

03 January 2020

Att: Mr. Robert Jeremenko
Retirement Income Policy Division
Treasury
Langton Cres
Parkes ACT 2600

Dear Mr Jeremenko,

Consumer Advocacy Body for Superannuation – expression of interest

I am writing to express my opinion in relation to the establish of the Consumer Advocacy Body for Superannuation. I have fifteen years tax and accounting experience in the private sector, the Australian Taxation Office (ATO) and more recently academia.

I address your request as follows:

Functions and outcomes

The core function of the body should be to independently act in the interests of consumers in policy discussions and consumer education. The new body should be an independent consumer advocate in this \$2.5 trillion-dollar industry. The new body should work collaboratively with government agencies including the Australian Taxation Office (ATO), Australian Securities and Investment Commission (ASIC), Australian Prudential Regulatory Authority (APRA), and The Treasury (Treasury).

While the roles of education and policy are currently handled by the ATO, ASIC and APRA; these bodies can have conflicting interests, such as tax reform, hence the need for an additional body to assist consumers.

Ongoing costs

The ongoing costs will depend on the actual role of the body. Below, I present two options that I believe are somewhat accurate estimates of the cost of the body on an annual basis:

- If the role of the body is to be a policy advocate for consumers providing education via online media, then I estimate the costs will be somewhat similar to cost of the Board of Taxation, which is \$2.5m annually. Presumably these costs would remain unchanged with its further role of assisting in the development of new laws, as these will be done collaboratively with Treasury.
- If the role of the new body is to increase the knowledge of superannuation in Australia, then the cost of the body will depend on the level to which government chooses to deliver this education. Obviously broad education is expensive.

Establishment

Unfortunately, I am unable to estimate the cost of setting up the new body.

Governance and accountability

The body should remain independent from other mentioned government entities such as the ASIC and ATO. Governance and accountability could be divided as follows:

- Firstly, the policy area of the body should be staffed by knowledgeable members of the profession who are public servants but directed by a board. The board should comprise no more than 50% of its members from the public service and the remaining members from a broad range of industries within superannuation; such as CA/CPAs in public practice, large fund representatives, academics, lawyers, financial planners and other interested groups. The Tax Practitioners Board is an example of a board that performs efficiently within the public service even though its board members are from a non-government source.
- Secondly, the education function of the body would be staffed by employees of the body who mostly have specialist superannuation training in addition to their professional skills. Practically, these employees could develop and deliver educational material in addition to running the back-office functions.

If you need any more information, please do not hesitate to contact me.

Kind regards,

Patrick Sheehan
Director

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