



**Investment & Financial Services Association Ltd**

## **Productivity Commission Review of Superannuation Regulation**

### **Background to IFSA**

The Investment & Financial Services Association represents Australia's leading investment managers and life insurance companies. Our 90 members hold more than \$600 billion in assets under management on behalf of nine million Australians who have superannuation and managed funds. IFSA member companies offer both wholesale and retail investments products, for both superannuation and ordinary money investments.

### **Issues to be raised by IFSA at the hearing**

IFSA member companies currently must run two concurrent regimes over the same basic investment funds – the Managed Investments Act (MIA) for ordinary retail investments, and the Superannuation Industry (Supervision) Act (SIS) for retail superannuation investments. Speaking points will cover:

- The MIA scheme is an effective prudential regime. In terms of the provisions governing operation of the entity responsible for the investment offering, the MIA covers much of the same ground and gives consumers at least the same level of protection as does SIS. IFSA will provide specific examples at the 16 May hearing.
- Retail investment fund managers must run both schemes concurrently to offer products in the retail 'ordinary money' and retail superannuation markets. In investment terms, these products are similar or indistinguishable. Differences lie in taxation and superannuation policy provisions rather than the underlying investments.
- As a result, there is duplication or overlap in the operation and compliance regimes for retail investments. The retail provider has to be both a single responsible entity (and associated reporting and compliance regime) for MIA, as well as an Approved Trustee (and associated reporting and compliance regime) for SIS. IFSA will provide specific examples of this duplication / overlap at the 16 May hearing.
- This duplication could be avoided if retail investment fund managers were able register and comply with one scheme, and have this carry across to the other environment. IFSA members have generally indicated a preference for the MIA scheme over SIS in this regard, on the basis that the MIA has clear and codified responsibilities and compliance processes.