25 April 2025

Director
Regulator Engagement and Powers Unit
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: Supervisorylevies@treasury.gov.au

Dear Director

Proposed Financial Institutions Supervisory Levies for 2025-26

CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and the Institute of Public Accountants (IPA) ("**the Joint Accounting Bodies**") welcome the opportunity to provide a submission to Treasury on the Proposed Financial Institutions Supervisory Levies for 2025-26 Discussion Paper ("**the Discussion Paper**"), currently available for consultation. Together, the Joint Accounting Bodies represent over 350,000 professional accountants in Australia, New Zealand and around the world. Our members work in diverse roles across public practice, commerce, industry, government, and academia. We make this submission on behalf of our members and in the broader public interest.

The Financial Institutions Supervisory Levies are designed to recover costs incurred by the Australian Prudential Regulation Authority (**APRA**) for supervising regulated entities, in line with the Australian Government Charging Framework and Cost Recovery Policy (**CRP**). While most agency costs are covered by this levy, the Australian Securities and Investments Commission (**ASIC**) recovers its costs through a separate industry funding model.

Although the Discussion Paper mentions that an updated Cost Recovery Implementation Statement (**CRIS**) is expected by 30 June 2025, the Joint Accounting Bodies believe that a CRIS should have been provided before this consultation, according to our interpretation of the CRP. Providing this statement in advance, even in draft form, would help stakeholders better assess the levy's impact.

This submission primarily addresses calculation of the levies Discussion Paper where they are proposed to be applied to large APRA-regulated superannuation funds, not including Pooled Superannuation Trusts (**PSTs**). The Joint Accounting Bodies support maintaining the levies for Small APRA Funds (**SAFs**) and Single Member Approved Deposit Funds (**SMADFs**) at $590 per fund. We make no comment on the proposed application of the levies to PSTs in this submission.

We note that for 2025-26, the proposed tiered charging structure in the Discussion Paper remains largely unchanged, with slight increases in the percentage rate of each component. These adjustments would result in a large fund with total assets of $360 billion and 3.42 million member accounts being charged $10.3 million in 2025-26, a substantial reduction from $12.7 million in 2024-25. This equates to an annual cost of $3.01 per member account, down from $3.71.

In contrast, a small fund with total assets of $349 million and 2,239 member accounts would pass on $15.26 to each member account annually, a reduction from $17.17 in 2024-25, representing over three times the proportional charge per member account of the large fund, and an 11.1 per cent discount on 2024-25. This reduction compares unfavourably to that applicable to each member account of the large fund, which would have been 18.9 per cent.

We note that the upper threshold on the restricted component was lifted least year, and welcome the further lifting of this to $950,000, representing a sort of unofficial indexation which will alleviate some of what was a severe disadvantage for members of smaller funds. The Joint Accounting Bodies acknowledge that current government policies aim to encourage mergers to reduce fees for superannuation fund members. However, we believe that there is more work to be done to ensure that members of smaller funds do not form collateral damage. Members of small funds already bear a higher burden of administration costs, and it is unfair to further increase this burden with a disproportionate share of the levies.

We note from page 7 that the component of the levies attributable to the Gateway Network Governance Body (**GNGB**), the body which governs the Superannuation Transmission Network (**STN**), is forecast to increase by $0.1 million for reasons which include an allowance for inflation, as well as a provision for an increased focus on cyber threats and security of data. We believe that these are enormously important priorities for the GNGB and applaud the increased vigilance in this area. However, we are concerned that Payday Super, a major project which directly affects the work undertaken by the STN does not appear to have been factored into this. Estimates suggest that traffic on the STN will increase by an amount between 2 to 5 times the current throughput, based upon the Australian Taxation Office's (**ATO**) records of salary and wage payment events. We believe that this should be clarified prior to setting levies with a view to ensuring that adequate capacity will be in place for the STN when the Payday Super requirements come into force in July 2026. On a related note we believe the governance structures of GNGB should be revisited to ensure all actual, potential and perceived conflicts of interest are addressed at the earliest opportunity.

If you have any queries on this submission, please do not hesitate to contact Richard Webb, Superannuation Lead at CPA Australia on 03 9606 9607 or richard.webb@cpaaustralia.com.au.

Yours sincerely,

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