



Phone 02 9577 3333
Email enquiries@superconsumers.com.au
Website www.superconsumers.com.au
57 Carrington Road,
Marrickville NSW 2204
ACN 163 636 566 | **ABN** 34 163 636 566

29 November 2023

General Manager
Macro and Industry Insights
Australian Prudential Regulation Authority

RE: 2023 Superannuation Data Transformation publications and confidentiality consultation

Visibility over superannuation fund expenditure data will drive the transparency we need to curtail needless industry spending. Super Consumers strongly supports APRA's proposal to collate and publish granular expenditure data through routine data publications as part of its Superannuation Data Transformation project. We support APRA in determining the proposed data as non-confidential.

The amount of money funds spend directly impacts members' fees, and consequently, their retirement savings. The Productivity Commission found that a seemingly small fee increase of 0.5 percentage points could cost the typical full time worker \$100,000 in retirement savings.¹

APRA's 2021 thematic review contains alarming findings about super funds' expenditure decision-making, including that:

- Many funds failed to 'rigorously measure and assess' the benefits of marketing campaigns,
- Some funds used qualitative or inappropriate metrics to assess expenditure decisions, and
- Some funds could not demonstrate to APRA how benefits associated with sponsorships resulted in better outcomes for members.²

Super Consumers' own review of super fund expenditure and membership numbers found similarly concerning practices. We looked at the Annual Member Meeting (AMM) notices and superannuation statistics for the 15 largest funds for the 2021-22 financial year. At this time,

¹ Productivity Commission, *Superannuation: Assessing Efficiency and Competitiveness*, <https://www.pc.gov.au/inquiries/completed/superannuation/assessment/report/superannuation-assessment-overview.pdf>, p.14

² APRA 2021, *Findings from APRA's superannuation thematic reviews*, p. 6, https://www.apra.gov.au/sites/default/files/2021-10/Findings%20from%20APRA%E2%80%99s%20superannuation%20thematic%20reviews_1.pdf



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alongside their AMM notices, funds were required to publish a short-form expenditure summary that contained their annual spend across a number of areas, including executive remuneration; promotion, marketing and sponsorship; and industrial body payments. Our review found that:

- Some funds report promotion, marketing, and sponsorship spends in the millions, despite losing members year on year. This raises serious questions about whether this expenditure actually benefits members, and whether funds are adopting the guidance APRA provided in its 2021 thematic review.
- Due to a lack of prescription in the AMM regulations, some funds have gotten away with reporting \$0 expenditure on promotion, marketing, and sponsorship despite running advertising campaigns under the fund's branding.
- Complex corporate structures and brand relationships make it extremely difficult for members to work out their own funds' expenditure.³

As of 2023, alongside their AMM notice, funds are required to publish a lengthy expenditure list that includes the names of each payee and the amount paid across a range of spend categories, including promotion, sponsorship, and industrial bodies.⁴ However, a recent Super Consumers desktop review found at least one fund has hidden its disclosure behind its member portal.⁵ Others delayed publishing their detailed expenditure list to just before their AMM,⁶ or nestled their expenditure list in a discreet dropdown menu.⁷ One fund lists its payees but describes the payments using vague and generic terminology like 'industry strategic partnership' or 'alliance partnership', making it difficult for members to understand the nature of the payment, and how it benefits the funds' membership.⁸ One fund has provided pages of itemised payments but doesn't provide the aggregate amount paid to each payee, so it's difficult for members to work out how much has actually been spent.⁹

³ Upcoming Super Consumers publication

⁴ Superannuation Industry (Supervision) Regulations 1994 2.10(1)(e)

⁵ Australian Retirement Trust,

<https://www.australianretirementtrust.com.au/advice/events-and-seminars/annual-member-meeting>

⁶ REST's AMM was 27 November 2023 and Hostplus' AMM is on 30 November 2023. As of 14 November, their promotion, marketing and sponsorship expenditure lists were not published.

<https://rest.com.au/why-rest/about-rest/corporate-governance/annual-report> and

<https://hostplus.com.au/amm>

⁷ MLC, https://www.mlc.com.au/personal/annual-member-meeting-2023#/anchor_Ca8M84VA

⁸ AustralianSuper,

<https://www.australiansuper.com/-/media/home/tools-and-advice/events-and-seminars/annual-member-meeting/amm-additional-disclosures-2023.pdf>

⁹ HOSTPLUS,

<https://hostplus.com.au/content/dam/hostplus-program/site/resources/members/amm/hostplus-expenditure.pdf>



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As evidenced, without specific requirements, funds will continue to find ways to obscure the nature of their expenditure, making it hard for the public to identify how members' fees are being spent, and whether it leads to better member outcomes.

It is for this reason that we strongly support APRA in its proposal to compile and publish detailed fund expenditure data through the proposed publication mockup. Not only will these publications provide much needed consistency and scrutiny over promotion, marketing and sponsorship spends. It will also facilitate scrutiny over other areas of fund expenditure to help identify efficiencies and areas in need of investment, like customer service and complaints handling.

Please contact Super Consumers Policy Manager [REDACTED] at [REDACTED] if you seek to discuss our views further.

Sincerely,

[REDACTED]

[REDACTED]

Director, Super Consumers Australia