

s 47F

From: s 47F @TREASURY.GOV.AU>
Sent: Wednesday, 3 August 2022 8:58 AM
To: s 47F
Cc:
Subject: Hot Topic QTB - Super Fund Transparency / Annual Member's Meetings [SEC=OFFICIAL]
Attachments: 220803 - Hot Topic QTB - Super Fund Transparency.docx

OFFICIAL

Hi s 47F

Find attached a Hot Topic QTB to address the issues being raised by Stuart Robert in his letter to the crossbench in relation to superannuation fund members' meetings.

Let me know if you have any questions at any time today.

Thanks,

s 47F

Office of the Assistant Treasurer and Minister for Financial Services, the Hon Stephen Jones MP

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I acknowledge the traditional owners of country around Australia and pay my respects to their elders past, present and emerging. The Albanese Government is committed to the implementation of the Uluru Statement in full – Voice, Treaty, Truth.

OFFICIAL

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Super Fund Transparency

KEY MESSAGE

- The Government is promoting a high level of meaningful transparency for superannuation members by streamlining disclosure requirements for superannuation Annual Members' Meeting (AMM) notices.

FURTHER MESSAGE

- The regulations issued by the previous Government would force funds to provide misleading information at great cost to the fund members.
 - There would do this because the regulations don't align with national accounting standards and lead to double counting and other misleading information.
- The Government is consulting on ways to streamline reporting and reduce red tape.
- Under the draft regulations, funds will still be required to provide a written notice to members which details fund performance, their outcomes for the period, the total payments they make to industrial bodies (employer or employee), marketing, and advocacy.
- At the core of the previous Government's red tape was an obsessive belief that industry super funds make political donations.
 - We have asked the industry funds – they say they do not.
 - We have asked the independent regulator, APRA, who has been pouring over this issue – they have told us they have found nothing.
 - We have said if this changes we need to know.
- Labor believe superannuation has transformed retirement for millions of Australians.
 - We now have a \$3 trillion national retirement savings system, generating more in retirement income than the aged pension.
- Every cent going into superannuation has been opposed by the Coalition at every stage.
- Only Labor governments can be trusted to protect the integrity of the superannuation system.

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Super Fund Transparency

KEY FACTS AND FIGURES

- Superannuation funds are required to provide certain information in AMM notices to members to support them in effectively engaging with trustees during the meeting.
 - The question and answer process during the meeting remains the primary mechanism for members to obtain information from their fund that is directly relevant to their interests.
- The draft regulations streamline disclosure requirements by ensuring members receive information which is clear and easy to understand while removing unnecessary compliance costs on funds to preserve members' money for retirement.
- The draft regulations remove the requirement for itemised disclosure for certain categories of expenses.
 - There is still the requirement to disclose aggregate promotion expenditures, payments to registered organisations, political donations and 'related party' transactions.
 - There is no change to disclosure of remuneration details.
- The draft regulations address the fact that definition of 'related party' in the current regulations do not align with the Australian Accounting Standards.
 - Many funds voluntarily publish their financial statements on their website. This creates a situation where two separate disclosures for 'related party' transactions, yield different values.
- The draft regulations also prevent the double-counting of political donation expenditure as they currently fall under more than one category of expense.

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Super Fund Transparency

BACKGROUND

- AMMs are an opportunity for fund members to hear from the trustee's board of directors and executives and ask questions about important topics such as fund performance and operations.
- The requirement to hold an AMM was introduced by the *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Act 2019*, which received Royal Assent on 5 April 2019.
- The disclosure requirements for meeting notices were significantly extended by the *Superannuation Industry (Supervision) Amendment (Your Future, Your Super – Improving Accountability and Member Outcomes) Regulations 2021*, made on 5 August 2021.
- The next meeting notices for most superannuation funds are required to be sent to members between 1 July 2022 and 31 December 2022.
 - There are approximately 10 funds who operate on an amended tax year who may have issued meeting notices under the current regulations.

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