

5 April 2019

Jane Eccleston
Senior Executive Leader
Superannuation
Australian Securities and Investments Commission
Level 5, 100 Market Street
SYDNEY NSW 2000

By email: feeandcostdisclosure@asic.gov.au

Dear Ms Eccleston

Re: AustralianSuper submission on ASIC Consultation Paper 308

AustralianSuper is pleased to provide a submission in relation to the abovenamed consultation paper.

AustralianSuper is one of Australia's largest superannuation funds and is run only to benefit its members. The best interests of our over 2 million members drive our decisions. We do not pay commissions to anyone to recommend us, nor do we pay dividends to shareholders. With over \$140 billion in members' assets, our sole purpose is to assist our members achieve their best possible retirement outcomes.

AustralianSuper is very supportive of ASIC's willingness to revisit its regulatory stance on RG 97 and have it subject to external review. We appreciate that the current consultation responds to that expert review and not necessarily to all fee disclosure issues that trustees of superannuation funds now face.

AustralianSuper's detailed response to each of the relevant consultation items is contained in Attachment 1 to this letter. Please note that we have responded in detail to your proposals, but not at this stage to Section C, which covers what you have decided not to do at this stage. We will respond to those issues separately. Our key points in response to your proposals are shown below.

Key points

- We strongly support simplifying fee and cost disclosure so that investment fees and costs are combined, and administration fees and costs are combined. We do not think that consumer decision-making benefits from the distinction between fees and costs in the context of superannuation disclosure.
- We suggest that the current fee disclosure reform process be mindful not only of the 'protecting your super' package, as envisaged in the consultation paper, but also of future reforms relating to the distribution of default superannuation: Increased transparency of buy sell spreads applied at the fund level is absolutely necessary to protect members in a default fund regime where for example, the member's existing superannuation money flows to their new fund upon commencement of a new job.

- We support consumer testing of disclosure but would presume that the final, not interim disclosure outcomes, will be tested.
- We support ASIC's contention that the complexity associated with compiling fees and costs information for presentation to consumers should not translate into complexity *for* consumers – this could be reflected more in the proposals at hand.
- Superannuation platforms need to be included as part of this consultation, and choice investment options connected to superannuation platforms should be subject to the same disclosure requirements as any other choice investment option. To exclude platforms from this disclosure (as ASIC currently does under its own RG 97 definition of 'interposed vehicle'), deprives Australian consumers of the ability to make an informed choice of investment options available in the Australian market.
- We believe that disclosure should be consistent between products and providers, and reflect the economic impact of fees and costs borne by the member. As such:
 - We do not accept the policy premise that ASIC has adopted to require further cost disclosure from reserves, which are comprised in the main from fees deducted from member accounts. Like other superannuation funds, AustralianSuper is concerned that ASIC's eagerness to capture amounts going in and out of reserves will generate double counting of costs already deducted from member accounts.
 - As much as possible during the transition to the proposed new disclosure requirements, there should be consistency between PDSs fee and costs disclosure and that shown in periodic statements. For that reason, a longer lead time may be necessary.
 - We support alignment of disclosure regimes for managed investments schemes and superannuation because superannuation funds invest in managed investment schemes – the same cost capturing requirements should be applied to both for consistency in disclosure.
 - We strongly support the proposed removal of property operating costs from PDS and periodic statement disclosure but note there are property disclosure issues outstanding.
 - We prefer the disclosure of actual performance (related) fees incurred over the past year – i.e. without adjustments for 5 year averaging, components without the 5 year history, and ignoring of any negative contributions.
 - To preserve the integrity of the outcome, no 'materiality' concept should be applied, as it will invariably be used to ignore components and undermine disclosure.
 - The administration fee should not be 'grossed up' to reflect any tax deduction claimed with respect to costs administered by the fund – they do

not represent the fee that the trustee may choose to charge the member, which may be higher or lower than costs.

If you have any questions or would like further information please do not hesitate to contact Louise du Pre-Alba on 03 8648 3847 or Carol Lee on 9200 3622 in the first instance.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Louise du Pre-Alba".

for
Ian Silk
Chief Executive

Attachment 1

Proposal: Recommendations 6, 8 and 11 in REP 581

B1 We propose to:

(a) modify the 'Fees and costs template' for superannuation products to:

- (i) present all administration fees and costs as one line item, by merging administration fees and indirect costs that relate to administration or operation of the superannuation entity;**
- (ii) present all investment fees and costs as one line item, by merging investment fees and indirect costs that relate to investment of the superannuation entity's assets;**
- (iii) remove advice fees (intrafund advice costs) as a line item, and include this cost in the disclosure of administration fees; and**
- (iv) group together the 'Ongoing annual fees and costs' separately from the 'Member activity related fees and costs'; and**

(b) give effect to these proposals by:

- (i) removing the original 'Fees and costs template' in cl 201 of Sch 10 and replacing it with the 'Fees and costs summary' in Figure 2 of draft updated RG 97 at Attachment 1 to this paper;**
- (ii) inserting definitions of investment fees and costs and administration fees and costs in cl 209A of Sch 10 so they include the relevant indirect costs, and changing all references to investment fees and administration fees in Sch 10 to match these terms;**
- (iii) inserting a definition of intrafund advice costs into cl 101 of Sch 10;**
- (iv) removing the ability of superannuation trustees to elect to treat certain types of costs as indirect costs rather than administration fees or investment fees, because these amounts will now be combined into other line items in the 'Fees and costs template' (now to be called the 'Fees and costs summary'); and**
- (v) making corresponding changes to the 'Example of annual fees and costs' for superannuation products, to reflect the changes made to the 'Fees and costs template' (now to be called the 'Fees and costs summary').**

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.30–RG 97.55, Figure 2 and Figure 3, at Attachment 1 to this paper.

Your feedback

B1Q1 Do you agree with our approach? If not, please explain why.

[AustralianSuper supports amendments to:](#)

- Disclose all administration fees and costs as one line item
- Disclose all investment fees and costs as one line item
- Remove intrafund advice costs as a line item and include this costs in the disclosure of administration fees.

We do not support amendments to include amounts going into reserves being captured as administration and investment fees and will detail this later in the submission.

Reasons – Administration fees

Separating administration fees and costs in disclosure to members only causes confusion, as members invariably consider fees and costs to be the same – that is, that they reduce their account balance or otherwise negatively impact their superannuation interest.

Reasons – Investment fees

Separating investment fees and costs in disclosure to members causes similar confusion and reduces comparability. There has previously been inconsistency in the industry with some funds counting certain costs in the ICR and others being required to include the same costs as part of an investment fee. Where this occurs members may confuse funds with ICR disclosure only as being cheaper than funds disclosing the same costs under investment fees.

