people who would be applying for a licence.[3]

3.8 Submissions also noted that Section 29CB(3) of the bill gives APRA the power to refuse to accept licence applications from existing trustees in the final six months of the transitional period. CPA Australia argued that, 'effectively this is giving APRA the ability to shorten the transition period for six months', and that:

> At the very least, if a trustee has given APRA a statement of intent to apply for a licence as allowed for by subsection 29CB(1), APRA should not be able to refuse the application if it is then received in the final six months of the transition period.[4]

3.9 Finally, submissions pointed to apparent inconsistencies in the timeframe for approving licence applications. Section 29CC of the bill requires APRA to make a decision about license applications from new licensees within 90 days of receiving the application, with a possible 30 day extension. There is no time limit for considering applications from existing trustees: they are required only to be decided during the two year transition period. CPA Australia commented:

> There appears to be no rationale for applying a set timeframe to new licensees but not to existing trustees … For consistency, the 90 day period for APRA to decide licence applications should apply to all applicants.[5]

Inequity in process between trustees and regulator

3.10 Submissions suggested that the bill gives APRA powers and discretion which may work against trustees unfairly.

---

2 Submission 5, Association of Superannuation Funds of Australia (Ltd), p.8. See also Submission 2, Australian Administrative Services, p.3; Submission 11, Investment and Financial Services Association, p.3; and Submission 8, CPA Australia, p.3.

3 *Transcript of Evidence*, 12 February 2004, Brunner, p.15.

4 Submission 8, CPA Australia, pp.2-3; see also Submission 5, Association of Superannuation Funds of Australia (Ltd), p.8.

5 Submission 8, CPA Australia, p.3; see also Submission 5, Association of Superannuation Funds of Australia (Ltd), p.10; Submission 10, Australian Prudential Regulatory Authority, p.7.

3.11 CPA Australia noted that for both existing trustees and new licensees, APRA is taken to have refused an application if it has not been decided by the last day of the transition period or the 90 day period respectively. The submission argued:

> We believe the only situation in which this should occur is when APRA has requested additional information from an applicant and having given them sufficient time to reply, they have not. It would be inappropriate if an application were to be refused if the processing period expired due to internal APRA reasons that were out of the control of the applicant.[6]

3.12 In a similar vein, ASFA expressed concern that a failure by APRA to process an application in the appropriate time period should not adversely affect an applicant. Under section 29CC(4), APRA is not required to provide an explanation for any non-decision within the specified time period. The concern is that an application may be allowed to lapse, not because of any failure in the application, but due to failure on the part of the regulator.[7]

3.13 Other provisions in the bill give APRA a number of powers in relation to Registrable Superannuation Entity (RSE) licences, licence applications and licence variations.[8] For example, APRA may refuse licence applications, vary or revoke licence conditions, or cancel licences. CPA Australia noted that:

> In each of these situations, the Bill only requires APRA to notify the licensee or licence applicant of this action after the event. While each of these decisions will be a reviewable decision, trustees will not be able to take action to address APRA's concerns, rectify problems or provide the necessary information until after the event.[9]

3.14 While recognising that it may be necessary upon occasion for APRA to act swiftly to protect members' interests, CPA Australia and AFSA submitted that it would generally be preferable for APRA to advise licensees or licence applicants of any intended action. This may allow trustees to address issues of concern and result in better outcomes overall for members and trustees.[10]

3.15 Section 29G(2)(b) of the bill extends APRA's existing powers, enabling it to cancel a licence without Ministerial approval when a trustee is a disqualified person. Currently APRA only has the power to remove the disqualified person. ASFA noted that:

---

6 Submission 8, CPA Australia, p.3.

7 Submission 5, Association of Superannuation Funds of Australia, p.12; see also, Submission 4, The Institute of Chartered Accountants of Australia, p.1; Submission 13, Motor Trades Association of Australia Superannuation Fund, p.4.

