2024

Access information from the 2024 meetings of the Superannuation Industry Stewardship Group.

Superannuation Industry Stewardship Group key messages 25 November 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 25 November 2024.

Superannuation Industry Stewardship Group key messages 11 September 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 11 September 2024.

Superannuation Industry Stewardship Group key messages 12 June 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 12 June 2024.

Superannuation Industry Stewardship Group key messages 13 March 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 13 March 2024.

QC 102376

Superannuation Industry Stewardship Group key messages 25 November 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 25 November 2024.

Published 30 January 2025

On this page

Superannuation regulators

Treasury

The government has released a factsheet on improving the retirement phase of superannuation, detailing focus areas of enhanced independent guidance, better retirement products, best practice principles, and increased transparency. See Improving the retirement phase of superannuation.

Treasury provided updates on the Better Targeted Superannuation Concessions, Payday Super, and Delivering Better Financial Outcomes measures.

Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) annual forum was held on 14 November 2024. All speeches from the event are published on ASIC's website. Enforcement priorities for 2025 were discussed, including the focus on misconduct exploiting superannuation savings and member services failures.

Other key updates included:

- a letter was issued to all CEOs of super fund trustees in November 2024 regarding governance and oversight, with insights relating to death benefit claims
- guidance for various pieces relating to the Delivering Better Financial Outcomes package has been updated.

Australian Prudential Regulation Authority

The Australian Prudential Regulation Authority (APRA) shared key priorities including the upcoming review of governance standards and guidance covering all regulated industries, and noted a letter issued to all APRA regulated entities sharing observations of the banking industry since the commencement of the Financial Accountability Regime.

APRA is intensifying its supervision of fund expenditure as part of an ongoing focus on transparency and trustee compliance with the best financial interests duty. A report on 2023–24 fund level expenditure will be released in early 2025.

Australian Financial Complaints Authority

The Australian Financial Complaints Authority (AFCA) Annual Review 2023–24 was published in October 2024. Highlights include:

- 7,325 superannuation complaints were received across 2023–24, representing a 5% increase from last year
- delay in complaint handling was the most common complaint issue (1 in 4 complaints received), followed by service quality issues, failure to follow instructions or agreement, and claim amount

- superannuation accounts remain the most common product to receive complaints, with 4,391 received, followed by total and permanent disability, income protection and death benefits.

AFCA are continuing to observe members making complaints directly, rather than first engaging with their super fund's internal dispute resolution function.

Australian Taxation Office

In the lead up to Payday Super, the Australian Taxation Office (ATO) and superannuation industry can take steps to prepare for the changes. Fund systems and processes must be able to handle the volume and speed of Payday Super, including the need to resolve errors quickly to ensure that employers can meet their obligations to get contributions to funds within 7 days of payday.

The Payday Super Working Group has been established to provide overarching advice on the end-to-end administrative solution and implementation. Key outcomes from this group will be published on ato.gov.au.

Other updates included:

- upcoming draft law administration practice statements
- a summary of the topics discussed at the first meeting of the ATO Superannuation Public Advice Feedback Forum.

Environmental scan

Industry stakeholders provided updates regarding areas of interest within their markets.

Super Consumers Australia noted continued attention on member services, including internal dispute resolution processes. It is important for super funds to reflect on their customer service offering to drive continual improvement.

The Association of Superannuation Funds of Australia has a continuing focus on fraud in super, and the need for consumer protection. There are opportunities for the superannuation industry to learn from the experience of the banking sector.

The Super Members Council of Australia will soon release research on life events that can tip women into poverty.

In 2025, COTA Australia will investigate how super interacts with other sectors. Currently banks cannot tell the difference between an annuity, or distinguish between a one-off or regular payment, which can have impacts for older Australians accessing credit.

The Actuaries Institute noted regulatory constraints that can restrict the provision of superannuation actuarial advice. A submission has been made to Treasury regarding this issue.

Several members have work underway to uplift services for First Nations and vulnerable clients. Members noted there needs to be policy change to drive improvement for this sector of the market.

Other key topics discussed included:

- consideration of how super fund penalties are paid, i.e. from trustee reserves
- repercussions of Division 296 for notional tax contributions for defined benefit members.