Reasons – Intrafund advice costs

In accordance with the advice fee charging restrictions under section 99F of the *Superannuation Industry (Supervision) Act 1993*, in order for the advice to be appropriately characterised as ‘intrafund advice’, the cost of the advice must be collectively charged across the fund membership, rather than charged to members individually. It makes more sense for such a collective charge to be included in the administration fee than separately identified.

B1Q2 Although indirect costs will be combined with investment fees into a single line item in the ‘Fees and costs template’ (to be renamed ‘Fees and costs summary’), should issuers be able to include an additional breakdown of the figure into two separate components in the ‘Fees and costs summary’ or in another place (such as on the issuer’s website)? If yes, how would this help consumers make investment decisions and compare products? Should the same breakdown be permitted in respect of administration fees and indirect costs?

The essential information is that members are presented with a single number showing what their account incurs – hence the total of investment fees and costs should be illustrated.

However, given that a PDS is a point-of-sale disclosure document, it is also important that consumers are aware of *how* these amounts are deducted from their account. We suggest that the total figure be presented in the table, with additional details (and a breakdown) being able to be provided in the ‘how and when charged’ column.

If the whole figure represents a fee (e.g. AustralianSuper’s Administration Fee), or a cost (e.g. AustralianSuper’s Investment Costs) a description should be sufficient. Mandatory identification of sub-components should not be required if they do not apply.

B1Q3 What system and process changes would be needed to implement these proposals?

To implement the proposed changes, updates would need to be completed to all product disclosure statements, all communication collateral which relates to fees to ensure consistency in wording (including disclosures on websites and mobile applications), updates to any calculation tools on the website and updates to the periodic statements and exit statements.

In addition:

System changes on the member administration system may be required to change descriptions and regroup amounts.

System changes to website data feeds to enable members to see the fees as they are described in the PDS

Additional accounting and finance resources may be required to ensure all relevant disclosure amounts can be calculated timely

Potentially, changes to APRA reporting may be required to capture the new reporting requirements.

B1Q4 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable.

We believe these changes are important and will enhance comparability between superannuation products. While there will be some implementation costs we do not believe they would justify deferring the proposed changes. If sufficient lead time is provided the changes and costs should be manageable.

To help manage costs, we request that any changes do not result in a significant event notice being required to members.

B1Q5 What would be a reasonable timeframe for issuers to implement these proposals, in light of the other changes proposed in this paper?

If ASIC are able to publish their revised guidance before the end of December 2019, we expect to be able to implement changes to the periodic statements for the financial year to 30 June 2020 and for updated PDSs that are released after July 2020 onwards.

Proposal: Recommendations 9 and 10 in REP 581

B2 We propose to:

(a) modify the 'Fees and costs templates' for managed investment products to:

(i) change management costs to management fees and costs, to match the term used in Figure 9 and Example 1 of draft updated RG 97 at Attachment 1 to this paper, and place this line item at the top of the 'Fees and costs templates'; and

(ii) include a line item for buy–sell spread; and

(b) give effect to these proposals by:

(i) removing the original 'Fees and costs templates' in cls 202 and 202A of Sch 10, and replacing them with the 'Fees and costs summaries' in Figure 9 and Example 1 of draft updated RG 97 at Attachment 1 to this paper;

(ii) changing all Sch 10 references to management costs to management fees and costs, to match the term used in Figure 9 and Example 1 of draft updated RG 97 at Attachment 1 to this paper; and

(iii) making corresponding changes to the 'Example of annual fees and costs' for managed investment products, to reflect the changes made to the 'Fees and costs templates' (now to be called 'Fees and cost summaries').

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.152–RG 97.167, Figure 9 and Figure 10, at Attachment 1 to this paper.

Your feedback

B2Q1 Do you agree with our approach? If not, please explain why.

AustralianSuper supports these changes as they provide for greater consistency between superannuation and MIS which aids:

- comprehension and familiarity for retail members who may be presented with materials from both;
- streamlines data collection for superannuation funds who invest in MISs;
- makes look-through feasible for superannuation platforms, as underlying MIS data will be available on a superannuation-consistent basis.

B2Q2 What system and process changes would be needed to implement these proposals?

No comment

B2Q3 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable.

No comment

B2Q4 What would be a reasonable timeframe for issuers to implement these proposals, in light of the other changes proposed in this paper

No comment

B2Q5 If a line item for buy–sell spread is included in the ‘Fees and costs summary’, should the ‘Example of annual fees and costs’ for managed investment products also refer to the fact that a member may be charged a buy–sell spread (as in the ‘Example of annual of fees and costs’ for superannuation products, in cl 211 of Sch 10)? If so, should a reference to the buy–sell spread also be included in the preamble text to the ‘Cost of product information’ for managed investment products, in cl 220B of Sch 10 (see proposal B3)?

We recommend that the buy-sell spread also be included in the \$50,000 example – via a \$5,000 increase. Further an illustration of a decrease should also be considered. An alternative could be to separately illustrate the impact via a “cost of moving” example or line item at the bottom of or below the example table. Whilst superannuation funds can no longer charge exit fees, there are still significant imposts to switching investments/funds incurred via buy/sell spreads of investment options. This is of particular importance given policy proposals around auto-consolidating superannuation fund monies.

Proposal: Recommendations 13 and 14 in REP 581

B3 We propose to:

(a) require 'Cost of product information' to be disclosed by:

- (i) extending the current 'Example of annual fees and costs' for superannuation products and managed investment products, to include the calculation and disclosure of abbreviated 'Cost of product information' for each MySuper product and each investment option offered by the superannuation entity, and for each investment option offered by the managed investment scheme;**
- (ii) basing the 'Cost of product information' on a \$50,000 balance (we do not propose to extend this to other balance amounts);**
- (iii) requiring that the 'Cost of product information' for full PDSs be disclosed in the PDS and not be permitted to be incorporated by reference;**
- (iv) not requiring the 'Cost of product information' to be included in the body of shorter PDSs, but instead requiring that it be provided as part of the fees and costs information that must be disclosed in accordance with Sch 10, under cl 8(10) of Schs 10D and 10E (issuers are permitted under those provisions to incorporate this information by reference); and**
- (v) incorporating a contribution of \$5,000 on the last day of the year in the 'Cost of product information' and the 'Example of annual fees and costs' for superannuation products (noting that managed investment products already incorporate a contribution of \$5,000 on the last day of the period); and**

(b) give effect to these proposals by: (i) inserting a new Div 6A into Pt 2 of Sch 10; and

- (ii) amending cl 211 of Sch 10.**

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.59–RG 97.72 and Figures 3–5 (for superannuation products) and RG 97.182–RG 97.186 and Figures 11–12 (for managed investment products) at Attachment 1 to this paper.

Your feedback

B3Q1 Do you agree with our approach? If not, please explain why.

