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Mr Paul Tielley
Manager, Superannuation Unit
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The Treasury
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Dear Mr Tielley,

The Australian Bankers' Association (ABA) appreciates the opportunity to provide comments on the Treasury discussion paper *Better regulation and governance, enhanced transparency and improved competition in superannuation*.

Opening remarks

The ABA commends the Federal Government for giving consideration to ways that improvements to regulation, governance and transparency can be made to the superannuation industry without undermining stability and certainty or imposing unnecessary regulatory burden. Additional compliance obligations and regulatory burden can add complexities and costs to the superannuation and retirement income system to the long-term detriment of Australians, and therefore, any changes should be targeted to address distortions and anomalies within the system. Substantive changes not only result in additional complexities and costs, but ultimately, also undermine confidence in the system with consumers and members not confident that the framework and rules applying today will remain when they are nearing and entering retirement.

Importantly, the ABA believes that restoring stability, certainty and confidence to the superannuation and retirement income system is essential. Generally, Australians are still not planning early enough, or saving enough, for their retirement. It is vital that sustainable public policies provide incentives as well as address disincentives for superannuation and other private savings, to ensure optimum standards of living in retirement. We do not support fundamental changes to the underpinnings of the system – Australia's superannuation and retirement income system has been widely recognised as strong and well regulated. However, we consider there are distortions and anomalies that undermine the integrity of superannuation system and competition within the superannuation industry as well as hinder the ability for the system to improve Australia's national savings and economic growth and performance and Australians financial prosperity. We also consider there are some existing (and pending) requirements which impose unnecessary costs and regulatory burden on the industry.

The ABA believes that the superannuation and retirement income system should broadly be based on the current structure, operation and governance reinforcing the following:

- *Legal and regulatory structure*: Promote certainty via consistent and stable legislative rules and taxation treatment.
- *Market structure*: Provide member focused and competitive product offerings and investment options via innovation in products and services, downward pressure on fees and costs, and technology efficiencies; and
- *Consumer confidence*: Enhance consumer awareness, member engagement and investor understanding of superannuation and private savings.

Having said that, the ABA believes that efficiencies can be gained through improvements in administration, governance and disclosures. Australians must engage with their superannuation and private savings, financial decisions and consumer choices. Therefore, we consider that efforts should focus on addressing actual and perceived complexities, reducing unnecessary administrative and operational inefficiencies, promoting member engagement, and enhancing competition across the superannuation industry.

Background

The ABA believes that an efficient superannuation and retirement incomes system is reflected in the following principles.

Simplicity

The ABA believes that measures should seek to reduce the complexity of the superannuation and retirement incomes system so that consumers have greater confidence in, and understanding of, methods of private savings and performance of superannuation savings. Better integration of superannuation, social security and taxation systems will promote enhanced superannuation and private savings.

Flexibility

The ABA supports the preservation of superannuation as improving the standard of living for Australians in retirement, but also in addressing the fiscal pressures of an ageing population. However, to offset the inflexibility of preservation, superannuation should be accompanied by incentives to promote the attractiveness of superannuation, flexibility to enable retirees to tailor their retirement incomes and financial investments to their needs, circumstances and preferences, and key messages to raise awareness about the importance of superannuation and long-term savings across our community.

Adequacy and saving

The ABA believes that initiatives to promote financial independence should focus on lifting compulsory and voluntary superannuation contributions, increasing private savings, and enhancing long-term wealth accumulation. Australia's superannuation and retirement incomes system should be promoted through targeted messages that seek to encourage greater superannuation contributions and private savings. Encouraging private savings will go some way to encouraging diversified pre-retirement savings and post retirement incomes and will supplement superannuation savings by enabling greater choice, financial independence, and a higher standard of living in retirement. Improving the private savings environment will also reduce future fiscal pressure of Australia's ageing population and address longevity risk.