Super guarantee compliance

The ATO has released the 2023–24 **Super guarantee annual employer compliance results.** Highlights of the 2023–24 financial year are:

- The ATO increased compliance actions with 23,600 audits and 167,000 nudges and prompters compared to 14,000 audits and 134,000 prompts in 2022–23.
- A total of $1.91 billion in super guarantee charge (SGC) liabilities was raised for over 1.13 million employees through ATO compliance, proactive reminders and prompts, and employer voluntary disclosures. Employer voluntary disclosures accounted for $539 million of the total amount.
- The net super guarantee gap is 6.3%, or $5.16 billion. This is less in percentage terms compared to the prior year, however higher in dollar terms. The gap was estimated this year based on our random enquiry program.
- $932 million was paid to the super funds for over 797,000 individuals.

This year the ATO will continue to increase the number of nudges and audits. The ATO is also expanding the use of data from Single Touch Payroll, Member Account Transaction Service and SGC, and identifying mismatches in reporting and payments at the individual level.

The intention is to progressively interact with employers earlier, providing them with the visibility of this information to improve super payment outcomes and to rely less on notifications of unpaid super.

The quality of data from employers and super funds is important, this process will help identify issues and seek to correct them in the lead up to Payday Super.

Mercer CFA Institute Global Pension Index

Highlights from the Mercer CFA Institute Global Pension Index 2024 (the Index) were summarised. The Index benchmarks 47 retirement income systems around the world, based on adequacy, sustainability, and integrity.

Australia rated sixth place with a B plus grade. Only 4 countries received an A grade in 2024, the Netherlands, Iceland, Denmark, and Israel. The group discussed how Australia can reach an A grade, including:

- introducing a requirement to take a retirement income stream
- income projections on annual statements
- requiring unisex annuities
- introducing government super contribution for carers
- increasing the net pension replacement rate for Australia.

First Nations super members

Mob Strong Debt Help, Financial Counselling Australia, First Nations Foundation and Super Consumers Australia talked members through the systemic issues experienced by First Nations super members, and the financial counsellors who assist them. Key themes and barriers that can affect how First Nations super members interact with the system include:

- a lack of good consumer information and processes for finding and managing super

- online-only account administration, services and information can leave people behind, and using the post doesn't always work
- inflexible ID verification processes are preventing access to accounts and super benefits
- insufficient cultural competency and no trauma-informed approach for frontline customer service teams
- failure to recognise financial counsellors' authority to communicate and act on behalf of First Nations clients
- death benefit processes that are difficult to navigate under the kinship system.

The group discussed these themes, and members were encouraged to consider the issues raised, and explore how their organisation could advocate for, or implement change in order to improve the experiences of First Nations members in the superannuation system.

Treatment of member data

AFCA frequently receives complaints from super fund members advising their fund has not honoured their preferences. When a successor fund transfer (SFT) or merger occurs, often the ongoing trustee will not have complete member records. This information can get lost during the transfer, making it difficult for AFCA to piece together what has happened.

Members noted when trustees move from one service provider to another for administration purposes, there will need to be negotiations to obtain past records. There are commercial terms to a transfer, with records held for only a limited time.

The group acknowledged the potential for the use of non-lapsing nominations and the importance of consistency and adherence to the data standards. Members noted it is the responsibility of the trustee to ensure member records are accurate.

Changes to APRA Prudential Standard SPS 515 Strategic Planning and Member Outcomes, which commence in 2025, outline expectations around transfer planning. There is an expectation that trustees will identify potential risks to a successful transfer and take any required mitigating actions.

The ATO recently updated the SFT reporting protocol, this guidance reminds funds of the necessary steps to ensure a positive SFT experience for members.