[AustralianSuper supports this proposal. The full information should be made available for all investment options – including those offered under a platform.](#)

[Superannuation platforms need to be included as part of this consultation, and choice investment options connected to superannuation platforms should be subject to the](#)

same disclosure requirements as any other choice investment option. To exclude platforms from this disclosure (as ASIC currently does under its own RG 97 definition of 'interposed vehicle'), deprives Australian consumers of the ability to make an informed choice of investment options available on the Australian market in a cost effective manner.

For short-form PDSs, where information is provided via incorporation by reference, we recommend that the costs of the highest cost option be presented in the PDS, so as to alert the members of potential costs that may be incurred.

B3Q2 For the longer term, what alternative methods of providing fee examples may be helpful for consumers and practical to implement?

Over the longer term the burden of comparison between superannuation funds and superannuation fund investment options should not be left solely with the funds themselves as this does not work well for consumer. It actually increases the burden on consumers, who have to go to each fund and then compare.

Consumers should be able to have key fund information presented to them in one place so they can make meaningful comparisons across funds. This is not to say that superannuation funds should disclose any less than they do now.

Instead, comparative fee and cost data on all superannuation funds and options should be readily available to consumers on government websites such as ASIC Moneysmart.

This same thinking is equally applicable to other key fund data, such as investment option performance.

B3Q3 Do you believe that incorporating a \$5,000 contribution on the last day of the year in the 'Example of annual fees and costs' and in the 'Cost of product information' for superannuation products will help consumers make investment decisions and compare products, given that: (a) contributions are not taken into account when calculating fees and costs for disclosure (see cls 218(1) and (3) of Sch 10); and (b) contribution fees are not permitted to be charged in relation to MySuper products under s29V of the Superannuation Industry (Supervision) Act 1993 (SIS Act)?

Whilst contribution fees and (now) exit fees are not permitted to be charged, other fees such as a) switching fees and b) buy/sell spreads on investment options are still able to be charged.

We suggest that either a \$5,000 contribution AND withdrawal is shown, or a separate "cost of moving" is calculated, based on the full \$50,000.

B3Q4 What system and process changes would be needed to implement these proposals?

AustralianSuper considers the changes required to be minimal

B3Q5 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable.

AustralianSuper considers the changes required to be minimal

B3Q6 What would be a reasonable timeframe for issuers to implement these proposals, in light of the other changes proposed in this paper?

AustralianSuper is able to accommodate this type of disclosure change within six months of these changes taking effect. Refer above to question B1 for further information.

Proposal: Recommendation 16 in REP 581

B4 We propose to:

(a) amend the requirements for periodic statements for superannuation products and managed investment products, so they contain the following three lines:

(i) 'Fees deducted from your account';

(ii) 'Fees and costs deducted from your investment'; and

(iii) 'Total fees and costs you paid'; and

(b) give effect to this proposal by amending cls 301–303 of Sch 10.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 (Sections C and E) at Attachment 1 to this paper.

Your feedback

B4Q1 Do you agree with our approach? If not, please explain why.

AustralianSuper agrees with the categories and the descriptions.

B4Q2 What system and process changes would be needed to implement this proposal?

System changes will be required at the administrator and mail house to split the current calculation into 2 components. AS the components are already available, we do not believe this will be difficult to implement.

B4Q3 What are the additional costs associated with implementing this proposal? Please provide details of one-off and/or annual costs as applicable.

Refer above to B1 for further details.

B4Q4 What would be a reasonable timeframe for issuers to implement this proposal, in light of the other changes proposed in this paper?

Refer above to B1Q4 for comment.

B4Q5 We have not inserted a provision in the draft amended Sch 10 or provided guidance to explain how to calculate the approximate amount to be disclosed in ‘Fees and costs deducted from your investment’ and ‘Total fees and costs you paid’. Do you believe a provision and/or guidance is necessary? Would a formula-based approach be necessary? We have included instructions in cl 301(2)(b) of Sch 10 about how to calculate the amount deducted from the investment. We have also included guidance in draft updated RG 97 (at RG 97.132 and RG 97.240 at Attachment 1 to this paper) that the amount to be inserted is the fees and costs for the product or option that are attributed to the particular member.

We agree that this should reflect the amount attributable to the member – or the amount to which the member incurs the impost.

Some flexibility should be provided to allow for administration systems in particular in relation to cost items to allow for estimation. Fees charged should be able to be identified specifically based on the investment activity of an individual, however this is more difficult for costs, where individuals have high activity levels and intra-year switching. An estimation approach should be permitted in relation to cost items.

This is particularly the case for cost figures which may need to be presented intra-year (or close to the end of the year).

B4Q6 Given that periodic statements provide fees and costs information about what a member has been charged over a past period, and given the proposed amendments to the periodic statement requirements, would it be necessary for an issuer to make reasonable estimates of amounts to be included in periodic statements? Would this be more likely for periodic statements given after the member has exited the product?

As noted above, intra-year calculations are very difficult in relation to cost items, so estimates with questionable accuracy are feasible for periodic statements given after a member has exited the product. We question whether such estimates would be considered “reasonable” for the actual investment period for the individual.

This poses particular complexity, given the Protecting Your Super provisions seek to utilise these figures as more than disclosure information, but for the purposes of actual compensation to members.

Accordingly, should cost figures need to be included in exit statements, clear provision (and guidelines) for use of estimates will be required. We note that this should not be the case for fee items – which should be able to be calculated based on the individual's specific experience.

B4Q7 We have retained the guidance that appears in the current version of RG 97 (at RG 97.234) that amounts of transactions shown in the transaction list in periodic statements should include GST less reduced input tax credits: see draft updated RG 97 at RG 97.124 and RG 97.232 at Attachment 1 to this paper. Regulation 7.9.60B(3) requires that amounts of transactions must include GST (if applicable) but does not make reference to whether reduced input tax credits should be included or excluded. Should reduced input tax credits be excluded from transaction amounts? Please explain why or why not.

To ensure consistency with accounting standards, and limit the additional costs for implementing and maintaining, we request that amounts disclosed include GST less reduced input tax credits. RITCs represent a reduction in costs that should be recognised.

B4Q8 We have retained the guidance that appears in the current version of RG 97 (at RG 97.234) that if GST or stamp duty is not disclosed as part of the amount in a transaction, they should be reported as separate transactions: see draft updated RG 97 at RG 97.125 and RG 97.233 at Attachment 1 to this paper. Should GST or stamp duty be permitted to be disclosed separately from the transactions they relate to? Please explain why or why not.

The total figure should include GST (net of RITCs) and stamp duty – these are costs within the control of the investment manager.

Simple disclosure is best for consistency and comparability. It is not necessary to separately itemise these figures. We note that stamp duty can be a significant figure (in particular for real estate investments) – so for consistent disclosure, it is imperative for disclosure to be investment structure agnostic – e.g. listed v unlisted.