Literacy

The ABA believes that to broaden engagement with, and financial understanding of, superannuation, financial literacy programs must be implemented in partnership – Government, the banking and financial services industry, and the community sector. The Australian Government Financial Literacy Board should undertake another national campaign to raise awareness of the importance of financial literacy, and in particular, promoting individuals' understanding of superannuation. Key messages should highlight the importance of discretionary and long-term savings. Banks and other financial service providers should coordinate efforts with Government, educators, employers and community sector representatives to target information to the needs of different people.

Stability and certainty

The ABA supports a superannuation and retirement incomes system that is stable and promotes consumer confidence. Uncertain legislation, inconsistent regulation, changes to superannuation tax structures, confusing disclosures and communications, and unnecessary costs for product issuers, service providers, financial advisers and superannuation members undermines efficiency and effectiveness of the system.

Transparency

The ABA believes that greater transparency will lead to more efficient disclosure and communication about superannuation performance, pricing, governance and service levels. Transparency will ensure that consumers have access to information to assist them make informed choices. Better interaction between superannuation fund trustees and members, innovative online solutions and disclosures will promote enhanced member engagement.

The ABA notes these principles guide our comments below on the proposals contained in the discussion paper.

Specific comments

Better regulation

The ABA believes that the existing superannuation model appropriately manages and supports universal (default) and choice members. The introduction of the new 'MySuper product' will ensure that there are product options available across the spectrum for consumers and members seeking basic superannuation arrangements through to more detailed, tailored or complex investment options.

However, we consider that the most effective means of reducing fees and costs and increasing options for consumers and members in superannuation is not via regulatory intervention into product design or prices, but by reducing administration costs, supporting operational efficiencies, enhancing competition and transparency via increasing use of technology and e-commerce and providing a mechanism for product rationalisation of legacy products, and streamlining disclosure and reporting requirements. Attention should focus on targeted reforms that remove impediments to cost effective service delivery and member engagement.

Consequently, we believe that the Federal Government should endorse the current structure of the superannuation and retirement incomes system as well as address current system impediments through its deregulation and red tape reduction agenda. We consider that rather than fundamental changes to the underpinnings of the superannuation system, improvements to enable Australians to better take control of their superannuation contributions and retirement income decisions and to assist in closing the retirement savings gap, should be made.

Ultimately, this will require a combination of the following:

- Better integration between superannuation, social security and taxation policy;
- Better and more accessible incentives to encourage greater superannuation contributions, support voluntary and private savings and support the development of life risk insurance products which address longevity risk;
- Better and more targeted messages about the importance of saving and planning early and the role of superannuation, private savings and investments in retirement planning;
- Better research into consumer behaviour and better understanding of the motivations and expectations of Australians towards their workforce participation and retirement lifestyle and income;
- Strong domestic financial institutions to promote Australia as a financial services centre with expertise in banking, wealth creation and risk management; and
- Improved administration, governance and disclosures to promote efficiencies and transparency for the benefit of superannuation members.

The ABA notes the legal, technical and specific comments made by the Financial Services Council (FSC) in their submission on the discussion paper.

The ABA generally supports the proposals outlined in the discussion paper as promoting efficiencies and transparency for the benefit of consumers and members.

Reducing administration costs

Use of technology and e-commerce

The ABA believes that the legal and regulatory framework for superannuation and financial services should support improved provision of disclosures, innovative advisory services, and streamlined administration processes. The superannuation and financial services industry should be able to take advantage of technology developments to improve service delivery and consumer and member engagement.

The ABA believes the Federal Government should:

- Support industry developments to implement electronic processing of forms (e.g. application forms) and streamlining payments.
- Review and remove legal and regulatory barriers to rationalising and modernising disclosure practices, and in particular, promote electronic, online and digital methods for meeting disclosure requirements and providing financial literacy and financial education to consumers and members.