Attendees

Attendees list

Organisation	Member
ATO	Emma Rosenzweig (Co-chair), Superannuation and Employer Obligations
ATO	Justin Micale, Superannuation and Employer Obligations
Actuaries Institute	Timothy Jenkins
The Association of Superannuation Funds of Australia	James Koval
Australian Financial Complaints Authority	Heather Gray
Australian Prudential Regulation Authority	James Douglas
Australian Prudential Regulation Authority	Megan Fenner
Australian Prudential Regulation Authority	Sarah Nicholson
Australian Securities and Investments Commission	Jessica Spence
Business Council of Australia	Stephen Kirchner
Chartered Accountants Australia and New Zealand	Tony Negline

Financial Services Council	Kirsten Samuels
MUFG Pension & Retirement Solutions	Deborah Schembri
Mercer	David Knox (Co-chair)
SMSF Association	Peter Burgess
Super Consumers Australia	Xavier O'Halloran
Super Members Council of Australia	Emily Millane
The Tax Institute	Phil Broderick
Treasury	Neena Pai
Treasury	Victoria Woolley

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Cathryn Hummel, Superannuation and Employer Obligations
ATO	Peta Lonergan, Superannuation and Employer Obligations
Australian Prudential Regulation Authority	Chanum Torres
Australian Prudential Regulation Authority	Claire Mitchell
Australian Securities and Investments Commissioner	Nathan Boyle

COTA Australia	Corey Irlam
Financial Counselling Australia	Lynda Edwards
First Nations Foundation	Phil Usher
Law Council of Australia	Lisa Butler Beatty
Mob Strong Debt Help	Bettina Cooper
Mob Strong Debt Help	Mark Holden
Treasury	Adam Hawkins
Treasury	Sally Greener

Apologies list

Apologies list

Organisation	Member
Australian Securities and Investments Commission	Pippa Lane
COTA Australia	Patricia Sparrow
Law Council of Australia	Michael Mathieson
Treasury	Emily Martin

QC 103751

Superannuation Industry Stewardship Group key messages

11 September 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 11 September 2024.

Last updated 13 November 2024

On this page

Welcome and introductions

Co-Chair David Knox welcomed members, opening the meeting with an Acknowledgment of Country.

The group welcomed new members Justin Micale from the Australian Taxation Office (ATO), Emily Martin from Treasury, Megan Fenner from the the Australian Prudential Regulation Authority (APRA), and Kirsten Samuels from the Financial Services Council. Former members Andre Moore from Treasury and Spiro Premetis from the Financial Services Council were thanked for their contributions. The group acknowledged that this would be the last meeting for Melissa Birks from the Super Members Council of Australia.

Roundtable with the Commissioner

The Commissioner of Taxation attended the meeting to hear from members on issues that are important to them and their clients.

The Commissioner noted the breadth of industry and regulators represented in the Superannuation and Industry Stewardship Group (SISG) and reflected on the growing importance and influence of the superannuation industry. As the super guarantee system and funds under management grow, super funds need to have a maturing mindset. Regulators need to ensure they are attuned to changes in the industry with the ageing Australian population discussed in the *2023 Intergenerational Report*.

Additionally, the Commissioner highlighted upcoming changes in the policy landscape that will benefit individuals by ensuring they receive their super entitlements and observed that people are more engaged with their super in recent years.

The Commissioner also noted the ongoing threat of fraud and cybercrime. The ATO is aware of issues around financial coercion impacting vulnerable members of society and is working on appropriate strategies to address this behaviour.

Members provided their insights on key issues affecting the industry including:

- the benefit of the preservation age in the Australian superannuation system
- the growing complexity of regulations for super, which can complicate how an individual navigates the system
- an observation that practitioners believe the ATO are taking a firmer stance when addressing non-compliance
- the role of financial planners in the industry and how this differs from tax agents
- access to archived ato.gov.au content
- the importance of ensuring First Nations clients can access and interact with superannuation services, regardless of location or access to internet
- the **YourSuper comparison tool**
- the growing utilisation of data to address both unpaid and underpaid super
- complaint themes around notice of intent
- fraud in the industry.

Fraud and security

The group discussed how regulators and industry are continuing to address fraud and security concerns in the superannuation sector.

Australia's cyber threat environment

The Australian Signals Directorate (ASD) updated the group on growing threats as cyber criminals ramp up their efforts, especially since the COVID-19 pandemic. They emphasised the need for businesses to protect themselves and their clients and highlighted the support the ASD can offer to organisations and industry.

