



15 August 2022

Luke Spear
Director, Member Outcomes and Governance Branch
Retirement, Advice and Investment Division
Treasury

By email: superannuation@treasury.gov.au

Dear Luke,

Re: Superannuation Performance Test Treatment of Faith-based Products

COTA Australia is the national consumer peak body for older Australians. Through its own networks and those of the State and Territory Councils on the Ageing (COTAs) around Australia we represent more than 1,000 seniors' organisation members - which jointly represent over 500,000 older Australians. The COTAs also have over 45,000 individual members and supporters.

A key feature of the Your Future, Your Super reform package in 2021 was delivery of greater transparency for consumers. We recognise that the proposed legislation is to deliver on the government's election commitment to take into account the religious affiliation of a superannuation fund to allow investment in accordance with faith-based principles to be taken into account when applying the annual performance test. However, we also have concerns that the specific treatment of faith-based funds may disadvantage fund members if these funds do not deliver the same level of transparency as for all fund members and the public. WE are also concerned that other categories of funds may seek a similar provision and the potential for this to seriously weaken the rational of the annual performance test.

Current and prospective members need clear and accurate performance information that allows them to make their own informed decisions and exercise real choice. Whilst a faith-based product that does not pass the normal performance test may be subject to a supplementary performance test, information to the effect that the normal test has not been met, and the nature and results of the alternate test must be available publicly and members notified.

The granting of faith-based status needs to be clearly and transparently regulated. We note that Trustees would be required to apply to APRA to gain faith-based status. We would encourage that regulations include that an application shows how Trustees have aligned the chosen investment strategy, faith-based principles and a "not worse off" status for their members before the application is granted.

Over years, COTA Australia has worked hard to ensure that all Australian superannuants receive the best possible retirement income. We want to all consumers to have access to transparency promised by the Your Future, Your Super reforms.

Thank you for the opportunity to provide a submission in relation to the Exposure Draft of the legislation.

Yours sincerely,

Ian Yates AM
Chief Executive