



03 October 2017

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Email: economics.sen@aph.gov.au

Dear Madam/Sir,

SMSF ASSOCIATION SUBMISSION ON IMPROVING ACCOUNTABILITY AND MEMBER OUTCOMES IN SUPERANNUATION MEASURES NO.1

The Self Managed Super Fund Association (SMSFA) welcomes the opportunity to make a submission to the Senate Inquiry into the Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2017

Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2017

The SMSF Association supports the Government's superannuation reform package which will increase the transparency and accountability of superannuation and should lead to improved retirement savings. Improving outcomes for fund members will ultimately lead to a better quality of life in retirement for Australians.

Requiring MySuper trustees to publish annual information on investment and insurance strategies, fees and returns is a positive development by giving members more information about how their fund is performing and being managed. Strengthening the obligation on trustees to consider how their product continues to deliver outcomes to its members should hopefully increase the governance of MySuper offerings. Notwithstanding these measures, it is essential that the information is also portrayed in a clear manner. Expanding the accountability that trustees owe to their members, many of which may be default members, is long overdue.

In addition, allowing fund members to question the trustee board and executives of their superannuation fund on an annual basis will promote accountability and competition which should also drive better outcomes. The requirement of annual members' meetings is key for transparency and member access to trustees but also has the opportunity to increase engagement across the industry. Although we do stress caution that, if limited attendance occurs, the costs do not outweigh



the envisioned benefits. Therefore we support provisions which will be flexible for each superannuation fund as many operate quite differently.

The SMSFA also believes the amendments to refine the requirements for registrable superannuation entity (RSE) licensees to make publically available their portfolio holdings is a key for transparency. With licensees able to access this information easy, RSE licensees should be able to detail their investments to their members very clearly and efficiently. Coupled with providing the ability for the Australian Prudential Regulation Authority (APRA) to obtain information on expenses incurred by RSE and RSE licensees in managing or operating the RSE will mean members are protected on the expense side as well.

The alignment of penalties for trustees with those for directors of managed investment schemes will further strengthen trustee accountability. The imposition of civil and criminal penalties on directors of RSE licenses who fail to act in the best interests of members in the SIS Act is a strong but clear message especially when trustees are responsible for the retirement savings of millions of Australians.

Finally, allowing APRA greater oversight and increased powers in regards to default MySuper funds, especially the ability to prevent an RSE from offering a MySuper product, will enhance their prudential regulation of these funds and help ensure that members who have the least active engagement with their superannuation have adequate protection by the regulator.

These positive superannuation reforms will not be effective without proper enforcement. Hence, the Government should ensure that APRA has adequate resources to implement these reforms and to ensure that good governance behaviours are being exercised by trustees.

If you have any questions about our submission please do not hesitate in contacting us.

Yours sincerely,

A handwritten signature in black ink that reads 'John L. Maroney'.

John Maroney
Chief Executive Officer
SMSF Association



ABOUT THE SMSF ASSOCIATION

The Self Managed Super Fund (SMSF) Association is the peak professional body representing the SMSF sector which is comprised of over 1.1 million SMSF members who have \$696 billion of funds under management and a diverse range of financial professionals servicing SMSFs. The SMSF Association continues to build integrity through professional and education standards for advisors and education standards for trustees. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial planners and other professionals such as tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them access to independent education materials to assist them in the running of their SMSF.