

28 March 2019

The Treasury
Financial Services Reform Implementation Taskforce
Langton Crescent
PARKES ACT 2600

By email: FOFAGrandfathering@treasury.gov.au

Dear Sir/Madam

Re: AustralianSuper submission on the Exposure Draft Treasury Laws Amendment (Ending Grandfathered Conflicted Remuneration) Bill 2019

AustralianSuper is pleased to provide a submission in relation to the abovenamed exposure draft legislation. Please note that we also support the concerns raised in the submissions made by Industry Super Australia and Australian Institute of Superannuation Trustees.

AustralianSuper is one of Australia's largest superannuation funds and is run only to benefit its members. The best interests of our over 2 million members drive our decisions. We do not pay commissions to anyone to recommend us, nor do we pay dividends to shareholders. With over \$140 billion in members' assets, our sole purpose is to assist our members achieve their best possible retirement outcomes.

AustralianSuper has always supported the abolition of grandfathered commissions and accordingly, it supports this Bill, which is designed to implement the Government's response to recommendation 2.4 of the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The Exposure Draft proposes that repeal of the provisions should take effect from 1 January 2021. AustralianSuper is concerned that this period is too long and it should be brought forward. We note that the industry has been on notice since the introduction of the Future of Financial Advice (FOFA) reforms were introduced that the imposition of trailing commissions has worked against the best retirement outcomes of members and have no place in the financial services sector in the future.

AustralianSuper contends that the industry is capable of "turning off" grandfathered trailing commissions earlier than 1 January 2021. Delaying this measure until 1 January 2021 ignores the material impact that the payment of these commissions has on member accounts.

The late implementation date is out of step with current movements in the financial services sector. We note that significant players in the financial services sector are already turning off those same grandfathered commissions or rebating them back to clients.

If you have any questions or would like further information please do not hesitate to contact me on 03 8648 3847 or lduprealba@australiansuper.com in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read "Louise du Pre-Alba". The signature is written in a cursive, flowing style.

Louise du Pre-Alba
Strategic Policy Advocate