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CP 383: Reportable situations and internal dispute resolution data publication

The Super Members Council (SMC) welcomes the opportunity to provide a brief submission on ASIC Consultation Paper 383 (CP383).

At a principle level, SMC supports the proposals in CP383 to publish data about Internal Dispute Resolution (IDR) and Reportable Situations (RS) in separate interactive dashboards.

Super fund members rightly expect the highest standards of service and communication. Transparent, comparable and measurable data and reporting approaches are key to lifting standards across the super sector and ensuring accountability when institutions fall short.

The success of any publication will depend on how accessible it is to everyday members. Reporting needs to be easy to understand and give members the information they need to make informed decisions. Clear and appropriate contextual information should be provided, including a recognition that IDR data in the superannuation sector is influenced by a number of factors unique to super so may not be directly comparable to data from other types of financial firms.

Importance of transparency

Transparency is an essential ingredient in building trust, accountability and driving positive consumer focused change in the financial services sector. Publishing common measurable data helps deliver better member outcomes. An example of this is the performance test in the super sector, along with the ATO fund comparison tool.

This initiative, part of the Your Future, Your Super reforms, has been successful in weeding out poor performing funds and ensuring funds bring a laser like focus to the importance of stronger returns. The ATO comparison tool means members can compare for themselves the performance of different funds and make an informed decision about what is best for them.

Similarly, the proposal to publish firm level data about complaints and reportable situations is a logical extension of ongoing efforts to provide members with more information about super fund operations, service delivery and value for money, including in the areas of investment performance, fees, expenditure and externally mediated disputes.

Reporting on complaints and breaches will incentivise funds and other financial firms to uplift their service delivery. It will allow firms to benchmark their performance against their peers and provide useful insights to identify and target efforts towards areas where they are most needed.

Alignment with other regulators and transparency regimes

There is strong alignment in the proposed reporting regime with other transparency frameworks. Australian Financial Complaints Authority (AFCA) reports on external dispute resolution (EDR) to the firm level, which can be publicly interrogated in their datacube. As all EDR matters are referred back to firms to undergo IDR in the first instance, it stands to reason that the full picture of a firm's complaints can only truly be interrogated by analysing both AFCA's EDR data and ASIC's proposed IDR report, noting that the latter will capture the former. ASIC should ensure that datasets are comparable.

Further, Treasury will soon commence consultation on mandatory service standards for superannuation funds, initially targeting critical areas where complaint data shows the greatest need for improvement¹. Such a regime will likely be accompanied by its own reporting and transparency

¹ <https://ministers.treasury.gov.au/ministers/stephen-jones-2022/media-releases/mandatory-service-standards-superannuation-industry>



framework and be overseen by APRA in its prudential supervision of super funds.

We recommend that a Data and Reporting Framework be developed between ASIC, AFCA and APRA to better aid transparency, set objectives, and assist a coordinated approach between AFCA, the regulators and funds.

In addition, we recommend creating a mechanism to review the regime's effectiveness after the first year, to assess whether the data publication is achieving its original intent.

Contextual information

The way data is presented and contextualised matters. We agree with ASIC's proposal to provide explanatory information to help members understand and interpret the data elements. Explanatory information should be sufficiently clear to ensure that sectors and firms are represented fairly.

It is critical the contextual information provided is clear and easy to understand, so that members can interpret the information accurately to make informed decisions. It is also critical that funds who are doing the right thing by taking a more transparent approach to reporting are not misrepresented or misunderstood by members/consumers.

The consultation paper correctly notes that a vigorous reporting regime may result in a higher number of issues being reported which could be an indication of a robust internal system rather than a higher incidence of non-compliance or member dissatisfaction. Stronger compliance frameworks that effectively identify and record matters will in turn provide greater consumer protection.

The size of a super fund (in terms of funds under management and number of members) is a key determinant of the number of complaints they are likely to receive; however, ASIC has flagged that it does not intend to classify the size and sector of firms in its initial publication (paragraph 26). Without this key contextual information, dashboard users won't be able to easily understand whether a firm's complaint or breach volumes are typical for a firm of their size and type. For example, a large super fund with a million members may be inappropriately compared with a boutique financial advice service with 20 clients under advice. Not including this information will also prevent firms from being able to benchmark themselves against their peers.

In its inaugural IDR data publication, ASIC raised concerns that some firms are not reporting IDR data accurately, noting variations in the volume of complaints reported by comparable firms and gaps in the IDR data. This included a disproportionate number of firms reporting no complaints within the period. To aid comparability, in addition to the size and sector information discussed above, ASIC should provide an average number or range of reportable situations or complaints submitted by licensees of certain sizes. This will both help members to understand the data and ensure that pockets of underreporting are appropriately highlighted.

Superannuation complaints

Superannuation IDR data has unique characteristics that indicate that a high level of caution should be adopted, particularly when using the data for comparative purposes.

Superannuation is a compulsory product that enables retirement savings for all working Australians. The level of engagement, while growing with increasing account balances, remains low.

The level and types of complaints made to a super fund can be a factor of the actions of the fund, the demographics of the fund, and the external regulatory environment. It is important that published contextual information relating to super funds indicates that many complaints relate to matters that are not within the power of the trustees to resolve e.g. requests for early release of funds, or accounts transferred to the ATO under the unclaimed money rules.

While there is an obligation on trustees to inform their members, being mindful of the demographics of the fund, some funds will continue to receive a higher level of disputes many of which will have no standing due to a misunderstanding of rights under the superannuation system.

AFCA comments on this issue of lack of standing and/or misunderstanding of superannuation entitlements on their website:

AFCA finds that many complaints can be traced back to unclear or inadequate communication and disclosure, and a mismatch between member expectations and the services and products offered by their fund. Ongoing member education is crucial to prevent misunderstandings, ensure that members have a realistic understanding of the services and benefits offered by



their fund, and reduce the volume of complaints.²

AFCA's datacube includes fields to capture the stages at which complaints are resolved, including those that are discontinued (such as where a complainant fails to respond to AFCA) or are outside AFCAs's rules to consider (such as where the complainant is not a member of the fund they are complaining about). Taken together, these metrics provide a good indication of where firms have experienced higher volumes of complaints that may be simple to resolve or of limited validity.

It is suggested that the IDR data reporting should similarly be filtered to either remove or separate those disputes which can be readily characterised as lacking standing.

About the Super Members Council

We are a strong voice advocating for the interests of 12 million Australians with over \$1.6 trillion in retirement savings managed by profit-to-member superannuation funds. Our purpose is to protect and advance the interests of super fund members throughout their lives, advocating on their behalf to ensure superannuation policy is stable, effective, and equitable. We produce rigorous research and analysis and work with Parliamentarians and policy makers across the full breadth of Parliament.

² AFCA website accessed 5 May 2025. <https://www.afca.org.au/annual-review-superannuation-complaints>