



SUBMISSION

Submission to Treasury — Superannuation Annual Members' Meeting Notices

28 July 2022

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File: 2022/09

Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: superannuation@treasury.gov.au

28 July 2022

Dear Sir/Madam

Annual Members' Meeting Notices

The Association of Superannuation Funds of Australia (ASFA) is pleased to provide this submission in response to the draft regulations outlining proposed changes to the disclosure requirements for superannuation Annual Members' Meeting notices.

ASFA is a non-profit, non-partisan 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 almost 90 per cent of the 17 million Australians with superannuation.

If you have any queries or comments in relation to the content of our submission, please contact Helena Gibson, Senior Policy Adviser on 0423 175 385 or by email hgibson@superannuation.asn.au.

Yours sincerely

Julian Cabarrus

Director Policy Operation, Member Engagement and External Relations

General Comments

ASFA welcome the release of the Draft Regulations to update the annual member meeting disclosure requirements to reduce the regulatory burden for RSE licensees. The superannuation industry is a highly regulated industry with the overarching requirement to act in members best financial interests.

The Draft Regulations propose the removal of itemised disclosure for the following four categories of expenses:

- Promotion, marketing, and sponsorship
- Political donations
- Payments to industrial bodies
- Related party payments

We believe the level of intricate detail in the disclosures arising from the existing requirements could be overwhelming to members. For this reason, we support the removal of itemised disclosure, however, believe it is still important that RSE licenses are required to disclose an aggregate figure for each of the four categories.

We support the clarification provided by the Draft Regulations so that political donations are not double counted under both the 'promotion, marketing and sponsorship' category and 'political donations' category. There still however, remains a risk of double-counting for some marketing and sponsorship activities. For example, payments to entities (as a 'recipient') that may include a marketing component may also have to be disclosed as marketing expenses (as a 'type'). We therefore propose that the Regulations include guidance that an expense included in 'promotion, marketing and sponsorship' should not have to be included in another disclosure.

We are also seeking clarity on definitions within the Draft Regulations as follows:

1. The current definition of 'payment' does not provide clarity about whether accrued liabilities/expenses are to be disclosed or not. ASFA are proposing alignment instead with the definition of 'expenses' under the AASB standards as this would provide better clarity of the treatment of these expenses.
2. The current definition of 'promotion, marketing and sponsorship' expenditure makes references to contracts, it is unclear in arrangements where there are ongoing contract terms whether incidental expenditure can be invoiced as a one-off.

Finally, ASFA support aligning the definition of 'related party' to the definition in the Australian Accounting Standards for the purpose of identifying related party payments. This promotes consistency by ensuring that the Draft Regulations adopt a widely used and industry-recognised definition.

To ensure consistency with the APRA data reporting, we recommend the definitions in SRS 332.0 are updated to ensure a consistent definition is applied to the annual member notice and the definitions in SRS 332.0.