Rationalise legacy products

The ABA believes that implementing a statutory framework and mechanism for rationalising outdated or legacy products will ensure that technology can continue to deliver operational efficiencies. The superannuation and financial services industry should be able to more easily update the technology underpinning financial products and to introduce a simplified and sustainable process to enable customers to be shifted from outdated products to more suitable modern products, without financial detriment to the customer. The current tax regime for both superannuation and non-superannuation products does not adequately cater for product rationalisation. We consider that restructuring and rationalisation decisions should remain with the superannuation fund trustee. It is important for unnecessary legal impediments to be removed to facilitate restructuring or rationalisation of outdated products.

The ABA believes the Federal Government should:

- Remove regulatory and tax barriers to product rationalisation across the financial services industry and make amendments to the Corporations Act, SIS Act, Life Insurance Act and Insurance Contracts Act to allow members of a legacy product to be transferred to a new product. (We note a product rationalisation mechanism should not be prescriptive, but related to 'no-disadvantage' tests ensuring that the member or consumer does not suffer any detriment or is appropriately compensated. The industry has previously consulted with the Government in 2010, and the model identified remains relevant.); and
- Expand the proposed product rationalisation mechanism to cover all types of life company issued superannuation products (e.g. deferred annuities, allocated annuities, super trustee bonds, traditional products, etc).

Streamline APRA reporting requirements

The ABA supports the specific comments in the FSC submission with regards to streamlining and improving reporting by superannuation fund trustees to APRA.

Better governance

The superannuation and retirement incomes system is a vital part of the financial system, and therefore, vital to Australia's future growth and prosperity. The compulsory nature of the superannuation system means that the public expects superannuation funds to meet high standards of corporate governance. The size of the superannuation industry is substantial, being greater than Australia's GDP.

The ABA believes that a governance framework for the superannuation industry is essential and should be strengthened to ensure the stability, efficiency and transparency of the system. The banking and insurance industries are required to meet corporate governance standards applicable not just to AFS licensees as contained in the Corporations Act administered by ASIC, but also corporate governance standards contained in prudential standards administered by APRA, and if a listed company, the corporate governance standards contained in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (on an 'if not, why not' basis).

The ABA believes that trustee boards should ensure that appropriate governance structures, standards and processes are in place. There are various legal requirements, practice guides and regulatory guides. APRA and ASIC perform compliance audits and surveillance exercises to ensure that superannuation fund trustees meet their various legal obligations. These reviews include examination of board and delegated committee arrangements, risk management strategies and practices, arrangements to manage conflicts of interest, and other compliance processes. In addition, there are various industry standards that outline the corporate governance responsibilities and duties imposed on boards, for example, in addition to the ASX Principles, various publications issued by the

Australian Institute of Company Directors (AICD) and the FSC's *Superannuation Corporate Governance Policy*[1]. FSC Standard 20 was published in March 2013 and is binding on FSC members who are superannuation trustees holding a public offer or extended public offer licence to operate a registrable superannuation entity (RSE), with a commencement date, being 1 July 2014.

Independent directors

The ABA believes that given the importance and compulsory nature of superannuation, superannuation entities should meet corporate governance standards comparable to ASX listed entities and consistent with relevant sections of FSC Standard 20. We note that the ASX Principles and FSC Standard 20 states that a majority of the board should be independent directors and the chair should be independent. We also note that APRA requires boards of banking and insurance companies to have a majority of independent directors and an independent chair[2].

The ABA supports:

