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This Week's Top Articles

How Canberra explained the super changes to me

Noel Whittaker

If we can believe the rumours, Federal Cabinet is busy working on ways to make its superannuation policy more palatable. It may be a challenging task: at first glance, the policies announced so far seem to be inconsistent and lacking in logic.

On 16 February 2016, Treasurer Scott Morrison told the SMSF Association National Conference:

"I have great sympathy with the view put forward by the Murray Review that the main purpose of superannuation is to ensure that people are not reliant on a welfare payment in retirement in part or in whole." He added: "*One of our key drivers when contemplating superannuation reforms is stability and certainty, especially in retirement. That is why I fear taxing superannuation in the retirement phase penalises Australians who have put money into superannuation under the current rules … it may not be technical retrospectivity but it certainly feels that way."*

It would be reasonable to read those words as meaning the Government saw the primary purpose of superannuation as getting people off the age pension, while at the same time avoiding retrospective legislation.

Just 10 weeks later in the 2016 Budget, he announced a cap of $1.6 million per member for tax-free money to be held in pension phase, as well as a $500,000 lifetime cap for non-concessional contributions, with the calculation backdated to 2007. The Treasurer claims he has not gone back on his word, as money in pension phase will remain untaxed, just limited.

The Government's justification of the amounts chosen

The conundrum has been to figure out where these figures came from, so recently I bit the bullet and went direct to the Government for some insight. The rationale for the changes, it was explained, was to produce a fair system, while not advantaging older generations over younger generations.

The thinking in Canberra is that superannuation should be set at an amount that is considerably above the age pension cut-off point but not excessively so. You may have noticed that $1.6 million is slightly less than double the proposed asset test cut-off point of $823,000 which will come into force in January 2017. As the pension asset test will be indexed to CPI, the Government believes that the $1.6 million tax free limit should also be CPI indexed. It will rise in $100,000 increments. Current modelling indicates that the $1.6 million limit may rise to $1.7 million in the financial year ending June 2021.

Note that $1.6 million if invested at retirement, at a rate of earning inflation plus 3%, would pay an income equivalent to four times the single age pension for 25 years. The numbers are realistic, and in line with the Government's stated purpose to stop superannuation being used as a tool for squirrelling away large sums of money in a zero tax area for the benefit of one's beneficiaries. For a couple aged 65, this represents an indexed income of $176,000 a year until age 90 if the fund earns 5% and inflation is 2%.

Backdating of non-concessional most controversial

The backdating of the $500,000 non-concessional lifetime cap, which is the most controversial of the proposed measures, also makes some sense once the logic behind it is explained. The Government has taken the view that wealthier superannuation contributors have already made after-tax contributions averaging $700,000 per person, which should be adequate to get them to the notional target of $1.6 million. They believe that allowing a lifetime cap of $500,000 for everybody from 1 July 2016 would give an unfair advantage to older wealthy people over the young accumulators.

The changes may not be welcome to many, but at least now you understand the logic behind them.

More belt-tightening to come

The big difficulty for this Government, and future ones, is that Australia, like most developed nations, has serious ongoing budget problems. The Social Services budget, which has ballooned to $159 billion a year, now represents more than a third of the Commonwealth's total annual budget of $451 billion. The terrifying news is that the Social Services budget is growing at 8% a year while total Commonwealth revenue is growing at less than 3% per annum. Given we still borrow $1 billion every month to pay our way, more cuts to welfare are inevitable.

Noel Whittaker is the author of Making Money Made Simple and numerous other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions. Email: noel@noelwhittaker.com.au.

The other self-managed super funds

Julie Steed

Australians are living longer than ever before, and many SMSF members are understandably becoming increasingly concerned about their fund's management should they no longer be able to take care of it themselves.

By 2050, the number of people with dementia is predicted to be almost 900,000, according to the Australian Bureau of Statistics, and people are now questioning how they would manage their SMSF should they also succumb to the disease or to Alzheimer's.