Where a manager charges an amount or provides a credit via separate transactions, we have no objections to further clarification being provided in the “how and when charged” section or as separate line items periodic statements – however this should be at the issuer's discretion.

B4Q9 We have retained the guidance that appears in the current version of RG 97 (at RG 97.237) that if the payment of a fee or cost results in the superannuation entity or registered scheme becoming entitled to a tax deduction, and the benefit is passed on to a member, the periodic statement must show two transactions—being one for the full amount charged and one for the tax benefit that was passed on to the member: see draft updated RG 97 at RG 97.126 and RG 97.234 at Attachment 1 to this paper. Should this guidance be retained? Please explain why or why not.

AustralianSuper suggests that if members are credited an amount back to their account, for whatever reason, this should be disclosed in the periodic statement.

We think that to characterise this as a ‘tax benefit’ credited to member’s accounts is misleading as in all relevant transactions in this regard, the taxpayer is actually the superannuation trust, not the member.

B4Q10 We have retained the guidance that appears in the current version of RG 97 (at RG 97.235–RG 97.236) that where a transaction creates an income tax liability or a tax deduction is given to the member, the issuer should show this transaction separately and include an explanation of the basis for the transaction and its relationship with other transactions: see draft updated RG 97 at RG 97.127 and RG 97.235 at Attachment 1 to this paper. Should this guidance be retained? Please explain why or why not.

We agree that if there are two transactions on a member’s account, both transactions should be shown. Therefore we agree with the draft RG97.127 and RG97.235.

B4Q11 Should cls 301(5) and 301(6) of Sch 10 be retained? Please explain why or why not.

No comment

B4Q12 Should ‘Total fees and costs you paid’ in cl 302(1) of Sch 10 be presented gross of any tax benefit passed on to the member: see RG 97 at RG 97.237? Please explain why or why not?

We do not agree with grossing up the fees as described in RG97.237. From a member’s perspective, we need to disclose the fees that are actually deducted from the member’s account. A disclose which artificially grosses up a deduction is both confusing and misleading to members.

It would be misleading to label the deduction of a fee from a members’ account as a taxable event.

Proposal: Recommendation 24 in REP 581

B5 We propose to:

(a) require disclosure of explicit transaction costs and counterparty spreads (see proposal B7) as a separate line item in the ‘Fees and costs template’ and in the ‘Example of annual fees and costs’ for managed investment products and superannuation products;

(b) include explicit transaction costs and counterparty spreads in the calculation of the ‘Cost of product information’ (see recommendation 13 and proposal B3);

(c) require that these costs be shown net of any amounts recovered by the buy–sell spread charged by the superannuation trustee or responsible entity. The gross amount of explicit transaction costs and counterparty spreads will be set out in the ‘Additional explanation of fees and costs’ (to be renamed ‘Fees and costs details’) in cl 209(j)(ia) of Sch 10; and

(d) give effect to this proposal by:

(i) replacing the ‘Fees and costs template’ for superannuation products in cl 201 of Sch 10 with the ‘Fees and costs summary’ in Figure 2 of draft updated RG 97 at Attachment 1 to this paper, which includes a transaction costs (net) line item;

(ii) replacing the ‘Fees and costs templates’ for managed investment products in cls 202 and 202A of Sch 10 with the ‘Fees and costs summaries’ proposed in Figure 9 and Example 1 of draft updated RG 97 at Attachment 1 to this paper, which include a transaction costs (net) line item;

(iii) including a transaction costs (net) line item in the ‘Example of annual fees and costs’ in cl 211 of Sch 10 (for superannuation products) and cl 212 of Sch 10 (for managed investment products);

(iv) including instructions for calculating the amount of transaction costs (net) in cls 218(4A)–(4B) and cls 218A(6)–(7) of Sch 10; and

(v) excluding explicit transaction costs and counterparty spreads from other fees and costs definitions (such as administration fees and costs, and investment fees and costs) to ensure these costs are not disclosed twice.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.44–RG 97.45, RG 97.163–RG 97.165, Figures 2–3 and Figures 9–10 at Attachment 1 to this paper.

Your feedback

B5Q1 Do you agree with our approach? If not, please explain why.

Our preference was to aggregate investment fees and costs in order to provide for simpler disclosure. The issue at present is a perception that “fees” are bad and

“costs” are innocuous. We are also aware that two smaller numbers is generally perceived by consumers as less than a single larger number. Accordingly, to avoid distortion in approaches, our view were that fees and costs should be combined.

We do not dispute that “transaction costs” are of a different nature to investment management costs. However, separating them out would suggest they are of secondary importance. This is not the case – regardless of how they are incurred, they are nonetheless an impost to the investor. Further, the segregation of these figures is due to a retail perception that they are outside the control of the investment manager – which is a fallacy.

Every classification decision leads to an opportunity for gaming. As the categorisation decision will impact how an amount is disclosed, we can expect gaming to occur. For example, we are aware of certain fund managers who have a practice of turning over their portfolio excessively as brokerage costs are not borne by managers but are passed on to investors outside headline fee arrangements. Such arrangements are not reflected as a management cost, but the broker then provides a positive benefit (either monetary or other channels such as access) to the investment manager. If this is possible via third parties – the scope for gaming is higher for vehicles that invest via associated funds.

Further evidence of gaming is reflected in the concerns raised by many as to the characterisation of derivative costs. For most vanilla derivative trading (the vast majority of derivatives traded are FX transactions) the costs would generally be perceived to be transaction costs. However, current requirements are for these to be disclosed as investment management costs. People are accordingly concerned that this effectively overstates investment management costs. We understand that ASIC’s intention behind this treatment is to prevent gaming which could arise by those masking of investment management costs via derivatives.

A far simpler solution to the above issues is to simply combine the investment management cost and transaction cost figures.

We agree with disclosure of transaction costs net of recoveries from other investors (via buy/sell spreads paid by such other investors). This however should only be done where buy/sell spreads incurred by a specific investor based on their investment activity are disclosed to/by that investor. This ensures all amounts are disclosed by those who incur the costs, but without double counting.

B5Q2 What system and process changes would be needed to implement these proposals?

We consider that only minimal changes need be made, noting that for most fund managers this will allow for greater alignment with standard reporting.

B5Q3 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable.

Nil – this should align with most standard reporting, so reduce the additional calculation burden required as part of the RG97 calculations.

B5Q4 What would be a reasonable timeframe for issuers to implement these

If relief were provided, we expect that most participants would opt-in to these arrangements immediately.

Proposal: Recommendation 24 in REP 581

B6 We propose to:

(a) not require property operating costs, borrowing costs and implicit transaction costs to be disclosed in PDSs and periodic statements; and

(b) give effect to this proposal by amending:

(i) cls 101 and 103 (to insert the concept of excluded transactional and operational costs) and cl 209A of Sch 10; and

(ii) cls 301–303; and

(c) require that any operational costs that are not explicit transaction costs, counterparty spreads, implicit transaction costs, property operating costs or borrowing costs (to the extent that any exist) be treated as a part of administration fees for superannuation products (to be renamed administration fees and costs) or management costs for managed investment products (to be renamed management fees and costs).

