

Director
Retirement Income Policy Division
Treasury

Via email: superannuation@treasury.gov.au

31 August 2021

Superannuation Portfolio Holdings Disclosure Regulations 2021

Thank you for the opportunity to make a submission on the Superannuation Portfolio Holdings Disclosure Regulations 2021. This letter builds on QSuper's previous submissions.

As noted in our last submission, QSuper fundamentally believes in transparency and the need to provide an appropriate level of information to our members to allow them to make informed decision. However, we strongly question whether:

- the granularity of information will lead to better member understanding (and outcomes); and
- inconsistency of disclosure requirements between superannuation funds and other market participants will disadvantage funds (and therefore members).

As such, while QSuper welcomes the changes in the latest round of consultation; there is still a significant risk that the enhanced disclosure requirements will have the effect of reducing retirement incomes without a proportional increase in member understanding.

The underlying principle around portfolio holding disclosure is to increase transparency to allow members to better understand where their superannuation savings are invested and ultimately assist them to make more informed decisions.

However, requiring superannuation funds to disclose all positions down to security level without any aggregation:

- a) does not benefit member understanding; and
- b) widens the information asymmetry where superannuation funds will now be required to publish details of derivative and physical exposures where other market participants do not have to; allowing them to transact against the interests of superannuation fund members.

The revised regulations make some progress towards addressing these concerns but publishing this data as currently constructed would still be to the detriment of the membership.

QSuper remains concerned that the volume and complexity of data required (thousands of lines of data at an individual security level) may be misleading and complicated for members to understand. Further, the granularity of the data required ensures that the disclosure will be more valuable to other market participants than to members.

While subsidiary tables are a useful tool to help distil the information, the sheer volume of the data and the opacity of some security names means that even with the improved view of the data, a large majority of members would still require professional assistance to interpret the disclosure.

Aggregation would provide valuable context to members and ensure that market sensitive disclosure is not out of line with other market participants. This would greatly reduce the risk

to member outcomes. QSuper would still support making more granular data available to regulators on a confidential basis.

There are also specific data items which are of particular concern.

Publishing a specific dollar value against each unlisted asset is unlikely to aid members in their decision making but is likely to limit the ability of funds to transact in those assets at competitive prices.

QSuper proposes that publishing the names of assets without valuations or using a valuation band is sufficient to inform members without compromising a fund's ability to transact on these assets.

Additionally, while QSuper welcomes the removal of the maturity date and the name of counterparties to derivative contracts, it is still sufficiently granular to allow sophisticated market participants to benefit to the detriment of superannuation funds. Allowing some aggregation of derivative positions would achieve the goal of providing more useful information for all members while protecting the interests of the membership as a whole.

As stated above, QSuper believes in disclosure that provides an appropriate level of information to our members in order to allow them to make informed decisions.

Thank you for your consideration, if you would like to discuss this or any other matter, please contact Chris Ramsay, Senior Manager – External Affairs and Policy via 07 3029 9666 or christopher.ramsay@qsuper.qld.gov.au.

Yours sincerely



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QSuper