

Thank you for the opportunity to comment on the ASIC Cost Recovery Implementation Statement relating to Levies for ASIC Industry Funding 2017-18.

We would like to offer the following brief comments on the consultation paper.

ASIC Regulatory Activities

We have made the point previously, and we again emphasise that some of the ASIC functions listed in Table 1 (page 9 and following) are not regulatory functions, but are functions performed by ASIC for the benefit of the whole community. These include –

- Education, which include financial literacy projects; and
- Policy Advice – this is a governmental function, and is not regulatory in nature at all.

Once again, we submit that these functions provide benefit to the whole community, and should not be wholly included in the cost recovery process.

Financial Advice Sector

In general NIBA has no difficulties with the approach for cost recovery in relation to the financial advice sector.

We note the comments in relation to Digital Advice Providers on page 98 of the consultation paper. At the present time, NIBA is firmly of the view that a level playing field is required, and that digital advice providers should be levied on a similar basis as other financial advice providers, depending on the nature of the advice being provided (ie personal advice, general advice) and the cost recovery category they would therefore fall into.

Risk Management Product Providers

In principle, we have no difficulties with the proposed approach for cost recovery in relation to risk management product providers, however the flat levy likely to be paid by the relatively small number of AFS licensees in this category would appear to be relatively high, compared to the flat levies likely to be paid in other low risk sectors. We would ask ASIC to carefully consider the budgeted costs allocated to this sector to ensure they truly reflect regulatory activity in this area.

Levy for insurance product providers

All entities in the subsector will pay a minimum levy of \$20,000. Entities within the subsector that have more than \$5 million in relevant insurance product income in the financial year will pay a graduated levy based on the entity's share of the total amount of relevant insurance product income in the subsector.

NIBA has previously raised practical concerns with the proposed arrangement and its effect on those caught by reason of the intermediary authorisation by unlicensed insurers category.

For funding purposes, NIBA will proceed on the basis that the advised regulatory intent is not to catch brokers when acting for clients in such situations, as confirmed by Treasury.

Where an agent acting for an unlicensed insurer has multiple authorisations with a number of unlicensed insurers will it be treated as having to pay only the single minimum \$20,000 as shared between its insurers or one for each insurer? We assume the later.

What happens if an unlicensed insurer has multiple authorisation with multiple intermediaries. Will each intermediary have to pay its own \$20,000 minimum levy?

The last ASIC response on the above issue was "Our understanding is that where one unlicensed


insurer has intermediary authorisations with multiple licensees, each of those licensees may be part of the insurers subsector.”

The effect of the provision as we read it is that each “intermediary” would be an insurance product provider in their own right, not the unlicensed insurer.

We may be missing something obvious. Could you please confirm the intent as this can have a significant adverse impact on agents.

Thank you for the opportunity to provide these comments. We would be pleased to discuss these matters at any time.

Kind regards,

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