Key discussion points included:

- Cyber security needs to be managed like every risk within an organisation. Cyber criminals are motivated and can adapt to changing environments rapidly. Businesses need to be alert to cybercrime and actively protect their business and clients.
- Organisation leaders need to be aware of what their core business objectives are and how they need to be protected.
- Consumers expect businesses will protect their data, including implementing basic controls such as Multi-Factor Authentication (MFA), and having reasonable mechanisms in place to effectively detect and prevent cyber-attacks.
- Working together as an industry is key, using collective buying power in the industry to develop a solution and a standard.
- Best practice for strengthening cyber security involves adequate investment in security programs and governance, ensuring engagement with regulators, and engaging positively with legal and people risks.
- The ASD has a number of resources that can assist organisations to strengthen cyber security, including the Essential Eight mitigation strategies to help organisations protect themselves against various cyber threats; the Cyber Security Partnership Program; and Exercise in a Box.

Member discussion

Key discussion points included:

- When dealing with fraud, the industry is only as strong as its weakest member.
- Following the COVID-19 pandemic, consumers have increased expectations around the protection of their data.
- The ATO emphasised the importance of verifying bank account details prior to making any payments from a super account.
- APRA has written to industry regarding the use of MFA and noted best efforts are measures that are in place before a cyber-attack.
- Organisations need to consider the effectiveness of different mechanisms in detecting fraud and scams.
- Artificial Intelligence is presents challenges and advantages in detecting fraud.

Industry bodies have developed resources to support their members, including the creation of mitigation policies and protective measures on high-risk transactions.

- The Financial Services Council presented FSC Standard No. 29: Fraud and Scam Mitigation Measures for Superannuation Funds, 1 July 2024 (the Standard). The Standard contains key clauses on scam mitigation policies, oversight responsibilities, high risk transactions, opting out and communication. It came into force on a voluntary basis on 1 July 2024; however, it will become mandatory for Financial Services Council members on 1 July 2026.
- The Association of Superannuation Funds of Australia (ASFA) has developed ASFA's Guidance on Minimum Fraud Controls for Superannuation Funds to help members address some of the risks associated with the growing threat of identity theft and fraud in super. The guidance commenced on 1 July 2024, with a 12-month transition period for funds to finalise implementation by 1 July 2025.

Superannuation regulators

Treasury

Treasury provided an update on:

- Payday Super

- the retirement phase of superannuation consultation which occurred in December 2023–January 2024, with next steps under consideration
- Better Targeted Superannuation Concessions (Division 296) legislation in Parliament
- the Parliamentary Joint Committee on Corporations and Financial Services inquiry into financial services regulatory framework in relation to financial abuse
- the implications of an election being called on any measures in progress.

Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) Corporate Plan 2024–25 has been released, detailing several key activities involving super. These include:

- continuing to review member services, which is multi-year work, with a plan to publish findings to drive improvement in industry behaviour
- acting against misconduct resulting in the inappropriate erosion of super, including targeted enforcement against cold calling super switching models
- driving industry progress towards improving retirement outcomes, including monitoring trustees' implementation of the retirement income covenant.

Other work in progress includes encouraging millennials to engage with their super with a focus on education about how super works, how to check if employers are contributing the right amount of super, and how to consolidate accounts.

Australian Prudential Regulation Authority

APRA noted the release of its Corporate plan 2024–25 and the 2024 Annual superannuation performance test. The Corporate plan sets out 9 strategic shifts for ongoing or heightened focus, which inform specific policy, supervisory and data priorities.

Policy priorities include finalising Prudential Standard SPS 114 Operational Risk Financial Requirement, commencing consultation on governance, consulting on Prudential Standard CPS 220 Risk Management to embed climate change financial risk, and reviewing the significant financial institutions definition.

Results for the 2024 superannuation performance test have been released, with all MySuper products meeting the benchmark. The consolidation of products has contributed to the decrease in failing products. A comprehensive package of super product performance metrics, data and insights will be published by the end of September 2024.

Australian Financial Complaints Authority

The Australian Financial Complaints Authority (AFCA) received over 7,000 super related complaints for the period 1 July 2023 to 30 June 2024, exceeding the total number received for the previous financial year. Complaints relating to super account for 7% of the total complaints received by AFCA.

Key points included:

- 42% of complaints were resolved following initial referral to funds, indicating internal dispute resolution processes may need to be strengthened
- 1 in 4 complaints related to a delay in claim handling
- most complaints related to super accounts (60%), followed by total and permanent disability claims (17%), income protection (13%) and death benefits (10%)
- 7% of complaints required an ombudsman to issue a decision
- comparing super complaints to other industries is difficult as people interact with their super providers differently to how they engage their banks.