A small APRA fund (SAF) may be an appropriate alternative for SMSF members concerned about losing mental capacity or for elderly members who no longer have the capacity or desire for trustee responsibilities.

A SAF is essentially an SMSF with a professional licensed trustee. It provides all of the legislative flexibility available to an SMSF, but without the associated trustee responsibilities and the risk of compliance breaches. Like an SMSF, SAFs are restricted to four members.

Trusteeship benefits

An attractive feature of a SAF is that the trusteeship of the fund is performed by a specialist trustee company and is not related to membership of the fund. In an SMSF, on the other hand, all members must be trustees which can create difficulties if a member becomes ineligible.

A person who lacks mental capacity is unable to be an SMSF trustee. In addition, if a person becomes an undischarged bankrupt or is convicted of an offence involving dishonesty, they are classified as a disqualified person and are also unable to be a trustee. However, there are no legal issues with a disqualified person being a member of a SAF.

If an SMSF member becomes a non-resident, it can be difficult for the SMSF to retain its eligibility for concessional tax treatment. The central management and control of super funds is required to be performed in Australia. However, in a SAF, the professional trustee is an Australian-based company so the central management and control is performed in Australia, even if the member gives investment directions from overseas.

Compliance risk

In an SMSF, the compliance risk is borne by the directors of the trustee company or the individual trustees. The ability to effectively manage the fund's compliance and investments requires skill, expertise and time.

While many SMSF trustees perform their compliance responsibilities soundly, often with the aid of professional advisers, this is often seen as the 'boring' part of running the fund, and the price paid for the investment flexibility and control that comes with an SMSF.

In an SAF though, the compliance risk is borne by a professional licensed trustee whose core business is to provide trustee and superannuation services. The licensed trustee is expected to be skilled and experienced and the common breaches of legislative requirements for SMSFs occur rarely, if ever, in SAFs. In the event that a compliance breach does occur, the professional trustee is responsible, not the members.

In the current environment of strict SMSF administration penalties ($10,800 for the most common compliance breaches) this is an attractive advantage to being a SAF member.

Administration

The administration of SMSFs can vary dramatically between funds, and there are often time delays that result in up-to-date fund information not being provided to members and their advisers.

For example, determining accurate account balances and portfolio valuations as at 30 June each year is often not possible until the annual accounts for the SMSF have been prepared (often in May of the following year).

It is also common for the production of accounts to rely heavily on the SMSF trustee providing timely and accurate information. Many trustees find their funds' administration and record-keeping requirements even more boring and time-consuming than the compliance responsibilities.

The administration of SAFs is performed by a professional organisation appointed and controlled by the licensed trustee. The administration organisation records all fund transactions including collection of fund income, payment of expenses and asset purchases and sales.

SAF record keeping is timely and accurate because a licensed trustee controls custody of all the assets and receives all the information and transactions directly from external parties. In addition, a majority of SAF members and their professional advisers have 24/7 online access to account information including daily portfolio valuations.

It is not possible for SAF members to choose an auditor, accountant, trust deed solicitor or investment platform. All service providers are appointed by the licenced trustee. However, all investment transactions are placed via a licenced financial planner or broker chosen by the member.

Investments

Like SMSFs, SAFs are able to invest in property and collectables and may acquire business real property from related parties. Among this wide range, SAFs will require a diversified investment portfolio. The fund members make all the investment decisions and direct the trustee in this regard. However, members are required to remain within the investment strategy, or change their strategy if their circumstances change. The trustee does not make decisions to invest in any particular asset or asset class.

Fees

As SAFs are administered by a professional trustee, there are management fees paid to the trustee which comprise of a percentage fee based on the fund's assets plus a fixed cost fee to cover statutory expenses. These management fees are in addition to advice fees paid to a professional adviser.

