

15 October 2025

Simplification Group Secretariat

Australian Securities & Investments Commission

Submitted by email: simplificationconsultativegroup@asic.gov.au

Dear Secretariat

Regulatory Simplification: Report 813

HESTA welcomes the opportunity to contribute to this consultation and to make additional recommendations aimed at streamlining regulation of the superannuation sector, minimising duplication, overlap and inefficiency.

HESTA is pleased to support the submissions of both Super Members Council (SMC) and the Association of Superannuation Funds of Australia (ASFA).

About HESTA

HESTA is a profit-to-member industry super fund investing more than \$100 billion on behalf of more than one million members, who work predominantly in the health and community services sector. Our purpose is to invest in and for people who make the world better.

HESTA members are around 80% women, many of whom work in the health and community services earning low to middle incomes. Our members have lower than average superannuation account balances, higher than average levels of part time or casual work, and many leave work earlier to care for others.

Every dollar matters to our members' retirement outcomes, which makes it imperative that regulatory expectations are clear, non-duplicative, and focus on material risks.

As a large institutional investor, we support regulatory simplification that enhances compliance and operational efficiency. We also emphasise the important role that strong and robust governance frameworks continue to play in supporting well-functioning markets and protecting the long-term financial interests of our members.

ASIC's Regulatory Simplification Program

HESTA welcomes ASIC's multi-year program to simplify regulation – reducing unnecessary complexity, overlap and duplication and making it easier for regulated entities, including superannuation funds, to interact with the regulator. Regulatory duplication and the absence of materiality thresholds leads to higher system running costs that erode members' retirement savings without clear evidence of consumer benefit.

HESTA appreciates that law reform decisions that would simplify the co-regulatory environment are ultimately a matter for Government. However, to the extent that this

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consultation has sought 'other regulatory reform ideas' within ASIC's remit that could make it easier for businesses to meet their compliance obligations, HESTA's recommendations are outlined below.

HESTA recommends ASIC and APRA coordinate more closely on regulation priorities for the superannuation industry

Member outcomes would be improved by closer coordination between ASIC and APRA on areas of co-regulation and where reform activities have similar focus areas. For example, we welcome the recent announcement that ASIC and APRA will co-ordinate on identifying opportunities to streamline the co-regulated Financial Accountability Regime. Mechanisms to improve regulator coordination and increase role clarity could include:

- Considering the ASIC/APRA Memorandum of Understanding (MOU), including whether the current MOU remains appropriate or should be strengthened to promote better coordination.
- Ongoing commitment and improvements to the Regulatory Initiative Grid (RIG).
- Updating ASIC's Regulator Statement of Expectations, dated 2021, to ensure that overlap and therefore inefficiencies are identified and resolved. This is particularly relevant in the context of ASIC's expanded superannuation regulatory remit over Australian Financial Services (AFS) license holders.

HESTA recommends ASIC introduce appropriate materiality thresholds across a range of reporting and disclosure requirements

Clear materiality thresholds give funds the confidence to direct compliance resources in ways that deliver the greatest positive impact for members. Without clearly articulated materiality thresholds, funds are required to accord similar weight to minor or trivial matters as they do to ones that materially affect members' outcomes.

By communicating clear materiality thresholds, ASIC can support funds to prioritise the most important risks, disclosures, and compliance requirements while avoiding unnecessary burden from matters that are not material. This principle helps create more efficient and effective regulatory frameworks that balance robust oversight with practical implementation, ultimately supporting better outcomes for members.

The consultation has asked whether changes should be made to the reportable situations regime. On this topic, we welcomed ASIC's recent efforts to reduce the burden of the regime including broadening of relief parameters extending time for investigations. However, we consider more can be done to address the regulatory burden of these requirements and ensure they are fit for purpose.

We agree with ASIC that the reporting of one-off or trivial matters of limited regulatory value should be addressed. We support the view that misleading and deceptive conduct breaches should be 'undeemed' where they do not meet the significance test in the legislation. We note that ASIC supports reform in this area, and we look forward to working constructively to achieve it.

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HESTA recommends ASIC work closely with Treasury to deliver its part in a consolidated whole-of government Superannuation Data and Reporting Framework

As we have previously outlined in response to consultations to Treasury¹, it is not in the best interests of members or member outcomes for funds to duplicate effort through duplicative data requests and/or reporting to multiple government agencies and regulators or for funds to have to request data through multiple government agencies.

A whole-of-government Superannuation Data and Reporting Framework would remove duplication, promote efficiency, and increase transparency and clarity for members.

To support the development of such a framework, we recommend the establishment of an Industry Advisory Group and would welcome the opportunity for a HESTA representative to be involved.

HESTA would welcome the opportunity to discuss our submission in more detail.

Yours sincerely

[Redacted signature]

[Redacted name]

General Manager Media Relations and Corporate Affairs

¹ <https://www.hesta.com.au/content/dam/hesta/submissions/retirement-reporting-framework-submission-september-2025.pdf>