8 For example, Section 29EA, Section 29FB and Section 29FD.

9 Submission 8, CPA Australia, p.3.

10 Submission 8, CPA Australia, p.3; Submission 5, Association of Superannuation Funds of Australia, p.14.

> Although APRA must make its decision to cancel a licence on reasonable grounds, cancelling a licence in circumstances where an individual trustee director is a disqualified person (and this person may have withheld this fact from the other directors) exposes the other directors and members to a very serious sanction … without the acknowledged protection of Ministerial oversight. This is an inappropriate and unexplained expansion of APRA's existing powers.[11]

Potential overlap between regulators

3.16 Most submissions expressed concern at the provisions of the bill requiring duplicate reporting of certain information by licensees, and also requiring increased communication and coordination of information between ASIC and APRA.

3.17 For example, Australian Administration Services Pty Ltd said that the proposed new Section 29E(1)(f) will require a licensed trustee to notify APRA of any changes in directors within 14 days, even though corporate trustees are already required to notify ASIC within 28 days of the same information. AAS submitted that it should be sufficient to supply the information to one regulator only.[12] The Institute of Chartered Accountants of Australia suggested that a central portal for notification of changes in fund details should be developed for use by all regulators to overcome this problem.[13]

3.18 AAS also noted that regulations made under the bill will prescribe standards for outsourcing, 'clearly overlapping with ASIC's requirements on outsourcing which apply to Australian Financial Services Licensees [AFSL]'.[14]

3.19 AFSA argued that not only will ASIC and APRA need to develop appropriate information sharing arrangements but that licensing requirements for AFSL and the superannuation trustee licences, 'including the wording of questions, the structuring of the licence application, the requirements to provide supporting documentation and so forth should, where possible, be aligned'.[15]

3.20 IFSA was also concerned about the potential impact of APRA's decisions in relation to an RSE licence holder on the licensee's activities conducted under an AFSL. Section 29EA(5) requires that, where APRA decides to impose an additional licence condition on an RSE licence which may affect the licensee's ability to provide

---

11 Submission 5, Association of Superannuation Funds of Australia, p.14; see also Submission 9, Industry Funds Forum Inc, p.4.

12 Submission 2, Australian Administration Services Pty Ltd, p.5; see also Submission 6, Mercer Human Resource Consulting, p.5.

13 Submission 4, Institute of Chartered Accountants of Australia, p.3.

14 Submission 2, Australian Administration Services Pty Ltd, p.5.

15 Submission 5, Association of Superannuation Funds of Australia, p.7; see also Submission 8, CPA Australia, p.5; Submission 13, Motor Trades Association of Australia Superannuation Fund, p.3.

other financial services, it must consult ASIC. However, Section 29EA(6) provides that failure on APRA's part to comply with that requirement 'does not invalidate the imposition of any condition'. Similar arrangements apply to APRA's powers to vary, revoke or cancel RSE licences.[16]

3.21 IFSA expressed concern at arrangements that could allow a unilateral decision by APRA to affect the ability of an entity properly regulated by ASIC (an AFSL holder) to provide non superannuation services. IFSA stated:

> it is important to clearly define and limit the role and regulatory responsibility of APRA to prudential supervision of superannuation. To do otherwise potentially impacts on the integrity of regulation. It is for ASIC to regulate the activities of a holder of an AFSL and any action to change licence conditions are a matter for it to consider and enforce. This provision in its current form has the potential to significantly impact the financial services businesses of a trustee offering both superannuation and non-superannuation financial services.[17]

Proliferation of identifying numbers

3.22 A number of submissions commented upon the proliferation of identifying numbers required by superannuation entities. Australian Administration Services said that:

> The bill also adds two new entries to the already confusing array of identifying numbers applying to superannuation funds. The RSE licence number and RSE registration number are in addition to the ABN, CAN, SFN, TFN, AFSL number, SPIN, and ARSN which already apply to superannuation funds and/or their trustees.[18]

3.23 Submissions suggested that the introduction of new numbers provides an opportunity to consolidate the range of identifying numbers, in consultation with the superannuation industry.[19]

3.24 Industry organisations were concerned about the proliferation of identifying numbers for two main reasons. First, they noted the potential for confusion caused by multiple 'unique' identifiers.[20] Second, they noted the cost to industry of having to reissue documents containing the two new identifying numbers. Mercer Human Resource Consulting, for example, stated that:

