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Submission to Treasury on Mandatory Service Standards

As the Treasury develops mandatory service standards in superannuation, the Super Members Council (SMC) is pleased to make this proactive submission.

SMC strongly supports the introduction of mandatory service standards in super. We urge the Australian Government to fast track this work in the interests of millions of everyday Australians and finalise it swiftly.

Member service is at the very heart of what profit-to-member super funds do. It is key to help millions of everyday Australians to grow their retirement savings and reap the benefits of their hard work in retirement.

In line with our purpose to be a strong voice for 12 million everyday super fund members, SMC will always advocate for improvements in member service. Excellent member service and communication is central to trust and confidence in super.

Millions of everyday Australians interact with their super funds each year, and they rightly expect the highest standards of service, communication and care when they do. If those expectations aren't met, the sector must be relentless in its pursuit of better for members.

Over the past year, a large service uplift effort has been underway. Profit-to-member super funds have made major investments to improve service and reduce complaints. This includes increasing dedicated resources, updating systems, streamlining processes, adopting new regulatory guidance, and in some cases moving previously outsourced customer service tasks in-house. In a clear sign of progress, AFCA's preliminary complaints data for 2024/25 indicates a 38% drop in complaints related to delays in processing claims for insured benefits. This trend is very welcome - but there is more to do.

Building on this momentum, the mandatory service standards will drive further uplift in member service and communication, accelerate efforts to improve processes and timeframes, and strengthen public trust and confidence in the super system by setting a common framework that funds can develop to suit their diverse memberships and approaches.

SMC wants to see the mandatory service standards finalised and implemented swiftly, to build on the strong uplift in member service over recent years. We offer our every assistance to the Treasury to advance this work on an ambitious timeframe.

Background

On 28 January 2025, the Australian Government announced plans to develop mandatory service standards in super. SMC strongly welcomed this announcement.

This submission proposes a set of policy and design principles that may assist in developing a mandatory services standard framework for consultation.

It also identifies frictions created by current policy and regulatory settings that can contribute to delays in service and claims handling - particularly in death benefit claims - and proposes sensible legal reforms that will contribute to better outcomes for members and their families.

Concurrent with the development of mandatory service standards, we propose these reforms be pursued by Government, regulators and the industry, in our shared mission to continuously strengthen member service.

Design principles and considerations

We propose the following principles should guide the development of mandatory service standards in super.



Member focus: mandatory service standards should be tangible, reflect the needs of the full diversity of members, and put members at the centre.

Compassion and respect: service standards should reflect the importance of compassion and respect, especially in death benefit claims and support for vulnerable members.

Transparent: the standards should be measurable, publicly reported, and comparable, to ensure accountability and strengthen the quality and consistency of member service across the sector.

Clear and actionable: to empower members to understand and advocate for their interests, the standards must be clear, simple, and actionable.

Time-based: funds should provide member services within clear, reasonable timeframes that reflect the complexity of different types of claims and allow flexibility for different situations, including factors outside the funds' control.

Flexibility: standards should drive continuous service improvement across the whole system while also allowing for individual fund innovation and responsiveness to lift the bar even higher.

Communication: communication to members should be clear, simple and timely - including giving regular updates on the progress of a claim or issue.

Accountability: trustees are accountable for upholding service standards.

Complementary: standards should complement not duplicate existing member-focused frameworks.

Strengthening service and clearer regulatory guidance

Over the past year, several SMC member funds have begun to publish data on their service timeframes - and more intend to do so.

Consistent metrics across the sector would enable clearer comparisons, benchmarks, and accountability. The benefits of consistency include greater trust, better-informed members, and stronger incentives for continuous service improvement.

SMC is actively working with its member funds to eliminate common service pain points. SMC's peer learning groups regularly share lessons and industry best practice to uplift service standards and sector-wide improvement. This enhances transparency among funds and for their members.