The fees charged by Australian Executor Trustees for managing a SAF are outlined below:

Fund assets	Trustee management fee
$0 - $250,000	1.06%
$250,001 - $750,000	0.33%
$750,001 upwards	0.22%

Fixed costs	Amount
APRA levy	$590
Audit fee	$300
BAS fee	$250
Tax return	$235
Total	$1,375

A sample of costs for various fund balances is provided below:

Fund balance	Fixed costs	Management fees	Total cost	% of fund balance
$500,000	$1,375	$3,475	$4,850	0.97%
$1,000,000	$1,375	$4,850	$6,225	0.63%
$1,500,000	$1,375	$5,950	$7,325	0.49%
$2,000,000	$1,375	$7,050	$8,425	0.42%
$3,000,000	$1,375	$7,500	$8,875	0.30%

Conclusion

A SAF may be a useful alternative for members who want the flexibility of an SMSF without the compliance and administrative burden of being a trustee. They may also suit those ineligible to be a trustee such as overseas residents, bankrupt, or disqualified people.

Julie Steed is Senior Technical Services Manager at [Australian Executor Trustees](). This article is general information and does not consider the circumstances of any individual.

Finding beneficial tax alternatives to super

Alan Hartstein

Many Australians have a large amount of their wealth concentrated under the single regulatory structure of superannuation. While super remains a tax-effective investment vehicle in most circumstances, the financial planning sector and its clients have been upended by the Federal Government's 2016 Budget proposals.

The announcement of a proposed $500,000 cap on non-concessional contributions (NCCs) over the course of a lifetime represents a dramatic change to the status quo, taking investors and financial planners off guard.

Currently an individual can make NCCs of $180,000 a year, or in some cases $540,000 every three years under the bring-forward rule. But under the proposed changes, NCCs that push above the $500,000 cap will either have to be withdrawn from the super system or face tax penalties for leaving it there.

The Government has also proposed plans to scrap the over-50s concessional (before-tax) contributions cap of $35,000, and reduce the general concessional contributions to $25,000 from its current $30,000, taking effect from 1 July 2017. This includes everything from an employer's Superannuation Guarantee contribution, to salary-sacrificed contributions, and contributions from the self-employed.

Plus the threshold at which an additional tax of 15% (taking the total rate to 30%) is payable on contributions will apply for anyone with a taxable income above $250,000, reduced from the previous $300,000. This effectively means that the maximum tax advantage for a taxpayer earning more than $250,000 annually from contributing $25,000 to super will soon be less than $5,000.

Additionally, super rules regarding accessing funds before retirement remain rigid, and the proposed changes actively discourage retirees from using their super as a means of estate planning.

By proposing changes to superannuation's tax advantages, the Government has left many looking for alternative ways to complement their retirement savings outside of superannuation. Some options are looking increasingly attractive, especially for individuals on higher marginal tax rates, in addition to their super plans.

The three main alternative retirement investment strategies consist of setting up a private company, buying investment (insurance) bonds, and setting up a family trust, all of which have unique taxation advantages.

Private company structures

High net worth individuals may benefit from setting up a private company, but this may only work as a tax-deferral measure. Earnings on funds are currently taxed at the company rate of 30% while the funds are held within the company.

However, when company profits are distributed, they are normally treated as a dividend payment and included in assessable income, attracting tax at the marginal tax rate, less any franking credits. Any tax offset for franking credits merely compensates for company profits that have already been taxed. Tax is only reduced on distributed company profits if the marginal tax rate is lower in the tax year of withdrawal than in previous years.

Company profits can be transferred to an individual as salary/wages, director's fees, or interest on any loans advanced to the company, but those amounts still need to be included in assessable income. Similarly, if company funds are distributed to shareholders through loans or forgiven debts, they also attract tax.

As a company shareholder, you can achieve a lower tax burden if you sell your interest for a capital gain after holding it for at least one year and if 50% of the 'discounted capital gain' becomes exempt from tax.

Conversely, if you sell the share interest for a capital loss, it can only be offset against any current or future capital gains, and is not deductible against ordinary assessable income. If you never offset the capital loss, the tax benefit is lost permanently.