- Amending the *Superannuation Industry (Supervision) Act 1993* (SIS Act) to introduce a definition of independence being 'at arm's length', rather than the current definition of an independent director. Specifically, we agree with the matters identified by the Cooper Review[3] where a person generally has no association with the fund or the appointer. This higher standard could be explained using the principles underpinning the definition of independent director used in the ASX Principles and FSC Standard 20. (We note the comments made in the FSC submission with regards to materiality and the concept of independence.)
- Requiring a majority of trustee board members being independent directors, requiring the chair of the trustee board to be independent, and aligning the process for appointing trustee board members for all appointments.
- No further regulation regarding management of conflicts of interest – additional obligations are unnecessary and would cause additional compliance complexities and costs.[4] However, the process of management of conflicts of interest should be outlined in the annual report, website or other means, and specifically relate to any particulars of the fund.
- Introducing a requirement for trustee board members to be regularly appraised of their performance. (We do not support implementing a maximum appointment term for directors.)
- Documenting the process for appointing trustee board members in the trust deed or governing rules of the fund. The process and due diligence of appointments should also be outlined in the annual report, website or by other means.
- Implementing APRA prudential standards on governance for superannuation fund trustees, consistent with the approach adopted for banks and insurance companies, but targeted to the superannuation industry.
- Adoption of industry codes or standards to reinforce legal and regulatory obligations and promote and enhance corporate governance standards across the superannuation industry (noting that cross-industry consistency would reduce the likelihood of disparate industry practices). (We note FSC Standard 20.)
- Implementation should allow an adequate transition period for the superannuation industry. We consider that any new legislation and rules should provide at least 12 months from completion of the new framework for compliance.

<u>In order to balance the impost of regulatory burden, the ABA believes that new corporate governance standards should be applicable only to APRA regulated public offer funds</u>.

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[1] FSC Standard 20. Superannuation Governance Policy. http://fsc.org.au/downloads/file/submissionsfile/fscsupercorporategovernancefinal.pdf
[2] Prudential Standard CPS 510 Governance. http://www.apra.gov.au/CrossIndustry/Consultations/Documents/Level-3-Draft-Prudential-Standard-CPS-510-Governance-(May-2013).pdf
[3] http://www.supersystemreview.gov.au/
[4] Prudential Standard SPS 521 Conflicts of interest. http://www.apra.gov.au/Super/PrudentialFramework/Documents/Final-SPS-521-Conflicts-of-Interest-July-2013.pdf The ABA also notes that effective from 1 July 2013, trustees and directors are to be conscious of conflicts of interest, actively manage them and ensure that priority is given to beneficiaries of the fund. Additionally, trustees must maintain a register of relevant duties and a register of relevant interests (noting that trustees will be required to disclose registers of relevant duties and relevant interests from 1 July 2014).

Enhanced transparency

The ABA believes that transparency is critical to an efficient superannuation and retirement incomes system. Improving disclosure and reporting will enhance governance and transparency of superannuation entities and allow consumers, members and employers to make informed decisions about superannuation products and investment options. It will also enable the market, including analysts, to better assess the performance of the superannuation industry. We consider that improving transparency is fundamental to raising awareness and engagement in superannuation as well as promoting more informed decisions about superannuation products and investment options. Enhanced disclosure requirements and streamlined reporting requirements should aim to ensure that superannuation funds provide their members with detailed information about the fund's performance and operation.

Choice product dashboard

The 'Choice product dashboard' concept is based on similar simplified disclosure models, like the key fact sheets used for other classes of financial products in Australia, which are intended to provide a summary of the core information about basic financial products. The obligation to provide a product dashboard for a MySuper product is contained in the *Superannuation Legislation Amendment (MySuper Measures) Regulation 2013*. However, there are no regulations prescribing the detail of this disclosure requirement.

The ABA believes that consumers and members should have certain minimum or core information when considering a superannuation product and the investment options which meet their investment objectives and risk profile. A standardised format for disclosure relating to MySuper products should allow consumers and members to compare products and options easily. However, we do not believe that a Choice product dashboard is necessary. The MySuper product is intended to be a simpler and more standardised product with limited investment and fee features, whereas other Choice products cover a wide range of investment styles and options, and therefore, it would be difficult to provide meaningful disclosures to enable accurate comparisons across the range of products.