A joint consultation process has commenced on the approach to sections 29(6) and 29(7) of the *Insurance Contracts Act 1984* and the approach to delayed insurance claims in super. All feedback on these submissions should be sent to AFCA by 30 September 2024.

Australian Taxation Office

Downsizer super contributions data

On 10 September 2024, the ATO released data on downsizer super contributions, providing financial year data from the start of the measure on the number of people who have used the scheme, the average contribution, and demographics including usage by state, gender, and age.

Since 2018, 78,600 individuals have allocated $19.879 billion to super funds as downsizer super contributions. From 1 July 2023 to 30 June 2024, 13,000 individuals have allocated downsizer super contributions into their super funds. Of those 13,000 individuals, $3.382 billion has been contributed to super funds as downsizer contributions.

For further information, see **Downsizer super contributions data**.

Stapled super fund requests

Commencing 1 November 2021, the stapled super fund reform aimed to stop the creation of unintended multiple super accounts for employees. It is only required where an employee has not exercised choice to have their super paid to an existing fund or to an employer's default fund.

Where an individual commences employment and does not provide a choice of super fund, employers or their authorised representative are required to request an employee's stapled super fund details from the ATO to pay the employee's super guarantee into.

As at 30 June 2024, there have been over 1,246,000 requests for stapled super funds processed by the ATO. An annual breakdown rounded to nearest hundred is:

- 1 November 2021 to 30 June 2022: 289,700 requests
- 2022–23 financial year: 554,600 requests
- 2023–24 financial year: 401,900 requests.

Additionally, 68.9% of requests were made by employers and 31.1% by agents or intermediaries.

At 30 June 2024, just under 14 million people had only one super account. This is around 78% of the super population. Less than 5% of the super population hold more than 3 accounts. For further information, see **Trend towards single accounts**.

Other business

Statistics on lost and unclaimed super for the 2023–24 year will be published on 17 September 2024. This data will be published annually in September.

Compassionate release of super and first home super saver scheme data for the 2023–24 year will be published by the end of October 2024.

The group discussed the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Act 2024* and implications for self-managed super funds.

The ATO noted industry interest in developments regarding the use of data matching processes to support the monitoring of super guarantee compliance. This will be presented at a future SISG meeting.

Attendees

Attendees list

Organisation	Member or Attendee
ATO	Emma Rosenzweig (Co-chair), Superannuation and Employer Obligations
ATO	Justin Micale, Superannuation and Employer Obligations
Actuaries Institute	Timothy Jenkins
The Association of Superannuation Funds of Australia	James Koval
Australian Financial Complaints Authority	Heather Gray
Australian Prudential Regulation Authority	James Douglas
Australian Prudential Regulation Authority	Sarah Nicholson

Australian Securities and Investments Commission	Jessica Spence
Australian Securities and Investments Commission	Pippa Lane
Business Council of Australia	Stephen Kirchner
Chartered Accountants Australia and New Zealand	Tony Negline
COTA Australia	Patricia Sparrow
Financial Services Council	Kirsten Samuels
Law Council of Australia	Michael Mathieson
Link Group	Deborah Schembri
Mercer	David Knox (Co-chair)
SMSF Association	Peter Burgess
Super Consumers Australia	Xavier O'Halloran
Super Members Council of Australia	Melissa Birks
The Tax Institute	Phil Broderick
Treasury	Emily Martin

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Rob Heferen, Commissioner of Taxation

ATO	Christopher Rock, Enterprise Solutions and Technology
ATO	John Ford, Fraud and Criminal Behaviours
ATO	Kellie Johnson, Policy, Analysis & Legislation
Australian Prudential Regulation Authority	Chanum Torres
Australian Prudential Regulation Authority	Davin Gaynes
Australian Prudential Regulation Authority	Megan Fenner
Australian Prudential Regulation Authority	Rowan Price
Australian Securities and Investments Commission	Susan Wieczkiewicz
Australian Signals Directorate	Daniel Tripovich
Treasury	Adam Hawkins
Treasury	James Thomson
Treasury	Victoria Woolley

Apologies list

Apologies list

Organisation	Member
Australian Prudential Regulation Authority	Mike Cornwell
Australian Securities and Investments Commission	Jane Eccleston

QC 103369

Superannuation Industry Stewardship Group key messages 12 June 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 12 June 2024.

