



15 July 2019

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Submitted via Australian Parliament House website portal

Dear Sir/Madam

Inquiry into Treasury Laws Amendment (Putting Members' Interests First) Bill 2019

Chartered Accountants ANZ welcomes the opportunity to provide the following submission to the above inquiry.

Overall CA ANZ is supportive of this policy however we have a significant concern about the short timeframes for super fund trustees, administrators and members to adequately adjust to this policy especially the timeframe in which to make necessary adjustments to fund governance rules, disclosure documents, administration systems and procedures, insurance contracts, conduct staff training and embark upon often longer than normal conversations with fund members.

We are concerned about the legislation's complex terms which will add to administration and system costs and will make the already complex super system even harder for ordinary consumers to understand.

Finally, we are concerned about the requirement for members to provide responses in writing only.

Short implementation timeframes

We believe these policies should be implemented as soon as practicable. However in our view October 2019 is an insufficient timeframe in which for this to be properly implemented.

It is true that this policy was first announced in 2018/19 Federal Budget and amending legislation introduced into Parliament in June 2018. Technically super funds have had sufficient time to determine the full impact of these measures.

However the reality is that this policy remains unlegislated and it may not complete its passage through Parliament before October 2019. These changes require reasonably substantial and careful adjustments to the operations of many super funds. It would be imprudent for a super

fund trustee to devote significant resources to such a measure which may never have the force of law.

We believe a more suitable commencement date would be 1 March 2020 especially for existing fund members.

One advantage of delaying the commencement date is that the government would have the ability to determine any adjustments to this policy area as it considers how it might implement recommendations of the Financial Services Royal Commission and the Productivity Commission's superannuation efficient review.

Complex legislative provisions

We believe the drafting of this law needs to be improved to aid clarity. For example, "account balance" and "account" are not defined as part of these amendments or related amendments made in the *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019* however these are central feature of these amendments. For the sake of consistency and clarity these terms need to be defined or alternative terms used such as "member's interest".

In addition, the legislation requires members to provide all decisions they have made "in writing". This does not provide sufficient flexibility for super funds or their members especially when members often want to sort their issues out simply and expeditiously. We would support appropriately worded amendments either to the SIS Act or if necessary the *Electronics Transactions Act 1999*. We believe this area of electronic communication requires deeper analysis by the government and Parliament.

Should you wish to discuss the contents of this submission, please contact me on [REDACTED]

Yours faithfully,

[REDACTED]

Tony Negline CA
Principal Consultant – Superannuation and Retirement Incomes

Appendix A

Chartered Accountants Australia and New Zealand

CA ANZ is made up of over 120,000 diverse, talented and financially astute professionals who utilise their skills every day to make a difference for businesses the world over. Members of CA ANZ are known for professional integrity, principled judgment and financial discipline, and a forward-looking approach to business.

We focus on the education and lifelong learning of members and engage in advocacy and thought leadership in areas that impact the economy and domestic and international capital markets.

We are represented on the Board of the International Federation of Accountants and are connected globally through the 800,000-strong Global Accounting Alliance, and Chartered Accountants Worldwide, which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.