The ABA supports:

- Abolishing all Choice product dashboard requirements, including requirements relating to websites, member statements and APRA reporting. Alternatively, analysing the Choice product dashboard requirements, conducting a regulatory impact assessment, and conducting consumer testing to establish superannuation members disclosure needs and whether new disclosure requirements (i.e. Choice product dashboard) are warranted.
- Deferring the requirement to reference the website address for the latest product dashboard until 1 July 2015, either via regulation or via an amendment to ASIC Class order 13/1354.
- Removing the requirement to include product dashboards in periodic statements for MySuper and Choice products. Periodic statements are intended to provide superannuation members with current information about the status of their superannuation account balance and insurance benefits. Periodic statements are not intended to be broader product disclosures. Additional disclosure requirements will increase the length of these documents (noting that incorporation by reference and other initiatives to shorten disclosures are designed and introduced to improve readability of important disclosures).

- Reviewing, revising and modernising the disclosure requirements for Product Disclosure Statement (PDSs) and associated disclosures (including the fee table) to ensure that consumers and members are provided with meaningful disclosures and certain core information as well as have access to additional or more detailed information available through other information sources (i.e. incorporation by reference) or other formats (i.e. additional financial literacy and financial education information provided in the annual report, website or by other means as well as other resources, such as ASIC's MoneySmart website or industry associations websites, etc)[5]. (We consider a new fee disclosure requirement for PDSs should aim to provide information on fees in a clear, concise and effective manner irrespective of the superannuation product.)

The ABA supports the specific comments in the FSC submission with regards to the Choice product dashboard requirements and particular disclosures.

Portfolio holdings disclosure

The ABA believes that a portfolio holdings disclosure model should be aimed at increasing awareness of what investments are being made by superannuation funds, and therefore, enable superannuation members to better understand the level of diversification and investment risk in their superannuation product. Superannuation members and managed investment scheme investors should have access to information to assist them understand their investments. We note that PDSs issued for the superannuation product should contain an outline of the types of assets and the percentage range the fund would invest in those assets. However, leveraging technology solutions and interactive functions for superannuation members to access their superannuation product, assets and holdings would enhance member engagement.

However, we do not believe that a portfolio holdings disclosure model should seek to provide additional information for analysts, rather reporting by superannuation fund trustees to APRA and subsequent disclosure by APRA to the market should improve understanding of the level of diversification and investment risk across the superannuation industry.

The ABA believes:

- Implementing a new 'look through' disclosure requirement for portfolio holdings would be an unreasonable regulatory burden and cause complexities between superannuation entities and associated entities, such as managed investment schemes. Alternatively, we support a portfolio holdings disclosure model which leverages existing reporting requirements for superannuation fund trustees (due to come into effect on 1 July 2014)[6] and which relies on the trustee disclosing the assets they hold, but not requiring the trustee to 'look through' non-associated entities, instead relying on those entities disclosures of their assets and holdings. This approach would achieve a comparable outcome without imposing unnecessary and additional compliance costs. The disclosure requirement should be limited to the information required to be provided by trustees to APRA. (We note the FSC/ASFA model developed in 2012 and encourage the superannuation industry to work together to develop this model. We also note the comments made in the FSC submission with regards to extraterritoriality and commercially sensitive information in relation to material investment.)
- A materiality threshold should be implemented similar to the substantial shareholdings approach in the corporations law applicable to listed entities and consistent with the ASFA/FSC model, being 5%. We consider that a holding less than 5% is unsubstantial to the overall investment risk of the portfolio, and therefore, granularity below 5% would not provide additional understanding of the level of diversification or investment risk.

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[5] The ABA notes that the disclosure of fees and costs in PDSs was significantly changed by the *Superannuation Legislation Amendment (MySuper Measures) Regulation 2013*. However, these changes were implemented without thorough consideration and consultation leading to disclosure issues and problems, such as the indirect cost ratio.

