

## **Consumer Advocacy Body for Superannuation – expression of interest**

**Submission By:** Ian Harcla Private individual in semi retirement, former executive of super funds with 30 years experience in the Australian superannuation industry.

### **Introduction:**

The expression of interest is the first step in the process to implement Recommendation 28, of the Productivity Commission's Superannuation: Assessing Efficiency and Competitiveness report, for an independent, adequately-resourced superannuation members' advocacy body. It is to inform Treasury's advice to Government about options to establish the advocacy body. Treasury has invited interested parties to respond to this process and to address the following topics:

- Functions and Outcomes
- Ongoing Costs
- Establishment
- Governance and Accountability

In the Productivity Commission Inquiry Report the Commission indicated that Regulators should not be left to champion member interests on their own. They will always struggle in a system where debate is dominated by the interests of funds and their service providers rather than the interests of members. To balance this, the Government should provide ongoing funding for a new organisation to understand, promote and give voice to member interests — and to provide assistance to members themselves.

In the Australian Government's consultation brief the Government indicated that ...The objective of the advocacy body will be to become the voice of consumers in policy discussions and to support access to information to educate and assist consumers, including vulnerable consumers, to navigate the superannuation system. The advocacy body will be required to leverage current financial literacy initiatives, such as MoneySmart.

### **Submission:**

As a private individual with limited resources I will provide my thoughts on the functions and outcomes and governance and accountability for the advocacy body. On the costs issue I will leave that up to other well resourced organisations to provide their thoughts other than to say that the body should leverage the resources of other relevant organisations who can contribute to its objectives and not re-create resources that have been adequately developed already.

- Functions and Outcomes

It is considered that the following key functions should be performed by the advocacy body:

1. To participate in the development of government policy which impacts on Australians as super fund members. The Australian Government should ensure all relevant future policy development requires reference to the advocacy body.
2. To participate in superannuation and other relevant forums and advocate for the interests of super fund members.
3. To advocate for the development and improvement of public education resources to improve the knowledge of Australians in superannuation and related financial services and increase their confidence in managing their retirement savings.

4. To represent the interests of vulnerable consumers and ensure they have access to appropriate resources to assist them in managing their retirement savings.
5. To undertake research, both directly and indirectly, to identify the key issues of concern to Australians in managing their retirement savings and to advocate on their behalf for the resolution of their key problems.

The advocacy body will not represent individual consumers when they are required to deal with personal issues related to their retirement savings but rather ensure super funds and regulatory/dispute resolution bodies have adequate processes and resources allocated to hear and resolve individual member issues.

It is considered that the advocacy body should achieve the following outcomes:

1. All key issues for super fund members, as identified through independent research, are fully advocated within the policy development process and are reflected in policy outcomes. To publicly report on policies developed which impact on Australians retirement savings and the outcomes of advocacy within the policy development process. If the body cannot impact policy development in ways which benefit Australians' retirement outcomes then it would be considered a failure from the consumers' standpoint.
2. To maintain consumer confidence the body must be seen in public forums advocating in their best interests. It must participate in all key forums and be recognised as advocating for members interests through public recognition and satisfaction research.
3. The body shall have a three year plan of reviewing public education resources and ensuring they adequately cover all key retirement savings issues and deliver favourable outcomes to super fund members. It shall also ensure all new policies are adequately communicated to super fund members and reflected in updates to public education resources. The advocacy body shall publicly report on the outcomes of its development and review of public education resources.
4. To publicly report on the effectiveness of government policies and resources focused on the participation of vulnerable Australians in the superannuation and financial services industry.
5. To publicly report on research to be undertaken by the body, directly or indirectly, the outcomes of the research and the actions to be taken by the advocacy body in dealing with the key issues raised within the research.

- Governance and Accountability

The Board of the advocacy body will need to be seen to represent the interests of Australian super fund members. While it will need a high level of expertise in superannuation and related financial services its representative focus will need to be fully reflected in the members of the board.

Representation should come from:

- consumer bodies with interests in superannuation and financial services such as Choice, National Seniors, ACOSS, etc.
- superannuation representative bodies such as ASFA, AIST and FSC, which should have a minority of board positions as they represent service providers but can provide technical expertise in relevant areas.
- academia to provide technical expertise and research expertise.
- independent persons recognised for their experience in retirement savings, policy development/review, research, member education and communications. These persons may have had long experience in the superannuation or related industries

but cannot hold any ongoing relationship with a service provider. Retired executives and academics may have a role here.

The advocacy body will require a secretariat with a specific federal budget allocation. It should contain expertise in policy development/review, education and communications, and, public research. To contain costs secondments from relevant government departments and industry representative bodies should be investigated.

The body's budget allocation shall be reported within the annual budget papers to ensure full disclosure and accountability by the Australian Government and the advocacy body.

The body shall produce an annual report to the Minister which shall be released publicly dealing with all the reporting requirements listed above. This report is the key accountability measure for the advocacy body. The report shall also contain board accountability measures including board remuneration disclosures, annual board assessment outcomes and an overall member outcomes assessment. This member outcomes assessment shall be used to determine the ongoing continuity of the advocacy body.

**Conclusion:**

This submission is necessarily brief but records some thoughts of mine which can be used by Treasury in developing its advice to the Australian Government.

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13 January 2020.

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