> We are particularly concerned with the need to include the APRA licence number and fund registration number in Product Disclosure Statements and

---

16 Sections 29FC(3), 29FD and 29GA.

17 Submission 11, Investment & Financial Services Association, pp.5-6.

18 Submission 2, Australian Administration Services, p.4.

19 Submission 2, Australian Administration Services, p.4; Submission 8, CPA Australia, p.5.

20 Submission 6, Mercer Human Resource Consulting, p.3.

> other member material. Once a licence is issued, it would appear that these documents would immediately need to be reissued with the relevant numbers shown. The reissue of a PDS is not a cheap exercise and to be forced to do it for no other reason than to show 2 new numbers would seem to incur additional unnecessary costs that will be borne by the fund members.[21]

3.25 Australian Administration Services commented also upon the broad range of documents required to quote the RSE licence number and the RSE registration number.[22] Both Mercer and Australian Administration Services argued that, at the least, there should be a transition period, such as applied under the Financial Services Reform regime, to allow licensees to run down stocks of existing documents.[23]

3.26 In response to these concerns, representatives from APRA told the Committee that it 'is an issue that we are certainly alive to'.[24] Mr Gregory Brunner, General Manager, Policy Development, APRA said that APRA was considering a range of responses to the problem of numerous identifying numbers, but noted that there was no straightforward solution. He said:

> One of the suggestions made was to use the ABN. We see that there may be some merit in that. The difficulty is that not all superannuation funds have an ABN. That creates some problem for us. It may mean that we end up with a hybrid system, whereby those who have ABNs use their ABN and those who do not have an ABN have to be given some other number. But we are still thinking through the best way to deal with that.[25]

Matters relating to equal representation requirements

3.27 The bill amends section 63 of the SIS Act substantially. Currently, section 63 of the SIS Act permits the regulator to issue notices to prevent a fund from accepting employer contributions under certain circumstances. These circumstances include where the equal representation requirements are contravened.

3.28 To give notice, the regulator must be satisfied that the fund has contravened one or more regulatory provisions and that the seriousness and/or frequency of the contravention warrants the issuing of a notice.[26]

3.29 The proposed amendments to section 63 make it a strict liability offence for superannuation funds to accept contributions from an employer-sponsor if the fund

---

21 Submission 6, Mercer Human Resource Consulting, p.3.

22 Submission 2, Australian Administration Services, p.4; see also, Submission 5, Association of Superannuation Funds of Australia, p.12.

23 See also Submission 8, CPA Australia, p.5.

24 *Transcript of Evidence*, 12 February 2004, Brunner, p.14.

25 *Transcript of Evidence*, 12 February 2004, Brunner, p.14.

26 Submission 5, Association of Superannuation Funds of Australia, p.16.

does not meet the equal representation requirements, and remove any requirement by APRA to issue a notice.[27]

3.30 Submissions suggested that these amendments could have grave unintended consequences, and opposed them in strong terms.[28]

3.31 Mercer Human Resources Consulting Pty Ltd noted that a fund is generally deemed to comply with the rules if there is a vacancy, as long as the vacancy is filled within 90 days. However, they continued, the 90 day time frame is sometimes difficult to achieve:

> In some cases, the remaining trustees or trustee directors have found it difficult to find others willing to nominate. On the other hand, where an election is necessary, the time involved in calling for nominations, distribution of voting papers, holding the election etc may exceed the 90 day period.[29]

3.32 In such cases, Mercer continued, 'we consider it totally unreasonable to prohibit the fund from accepting contributions for a short period'.[30]

3.33 As Australian Administration Services also noted, in these cases employers would be required to find an alternative fund to accept their superannuation contributions while their original fund attempts to regain compliance with the equal representation requirements, on pain of breaching their superannuation guarantee requirements, or an award or Australian Workplace Agreement.[31]

3.34 AAS said that it is unclear how the proposed amendments would provide significant additional consumer protection, and yet they could result in extra administrative work and costs for both superannuation funds and employers.[32] The Institute of Chartered Accountants of Australia claimed that 'in our view, it is essential for APRA to maintain some discretionary powers in this area'.[33]

Potential confusion in risk management requirements

3.35 According to the Explanatory Memorandum, the bill requires trustees to prepare and maintain a risk management strategy (RMS) as a condition of licence. In the RMS the trustee will be required to set out reasonable measures and procedures to

---

27 Submission 5, Association of Superannuation Funds of Australia, p.16; Submission 2, Australian Administration Services, p.6.

