Dear Trustee(s)

INFORMATION ON THE FINANCIAL ASSISTANCE LEVY 2010-11

In April, the Assistant Treasurer and Minister for Financial Services and Superannuation, the Hon Bills Shorten MP announced his decision to provide a grant of approximately $55 million in financial assistance to benefit the members of four superannuation funds that were formerly under the trusteeship of Trio Capital Limited. This assistance to the trustee, granted under Part 23 of the Superannuation Industry (Supervision) Act 1993, is to be recovered by a levy on all APRA regulated superannuation funds as per the Superannuation (Financial Assistance Funding) Levy Act 1993.

The Minister has approved a Regulation to recover Part 23 grants totalling $54,994,079 to be made in the 2010-11 financial year. Following this regulation, an invoice will be forwarded to each trustee in early July 2011 for the amount of the Financial Assistance Levy (FAL) payable. APRA administers the collection of the FAL on behalf of the Minister.

Provided below is information concerning frequently asked questions:

1. Why do we collect the FAL?

When an APRA regulated fund has become the victim of fraud or similar misadventure, the trustees can apply to the Commonwealth for a grant to recover all or part of the loss. If the Commonwealth agrees to issue a grant, it may later recover the grant from other APRA regulated superannuation funds.

In this way the APRA regulated superannuation industry covers the cost of protecting itself.

The Financial Assistance Levy is a mechanism used by the Commonwealth to recover such grants.

2. How is the FAL calculated?

Invoice calculations for the Financial Assistance Levy are to be based on the total asset value of the Fund as at 30 June 2010, or on the total asset value of the Fund’s 2010 financial year end if it is not 30 June.

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset Basis</th>
<th>Rate</th>
<th>Minimum Amount</th>
<th>Maximum Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>Total assets for your fund as at 30 June 2010*</td>
<td>Multiplied by 0.0001347</td>
<td>$50.00</td>
<td>$750,000.00</td>
</tr>
</tbody>
</table>

* For funds which do not have a 30 June balance date, asset balances at their respective financial year end in 2010.

If the calculated amount is less than the minimum the minimum amount applies, and if the calculated amount is more than the maximum, the maximum amount applies.

The legal basis for the calculations is provided under the Superannuation (Financial Assistance Funding) Levy Act 1993, which can be found on the ComLaw website. (http://www.comlaw.gov.au).

3. My fund wound up, will I be invoiced for the FAL?

The levy is imposed as at the Regulation date and calculated based on assets as of 30 June 2010. Sometimes funds wind up between these dates. If your fund has no members and no assets on the Regulation date you MAY not be required to pay the levy. If this applies to your fund, a completed Statutory Declaration should be forwarded to the Financial Services Manager at APRA, GPO Box 9836 Sydney NSW 2001 outlining the status of the fund, the date on which the fund effectively wound up, the number of members and the assets in the fund at the time of wind up.

4. Why don’t Pooled Superannuation Trusts have to pay the FAL?

Pooled Superannuation Trusts (PSTs) are investment vehicles for superannuation funds and are not included in the definition of “fund” for the purposes of the Superannuation (Financial Assistance Funding) Levy Act 1993.

5. Why don’t Self Managed Superannuation Funds have to pay the FAL?

These are specifically excluded from the definition of “fund” for the purposes of the Superannuation (Financial Assistance Funding) Levy Act 1993. This means that the trustees of Self Managed Superannuation Funds have no right to apply to the Minister for a grant of financial assistance in the event of loss through fraud or theft. Consequently it is reasonable that they aren’t required to pay a contribution to the FAL.

6. Will there be a FAL in the future?

If the Commonwealth makes grants of financial assistance to superannuation funds that have suffered a financial loss due to fraud or theft in the future, consequently they will need to be recovered through a FAL.

For any queries concerning the FAL please contact APRA at leviesandcollections@apra.gov.au or by phoning (02) 9210 3871 or (02) 9210 3683.

Yours faithfully,

[Signature]

Steve Matthews
Chief Financial Officer