

3 May 2024

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Lodged via email : economics.sen@aph.gov.au

Dear Committee Secretary,

Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024

About the Super Members Council

We are a strong voice advocating for more than 11 million Australians who have over \$1.5 trillion in retirement savings managed by profit-to-member superannuation funds. Our purpose is to protect and advance the interests of super fund members, 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.

Executive Summary

The Super Members Council (SMC) welcomes the opportunity to comment on the Better Financial Outcomes Bill. This legislation implements key proposals from the Government's response to the ['Quality of Advice Review of 2022'](#). The Government's response to the review set out a blueprint to expand access to affordable financial advice - so millions more Australians can plan for their retirement with confidence. This is the first of three pieces of legislation to achieve that aim.

There is an urgent need for the full package of reforms to be passed. In the next decade, more than 2.5 million Australians are projected to reach retirement age. Until these reforms are passed, many of them will not be able to access quality low-cost advice to inform decisions that could materially affect the size of their savings in retirement.

It is in the interests of millions of everyday Australians that the Parliament fast-tracks all three pieces of this urgent legislative reform. Australians approaching retirement strongly want more information and advice to help them to make the best decisions for their retirement. Three in four super fund members say they particularly trust advice from their own super fund if it is tailored to their personal circumstances - reflecting community sentiment that super funds understand their members' needs.

SMC supports the proposed legislation, which will:

- **Expand access to quality low-cost and no-cost advice** for millions of Australians
- **Reduce red tape** for both members and superannuation funds, and
- **Clarify the rules** for deducting financial advisor fees from superannuation accounts.

It is important to note that this legislation:

- **Implements key recommendations** from the Quality of Advice Review undertaken by Michelle Levy in 2022 following the Royal Commission findings
- **Clarifies and codifies the status quo** when charging advice fees from super: that trustees must



satisfy themselves that advice charged out of super accounts is about the member's super. The legislation does not change the existing requirements

- **Clarifies the legal basis** for trustees to deduct advisor fees, **addressing concerns raised by the Royal Commission**
- Strengthens measures to address **conflicted remuneration** in financial advice, and
- Proposes greater **flexibility** to deliver Financial Services Guides (FSGs) electronically. SMC suggests extending this flexibility to general advice.

To give further clarity, SMC suggests the Government include in the Explanatory Memorandum and Parliamentary processes that the intent of the legislation is for trustees to be able to continue to take a risk-based approach (as outlined in the ASIC/APRA joint letters of 2019 and 2021).

We propose this be included in an updated Explanatory Memorandum and in Committee Consideration in Detail stage in the House or in the Senate as part of debate of Committee Of The Whole - where the responsible Minister can provide clarifying statements of intent - these statements would be included as part of the legal understanding of the Act.

In relation to the commencement date of the measures, the earlier Treasury consultation draft proposed the legislation should take effect three months after Royal Assent on the Bill. The legislation presented to Parliament proposes it take effect 12 months after Royal Assent.

This Bill allows more Australians to get access to the advice they need to plan wisely and well for retirement. SMC therefore recommends the original proposed commencement of the legislation.

SMC recommends:

1. The Committee recommend the Senate fast-tracks passage of this legislation so millions of Australians can benefit from these changes swiftly.
2. The Senate support the original proposed commencement date - to start three months after Royal Assent (rather than 12 months).
3. To give further clarity, the Government include a statement of intent for trustees to be able to continue to take a risk-based approach in the updated Explanatory Memorandum and the formal Parliamentary consideration processes of the legislation.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Misha Schubert'.

Misha Schubert - CEO

A handwritten signature in black ink, appearing to read 'Mel Birks'.

Mel Birks - Executive General Manager, Policy