[6] Reporting Standard SRS 532.0 Investment Exposure Concentrations.
http://www.apra.gov.au/Super/ReportingFramework/Documents/Proposed-Final-SRS-532.0-March-2013.pdf

- The SIS Act should be amended to contain a materiality threshold and anti-avoidance provision. Additionally, relevant prudential and reporting standards should be amended to provide additional explanation of the new legislative obligations.
- Implementation should allow an adequate transition period for the superannuation industry. We consider that any new legislation and rules should provide at least 12 months from completion of the new requirement for compliance. Therefore, if new disclosure requirements can be settled for portfolio holdings prior to 1 July 2014, we consider that the commencement should be delayed until 1 July 2015 (i.e. 30 June 2015 reporting date and within 90 days of that date).

Enhancing competition in the default superannuation market

The ABA believes that the existing model for assessing and selecting default superannuation funds is flawed and should be amended to ensure competition across the superannuation industry. Specifically, we agree with the conclusion made by the Productivity Commission[7] that the existing system for assessing and selecting default superannuation funds is not transparent or contestable. We do not believe that the existing two stage model involving assessment and selection by the Fair Work Commission (FWC) meets the objectives of a transparent, accountable and contestable default superannuation fund system for awards, nor does it meet the objective of minimising regulatory burden.

Vetting of superannuation funds is inherently conflicted and undermines competition in the superannuation industry. Restricting some superannuation funds during the second stage test does not support procedural fairness and gives superannuation funds owned by registered organisations a competitive advantage. Allowing the FWC to operate inconsistently to best practices in corporate governance standards undermines accountable decision making processes. We do not support the existing model or the model proposed by the Productivity Commission, which would create unnecessary and additional costs and regulatory burden with regards to the selection of default funds.

Consequently, we believe that the Federal Government should support the promotion of competition across the superannuation and retirement incomes system and choice in default funds. We consider that MySuper authorisation should be sufficient.

The ABA supports:

- Removing default superannuation funds from modern awards and amending the *Fair Work Act 2009* to abolish the existing process for selecting default funds in modern awards conducted by the FWC. Employers should be able to select a superannuation fund and make contributions to any fund offering a MySuper product.
- Recognising that employers will be able to access information on MySuper products from APRA publications. However, additional information and guidance to assist employers to choose a default fund for their employees could be developed as part of financial literacy efforts and located on the MoneySmart website, with input from APRA and the ATO, and in consultation and collaboration with the superannuation and financial services industry.
- Instructing the FWC to delay the requirement that default contributions be paid into named MySuper products until 1 July 2015.
- Amending the 'Choice of Fund' framework to not allow an employer to refuse to process a Choice form when presented and to cover individuals in enterprise agreements (noting certain employer protections would be necessary).

[7] http://www.pc.gov.au/projects/inquiry/default-super/report

Better financial literacy

In addition to the proposals contained in the discussion paper, the ABA believes that the Federal Government should give consideration to building on existing financial literacy efforts to raise awareness of the importance of superannuation and ensure that consumers, members and retirees have access to the information, guidance and financial advice they need.

Financial literacy is an important part of the superannuation and retirement incomes system. Basic information about superannuation, retirement planning and savings should be readily available and accessible to assist Australians save and plan for the future. It is important that financial literacy programs and initiatives are targeted at raising awareness about the importance of superannuation and are supported by sustainable strategies which encourage individuals to take more responsibility with managing their superannuation and other private savings as well as provide individuals with the necessary knowledge, skills and capacity ("financial capability") to put in place savings strategies suitable to their pre and post-retirement needs and circumstances.

The ABA and its member banks have demonstrated a long-term commitment to promoting consumer understanding and financial literacy. For example, the ABA's financial literacy program – *Broadening Financial Understanding* – has been running for ten years. As part of this program, we have published a number of financial literacy resources to assist consumers better manage their finances[8], held regular financial literacy events, supported partnership programs, and promoted key messages about superannuation aimed at addressing the problem that many consumers and members do not feel confident in making decisions about their finances or managing their savings, including superannuation. We note that much material already exists about superannuation and retirement incomes. However, there is a need for information to be consolidated and simplified and delivered in a manner that is accessible and meaningful to different people and relevant to their life stages. We consider that it is important for the public and private sector to work together to better promote savings messages as well as better inform consumers of options available to them to assist them take responsibility for their superannuation and private savings.