SMC, along with our member funds, are working with colleagues at ASFA to create best practice guidance and a standard set of member-focused service metrics, aimed at improving transparency across the sector. This initiative is independent of the datasets published by regulators.

Conservative interpretations of existing legislation and regulatory guidance can also contribute to slower processes for members and beneficiaries. SMC will deepen its work with regulators on enhanced guidance that clarifies how the existing regulatory framework can be better interpreted and applied in fund processes.

This includes highlighting where trustees have more flexibility to adopt risk-based approaches. Such guidance will give industry greater confidence to further streamline processes with legal certainty. We welcome the recent publications from ASIC, AUSTRAC and AFCA and are working with funds to see them adopted.

Finally, SMC advocates several priority reforms to further strengthen and streamline service including:

- **Simpler and faster claims handling** - This includes reform proposals outlined in more detail below to digitise binding death nominations, and to standardise death certificates and proof of identity.
- **Better serving First Nations members** - Working in partnership with First Nations organisations, SMC is determined to improve First Nations people's interaction and experiences with the super system, advocate kinship reforms and identify areas for further improvements for First Nations members.

Urgent legislative reforms

SMC advocates the following legislative reforms be pursued as a Government priority to further speed claims processing for super insurance and death benefit payments.

1. Digitise binding death nominations

The payment of super death benefits is typically significantly faster when a binding death nomination has been made. This is a legal document formally instructing who should receive your super and



insurance when you die. It enables super fund trustees to fast track the payment.

But - in 2025 - current legal requirements require binding nominations to be made with a hard copy form and wet ink signatures. The Australian Government should urgently change the SIS Act to enable binding death nominations to be made digitally. This would vastly speed payment times and cut out time-consuming processes with multiple people seeking to claim someone's super.

2. Recognise kinship relationships in super law

One driver of longer timeframes for super payouts in First Nations communities is the fact that current super legislation does not recognise kinship relationships. This can mean a spouse or child by kinship can find it significantly harder to claim death benefits. The Australian Government should change the SIS Act to enable kinship relationships to be recognised as super beneficiaries, and the regulators should develop and issue guidance on how super fund trustees should confirm kinship to make a payout.

3. Integrate state-based ID cards into national digital verification systems

Currently the national systems of digital verification of a person's identity do not include all State and Territory-based ID cards (such as a State-issued proof-of-identity card issued when an older person can no longer hold a driver's licence). The Australian Government should swiftly update its requirements to include State and Territory-based ID cards in national digital verification systems. This would streamline identity checks and accelerate payments.

4. Standardise cause of death information across jurisdictions

Currently a cause of death is not listed on all death certificates issued by State and Territory authorities. Where the cause of death is not listed on the certificate, it can lead to delays and force grieving relatives to chase additional written confirmation from the authorities. The Australian Government should lead a push to standardise this information across all States and Territories - and include it as a priority reform for the Standing Committee of Attorneys-General. A consistent national approach on this would further reduce administrative delays.

Preventing abusers from inheriting their victim's super

SMC is also working with the Government, consumer bodies and industry participants to enact important financial abuse reforms which would stop abusers from inheriting their victim's super.

This policy, now an election commitment, followed industry advocacy to the Parliamentary Joint Committee's inquiry in financial abuse. SMC is currently working with other key stakeholder groups, developing briefing materials and investigating specific proposals to support each of its key reform areas.

Conclusion

SMC strongly supports the introduction of mandatory service standards in super. Building on strong momentum from extensive service uplift work by the super sector over the past year, we urge the Australian Government to fast track the development of these standards.

This will further strengthen member service and communication, speed payment processes and timeframes, and strengthen public trust and confidence in the super system.

In parallel, we urge the Australian Government to pursue urgent legislative reforms to remove residual regulatory drivers of delays in member service, which will also simplify and speed claims handling.

SMC looks forward to working with the Government and the full breadth of industry to finalise and implement the standards without delay.

About the Super Members Council

We are a strong voice advocating for the interests of 12 million Australians who have 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.