



Legislating the objective of superannuation

Deloitte response to consultation

31 March 2023

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Deloitte response to consultation on *Legislating the objective of superannuation*

Please find enclosed the Deloitte submission on APRA's industry consultation on the "Legislating the objective of superannuation" discussion paper (the Discussion Paper).

Yours sincerely,



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Responses to Questions

As a prominent consulting firm practising in the superannuation field, we and our clients have a keen interest in the determination of the key Objective(s) for Superannuation which is needed to focus incentives and policy settings towards optimal outcomes. Our responses to the consultation questions are derived from our experience working with clients to understand and effectively implement regulatory change.

Question	Deloitte Response
1. What do you see as the practical benefits or risks associated with legislating an objective of Australia's superannuation system?	<p>We believe that it is desirable to have an overall objective for the superannuation system, the practical benefits being that it will help guide and determine what important elements should be inside the tax advantaged superannuation system to be developed and improved, and what should fall outside the system and should not be required nor incentivised.</p> <p>We don't see any risks additional to those already posed by <i>not</i> having an objective of superannuation at all.</p>
2. Does the proposed objective meet your understanding of the objective of the superannuation system in Australia?	<p>The objective reads well, and we are in favour of the five principles framed within the objective:</p> <p>The objective of superannuation is to <i>preserve savings</i> to <i>deliver income</i> for a <i>dignified retirement</i>, alongside <i>government support</i>, in an <i>equitable and sustainable</i> way.</p> <p>In addition, the legislated objective of superannuation should be supported by an explanatory memorandum that sets out how the legislation is intended to be applied in various circumstances, for example in relation to retirement income versus lump sums at retirement, the role of insurance within super, the role of the home and housing, financial hardship provisions and early release.</p>
3. Is the proposed approach to enshrining the objective in legislation appropriate? Are there any alternative ways the objective could be enshrined?	<p>It is sensible placing the final wording in legislation, noting that the objective is not intended to guide or regulate the conduct of trustees and that it is separate from the trustee's fiduciary duties such as the best financial interests duty and the sole purpose test.</p> <p>The legislation should be supported by an explanatory memorandum that sets out how the legislation is intended to be applied in various circumstances.</p>
4. What are the practical costs and benefits of any alternative accountability mechanisms to the one proposed?	No response.

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