28 Submission 5, Association of Superannuation Funds of Australia, p.16; Submission 2, Australian Administration Services, p.6.

29 Submission 6, Mercer Human Resource Consulting, p.6.

30 Submission 6, Mercer Human Resource Consulting, p.6.

31 Submission 2, Australian Administration Services, p.6.

32 Submission 2, Australian Administration Services, p.6.

33 Submission 4, Institute of Chartered Accountants of Australia, p.2.

identify and manage risks arising in relation to the trustee's activities. A licensed trustee will also be required to prepare and submit to APRA a risk management plan (RMP) for the superannuation entity, in which the trustee will set out the measures and procedures that the trustee will apply to identify and manage the risks arising from operating the entity.[34]

3.36 A number of submissions expressed the view that there was potential for confusion over the relative roles of the RMS and RMP.[35]

3.37 ASFA proposed an alternative configuration of the risk management documentation as follows:

- the RMS is a statement of overarching policies and approaches, dealing with both trustee and fund issues, lodged with the regulator upon licensing and registration and available to members. Material changes to the RMS must be notified to the regulator;
- the RMP is more detailed documentation describing in detail the actual risk management procedures, available to the regulator but not to members.[36]

3.38 Submissions were particularly concerned that the full detail of an entity's RMP not be required to be a public document, since the publication of measures taken to protect against fraud and other criminal activity could undermine their efficacy.[37]

3.39 In evidence to the Committee, APRA noted that the regulations would provide great clarity in relation to risk management requirements. Mr Brunner said that:

> Some of the comments made, including those by the representatives from ASFA, are pretty much along the lines of our own thinking in that we see the risk management strategy as being a high-level document and one that would be prepared at the trustee level; whereas the risk management plan would be a more specific operational document, dealing with specific aspects at the fund level.[38]

3.40 Evidence also suggested that another problem with the current proposal is the lack of a 'materiality' or 'significance' test for notifying the regulator of changes to the risk management documentation. ASFA noted that Sections 29HC and 29PC make

---

34 Explanatory Memorandum, *Superannuation Safety Amendment Bill 2003*, p.11.

35 Submission 5, Association of Superannuation Funds of Australia, p.4; Submission 6, Mercer Human Resource Consulting, p.3; Submission 7, Institute of Actuaries of Australia, p.4; Submission 9, Industry Funds Forum, p.3.

36 Submission 5, Association of Superannuation Funds of Australia, p.4.

37 Submission 5, Association of Superannuation Funds of Australia, p.5; Submission 9, Industry Funds Forum, p.3; Submission 13, Motor Trades Association of Australia Superannuation Fund, p.5.

38 *Transcript of Evidence*, 12 February 2004, Brunner, p.14.

it a strict liability offence for the licensee to fail to notify APRA of any modification to the documentation within 14 days.

> There is no limitation or definition of what constitutes modification of an RMS or RMP, meaning that even the most insignificant change would require notification to the regulator … In total, the lack of a materiality or significance test on these new reporting obligations will not only be an impost on industry but also potentially overwhelm the regulator.[39]

Lack of materiality in requirements for reporting breaches

3.41 Concerns about the lack of a materiality or significance test for reporting breaches to the regulator were raised, not only in relation to reporting on changes to risk management documentation, but also in relation to requirements on licencees, auditors and actuaries to report licence breaches to APRA.