Investment bonds

Investment bonds (also known as insurance bonds) have taxation advantages that don't exist in company structures. A wide range of asset classes is available through a single market-linked investment vehicle.

More importantly, there were no changes mooted to investment bonds in the 2016 Budget, and there have been few significant changes to investment bond structures in the past 20 years. Their regulatory regime has remained stable whilst super and personal income tax regimes continue to undergo political and regulatory upheaval.

Earnings are taxed within the bond structure itself at a maximum tax rate of 30%. As an investor, investment bond earnings are not included as part of taxable income and therefore do not attract, or increase, the marginal tax rate. This means tax on investment earnings is permanently capped at 30%, offering a real tax-effective savings solution for middle- to high-income earners on marginal tax rates (including the Medicare Levy) of 34.5% (for taxable incomes over $37,000), 39% (taxable incomes over $80,000) and 49% (taxable incomes over $180,000 – where there is also a 2% Temporary Budget Repair Levy).

If the investment bond is held for at least 10 years, none of the withdrawn earnings will be included as personal assessable income. With a few exceptions, such as special circumstances such as death, disability, or serious illness, the earnings component of withdrawals within the first 10 years is included in assessable income, however a 30% tax credit is then applied to offset the impact of the tax that has been already paid on the bond.

Like regular managed funds, investments held within an investment bond are entitled to full franking credits, although such credits are reflected in the effective rate of tax paid by the investment bond. With investment bonds, earnings are automatically reinvested, which means the bond's reinvestment dates for tax purposes do not need to be tracked.

There is no limit on the amount initially invested, while subsequent investments of up to 125% of the previous year's contribution can be made without restarting the 10-year investment period. Investors also have the option of starting a new investment bond at any time. Unlike super, investment bonds attract no excess contributions tax.

Additionally, investment bonds do not carry restrictions on withdrawals prior to preservation age. For super to be non-taxable, the investor needs to be 60 and satisfy a condition of release. Funds in investment bonds can be withdrawn at any time, though there are obvious advantages to keeping money in the fund for at least 10 years.

More importantly, once taxable income hits $250,000 or more, the tax rate on super contributions under the proposed changes to superannuation will be 30%, which is the same as the tax rate on investment bonds, while the latter provide far greater flexibility, especially in access to funds.

With an investment bond, ownership can be transferred at any time with the original start date retained for tax purposes. In the event of death, the tax-free lump sum is paid to nominated beneficiaries or estate.

Family trusts

A family trust is a discretionary trust set up to hold a family's assets for investment purposes. The income beneficiaries are usually the taxpayer trustee and spouse, their company, adult children, children's spouses, grandchildren and their spouses and any registered charity.

The main advantage of family trusts is their ability to arbitrage tax between family members where their income is variable and they pay different tax rates. Any income or capital gains from the trust are distributed to beneficiaries, usually annually, to those on incomes with the lowest marginal tax rates. This is particularly advantageous when some family members (but not children under 18) may be studying full-time or only working part-time.

Additionally, trustees can put money into their trust, which is then lent to the high income-earning individual for investment purposes. Instead of paying interest to the bank, they pay it to the trust and the income is distributed to beneficiaries on low or nil tax rates, making it a tax-effective form of wealth creation.

Under current family trust tax law, a child under 18 can only earn up to $416 a year tax free, after which tax rates differ depending on what offsets are available. Once a child turns 18, the tax-free threshold rises to $18,200.

Alan Hartstein is Deputy Editor at Cuffelinks. Centuria, an issuer of investment bonds, is a sponsor of Cuffelinks. This article is general information and does not consider the circumstances of any individual.

SMSF members need vigilance with money in and out

Monica Rule

When an SMSF member deposits money into their fund's bank account, it's obvious to most people that the money is treated as the member's superannuation contribution. It's also easy to understand that when cash is paid from an SMSF's bank account to a member that the member has received a superannuation benefit. There are, however, legal grey areas where contributions could be made unintentionally and a benefit might not be considered paid when intended.