Note: We do not propose to make any amendments to Sch 10 to give effect to this proposal, because we consider that the definitions of administration fees and costs in cl 209A of Sch 10 (for superannuation products) and management fees and costs in cl 102(1) of Sch 10 (for managed investment products) are sufficient to capture these types of operational costs.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.333–RG 97.344, RG 97.132(a) and RG 97.240(a) at Attachment 1 to this paper.

Your feedback

B6Q1 Do you agree with our approach? If not, please explain why. If you think that some of these costs should be disclosed, where do you think is the best place for disclosure?

AustralianSuper supports this approach as the separate disclosure of these fees and costs will not be meaningful to retail investors, and would not be determinative of whether they choose one product over another.

Whilst we agree with the consequence (i.e. exclusion of those items within the original definition of Property Operating Costs), we disagree with:

- a) the definition of Property Operating Costs
- b) the approach taken i.e. principles that differentiate property from other asset classes;
- c) the consequential remaining (albeit smaller) quantum of difference in treatment between property and other asset classes;
- d) the favourable treatment given to listed property investment

Property Operating Cost Definition

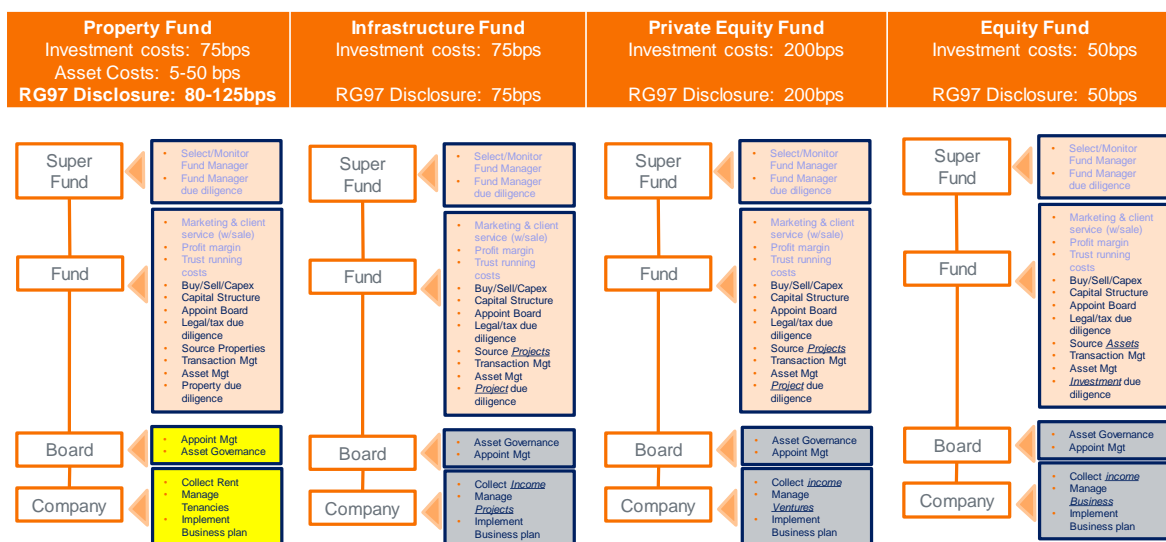
There remains uncertainty as to the definition of “Property Operating Costs”. Whilst it is no longer required to specifically *include* some items in this definition, there is uncertainty as to whether this term should be read more broadly or more narrowly.

The treatment of other costs relating to the operation of the property business vehicle are unclear. Are costs that apply to the *holder* of property, considered to be costs “in relation to the holding” of property? In terms of quantum, what is the proposed treatment of stamp duty? There remains quite considerable ambiguity.

At any rate, the far simpler solution would be to align Property to other asset classes. If this approach were taken (see diagrams below) the need to define this term would not arise.

Property versus Other Asset Classes

The diagram below excludes some types of costs that may commonly be considered “property operating costs” – e.g. maintenance contributions – highlighted in yellow are some of the costs that may still apply to property investment versus other asset classes.



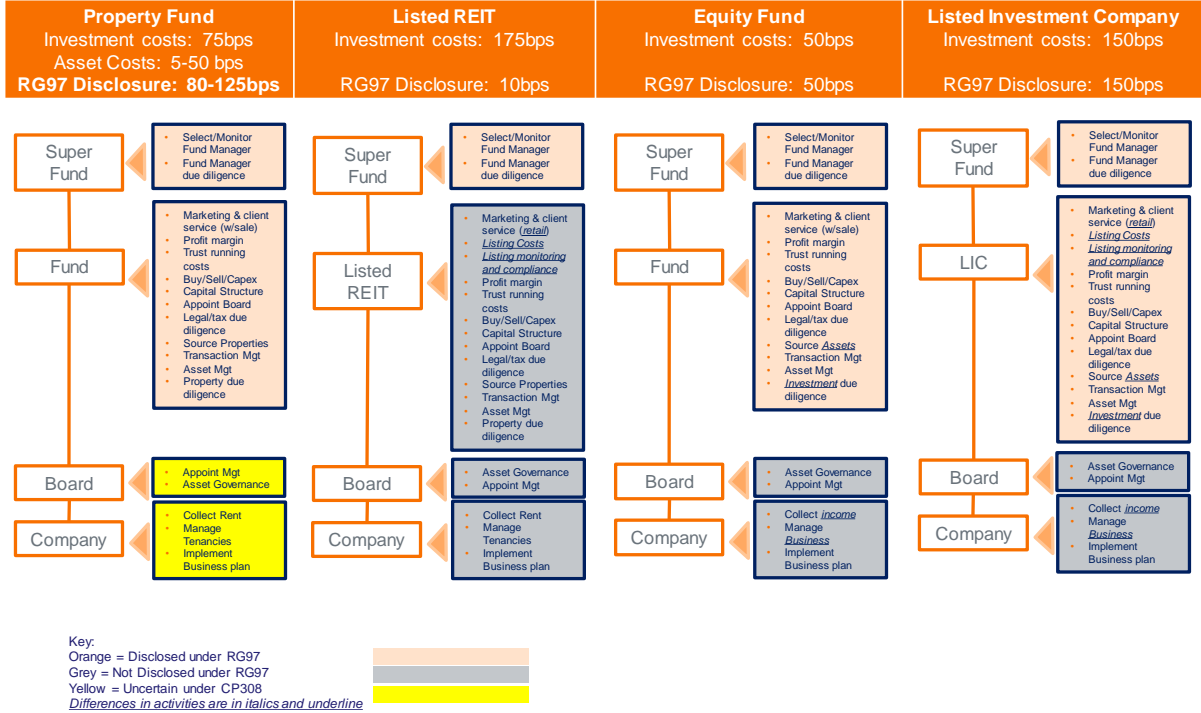
Key:
 Orange = Disclosed under RG97
 Grey = Not Disclosed under RG97
 Yellow = Uncertain under CP308
Differences in activities are in italics and underline

As you can see, depending on the interpretation given to the definition of “Property Operating Costs” the differences between asset classes may be more or less significant.

