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By e-mail: Policy.submissions@asic.gov.au

Re: ASIC Consultation Paper 121 (CP 121) Facilitating online financial services disclosure

The Association of Superannuation Funds of Australia (ASFA) is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. We focus on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self managed superannuation funds and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

ASFA welcomes the opportunity to provide further comments on "Facilitating online financial services disclosure". ASFA previously responded to ASIC Consultation Paper 93, similarly titled, on 3 June 2008.

Two key policy platforms for ASFA are driving industry efficiency and member engagement. To this end ASFA endorses the broad principles underlying the consultation paper as it attempts to deliver both cost savings for funds and members and seeks to establish greater member engagement through the promotion of a more user friendly and contemporary communication medium.

ASFA believes that disclosure is an important consumer device. As such the system should make it as easy as possible for superannuation trustees to provide and consumers to access disclosure material.

Specific Comments:

1. Proposed relief for Product Disclosure Statements (PDSs), Financial Service Guides (FSGs) and Statements of Advice (SOAs)

ASFA supports the proposed relief to enable providers to deliver Product Disclosure Statements (PDSs), Financial Service Guides (FSGs) and Statements of Advice (SOAs) via hyperlinks and through references to website addresses.

ASFA believes that the reforms encouraged by this relief have the potential to lead to greater efficiency and improved member outcomes. From a cost perspective there are potentially large savings to be made from an increased use of electronic disclosure. Some ASFA members have estimated the savings to be in the range of a 30% - 40% reduction in both the volume of paper used and the overall costs associated with disclosure.

A further advantage of electronic disclosure is that it is complimentary with the global policy shift towards sustainability and carbon neutrality.

It should be noted that the cost savings to providers and reduced lead times in getting information to members also brings with it issues of security around information and delivery channels. This being said, providers and members are currently facing such issues every day with other means of delivery so the presence of security issues should not dampen the enthusiasm towards these reforms.

2. Proposed good practice guide

While ASFA is supportive of the proposed good practice guide, given the pace of evolution in e-commerce, it is essential that the industry and ASIC work together to continually review and update the guide. We believe that members of superannuation funds should have access to information and documents through a minimum number of clicks and that the information should be specifically tailored for on line electronic disclosure.

The proposed good practice guide also requires the provider to obtain evidence of delivery of the online disclosure. ASFA supports the guide's instruction where an undeliverable message is returned to the provider's e-mail another form of delivery would be required. This could be a phone call to the member to confirm the e-mail address or a paper copy posted to the member's address.

3. Default method of disclosure – Which should be the default rule for delivering disclosures – default paper disclosure or default online disclosure?

ASFA supports the provision of ASIC relief to allow for default online disclosure. The reasons for this are that:

- the capability to move to a default online process has the potential to provide members with important information in a more contemporary and timely fashion;
- the default online process has the potential to significantly reduce costs and complexity for funds and their members; and
- ASFA sees online disclosure as an important step forward for efficiency,

Default online disclosure should be subject to consumer protection requirements similar to those currently contained in Corporations Act Regulation 7.9.75 BA – relating to online

disclosure of annual reports for superannuation funds. We believe these requirements sufficiently deal with the opt-out issues referred to in C1Q5 and other protection issues referred to in C1Q6 of the Consultation Paper.

Default on line disclosure should apply to all communications, including private disclosures and point of sale disclosures, subject to appropriate security and privacy arrangements being in place (refer to C1Q6).

A vital part of this implementation process will be the education of fund members to inform them of how online disclosure works. ASFA believes that it is the responsibility of the provider to engage with their members and educate them on the advantages of an online process and to ensure the proper maintenance of e-mail addresses to further facilitate online disclosure.

Should you have any questions please contact Tony Keir, Senior Policy Adviser on 02 8079 0815.

Yours sincerely,

A handwritten signature in black ink that reads "Melinda Howes". The signature is written in a cursive, flowing style.

Melinda Howes
Director of Policy & Industry Practice