In Taxation Ruling 2010/1, the ATO states that a 'contribution' is anything of value that increases the capital of a superannuation fund, provided by a person whose purpose is to benefit one or more members of the fund or all of the members in general.

It's a long-winded way of saying that when a member transfers an asset into their SMSF without receiving payment for the asset, that asset should be treated as a contribution. In the same way, if a member pays their SMSF's expenses without obtaining reimbursement from the fund, the payment could be treated as a contribution as it extinguishes the liability of their SMSF and increases the fund's capital.

Members need to also be careful when making renovations to properties owned by their SMSF. If the property increases in value as a result of the renovation, it is treated as a contribution and not only the cost of the building materials paid for by the member.

Timing is important

The timing of a contribution is also important as it determines the financial year in which the member can claim it as a tax deduction, as well as whether the member has exceeded their contributions caps in that financial year (under the current rules).

As TR 2010/1 states, the capital of an SMSF is increased when an amount is received, or ownership of an asset is obtained, or the SMSF otherwise obtains the benefit of an amount.

It's easy to determine that a cash contribution has been made when the SMSF trustee receives the amount. However, when it comes to an asset transfer, a contribution is sometimes made when the SMSF becomes the beneficial owner of the asset rather than the legal owner. Take, for example, a member transferring land to their fund. The relevant transfer form is signed and given to their SMSF trustee on 30 June. The SMSF trustee lodges the form with the State Revenue Office on 15 July and seeks a transfer of title via the Land Title's Office once duty is paid.

The trustee, by holding a duly executed transfer form and not requiring anything further from the member to perfect its title, possesses everything required to make the transfer of beneficial ownership of the property on 30 June, so a contribution is considered to be made on 30 June. This is provided the SMSF trustee retains sufficient evidence of the relevant transactions and events to identify when the change of beneficial ownership occurred.

Grey areas in benefits

Just as there are some grey areas in super contributions, there are grey areas when paying benefits. An SMSF can, for example, pay a lump sum benefit by transferring an asset to a fund member, whereas an SMSF cannot pay a pension benefit using assets unless the pension is either partially or fully commuted to a lump sum. Not all pensions can be partially commuted – for example, a transition to retirement pension can only be partially commuted if it has an unrestricted non-preserved component. A lump sum super benefit can be paid in any number of instalments, whereas a lump sum death benefit can only be paid in one or two instalments to the deceased's beneficiaries.

Benefits not permitted via journal entry

While super contributions can be made with journal entries where the member and the SMSF trustee have a present liability or legal obligation to each other and they offset the liabilities against each other using a journal entry in the SMSF's books, a super benefit cannot be made with a journal entry.

The ATO states in ATOID 2015/23 that a death benefit, for example, must actually be paid to the deceased's beneficiaries by transfer of cash and/or the ownership of an SMSF's asset. The payment must reduce a member's benefit in the SMSF. A transfer to the deceased's beneficiaries simply by way of journal entries in the books of the SMSF would not satisfy the requirement of the super law that a benefit has been made.

Understanding the basic requirements of what a super contribution is and when a benefit is made can save a member from contravening the superannuation and tax laws. Just remember, a contribution increases the capital of an SMSF while a benefit should reduce it.

Monica Rule is an SMSF specialist and author of The Self-Managed Super Handbook – www.monicarule.com.au. This article is general information and does not consider the needs of any individual.

Business and social lessons learnt from 'jumping ship'

Michael Traill

Introduction from Cuffelinks founder, Chris Cuffe

I left a full-time business career not quite knowing 'what was next' and met Michael Traill at the front of that journey. He changed my life. He has just released a book about that journey called Jumping Ship – from the world of corporate Australia to the heart of social investment*. His inspiring personal and professional story connects his work at Social Ventures Australia and his energy, vision and tenacity to make Goodstart Early Learning the reality and powerhouse it is today. As well as the intriguing Goodstart story, the book is a practical primer for anyone who is serious about 'jumping ship' and those who care about how we can improve social outcomes in the Australia of today.*

We asked Michael to share key themes from the book and his personal motives in writing it. In particular, as someone who is widely regarded as a driver of the impact investing market in Australia, what potential does he feel this early stage market has to become more mainstream?

