



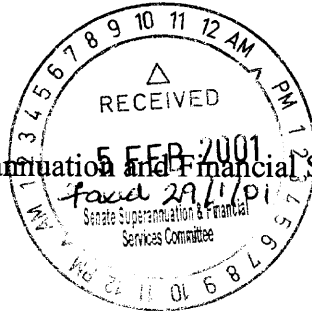
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THE TREASURY

Retirement and Personal Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

29 January 2001

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



Dear Ms Morton

INQUIRY INTO COMMONWEALTH PUBLIC SECTOR AND DEFENCE FORCE UNFUNDED SUPERANNUATION FUNDS AND SCHEMES

Thank you for your letter dated 20 December 2000 inviting Treasury to make a submission to this Inquiry and to give evidence to the Committee.

The purpose of this letter is to briefly describe the role of Treasury with respect to superannuation in the context of the Inquiry's terms of reference.

Treasury is not responsible for advising Government in the design of Commonwealth public sector or defence force schemes. Responsibility for these schemes rests with the Departments of Finance & Administration and Defence respectively. The issues being examined by the Inquiry appear to be directed at the benefit design of particular schemes rather than to the design of the superannuation system more generally. Such matters are better commented on by the trustees and administrators of the schemes involved.

Treasury is responsible for advising Government on the broad features of retirement income policy, including the objectives, adequacy and overarching framework and design of the overall superannuation system. Treasury also advises the Government on policy for the prudential regulation of superannuation, as well as for the financial sector as a whole. Treasury works closely with the prudential regulator, the Australian Prudential Regulation Authority (APRA). APRA's role with respect to superannuation is to ensure that trustees are aware of their obligations to members and manage the funds in their care prudently in the interests of members.

Furthermore, Treasury is responsible for providing advice to the Government on consumer protection for individual members of superannuation entities. Treasury works closely with the financial services consumer protection and market integrity regulator, the Australian Securities and Investments Commission (ASIC). ASIC's role is to promote the confident and informed participation of consumers in the financial system. ASIC also oversees the Superannuation Complaints Tribunal, which provides consumers with access to an effective and expeditious means of redress in the event that they believe that a decision of a trustee or other decision maker is unfair or unreasonable.

It would appear the Inquiry does not deal with these issues. However, if the Committee believes the Inquiry will examine matters relating to these issues, we would, of course, be happy to provide further information.

Treasury would also potentially have a role in advising Government on the likely impacts on Government expenditure and revenue should the Government (through the Minister for Finance and Administration or the Minister for Defence) consider changing the indexation arrangements for these schemes. In this event Treasury would brief the Treasurer in the usual manner.

Please contact me on 6263 3205 if I can be of any further assistance to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Raphael Cicchini', written in a cursive style.

Raphael Cicchini
Manager Superannuation Unit