3.42 Again, submissions commented upon the potential for APRA to be overwhelmed by reports of minor or immediately rectified breaches.[40] The Institute of Actuaries of Australia expressed the view that actuaries and auditors should only be required to report breaches to APRA if they deemed them 'material to the performance of the actuarial or audit function'.[41]

3.43 IFSA also noted that it was important that the requirements in relation to reporting breaches of licence conditions or risk management strategies not act to discourage the identification and rectification of problems. IFSA stated:

> It is important to stress that principles based legislation is about encouraging ethical and accountable behaviour. The requirements imposed on trustees in the operation of a superannuation fund and supervision of its activities must be such that they act to encourage the detection and reporting of failures rather than discourage quick action by imposing strict liability. It is important that the law foster a compliance culture rather than merely the imposition of penalties.[42]

3.44 This view was echoed by the Institute of Actuaries which noted that some of the amendments to reporting requirements by actuaries and auditors could have the unintended effect of discouraging trustees from using actuaries where they are not statutorily required to do so.[43]

---

39 Submission 5, Association of Superannuation Funds of Australia, p.6. See also, Submission 8, CPA Australia, p.4.

40 Submission 8, CPA Australia, p.4; Submission 5, Association of Superannuation Funds of Australia, p.6; Submission 6, Mercer Human Resources Consulting Pty Ltd, p.6

41 Submission 7, Institute of Actuaries of Australia, p.1.

42 Submission 11, Investment & Financial Services Association Ltd, p.7.

43 Submission 7, Institute of Actuaries of Australia, pp.2,3.

Scope of proposed regulations

3.45 On 11 December 2003, the Treasury released the proposed drafting instructions for the regulations and operating standards under the bill. Comments on the drafting instructions are due to be submitted to the Treasury by 29 February 2004.

3.46 Two elements of the proposed operating standards in particular drew comment from submissions to this inquiry, namely the 'fit and proper' test and the capital requirements.

'Fit and proper' test

3.47 ASFA noted that the proposed definition of 'fit and proper' seems very broad, and includes 'the overall standard of education or technical qualifications, knowledge, skills, experience, competence, diligence, judgement, character, honesty and integrity required to satisfactorily discharge the duties and responsibilities of an RSE licensee in a prudent manner'.[44]

3.48 ASFA proposed that 'fitness' and 'propriety' be judged separately, such that the fitness test apply to the trustee board or group as a whole and the propriety test apply to each trustee individually:

> Fitness has to do with the trustee board as a whole, having sufficient skill and knowledge to make informed decisions about directing and controlling a superannuation fund. Propriety, on the other hand, has to do with the honesty, integrity and prudence of individual directors (or trustees where there is not a corporate structure).[45]

3.49 Similarly, the Industry Funds Forum (IFF) expressed the strong view that the fit and proper test should not operate to limit the types of persons able to be trustees:

> One of the most noteworthy characteristics of the Australian superannuation system is the representative nature of the trustee system … The IFF has previously noted that a trustee board that functions smoothly will usually do so due to the range of personal characteristics, knowledge, skills (including generic skills such as analytical capacity and the ability to diligently question submissions …) and experience. As earlier submitted by IFF the *combination* of skills and attributes of individual trustee directors has been one of the key factors in the success of the Australian trustee system. It must also be recognised that trustee boards have access to, and routinely use, external expertise in the exercise of their functions.[46]

---

44 Submission 5, Association of Superannuation Funds of Australia, p.2.

45 Submission 5, Association of Superannuation Funds of Australia, p.2. The same points were made by Submission 12, ACTU, Submission 13, Motor Trades Association of Australia Superannuation Fund.

46 Submission 9, Industry Funds Forum, p.2.

3.50 Like ASFA, therefore, the IFF submitted that 'a trustee should be considered on a collective basis as to whether it is fit for the task'.

3.51 APRA assured the Committee that the 'fit and proper' test was not being introduced to mandate 'for example, educational requirements, at an individual level'.[47] Mr Brunner said that APRA recognised the strength of the equal representation system, and that it did seek to consider the question of 'fitness' at the collective rather than the individual level.

3.52 Nevertheless, APRA is concerned to ensure that individuals understand their responsibilities sufficiently so as to be capable of effectively fulfilling their role as trustees. Ms Merrie Hennessy, Manager, Policy Development, APRA, said:

> We have been trying to strike a balance between maintaining the strengths of the equal reps system … We will be taking into account fund circumstances. For example, if the trustee operations are extremely complex we would expect commensurately more expertise at the trustee level. But the minimum standard that is proposed to be set out in the regulations is that the trustee group or body corporate must have sufficient knowledge regarding their duties and responsibilities to make informed decisions in the best interest of the members based on the advice of technical experts.[48]

Capital requirements

3.53 The 2002 Superannuation Working Group recommendations to government included the proposal that all funds should meet minimum capital requirements. The government rejected that recommendation.

