

SUBMISSION

Submission to the Senate
Standing Committee on
Economics on the
*Corporate Collective
Investment Vehicle
Framework and Other
Measures Bill 2021*

7 January 2022

**The Association of Superannuation
Funds of Australia Limited**
Level 11, 77 Castlereagh Street
Sydney NSW 2000

PO Box 1485
Sydney NSW 2001

T +61 2 9264 9300
1800 812 798 (outside Sydney)

F 1300 926 484

W www.superannuation.asn.au

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Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: economics.sen@aph.gov.au

7 January 2022

Dear Sir/Madam,

Corporate Collective Investment Vehicle Framework and Other Measures Bill 2021

The Association of Superannuation Funds of Australia (ASFA) is writing in response to your consultation on the *Corporate Collective Investment Vehicle Framework and Other Measures Bill 2021* (the Bill), and *Explanatory Materials*, referred to the Committee on 2 December 2021 for inquiry and report by 3 February 2022.

About ASFA

ASFA is a nonprofit, non-political national organisation whose mission is to continuously improve the superannuation system, so all Australians can enjoy a comfortable and dignified retirement. We focus on the issues that affect the entire Australian superannuation system and its \$3.4 trillion in retirement savings. Our membership is across all parts of the industry, including corporate, public sector, industry and retail superannuation funds, and associated service providers, representing over 90 per cent of the 17 million Australians with superannuation.

1. Corporate Collective Investment Vehicles

ASFA does not have any comments or feedback with respect to the Corporate Collective Investment Vehicles provisions.

2. Schedule 9 – Retirement Income Covenant

ASFA supports the objective of improving retirement incomes and the Retirement Income Covenant.

Given the proposed commencement date of 1 July 2022, it is important that the provisions in Schedule 9 are passed as soon as possible, to provide certainty to trustees with respect to their legal obligation to develop and publish a Retirement Income Strategy.

ASFA members are supportive of the covenant being principles-based and appreciate the flexibility to develop a strategy that is suited to the needs of their members. For each member their individual retirement income strategy will be a function of a complex interaction between a number of different factors, including their age at retirement; life expectancy; likely health issues; relationship status; financial dependants; home ownership; assets and income outside super; level of debt, and their likely expenditure in retirement.

The capacity of the covenant to achieve its objectives will be assisted by measures to address some of the challenges faced by trustees when developing a Retirement Income Strategy, including the availability of data, determining sub-classes of members and the regulatory regime with respect to the provision of advice and guidance.

There are likely to be considerable differences in the nature and features of products offered, with the attendant risk of a member acquiring a product that may not be suitable for them and, in some instances, from which they will be unable to exit (after the expiry of the cooling-off period). Given this, it is important ASIC guidance is published with respect to the disclosure of product features and use of assumptions, to ensure disclosure is made on a consistent basis. Appropriate disclosure will enable consumers to understand how a product operates and how it differs from other products, in order to be able to make meaningful comparisons.

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Should you have any queries or comments in relation to the content of our submission, please contact me on (03) 9225 4021 or via email to fgalbraith@superannuation.asn.au.

Yours sincerely

Fiona Galbraith
Director, Policy