

24/04/2024

The Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Via email to economics.sen@aph.gov.au

Dear Committee Secretary,

AustralianSuper submission to the Inquiry into Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024

AustralianSuper welcomes the opportunity to provide a written submission in relation to the Inquiry.

AustralianSuper is Australia's largest superannuation fund and is run only to benefit members. AustralianSuper has over 3.3 million members and manages over \$315 billion of members' assets. AustralianSuper's vision is to be Australia's leading superannuation fund, in the world's best system for members.

AustralianSuper has long supported the need for Australians to have access to quality, affordable financial advice, with appropriate consumer protections. Financial advice has significant potential to guide Australians to make the most of their retirement savings and household wealth.

Superannuation funds have a critical role in assisting members to access financial advice, either by providing advice directly, or by facilitating access to third party financial advisers. The Government's *Delivering Better Financial Outcomes* proposals for advice reform are an important step in facilitating access to advice. We encourage the Government to swiftly release the remaining tranches of legislation that give effect to its roadmap for advice reform. AustralianSuper therefore supports the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024*.

Specific comments

Consistent with our previous submissions, we welcome the Government's implementation of Recommendations 7 and 8 of the Quality of Advice Review. While implementing these recommendations will not alone reduce 'red tape' we recognise they form part of a wider set of proposed reforms that, when fully implemented, should achieve this outcome.

Recommendation 7

AustralianSuper supports the proposed amendments to section 99FA. We acknowledge that they clarify existing legal obligations and in doing so, help ensure that payments from members' accounts for advice are consistent with the sole purpose test and reflect the services provided to members.

In 2021, ASIC and APRA released a joint letter *Further guidance on oversight of advice fees charged to members' superannuation accounts*. The letter sets out the regulators' expectations for governance and assurance arrangements by trustees that advice fee deductions are appropriate. A clear statement in the

Explanatory Memorandum, or from the regulators, that similar expectations will continue to apply to the amended law, would provide trustees with comfort that provided they are proactively and regularly sampling advice documents, they do not need to build new governance and assurance processes, the cost of which would be passed onto members.

AustralianSuper has previously advocated for the consent requirements to include information that will confirm the extent to which the advice relates to the member's interest in the fund. While this is still not mandated content, we note the clear statement in the Explanatory Memorandum that the request or consent may contain 'other things to reflect industry best practice, ensure informed consent and reflect the needs of the parties' (paragraph 1.38) which supports trustee discretion to request this information be included.

Should the Minister exercise the proposed power to approve a form of request or consent, we ask that consideration be given to mandating this information.

We also think that the legislation would benefit from greater clarity that in the absence of an approved form of request or consent, superannuation funds can continue to use their own consent forms – which may contain more detailed requirements - provided that the minimum content requirements in the law are included.

Recommendation 8

AustralianSuper also supports the proposed amendments that ensure payment of personal advice fees by a trustee from a member's account are not treated as a superannuation benefit paid to the relevant member.

We would be pleased to provide additional information or to discuss this submission in further detail. If that would be of assistance, please do not hesitate to contact Nick Coates, Head of Government Relations and Public Policy (ncoates@australiansuper.com).

Regards

A handwritten signature in blue ink, appearing to read 'Nick Coates', with a stylized flourish at the end.

Nick Coates

Head of Government Relations and Public Policy