3.54 ASFA expressed concern that the proposed operating standards may be seeking to introduce *de facto* capital requirements on non-public offer funds, through the introduction of standards relating to 'financial, human and technological resources'.[49] Mercer Human Resource Consulting also stated that: 'we would be very concerned if the powers to regulate financial resources were in fact used to require a de facto capital requirement for non-public offer funds'.[50]

Other matters

3.55 Other matters raised during the hearing on the bill included the GST implications of the bill and the cost to funds of implementing the new requirements.

---

47 *Transcript of Evidence*, 12 February 2004, Brunner, p.18.

48 *Transcript of Evidence*, 12 February 2004, Hennessy, pp.18-19.

49 Submission 5, Association of Superannuation Funds of Australia, p.3.

50 Submission 6, Mercer Human Resource Consulting, p.5.

GST implications

3.56 Mrs Susan Orchard, Superannuation Technical Consultant, Institute of Chartered Accountants of Australia, advised the Committee that, under current arrangements, funds with existing contractual agreements did not have to incorporate the GST until 1 July 2005.

3.57 The bill sets out terms that are required to be in contracts which may lead to their early renegotiation, and thus bring them into the GST regime earlier. She said:

> So it is going to either act as a deterrent for early adoption – which we obviously do not want – or bring people into the GST regime earlier than they would have needed to be, by up to 12 months.[51]

3.58 The Institute of Chartered Accountants held that 'funds should not be disadvantaged by the early adoption of licensing'.[52]

3.59 Mr Iain Scott, Manager, Prudential Policy – Superannuation and Insurance Unit, Financial System Division, Treasury told the Committee that there is an issue about whether GST costs for funds may be created by the suggestion in the bill that contracts be renegotiated so that they are in place by the end of the licensing transition period in July 2006. Because of that issue, he said, 'we are not strongly wedded to that requirement' and 'we want to engage with industry to find out if that is going to be a significant issue and, if it is, what would be the most appropriate way forward'.[53]

Cost of implementation

3.60 APRA advised the Committee that the costs incurred by APRA in the licensing process would be met by a licence fee. In setting the licence fee:

> APRA must have regard to the Government's principles and guidelines regarding cost recovery by Government agencies. Costs to be taken into account in setting the one-off licence fee are expected to include the administrative costs of processing the receipt and handling of applications for trustee licensing and fund registration, the costs attributable to review of the trustee entity and fund operation that are additional to normal supervision processes, and infrastructure and public education costs.[54]

3.61 The 'rough preliminary estimate' of additional costs to APRA is estimated in the Explanatory Memorandum to be between $8 and $15 million,[55] and APRA

---

51 *Transcript of Evidence*, 12 February 2004, Orchard, p.9.

52 Submission 4, Institute of Chartered Accountants of Australia, p.3.

53 *Transcript of Evidence*, 12 February 2004, Scott, p.24.

54 Submission 10, APRA, p.9.

55 Explanatory Memorandum, *Superannuation Safety Amendment Bill 2003*, p.15.

advised the Committee in evidence that it believed the actual cost 'will be towards the lower end of that'.[56]

3.62 Dr Bradley Pragnell, Principal Policy Adviser, ASFA, told the Committee that:

> If you work backwards in terms of the math, we are probably looking at licensing fees definitely in the thousands if not the tens of thousands of dollars.[57]

3.63 When questioned about the likely fee structure for licensing, Mr Scott, Treasury, said:

> We have not finalised the fees that would attach to the individual classes of licence, but it has been indicated that we would expect that there would be differential pricing between the public offer licence and the non-public offer licence.[58]

3.64 According to Dr Pragnell, in addition to the cost of the one-off licence fee, funds moving to the new arrangements may also bear the costs of additional training, preparation of risk management documentation, preparation and lodging of licence applications, the development of systems and 'outlays in terms of auditors' fees'.[59]

3.65 In this context, however, representatives of the Treasury noted that:

> Well-managed funds should already be undertaking many of the activities required under the bill and they should face a reasonably straightforward transition to the new arrangements.[60]

Conclusion

3.66 The Committee notes that all witnesses supported strengthening the safety of the superannuation system.

3.67 The Committee notes evidence from both government and industry witnesses of extensive consultation during the development of the bill following the report of the Superannuation Working Group. It further notes assurances from Treasury and APRA that they plan to continue to work with industry to implement the reforms, and to develop the regulations and operating standards.

