



[REDACTED]
General Manager
Data Analytics & Insights
Cross-Industry Insights and Data Division
Australian Prudential Regulation Authority
By email: superdatatransformation@apra.gov.au

Dear [REDACTED]

RE: SDT Topic Paper 7: Fees and costs disclosed

The collection and publication of more complete, consistent data about fees and costs charged by super funds will create a more competitive market for superannuation, strengthen the capacity of regulators to hold the industry to account for delivering good member outcomes. Ultimately these changes will result in people having more of their own money to use in retirement.

Australians pay a hefty \$30 billion a year in fees on their super,¹ with every dollar taking money away from their retirement balance. The Productivity Commission found clear evidence of 'excessive and unwarranted fees in the super system'.² It showed that an increase in fees of just 0.5 percentage points can cost a typical full-time worker about 12% of their balance (or \$100 000) by the time they reach retirement.³

Despite this, gaps and inconsistencies in the data that is systematically collected and published about the fees charged by super funds have created an alarming lack of transparency and accountability. This continues to harm members by making product comparability 'difficult at best' and rendering cost-based competition 'largely elusive'.⁴

Super Consumers Australia strongly supports APRA's plan to tackle this problem through its proposed enhancements to the collection of data about fees and costs offered within superannuation through *Reporting Standard SRS 706.0: Fees and costs disclosed*. In particular we note and welcome the following improvements:

¹ Productivity Commission, *Superannuation: Assessing Efficiency and Competitiveness*, December 2018, p14.

² Productivity Commission, *Superannuation: Assessing Efficiency and Competitiveness*, December 2018, p2.

³ Productivity Commission, *Superannuation: Assessing Efficiency and Competitiveness*, December 2018, p14.

⁴ Productivity Commission, *Superannuation: Assessing Efficiency and Competitiveness*, December 2018, p16.

- Capturing fees charged to both MySuper and choice members, and requiring this data to be reported at each of the product, investment option or investment menu options. This will facilitate more accurate, consistent and efficient comparisons of fees and costs across superannuation products.
- The enhancements will allow changes to data required under ASIC's *Regulatory Guide Regulatory Guide 97: Disclosing fees and costs in PDSs and periodic statements* to be appropriately captured.
- The enhancements will significantly assist the progressive implementation of the superannuation comparison tool announced by the Federal Government as part of the Your Future, Your Super reform package. In particular it will allow for future expansion of the tool to incorporate choice as well as MySuper products.
- The enhancements will improve the evidence base against which APRA can assess member outcomes, industry operations and performance and share related information with ASIC.

In addition, we make the following comments about specific aspects of the proposed enhancements.

Transitional arrangements for reporting advice fees

We note that in view of the transitional arrangements in place for ASIC RG97 (which enable RSE licensees to opt into the updated version until 30 September 2022), draft SRS 706.0 will allow reporting on the basis of both the previous and updated version of RG97 until RG97 is fully implemented.

Because of different disclosure requirements in the previous and updated RG97, it would appear that RSE licensees reporting on a 'pre RG 97 implementation' basis will continue to be able to capture intra-fund advice fees as part of their aggregate administration fee disclosure, while licensees reporting on a 'post RG97 implementation' basis will be required to capture advice fees as particular item, which can be entered separately under 'administration fees' and 'other fees'.

We welcome the proposed enhancement to require disaggregated reporting of advice fees. It should allow APRA to better distinguish between intra-fund advice fees and personal advice fees, and therefore better monitor and assess member outcomes. Allowing funds to wait until September 2022 before they report fees in this way is too long to wait.

As well, funds capturing advice fees differently during the transition period will make product comparison less efficient and accurate. RSE licensees should be required to report disaggregated advice fees (including separate reporting of intrafund and personal advice fees) from the date of SRS 706.0's commencement.

Recommendation 1: APRA should require RSE licensees to report disaggregated advice fees (including separate reporting of intrafund and personal advice fees) from the date of SRS 706.0's commencement.

Non-confidentiality determination

We strongly support APRA's proposed non-confidentiality determination. There is a clear public interest in allowing data about fees and costs charged to members to be published and made freely available. As RG97 makes clear, consistent and transparent disclosure of fees and costs:

- makes important information available to consumers that may help them to compare products and understand the fees and costs they are charged
- helps keep issuers accountable for their dealings with members' money, reflecting a culture of good governance and conduct, and
- assists accurate analysis and benchmarking of the market.⁵

We can see no reason why any of the data enhancements proposed by APRA should be exempt from a non-confidentiality disclosure.

Thank you for considering our submission.

Yours sincerely,

[Redacted signature]

[Redacted name]

Director
Super Consumers Australia

[Redacted contact information]

⁵ ASIC, *Regulatory Guide 97: Disclosing fees and costs in PDSs and periodic statements*, p6.