

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
SENATE

SUPERANNUATION (FINANCIAL ASSISTANCE FUNDING) LEVY BILL 1993
EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,
the Hon John Dawkins, MP)

THIS MEMORANDUM TAKES ACCOUNT OF AMENDMENTS MADE BY THE HOUSE
OF REPRESENTATIVES TO THE BILL AS INTRODUCED



SUPERANNUATION (FINANCIAL ASSISTANCE FUNDING) LEVY BILL 1993

GENERAL OUTLINE AND MAIN PURPOSES OF THE BILL

This Bill, together with the companion Superannuation Industry (Supervision) Bill 1993, Occupational Superannuation Standards Amendment Bill 1993, Superannuation (Resolution of Complaints) Bill 1993, Superannuation (Rolled-Over Benefits) Levy Bill 1993, Superannuation Supervisory Levy Amendment Bill 1993 and Superannuation Industry (Supervision) Consequential Amendments Bill 1993, give effect to measures to substantially increase the level of prudential protection provided to the superannuation industry, and represent a substantial strengthening of the security of superannuation savings and in protecting the rights of superannuation fund members.

These seven Bills give effect to the new prudential arrangements for superannuation that the Treasurer announced on 21 October 1992.

This Bill provides for the imposition of levies on superannuation funds and approved deposit funds for the purpose of funding financial assistance provided pursuant to the provisions of Part 11 of the Superannuation Industry (Supervision) Bill 1993 to any fund, or funds, that have suffered a loss as a result of fraudulent conduct or theft.

FINANCIAL IMPACT STATEMENT

The measures contained in this Bill for added protection for superannuation savings and promotion of a more efficient superannuation industry, together with the measures contained in the companion Superannuation Industry (Supervision) Bill 1993, Occupational Superannuation Standards Amendment Bill 1993, Superannuation (Resolution of Complaints) Bill 1993, Superannuation (Rolled-Over Benefits) Levy Bill 1993, Superannuation Supervisory Levy Amendment Bill 1993 and Superannuation Industry (Supervision) Consequential Amendments Bill 1993, will result in additional supervisory costs being incurred by the Insurance and Superannuation Commission.

The Insurance and Superannuation Commission estimates that the additional resources needed to give effect to this package of measures will be \$4.831m in 1993-94, \$4.591m in 1994-95 and \$4.631m in 1995-96.

These additional costs will be recovered through the superannuation supervisory levy and the imposition of a new levy on certain superannuation funds and approved deposit funds as provided in the Superannuation (Rolled-Over Benefits) Levy Bill 1993.

EXPLANATORY NOTES ON THE SUPERANNUATION (FINANCIAL ASSISTANCE FUNDING) LEVY BILL 1993

CLAUSE 1 SHORT TITLE

1. This clause provides the mode of citation of the Bill.

CLAUSE 2 COMMENCEMENT

2. This clause provides for the Bill to come into operation on the same day as Part 23 of the Superannuation Industry (Supervision) Act 1993.

CLAUSE 3 OBJECT OF THE ACT

3. This clause is a statement setting out the object of the Bill.

CLAUSE 4 APPLICATION OF SUPERANNUATION INDUSTRY (SUPERVISION) ACT

4. This clause extends application of certain provisions of the Superannuation Industry (Supervision) Act 1993 to this Bill.

CLAUSE 5 DEFINITIONS

5. This clause sets out definitions of a number of words for the purposes of the Bill.

CLAUSE 6 REGULATIONS MAY IMPOSE LEVIES

6. Subclause (1) provides that where the Minister makes a determination to grant financial assistance to a superannuation fund or approved deposit fund, the regulations may impose a levy or levies on funds other than those specified in paragraphs (1)(a) and (b).

7. Subclause (2) provides that each levy must be identified in the regulations by a unique number.

CLAUSE 7 BASIS FOR PRESCRIBING AMOUNT OF LEVY

8. Subclause (1) provides that the total amount that may be raised by the imposition of a levy is not to exceed the amount needed to repay the Commonwealth for the amount of financial assistance provided.

9. Subclause (2) provides that the total amount that may be raised by the imposition of a levy or levies in any one financial year is not to exceed 0.05% of the total assets at the end of the preceding financial year of the funds on which the levy or levies are imposed.

10. Subclause (3) provides that a regulation fixing a rate or rates of a levy will not be invalid merely because the amount raised under that rate or rates will exceed a ceiling imposed under either of subclauses (1) or (2).

CLAUSE 8 AMOUNT OF LEVY

11. Subclause (2) is inserted to specify that the applicable rate must not exceed .05% of the value of the fund's assets.

CLAUSE 9 LEVIES MAY DISCRIMINATE BETWEEN CLASSES OF FUNDS

12. This clause provides that while regulations may prescribe different rates of levy for different classes of funds, they must not otherwise discriminate between different funds or define a class of fund in a manner that would discriminate between States or parts of States.

CLAUSE 10 REGULATIONS

13. This clause provides that the Governor-General may make regulations for the purposes of this Bill.