3.68 A number of the concerns raised by industry representatives in evidence are being considered by the Treasury and APRA. The Committee recognises, however,

---

56 *Transcript of Evidence*, 12 February 2004, Brunner, p.20.

57 *Transcript of Evidence*, 12 February 2004, Pragnell, p.12.

58 *Transcript of Evidence*, 12 February 2004, Scott, p.22.

59 *Transcript of Evidence*, 12 February 2004, Pragnell, p.12.

60 *Transcript of Evidence*, 12 February 2004, Scott, p.21.

that a number of issues raised as concerns by industry were not directly addressed by APRA and Treasury in their evidence to the Committee.

3.69 The Committee considers that these matters should be discussed further in the consultations between government and industry representatives.

Recommendation

The Committee recommends that the Bill be passed.

The Committee recommends that the Government monitor closely the operation of the legislation in the first 12 months having regard to the issues discussed in the report, including:

- the potential shortening by APRA of the transition period by six months;
- the provisions for APRA to vary, revoke or cancel licences without prior notification;
- the amendments to section 63 forbidding funds to accept contributions if the fund does not meet equal representation requirements;
- materiality requirements in reporting breaches by licensees, auditors and actuaries, and in particular the need to ensure that APRA is not overwhelmed by the reporting of inconsequential breaches; and
- the potential for confusion in requirements relating to risk management documentation, and the need to ensure its utility for trustees and fund members.

SENATOR GEORGE BRANDIS
Chairman

ADDITIONAL COMMENTS BY LABOR SENATORS

Introduction

Labor endorses the main conclusions of the Committee's report into the Superannuation Safety Amendment Bill 2003. It believes that the introduction of licensing of trustees and the registration of superannuation entities, together with higher standards of reporting by actuaries and auditors will improve the safety of the superannuation system.

Nonetheless although Labor believes that the changes are an improvement, there are some serious concerns that have not been adequately addressed by the committee.

These concerns include:

- The lack of an adequate definition of the term "fit and proper"; and
- The proliferation of identifying numbers.

Labor is also concerned that the regulations do not go far enough in providing safety for the superannuation savings of Australian workers.

The lack of an adequate definition of the term "fit and proper"

Labor recognises that trustees of superannuation funds are now handling significantly larger funds than when the current system was established. This is the consequence of both the trend to mergers of small fund into larger entities and the increase in the SG to 9%. It can be anticipated that the funds being managed will continue to increase significantly.

This justifies placing stricter prudential requirements of corporate governance, including the licensing of trustees and setting reasonable levels of competence for trustees.

Unfortunately Labor believes that the failure to define the term "fit and proper" leaves it open to abuse in that it could be used to unjustifiably remove trustees of funds. As consequence it believes the legislation should not be passed until either a definition is inserted in the Bill or a regulation setting out what determines "fit and proper" conduct is in place.

The Proliferation of Identifying Numbers

Labor is concerned about the proliferation of identifying numbers, which on the passing of this Bill will total nine. This proliferation of numbers can only contribute to the complexity of the system making it inefficient and consequently adding the administration costs.

Labor recommends that this should be investigated with the intention to reduce the number of identifying numbers.

Inadequacy of the Safety Measures

Although the changes brought about by this Bill are welcome they are far from adequate. This inadequacy well demonstrates the major philosophical gap between the Liberal Party and the Labor Party on the issue of the safety of superannuation.

The Bill fails totally to recognise that the major threats to the safety of workers superannuation savings are not trustees. In addition, even though the Bill increases the prudential regulation of trustees, it does not deal with the situation where the trustees of a fund do default causing losses to a fund.