Please note that we have no issues with the *quantum* of costs being different between different asset classes – for example, Private Equity is generally a more expensive asset class. However, we are seeing differences between Property and Infrastructure which are similar, and query the need for a fundamentally different interpretative approach.

Listed v Unlisted Property

By singling out Property for different treatment, a further level of complexity was added, by providing special treatment for listed property. This is unnecessary, and causes further distortion and lack of comparability as illustrated below:



In the same way listed investment companies or private equity companies need to disclose their vehicle and investment process costs, so too should listed REITs. If consistency in approach was achieved between infrastructure and property asset classes, the practical difficulty of data collection for REITs would be addressed. Given the intention to exclude Property Operating Costs, the additional relief provided to listed REITs is no longer required. The exemption provided should be removed, to avoid the distortion between:

- a) listed REITs and unlisted REITs; and
- b) listed REITs and other listed investment vehicles.

B6Q2 Are cls 103(2)(c)–(d) of the draft amendments to Sch 10 at Attachment 2 to this paper sufficient to exclude all implicit transaction costs? Is a reference to market impact costs or some other type of cost also required?

Within their ordinary meaning, we would not have immediately thought that these terms would include implicit transaction costs such as market impact costs. Legal advice on interpretation may be best to provide clarity on this point.

Perhaps this is a matter for which guidance can be provided – to provide comfort to practitioners that regulatory action will not be taken for failure to disclose market impact costs.

B6Q3 What system and process changes would be needed to implement these proposals?

Minimal – some of the additional (time consuming) processes will no longer be required.

B6Q4 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable. Would these proposals result in any cost savings? Please give details.

There is actually a cost reduction compared with the status quo. The remaining requirement to identify non “operating” costs of property businesses will still require additional work, and will require international managers to respond to bespoke data requests not required for their other investors.

If these items do remain in the disclosure, the cost incurred will be in relation to the 3% fee cap as required by the Protecting Your Super legislation (i.e. more RG97 components will result in an increase credit back to members for the 3% fee cap).

B6Q5 What would be a reasonable timeframe for issuers to implement these proposals, in light of the other changes proposed in this paper?

Consider early opt-in arrangements to allow for cost reduction arising from reduced data collation.

Proposal: Recommendation 24 in REP 581

B7 We propose that:

(a) counterparty spreads be included in the transaction costs that will be disclosed in PDSs and periodic statements; and

(b) at this stage, not to define counterparty spreads in the draft amendments to Sch 10 at Attachment 2 to this paper, as we would like to seek further information from industry about:

(i) how this concept should be defined; and

(ii) what kinds of financial products and markets counterparty spreads may apply to.

Your feedback

B7Q1 Do you agree with our approach? If not, please explain why.

Agree.

B7Q2 Do you have any suggestions on how the concept of counterparty spreads could be defined in cl 101 of Sch 10? Please provide details.

This could be done either by prescribing calculation methodology (which may be subject to gaming), or using a principles approach (which may also be subjective).

A number of industry participants prepared documents in 2016 as to how this may be interpreted. One of the documents relates to derivatives, but the concepts are the same. These documents were previously shared with Mr McShane and ASIC in May 2018.

B7Q3 REP 581 (at page 133) notes that counterparty spreads are readily and relatively objectively ascertainable. Do you agree? Please provide details.

Exact calculations are not available, but our experience is that these spreads can be readily estimated with little difficulty. We tend to find little discrepancy in estimation from large fund managers when asked for a “fair” and “objective” calculation.

Having said this, this is an area open to potential manipulation, as some participants are seeking to push the boundaries and look at alternative methodologies which can be used to justify an approach which would lead to lower disclosure.

B7Q4 What types of financial products and markets do you think the concept of counterparty spreads would apply to? Would it be applicable to Australian markets or only to overseas markets? Please provide details.

With MiFID II in the EU, we generally are seeking less implicit spreads in the equities market. Accordingly, most counterparty spreads arise in relation to the bond market, and the FX market.

We tend not to see significant differences in practice between Australia and offshore, when looking at large institutional trading type arrangements, but there can be significantly higher costs (higher built-in spreads) for smaller traders and/or how “aggressively” trading is managed.

For example, AustralianSuper has done a lot of work on our own trading activities – and we are looking at an annual cost saving in excess of \$10million as a result.

B7Q5 What are the additional costs associated with implementing this proposal? Please provide details of one-off and/or annual costs as applicable.

For AustralianSuper, we are expecting limited additional costs. For internal trading, we monitor these costs. We have observed external managers to be responsive and provide this information with little difficulty.

B7Q6 What would be a reasonable timeframe for issuers to implement this proposal, in light of the other changes proposed in this paper?

We would suggest that this could be implemented for the financial year commencing after the legislation is finalised. Given many could do this earlier, we would suggest earlier opt-in be permitted. To avoid gaming, a simpler approach (to allow for consistency) may be excluding this item, until all can comply on the same basis.

Proposal: Recommendation 24 in REP 581

B8 We propose to:

- (a) remove any distinction between performance fees and performance-related fees, so that performance fees will include amounts calculated by reference to performance of a product, part of a product, an interposed vehicle or part of an interposed vehicle; and
- (b) give effect to this proposal by inserting cl 101C into Sch 10.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.360–RG 97.364 at Attachment 1 to this paper.

Your feedback

B8Q1 Do you agree with our approach? If not, please explain why.

Agree – we agree that performance fees and performance-related fees should both be disclosed on a retrospective basis, for consistency.

We have concerns about the inclusion of section 101C(3)(e) which in effect removes any contribution of negative components in the calculation. Although the language is unclear, we understand that the intention is to provide disclosure of actual amounts incurred in periodic statements, yet create an alternate artificial figure for the purposes of the PDS disclosure.

The proposal in particular to effectively “quarantine” any performance fee contribution by interposed vehicle (or even part of an interposed vehicle) conflicts with trustees’ obligations to consider diversification. Where numerous investments are held – a trustee may expect negative contributions from one investment to be offset with positive contributions from others. A portfolio approach is taken with investing, the disclosure approach should reflect this.

Removing this requirement will better reflect a member’s actual experience and better match other communications (e.g. return updates and periodic statement disclosure). The reason for identifying performance fees in the first place, was to address changes over time and potentially “adverse” movements. Where members can see an increase in performance fees as not being adverse due to positive performance, they are also savvy enough to conclude that negative performance fees are being realised in circumstances of poor performance.

