

22 May 2026

The Treasury
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PARKES ACT 2600
AUSTRALIA

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Dear Treasury representatives,

Treasury Consultations - Consumer Protection Reforms

The Association of Superannuation Funds of Australia (ASFA) welcomes the opportunity to provide submissions in relation to the following related Treasury consultations:

1. *Enhancing Member Protections in the Superannuation System;*
2. *Curbing Lead Generation Activity; and*
3. *Compensation Scheme of Last Resort (CSLR): Reform options to support ongoing sustainability.*

These consultations arise in the context of the recent collapses of Shield and First Guardian and the significant consumer harm that followed. ASFA supports the Government's objective of strengthening consumer protections, restoring confidence in the financial services and superannuation system, and ensuring regulatory settings remain fit for purpose.

ASFA recognises the breadth of potential reforms reflects the complex and interconnected nature of issues identified across the financial services landscape. This includes consideration of advice practices, lead generation models, switching behaviour, platform governance, trustee oversight, and the sustainability of compensation arrangements.

ASFA considers that effective reform must be targeted, proportionate and cohesive, and have due regard for the established regulatory framework. Some elements do not require new regulation but rather a broader application of existing frameworks and enhanced focus on compliance, risk management and regulatory oversight.

Across all three submissions, ASFA's recommendations are guided by several overarching principles.

Recognising the strength of the APRA-regulated system

The APRA-regulated superannuation sector is already subject to extensive legislative, prudential and regulatory oversight.

Existing obligations under the SIS Act, prudential standards, trustee covenants, conduct obligations and regulatory guidance already establish a strong consumer protection framework across the sector.

ASFA's view is that reform efforts should prioritise:

- appropriate enforcement of existing obligations;
- addressing clearly identified regulatory gaps;
- maintaining principles-based and business-model neutral regulation; and
- avoiding unnecessary duplication or regulatory complexity.

The vast majority of Australians remain in APRA-regulated superannuation products which continue to deliver strong retirement outcomes within a highly regulated environment.

Supporting informed consumer choice

ASFA supports informed consumer choice within the superannuation system.

Australians should continue to have the ability to choose how they engage with their retirement savings, including whether they remain within the APRA-regulated system or establish a self-managed superannuation fund (SMSF). However, where individuals choose to move outside of the APRA-regulated system, they should do so with a clear understanding of the associated obligations, risks and protections.

In this regard, ASFA supports a risk-based approach to reform, including stronger warnings, improved disclosure and more effective consumer education where consumers transition from the APRA-regulated environment.

At the same time, ASFA urges caution against reforms that unnecessarily restrict informed consumer decision-making or introduce friction into transactions where consumers have made legitimate and informed choices.

Targeting misconduct and regulatory gaps directly

Reforms should remain focused on the conduct and practices giving rise to consumer harm, rather than imposing broad restrictions on business models or activities that were not themselves the cause of recent failures.

ASFA does not support reforms that may inadvertently restrict legitimate member communications, advertising, advice provision or operating models without clear evidence such measures are necessary and proportionate.

Ensuring sustainability and fairness within the CSLR

ASFA supports the objective of ensuring consumers can obtain compensation where appropriate and acknowledges this plays an important role in maintaining confidence in the financial system.

However, ASFA does not support a model where APRA-regulated superannuation funds — and ultimately the retirement savings of millions of Australians — are routinely required to subsidise losses arising from misconduct or failures occurring elsewhere in the financial system.

The recent scale of compensation liabilities has demonstrated that the current CSLR funding framework requires more substantial reconsideration. Responsibility should principally rest with sectors connected to the underlying compensation liability. Backstop levies being imposed on other sectors should remain genuinely exceptional and temporary.

We note Treasury's observation that the CSLR sits at the end of a chain of events that begin upstream and therefore support reforms that seek to reduce consumer harm earlier in the process, thereby reducing downstream compensation costs over time.

Beyond this, a broader redesign of the CSLR should remain under active consideration to ensure its sustainability into the future.

Please find ASFA's submissions attached. We look forward to engaging with you further on these matters as the consultation process moves forward.

Yours sincerely

James Koval

Chief Policy & Advocacy Officer
ASFA – The Voice of Super

