

AIST

11 April 2022

Mr Lincoln Rodgers
Lawyer, Superannuation Team
Australian Securities and Investments Commission

By email:remakinginstrumentsconsultation@asic.gov.au

Dear Lincoln,

CP 358 Remaking ASIC relief on PDSs, superannuation dashboards and FSGs

In brief

- AIST supports measures to improve disclosure and consumer protections, including superannuation product dashboards.
 - AIST therefore opposes ASIC's proposal to defer the requirement on superannuation funds to offer a choice product dashboard for a *sixth* time, from 1 July 2023 to 1 July 2027.
 - Postponing the introduction of legislated disclosure requirements for 13 years is contrary to the intention of the Australian Parliament, and denies an important consumer protection from the millions of Australians holding choice superannuation products.
 - While AIST recognises that regulations prescribing choice product dashboard requirements are outstanding, the existing implementation date of 1 July 2023 provides time for this to be remedied, and for ASIC and APRA to implement the necessary program of work.
 - In the event supporting regulations are not made by the end of 2022, any delay *at that time* should be no longer than one year, that is, to 1 July 2024.
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About AIST

Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public sector superannuation funds.

As the principal advocate and peak representative body for the \$1.7 trillion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST advocates for financial wellbeing in retirement for all Australians regardless of gender, culture, education, or socio-economic background. Through leadership and excellence, AIST supports profit-to-member funds to achieve member-first outcomes and fairness across the retirement system.

Submission

Background

Superannuation product dashboard requirements were introduced by the *Superannuation Legislation Amendment (Further MySuper and Transparency Measures) Act 2012*, and subsequently amended by the *Superannuation Legislation Amendment (Service Providers and Other Governance Measures) Act 2013*.

Detailed requirements for product dashboards are set out in the *Corporations Regulations 2001*, as amended by the *Superannuation Legislation Amendment (MySuper Measures) Regulation 2013*, and *APRA Reporting Standard SRS 700.0 Product dashboard*.

For Choice products/investment options, the provisions were initially scheduled to take effect on 1 July 2014, six months after the commencement date for MySuper product dashboards. However, regulations prescribing the content and presentation requirements for a product dashboard for a Choice investment option have not been made by Government.

In November 2013, the Government issued a discussion paper, *Better regulation and governance, enhanced transparency and improved competition in superannuation*. Amongst other things, the discussion paper sought industry feedback on how to best complete the outstanding aspects of the regulatory regime, including:

- to what extent the choice product dashboard should reflect the MySuper product dashboard; and
- which model of portfolio holdings disclosure would best achieve an appropriate balance between improved transparency and compliance costs.

Product dashboards are intended to provide members with key information about the product in relation to five separate measures detailed in s1017BA of the Corporations Act:

- the return target
- the returns for previous financial years
- a comparison between the return target and the returns for previous financial years
- the level of investment risk, and
- a statement of fees and other costs.

The obligation to make product dashboards publicly available apply to both MySuper and choice products and require the details for these to be worked out in accordance with the regulations in relation to the period or periods prescribed by the regulations.

Regulations about the product dashboard requirements for a Choice investment option were not made by Government in response to this consultation, nor have they been made subsequently¹.

In the absence of regulations, ASIC has deferred the implementation of choice product dashboards on five occasions over a period of eight years. The first three deferrals were for a period of one year; then two years and then four years.

ASIC is now proposing to defer implementation by a further five years. If this proposal is put into effect, then choice product dashboards will have been deferred for 13 years.

Role of product dashboards

AIST supports improved disclosure measures, including product dashboards, and for these to apply to most superannuation products. Product dashboards are an important part of the suite of disclosure measures.

Product dashboards have a role and purpose that is different and distinct from other measures comparing and evaluating superannuation funds, and which provides additional benefits and consumer protections.

Product dashboards are to be provided for all superannuation products, other than a small number of exclusions prescribed in s.1017BA(4) of the Corporations Act.

In contrast, the YourSuper Comparison Tool applies only to MySuper products at the present time, and the APRA heatmaps apply only to MySuper products and a smaller subset of choice products.

¹ The regulatory framework for portfolio holdings disclosure was completed in late 2021, and superannuation funds were required to disclose their holdings on their websites by 29 March 2022.

Product dashboards are to be made publicly available on super fund websites, while the Your Super Comparison Tool is accessed via the ATO portal, and heatmaps are found on the ATO website.

Both the YourSuper Comparison Tool (for MySuper products) and product dashboards (for MySuper and choice products) provide simple metrics designed for a consumer audience, whereas heatmaps present a detailed and complicated evaluation of MySuper and some choice products.

The accessible location of product dashboards on super funds websites using a small number of simple metrics, and the legislated intention for choice dashboards to apply across a large number of superannuation products, provides a consumer protection that is not replicated in any other disclosure measure.

Dashboard regime should apply to choice products without exemptions or unnecessary delay

The Australian financial services regulatory framework imposes licensing, conduct, disclosure and reporting obligations on superannuation funds. Amongst other things, the framework promotes informed decision making by fund members.

However, as part of these successive changes to the system, numerous exemptions, gaps and inconsistencies have been introduced into the regulatory framework for choice products and investment options, superannuation held via a platform, legacy products, new products and SMSFs.

The failure to implement the dashboard regime for choice products and investments deprives members of MySuper products considering switching to a choice product or investment of simple, clear information about the performance, fees and costs of that option; and members of choice products and investment option of the information needed to compare their current option with MySuper products, other choice products and investment options.

In other words, all members are impacted by the failure to implement the product dashboard regime as legislated by the Australian Parliament, and ASIC should not contribute to this by extending the delay to 13 years.

For further information regarding our submission, please contact David Haynes, Senior Policy Manager at [REDACTED]

Yours sincerely,

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Eva Scheerlinck
Chief Executive Officer