Throughout the fee disclosure process, our approach is to try and present the best representation to a member of their experience and attribute the difference between the performance of their underlying assets and their economic outcome. As such – all performance fees (positive and negative) should be recognised. Negative performance fees should only be recognised if there is a benefit that can be realised for valuation / unit pricing purposes. Some examples are set out below:

- where a manager has a negative performance fee – which can be physically paid and refunded to an investor:
 - o negative amounts should be recognised
 - o at a member level, the negative amount is recognised in unit pricing, and is accordingly a benefit genuinely obtained by the member
- where a manager has a negative performance fee which is not payable to the investor (but is recognised as a book entry):
 - o negative amounts should not be recognised
 - o this is effectively only offset against potential future performance fees earned;
 - o this operates as a hurdle level for future performance fees
 - o at a member level, the negative amount is not recognised in unit pricing – the member does not benefit, and therefore has not incurred a negative fee
- where a private equity manager reduces the value of their carried interest entitlement
 - o negative amounts should be recognised;
 - o the negative accrual is reflected as a corresponding increase in the investor’s beneficial interest; and
 - o unit pricing reflects a valuation including the reduced carried interest.

B8Q2 What system and process changes would be needed to implement this proposal?

Nil / minimal

B8Q3 What are the additional costs associated with implementing this proposal? Please provide details of one-off and/or annual costs as applicable.

Nil / minimal

B8Q4 What would be a reasonable timeframe for issuers to implement this proposal, in light of the other changes proposed in this paper?

Implementation could be done in line with other changes proposed – there should not be any additional time requirements for implementing this particular proposal.

Proposal: Recommendation 24 in REP 581

B9 We propose to:

(a) require that:

(i) the amount of performance fees to be included in the ‘Fees and costs template’ as part of investment fees for superannuation products (to be renamed investment fees and costs) and management costs for managed investment products (to be renamed management fees and costs) will be calculated by reference to the average of the performance fees that accrued in the product, option, interposed vehicle or part in each of the previous five financial years;

(ii) where a product, option, interposed vehicle or part was not in operation for the previous five financial years, or did not have a performance fee charging mechanism in place for the full five financial years, the average should be calculated by reference to the number of financial years in which it operated or had a performance fee charging mechanism in place; and

(iii) where a product, option or interposed vehicle or part was first offered in the current financial year, the performance fee should be calculated by reference to the issuer’s reasonable estimate of the performance fee for the current financial year; and

(b) give effect to these proposals by inserting cl 101C into Sch 10.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.385–RG 97.390 at Attachment 1 to this paper.

Your feedback

B9Q1 Do you agree with our approach? If not, please explain why.

We question whether members will be confused, given that one figure will be in PDSs, and another in periodic statements.

For comparability, we agree everyone should be taking the same approach. Gaming is possible where the interposed vehicle was not invested in over 5 years. Does this mean that good performing funds can be “reset” to avoid future disclosure? The scope for manipulation and/or using back-tested (as opposed to real invested) data is a concern.

For simplicity and to avoid manipulation/gaming, our preference is to show the 1 year historical figure as the headline figure, but present the 5 year historical average as “additional information”. We also suggest that performance-related fees be presented to members along-side investment returns, to provide appropriate context.

B9Q2 Are any transitional arrangements required to accommodate data availability, particularly for interposed vehicles? Please give details.

Additional data points will need to be collected for 5 year historical figures. We should have access to historical data, but not all funds will be able to access this.

B9Q3 Should we provide any further guidance on how to calculate performance fees? Please give details.

For complex matters, the more guidance that is required suggests that there is greater scope for different interpretations and gaming opportunities. To achieve consistency, guidance would be required as to how to address the multitude of different scenarios (e.g. a change of investment strategy / what constitutes a 'new' investment option / redemption from funds / investment in new funds). Whilst additional guidance will assist to address these issues and achieve comparability, guidance remains a question of interpretation, and whether approaches are consistent with guidance is difficult to enforce,

Some clarity may however be helpful when considering "performance-related" fees. For example:

- are profit-sharing arrangements (such as common securities lending structures) be considered "performance" amounts?
- for profit-for-member funds, adjustments to the ORFR will depend in part on investment performance – where there is positive investment performance, the ORFR will need to be correspondingly increased. Are such ORFR contributions considered by be "performance-related"?

B9Q4 Should carried interest charged by general partners in private equity funds be included in the definition of performance fee in cl 101C of Sch 10? Please give details.

Yes - these amounts are in the nature of performance fees.

B9Q5 What system and process changes would be needed to implement these proposals?

There will be a small additional time requirement to collate this information. Where information is accessible in our records, we do not think this is a significant cost burden. Requests may need to be put to investment managers to provide historical information. For most managers (with vanilla fee structures) this should not be an issue.

B9Q6 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable.

For the one year figure, there is no additional cost. Collating 5 year figures may be costly, depending on whether we are seeking to revisit historical calculations (see below).

B9Q7 What would be a reasonable timeframe for issuers to implement these proposals, in light of the other changes proposed in this paper?

Collating the 5 year historical information for the Private Equity sector – in particular for amounts such as carried interest – will be more complex. This is due to greater historical discrepancy in reporting of these amounts (which we note that RG97 is addressing). For these items:

- some may not have historical information (not having previously disclosed such information); or
- a different methodology may have adopted (e.g. a ‘realised’ approach based on cashflows was often used in the past). Many have only adopted an accruals approach from the introduction of RG97.

A short-term solution may be to phase in the 5 year averaging – e.g. start with 3 year averaging and increase gradually to 5 years.

Proposal: Recommendation 24 of REP 581

B10 We propose to:

(a) require the 'Fees and costs templates' (now to be called the 'Fees and costs summaries') for both superannuation products and managed investment products to contain an additional footnote referring to performance fees in the form illustrated by footnote 1 of Figure 2, Figure 9 and Example 1 in draft updated RG 97 at Attachment 1 to this paper;

(b) maintain the requirements for the 'Additional explanation of fees and costs' (to be renamed 'Fees and costs details') as set out in cls 209(b)(i) and (ii) of Sch 10, but with some amendments to clarify the operation of cl 209(b)(ii) of Sch 10;

(c) amend cl 209(b)(iii) of Sch 10 to require the 'Additional explanation of fees and costs' (to be renamed 'Fees and costs details') to set out the calculated average performance fees for each product, option, interposed vehicle or part under cl 101C(3)(a) of Sch 10;

(d) allow issuers to set out related performance information in the 'Additional explanation of fees and costs' (to be renamed 'Fees and costs details') if they choose to do so; and

(e) allow issuers to set out a further explanation in the 'Additional explanation of fees and costs' (to be renamed 'Fees and costs details'), in circumstances where the issuer believes that the average figure based on the previous five financial years is not representative for the coming period.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.391–RG 97.395 at Attachment 1 to this paper.

