

Senate Select Committee on Superannuation and Financial Services


Main Inquiry Reference (a) + (c)


Submission No. 77

(Supplementary to Submission Nos. 8 & 51)

Note: Also Submission No. 33 to Reference (b)

Submittor: The Institute of Chartered
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GPO Box 3921
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Mr David N Coogan
Chairman
National Superannuation
Committee

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**The Institute of
Chartered Accountants
in Australia**

14 September, 2000

ARBN 084 642 571

Ms Sue Morton
Secretary
Senate Select Committee on Superannuation & Financial Services
Parliament House
CANBERRA ACT 2600



Dear Ms Morton

Subject: Public Hearing – Superannuation & Financial Services Main Inquiry

I refer to your letter dated 14 August 2000 and to the following issues raised:

- In relation to Senator Watson's concern that some of our members who are liquidators do not seem aware that superannuation is a preferred creditor, we have taken action to advise our members who practice as liquidators to remind them that superannuation (SGC) ranks as a preferred creditor (next issue of the Institute's monthly Journal, and the Insolvency Practitioners Association of Australia has similarly included a note to this effect in its monthly Journal).
- In relation to use of independent legal advice by trustees, the Australian Institute of Superannuation Trustees has advised me that the frequency of use is approximately one trustee per month.
- Regarding International Tax Issues, in the Institute's submission of October 1999, we highlighted some of the existing barriers to using Australia as a regional holding company and the need for a comprehensive review of the existing CFC and CGT restructure relief provisions of our tax laws. We also pointed out some of the more aggravating recommendations in the Ralph Report. We note that the Government has accepted the Ralph Committee's recommendation to conduct a full review of these provisions and understand this review is proposed to commence later this year. In our view, the terms of reference of this review should include some facilitative objectives such that the laws can be amended to encourage the use of Australia as a regional holding company rather than continue to restrict such operations. In particular, we recommend that the Government permits the flow-through of foreign source income to non-resident shareholders without punitive Australian tax cost and without the loss of imputation credits to the Australian company. We also strongly recommend that Ralph Recommendation 22.18 be fully adopted, immediately, without restriction.
- In relation to the need for harmonisation of regulatory and accounting standards, the Institute of Chartered Accountants in Australia is represented by and involved through a number of avenues, including funding of the Australian Accounting Standards Board (AASB), the consultative process of providing input in relation to the development of accounting standards, and also through the Consultative Committee of the AASB which has now been re-established; its first meeting being scheduled for 26 October 2000, at which the Institute of Chartered Accountants in Australia will be duly represented.
- US GAAP – Australia is continuing to progress its International Harmonisation Program that is designed to ensure that compliance with Australian Accounting Standards will ensure compliance with International Accounting Standards issued by the International Accounting Standards Committee (IASC). The restructure of the IASC which will be completed in 2001 is in part designed to incorporate the United States Accounting Standards setting framework, and in the medium term it is anticipated that US GAAP will become consistent with the International Accounting Standards so ensuring a single set of consistent global Accounting Standards.



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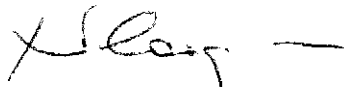
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- CLERP 4 – The Institute is not aware of any significant on-going concerns as to the onerous nature of the prospectus provisions in the Corporations Law. There is always a fine balancing line between the need for adequate explanation to prospectus users and not unduly burdening companies wishing to raise capital. The Institute would support any further explanation via Policy Statements if this would help alleviate some of the concerns raised by the Australian Stock Exchange.

Should you have any further queries, please do not hesitate to contact me on (03) 9286 8732.

Yours sincerely



DAVID N. COOGAN

Chairman National Superannuation Committee
The Institute of Chartered Accountants in Australia