Labor policy “Safer Super” contains a set of comprehensive measures designed to protect superannuation savings. These measures include:

- Providing full compensation for losses caused by fraud and theft;
- Extending the fraud and theft provisions to include losses caused by trustee negligence where the losses cannot be recovered from the defaulting trustee;
- Extending the compensation provisions to post retirement products; and
- Providing full compensation in circumstances where a business fails owing Superannuation Guarantee (“SG”) payments to the Australian Tax Office (“ATO”) as part of an employee assistance scheme

Labor’s policy document - “Safer Super” - provides for a number of other important measures to ensure the safety of Australian workers’ superannuation savings clearly distinguishing it from that of the Liberal Government, that with this Bill has dealt with only one small area of concern for the safety of superannuation.

The ATO's Secrecy Provisions

Labor is also concerned that those workers who have lost superannuation savings as a result of an employer’s failure to pay the required SG contributions are denied information as to the progress of the ATO’s investigation and measures to recover the unpaid SG contributions.

This excessive secrecy causes even greater distress to those who are already distressed at the loss of what is effectively their savings, albeit that they cannot access them until retirement. It has the effect of compounding the fact that they are already victims of the employer’s malfeasance, by making them feel powerless in the process of recovering their savings.

Labor believes there is a need to change the current secrecy provisions to allow those affected to be adequately informed of the process involved in the recovery of their superannuation savings.

Recommendations

Labor believes that:

- This Bill should not be passed until an acceptable definition of the term "fit and proper" has been included in the Bill or regulations to the Bill;
- That an inquiry into the proliferation of identifying numbers, with a view to minimising them, be initiated;
- That this Bill be amended to include Labor's proposals to provide full compensation and extend its cover to the circumstances set out above; and
- The ATO secrecy provisions are amended to allow affected workers to be better informed of the progress of the ATO in recovering their unpaid SG contributions.

SENATOR URSULA STEPHENS
Deputy Chair

APPENDIX 1

SUBMISSIONS RECEIVED

1 Australian Industry Group (AI)

2 Australian Administration Services Pty Ltd

3 Superpartners

4 The Institute of Chartered Accountants of Australia

5 The Association of Superannuation Funds of Australia (ASFA)

6 Mercer Human Resource Consulting Pty Ltd

7 Institute of Actuaries Australia (IAA)

8 CPA Australia

9 Industry Funds Forum Inc. (IFF)

10 Australian Prudential Regulation Authority (APRA)

11 Investment & Financial Services Association Ltd (IFSA)

12 ACTU

13 Motor Trades Association of Australia (MTAA)

APPENDIX 2

PUBLIC HEARING AND WITNESSES

THURSDAY, 12 FEBRUARY 2004 - CANBERRA

DEPARTMENT OF THE TREASURY
ALLAN, Ms Lorraine Jeanette, Senior Adviser, Financial System Division
MALLORY, Mr Alan, Acting Manager, Contributions, Adequacy and Coordination Unit, Superannuation, Retirement and Savings Division
MOORE, Mr Andre, Analyst, Financial System Division
SCOTT, Mr Iain, Manager, Prudential Policy—Superannuation and Insurance Unit, Financial System Division

ASSOCIATION OF SUPERANNUATION FUNDS OF AUSTRALIA
ANDERSON, Dr Michaela, Director, Policy and Research
PRAGNELL, Dr Bradley John, Principal Policy Adviser

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY
BRUNNER, Mr Gregory, General Manager, Policy Development
HENNESSY, Ms Merrie, Manager, Policy Development
RANDLE, Mr Anthony, General Manager, Superannuation Licensing

CERTIFIED PRACTISING ACCOUNTANTS AUSTRALIA
DAVISON, Mr Michael John, Superannuation Policy Adviser

AUSTRALIAN ADMINISTRATION SERVICES
HARVEY, Mr Alan, Compliance Manager
HOLLAND, Mr John, Compliance Officer

INSTITUTE OF CHARTERED ACCOUNTANTS IN AUSTRALIA
ORCHARD, Mrs Susan, Superannuation Technical Consultant
RASSI, Mr Richard, Chairman, National Superannuation Committee

MERCER HUMAN RESOURCE CONSULTING
WARD, Mr John David, Manager, Research and Information