The ABA believes that while superannuation estimates, retirement income projections and realistic life expectancy tables are invaluable tools for individuals in understanding the implications of the impact of their savings and investment decisions on their standard of living in retirement, it is also important for individuals to have the skills to understand their pre-retirement lifestyle choices, attitudes to debt, savings capacities and access to other investments, so that they can plan earlier and better for their retirement. Strategies for improving financial literacy should target those sectors of the community with the lowest levels of financial literacy, as improvements in financial literacy can result in lifestyle gains for individuals of all ages across the community. We note that the benefits of improved financial literacy are well-informed consumers, greater personal savings and investment opportunities, improved management of household debt and a reduction in the likelihood of periods of financial stress, decreased need for welfare or other government assistance, greater national savings, more efficient markets and increased personal economic security. Strategies to improve community awareness and understanding must seek to assist all Australians make better retirement savings and income decisions.

The ABA believes that a good level of financial literacy is essential for enabling individuals to be both aware of the decisions they need to make about their superannuation and retirement incomes and to make sound decisions about matters such as when they will retire, how much they need (or want) for retirement, and so on. If Australians are to understand the implications of their financial decisions and consumer choices about pre-retirement consumption and savings, then they must have access to information at the right times and the skills to use that information. Therefore, we consider that Federal Government strategies should seek to encourage individuals to take more responsibility with managing their superannuation and other private savings.

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[8] The ABA's financial literacy booklet series includes: Smarter Banking: Make the most of your money; Smarter Credit: Make credit work for you; Smarter Super: Invest in your future and make the most of your retirement; Smarter Money: Take control and stay on top of your finances; Smarter Insurance: Protect your assets and secure your future; Smarter Investing: Build wealth and secure your future; Planning for Homeownership; and Planning for Retirement. http://www.bankers.asn.au/financialliteracy

The ABA believes:

- Financial literacy actions and outcomes around superannuation should be specifically incorporated into the new *2013-2017 National Financial Literacy Strategy* currently being developed by ASIC. Specifically, ASIC, in collaboration with the superannuation and financial services industry, and as part of a national strategy on financial literacy, should undertake further work to promote the importance of superannuation and private savings, for example, consumers and members should have an appreciation of superannuation terminology (i.e. "superannuation guarantee" does not mean that the performance of superannuation is guaranteed) as well as an understanding of superannuation basics (i.e. providing your tax file number, consolidating your accounts, making additional voluntary contributions, searching for lost superannuation, etc) and an awareness of investment concepts. Specifically, the Federal Government should provide funding to ASIC so that dedicated efforts on financial literacy can be implemented separate from other ASIC priorities, including consumer protection and enforcement activities;
  - Encourage Australians to access education, information and financial advice about money management, savings, retirement and estate planning;
  - Publish basic, neutral information about superannuation developed around 'information seeking opportunities' or 'teachable moments' – that is, life stages and events where people need to make consumer and financial decisions; and
  - Measure levels of financial literacy and behavioural change towards superannuation to ensure that the importance of planning for retirement has been made and translated into behaviour and action.
- Disclosure requirements should be rationalised and modernised to allow disclosures to be provided to retail investors with targeted information suitable to various types of financial products and investments and in different ways via electronic, online and digital methods.
- Centrelink's Financial Information Service and support for financial counselling services should be enhanced and increased, meaning all Australians can have access to information and advice on financial issues and how the social security and superannuation system interacts. Specifically, the Federal Government should provide funding and resources so that FIS officers and financial counsellors can assist consumers, members and retirees with basic information about debt management, financial products and services, superannuation products, retirement options, contracts, support services, etc.

Yours sincerely,

Diane Tate