Your feedback

B10Q1 Do you agree with our approach? If not, please explain why.

We have no objections to the provision of performance fee and performance-related fee/cost figures. Consumer testing may best guide whether this information is presented in a footnote to the table, or in the "Fees and costs details" section.

For consistency, the performance information to be presented should refer also to performance-related costs, whereas the proposed descriptor refers to "performance fees". We suggest alternate language be considered, such as "performance-linked amounts" or similar – to avoid the suggestion that the provider is the one charging this amount.

An exemption may be appropriate for products to which there are no performance-related imposts.

In relation to cl209(b)(iii), whilst we believe the better approach is to have the Fee and cost summary reflect actual performance fees, we have no objection to the 5 year average being provided in the Fee and cost details section. To provide appropriate context, we believe it would be more appropriate to show this figure

alongside investment returns for the same period. Any investment returns should be presented net of performance fees/performance-related costs to ensure consistency in comparison.

Our comments on the calculation methodology are set out in response to B9Q1.

B10Q2 Given that cl 209A of Sch 10 requires performance fees to be included in investment fees (to be renamed investment fees and costs) for superannuation products rather than in administration fees (to be renamed administration fees and costs), should the reference to administration fees and costs in cl 209(b)(i) of Sch 10 be retained? If you believe the reference to administration fees should be retained, please explain why.

We agree that if performance fees are included within investment fees, then 209(b)(i) should be updated to remove the reference to admin fees.

B10Q3 We have drafted cl 209(b)(iii) of Sch 10 so that it requires disclosure of the five-year average for each performance fee for each product, option, interposed vehicle or part that makes up the total performance fees. Do you believe this provides consumers with sufficient information? Should it also require disclosure of the performance fee for each year that is included in the five-year average? Please explain why or why not.

The 1 year figure is the simplest and most comparable figure – and should be represented in the Fee and cost summary. However, should individuals wish for more details, the 5 year average can be presented (separately) in the Fee and cost details.

We have no objections to providing members with additional information, but query whether the 5 additional data points provides additional value to members. We accept that this can provide an indication as to potential volatility, but too much information can be overwhelming. Perhaps this can be examined as part of consumer testing.

A more important feature would be to present returns alongside performance calculations. Accordingly, for each performance data point presented, the corresponding return should also be presented.

B10Q4 What system and process changes would be needed to implement these proposals?

Data collection will be the biggest issue. Changes to the PDS should be able to be done rapidly. There is less of an issue for this change as it will not impact periodic statements.

B10Q5 What are the additional costs associated with implementing these proposals? Please provide details of one-off and/or annual costs as applicable.

Minimal.

B10Q6 What would be a reasonable timeframe for issuers to implement these proposals, in light of the other changes proposed in this paper?

6 months timeframe would enable these changes to be implemented.

Proposal: Recommendation 30 in REP 581

B11 We propose to:

(a) amend cl 209A of Sch 10 to clarify the position on costs paid out of reserves; and

(b) give effect to this proposal by amending the definitions of investment fee (to be renamed investment fees and costs) and administration fee (to be renamed administration fees and costs) in cl 209A of Sch 10, to make it clear that these fees and costs include costs met through the use of reserves.

See the draft amendments to Sch 10 at Attachment 2 to this paper. We also propose to update our guidance: see draft updated RG 97 at RG 97.97–RG 97.101 at Attachment 1 to this paper.

Your feedback

B11Q1 Do you agree with our approach? If not, please explain why.

AustralianSuper does not agree with this approach.

The fundamental concern where fees and costs are paid out of reserves is the potential for double counting, where funds are required to disclose both:

- a) the amounts transferred from member accounts to reserves; and
- b) costs paid for out of reserves.

In early discussion on RG97, the focus was on identifying fees and costs which are “incurred” by a member. We discussed the ORFR in this context:

- there is a charge made from member accounts which are paid to the ORFR;
- the ORFR is intended to act as a form of insurance – to ensure costs from operational risk events are not borne by specific unfortunate members, but an average cost is borne by all members – accordingly, members have no specific interest in the ORFR.
- an individual during the term of their investment cannot request payment of a “share” of the OFRF upon redemption; and
- whilst the ORFR balance ‘belongs’ to members, the only time a member can expect to receive anything from the ORFR is if there is surplus upon wind-up of the fund.

In this context, the approach proposed (and accepted by ASIC through the course of our discussions) was that we should reflect transfers from member accounts to the ORFR as being the cost “incurred” by members. In contrast, the payments *from* the ORFR could not reasonably be regarded as an additional cost to the member as they had already paid amounts from their account to the ORFR for the purpose of maintenance of a reserve – it is double counting.

The analogy with respect to the Administration Reserve is similar. The fees charged to members are what is reflected in a member’s account. This is what a member has “incurred”.

Accordingly, our recommendation would be that all transfers from a member's account to reserves should be disclosed and not amounts paid from reserves.

We do note that some funds also have a "top-up" of their reserves which is charged back to members on an at-cost basis to cover expenses which fees were insufficient to cover. Whilst AustralianSuper does not undertake this practice, we suggest that these costs – which are additional costs incurred (and deducted from returns) and deducted from members' accounts - should be disclosed.

In summary this would suggest disclosure of: fees charged, plus any costs incurred which are *not* funded out of the fees charged.

Further, any additional costs incurred that are not funded out of these fees should be disclosed, plus any costs that are borne by members that are not paid for out of the fees charged.

B11Q2 How should amounts that are transferred into reserves (as opposed to amounts transferred out to meet costs) be treated for the purposes of fees and costs disclosure? Please provide details, including whether the treatment should be different for amounts transferred into an operational risk reserve.

See above

B11Q3 What system and process changes would be needed to implement this proposal?

Changes to accounting systems and processes would be required to calculate additional amounts from Reserve.

B11Q4 What are the additional costs associated with implementing this proposal? Please provide details of one-off and/or annual costs as applicable.

Additional costs would be incurred in explaining this change to members if it went ahead (i.e. additional collateral / call centre costs)

B11Q5 What would be a reasonable timeframe for issuers to implement this proposal, in light of the other changes proposed in this paper?

No comment.

Proposal: Recommendation 33 in REP 581

B12 We propose to:

(a) make minor amendments to the structure of cl 301 of Sch 10 to realign cl 301(2) with cl 301(1); and

(b) give effect to this proposal by

(i) moving cl 301(1B) down to become a new cl 301(3A); and

(ii) deleting cl 301(1E) and inserting the content requirements it imposes into the new cl 301(3A).

See the draft amendments to Sch 10 included at Attachment 2 to this paper.

Your feedback

B12Q1 Do you agree with our approach? If not, please explain why.

There may be merits in whatever arrangements seems to streamline MIS and Super to make them more consistent