I wrote *Jumping Ship* for two reasons. Firstly, it's a shortcut. I get asked, "Why did you jump ship after 15 years at Macquarie Bank to work in the social sector?" a lot.

Secondly, I wanted to share what I learnt in the 15 years since I 'jumped ship' to highlight that practical partnership solutions which use business disciplines for social purposes are making a real difference.

Avoiding the cycle of poor education and opportunity

My motive for *Jumping Ship* was driven by growing up in a country town community which would now be regarded as a 'postcode of disadvantage'. Courtesy of the strong values placed on education by my parents and especially my school teacher father, my brother and I were both motivated to take advantage of the educational opportunities we had. But we know talented and capable school peers who didn't, mostly because the school or the families and community around them didn't expect them to do well.

The data highlights Australia still has a big divide between those who are trapped in a cycle of poor education and opportunity and those who are not. Despite many genuine attempts by Government and non-profits, not enough has changed to shift that data. It outrages me morally that students in those bottom 20% of postcodes are on average two to two-and-a-half years behind their peers in the top 20% by the age of 15 on standard education performance measures. That's obviously a major economic and productivity issue for Australia.

I reached a point where I felt a strong urge to see if I could use whatever business and professional skills I had acquired in a 20-year career to do something constructive about that issue. The greatly respected social commentator Hugh Mackay, who kindly wrote a foreword for my book, explains better than anyone the reason for wanting that itch to be scratched. He talks about a group of 'affluent purpose seekers' – people who have done well professionally and financially but are looking for ways to engage more meaningfully around family and community. My experience is that there are many who want to have a serious conversation about how they can use their business and professional skills to make a tangible community contribution.

Using business principles for social purpose

At the heart of the work of Social Ventures Australia (SVA), where I spent 12 years as founding Chief Executive, and the $900 million Goodstart Early Learning social enterprise which I chair, is the belief that we can make a significant practical difference by applying business disciplines for social purpose. What I found in that journey is that there are many outstanding people who want to be part of that. Chris Cuffe was an exemplar of this and he made a transformational difference in a three-year period as Executive Director at SVA.

In the work at SVA, Goodstart has received significant profile because of the scale of the enterprise. As Australia's largest early learning chain, with 644 centres nationally and over 69,600 children attending, it is one of the largest social enterprises in the world. When the deal was put together six years ago, there were many cynics who thought the idea that it could be run in a financially disciplined way and achieve social purpose objectives was nonsense. The cynics have been proved wrong. The investors who committed subordinated debt, so the Goodstart syndicate of four non-profit partners could fund the purchase of the bankrupted ABC Childcare centres, were paid a 12% annual coupon and had their debt fully repaid two years ahead of schedule in 2015.

That six-year journey has also seen substantial investment in critical areas of quality and social purpose, furnished by the solid financial performance of the business. The number of degree-qualified early learning teachers has increased more than fourfold to over 850. There has also been significant investment in improved professional development and specialist support resources to assist the particular needs of over 130 centres located in the bottom 30% of postcodes.

Support from superannuation trustees

There has been a lot of conversation about how deals like Goodstart – so-called impact investing transactions with a combination of reasonable financial returns and social purpose outcomes – can become more mainstream. I believe there is enormous potential for this to happen but we have a long way to go. Superannuation fund investors and trustees in particular need convincing that such transactions satisfy the twin test of being of sufficient scale and offering returns that would pass reasonable risk/return hurdles expected by their investment committees.

