

CORPORATE SUPER ASSOCIATION

General Manager
Personal and Retirement Income Division
The Treasury
Langton Crescent
Parkes ACT 2600

By e-mail to: homesaver@treasury.gov.au

4 March 2008

Dear Sir/Madam

FIRST HOME SAVER ACCOUNTS

SUBMISSION FROM THE CORPORATE SUPERANNUATION ASSOCIATION

1 Background

The Corporate Superannuation Association represents twenty-three major not-for-profit corporate superannuation funds and their corporate sponsors. These funds are most of the largest funds in the corporate fund sector. The assets of Association members amount to approximately \$34 billion, representing about 46% of total corporate superannuation sector assets in Australia. In general, the funds are sponsored by corporate employer sponsors with membership restricted to employees from the same holding company group.

The close connection with the contributing employers is a key characteristic of the funds in our Association. Generally, new entrants cannot join our funds unless they are employees of the employer-sponsor, or spouses of employees.

We welcome the opportunity to provide comment on the proposed arrangements.

2 Comments on the proposed arrangements

We have two major comments on the proposed arrangements.

1. We believe that it would be helpful for the proposed First Home Saver Accounts could be offered by superannuation funds, without the need to establish a separate trust structure.
2. Providers should **not** be restricted (amongst superannuation providers) to public offer fund trustees. Non-public offer funds should also be able to offer the accounts.

2.1. Separate trust structure

We see the proposed requirement for a separate trust as increasing costs and reducing efficiencies of scale. We would prefer to see a model in which the home saver accounts can be offered within the superannuation fund as a separate sub-fund. We do not support the complexity of requiring a new trust, trustee arrangements, separate investment and custody and other administration structures. We would like to see as many economies of scale as can be achieved.

CORPORATE SUPER ASSOCIATION

2.2. Non-public offer licensee providers

The initial licensing of the trustees of APRA regulated funds has been a process which funds have now navigated. The licensed funds are now abiding by the licensing conditions which involve in depth compliance processes and ongoing monitoring by APRA. We believe that the requirements imposed on each type of licensee have been appropriate to the needs and security requirements of the members and depositors. We are not willing to accept a proposition that non-public offer fund trustees may now be seen as second class group with a lower standard of prudential safeguard. We do not consider that our funds should be excluded from offering an efficient and potentially valued service to their members because they do not meet a minimum capital requirement. We are not comfortable with the idea that our funds' ability to offer services to their members are to be eroded by a view that offerings by large retail financial institutions are somehow safer because they have token financial capital. The safety of our funds rests as it always has done on superior governance processes.

Contact details

Please let me know if you require further information from our organisation. I can be reached on 03 9620 5155, by e-mail corSUPER@netspace.net.au, or at the postal address below.

Yours faithfully



Bruce McBain
Chief Executive Officer
Corporate Superannuation Association