The current market is quite fragmented. SVA has been a market leader, and was behind the country's first social benefit bonds, as well as running a $10 million social impact fund and a $30 million commitment from industry fund HESTA. Most of these investments are relatively small scale, as yet. For the opportunity to accelerate, there is a real need for large-scale investments that can deploy capital in amounts which are meaningful for the multibillion-dollar industry and super funds. My belief is that these will happen and will offer the infrastructure type returns (8–12%) that are already being demonstrated in the examples above.

Jumping Ship *by Michael Traill is published by Hardie Grant and available online and at bookstores. See www.jumpingship.com.au.*

What readers think about a bank royal commission

Leisa Bell

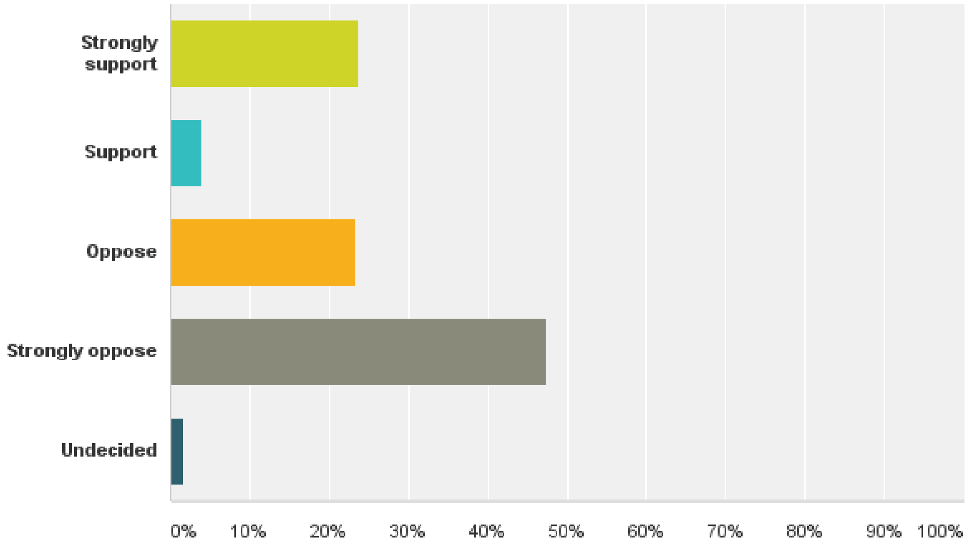
Cuffelinks' reader survey regarding the pros and cons of a bank royal commission (RC) received over 250 responses. While the majority (70%) said they were opposed to a RC, the many comments received showed a diverse range of strong opinions.

Common among supporters were issues surrounding executive salaries and bonuses, the failings of regulators, and fraud and unconscionable conduct.

Those who opposed tended to agree with the arguments put forward in the related article, 10 reasons not to hold bank royal commission, especially time and cost, doubts about what it would achieve, lack of firm terms of reference and a view that banking regulators should be allowed to do their job.

Results summary

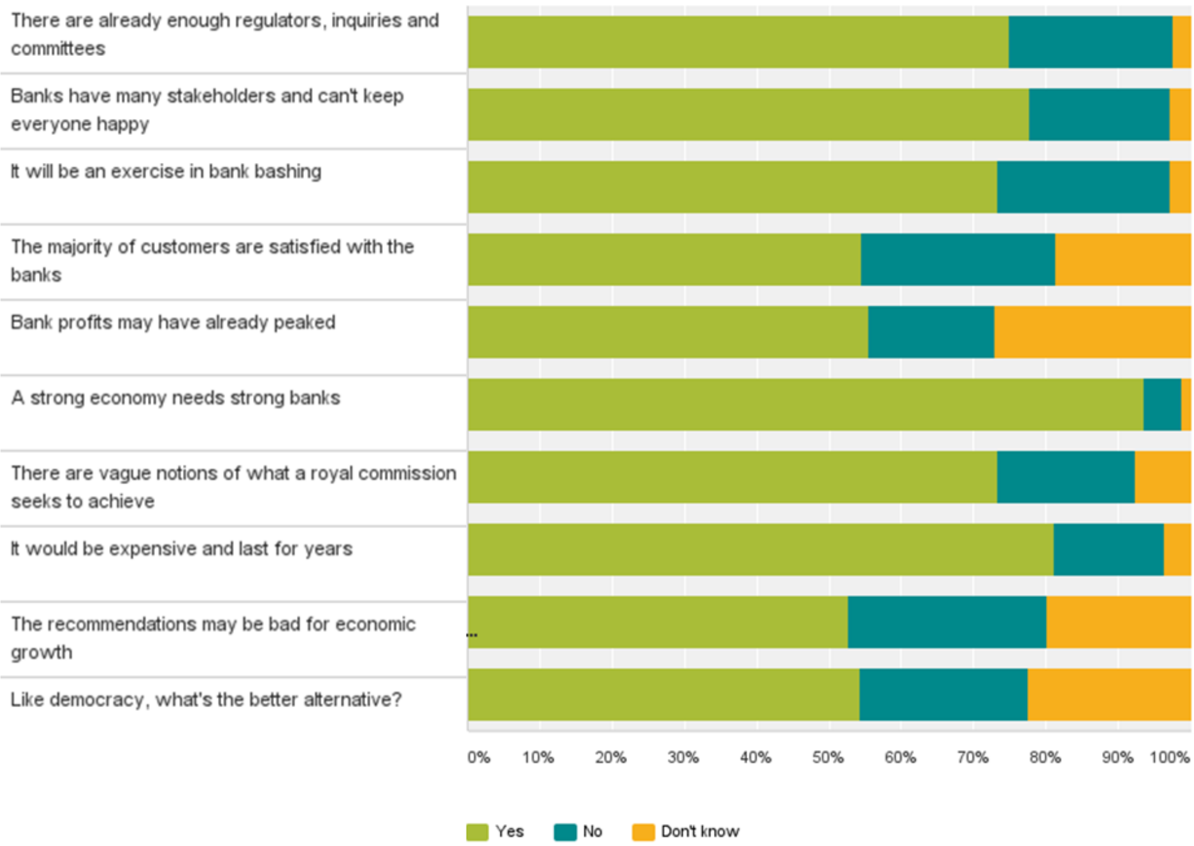
Question 1: Do you support or oppose holding a royal commission into the banking and financial services industry?



The percentage split was around 70/30 against. This would indicate that while the wider public shows strong support for a RC, people that are more engaged with their investments and perhaps even linked to the industry in some way, cannot see a RC making the difference everyone wants it to.

Can our politicians put politics aside and act on the industry's shortcomings without the hoo-ha of a RC? It's a challenging question. Comments for Question 1 can be found here.

Question 2: Do you agree with the points made in Graham Hand's article?



Most of those who took the survey agreed with or were convinced by Graham's arguments, although four of the points were supported by only a little over half the respondents. The issues of customer satisfaction, bank profit levels, benefits of RC recommendations, and alternatives to a RC were less clear-cut. Clearly the most agreed upon point was that, for our economy to be strong, we need a strong banking system.

Comments for Question 2 can be found here.

Question 3: Please add any other comments.

Summarising all of the comments is difficult given the wide variety of opinion and many people draw on their personal experiences. Even so, some of the recurring phrases (from each camp) went a little something like:

Opponents	Supporters
Waste of money	Executive salaries are too high
More than enough regulation	Poor banking culture
Better to improve regulatory powers	Perpetrators haven't been held to account
Increase competition instead	RC will carry more weight to make changes
Banking system as a whole is robust	Separate banks from other add-on businesses
Increase financial literacy instead	Biased advice from bank-owned advisors
Increase disclosure requirements	Not enough support for complainants
Past enquiries already done	Expose unethical behaviour
Counterproductive	Good for the industry

Comments for Question 3 can be found here. Thank you to all our respondents. We await future developments with interest.

Leisa Bell is Assistant Editor at Cuffelinks. No responsibility is accepted for the comments by any of our readers and they are presented in the spirit of an open conversation.