Last updated 25 November 2024

On this page

Welcome and introductions

Australian Taxation Office (ATO) Co-Chair Emma Rosenzweig welcomed members, opening the meeting with an Acknowledgment of Country.

The group welcomed incoming members Andre Moore and Shibani Iyer from Treasury, and James Koval from the Association of Super Funds

Australia (ASFA). Departing members Lynn Kelly and Luke Spear (Treasury), and Larissa Evans (ATO) were thanked for their valuable contributions to the Superannuation Industry Stewardship Group (SISG).

Superannuation regulators

Treasury

The government is continuing to consider Payday Super. An announcement is expected in the coming months, with the measure scheduled to commence 1 July 2026. The ATO and Treasury are working together to ensure the solution meets the intent of the measure, to reduce the super guarantee gap.

Member services continue to be an area of focus for government, with industry put on notice that super member services are not meeting community expectations. Treasury understands industry has been discussing common service standards.

Other items of interest included:

- Consultation on Better Targeted Super Concessions draft regulations (Division 296) closed on 26 April 2024. Feedback is being reviewed.
- Consultation on amendments to the transfer balance credit provisions for successor fund transfers closed on 24 April 2024. The draft legislation would amend the transfer balance credit provisions so that the credit and debit arising due to a successor fund transfer for individuals with a capped defined benefit income stream are equal.
- A new measure involving super payments on Paid Parental Leave for babies born on or after 1 July 2025 will reduce the impact of career breaks on the parents of small children. Services Australia will support the measure.
- Consultation on the annual superannuation performance test design options has concluded. Submissions can be viewed via the Treasury website. All feedback will be considered before any adjustments are made to the test, noting any changes should not weaken the test and will continue to ensure the test holds trustees to account for delivering the best financial outcomes for members.

Australian Securities and Investments Commission

ASIC provided an update on recent publications:

- Improving superannuation member services – Dealing with death benefit claims was published on 1 May 2024. The article details initial observations from ASIC's review of industry practices and compliance with laws relating to member services, focusing initially on how trustees handle death benefit claims.
- Exposing high-pressure cold calling tactics and social media click-bait leading to superannuation switching was published on 7 May 2024.
- Report 782 Hardship, hard to get help: Findings and actions to support customers in financial hardship and Report 783 Hardship, hard to get help: Leaders fall short in financial hardship support were released on 20 May 2024. The reports set out the findings of ASIC's review of the end-to-end policies, processes and practices of 10 large lenders in responding to home loan customers experiencing financial hardship.

Other focus areas for ASIC include:

- scam detection and response for non-bank entities, with further communications expected shortly
- continuing greenwashing thematic work, with a focus on enforcing well-established legal obligations that prohibit misleading and deceptive conduct
- better banking for Indigenous consumers
- preparation for the Financial Accountability Regime to apply to super trustees from 15 March 2025.

Australian Prudential Regulation Authority

Key updates from the Australian Prudential Regulation Authority (APRA) included:

- Prudential Standard CPS 230 Operational Risk Management has been finalised. Guidance has been shortened and is more tightly focused on how to meet the expectations set by the standard. The standard takes effect from 1 July 2025.

- APRA is considering stakeholder feedback following consultation on Prudential Standard SPS 515 Strategic Planning and Member Outcomes. The implementation date is expected move to 1 July 2025 to better align with industry planning cycles.
- APRA will publish
  - the results of the 2024 annual performance test in late August 2024
  - a publication on fund expenditure data in August 2024
  - a comprehensive product performance package covering investment returns, fees, and performance test metrics (previously published as heatmaps) in late September 2024.

Australian Financial Complaints Authority

The Australian Financial Complaints Authority (AFCA) continues to receive a high level of super complaints. As at the end of April 2024, 8,028 super complaints had been received. This exceeds the total number of super complaints received in the 2023–24 financial year.

Service quality issues are the key driver of complaints, with broader complaint themes including:

- delays in complaint handling or payments
- account administration errors
- service quality
- failure to follow instructions or agreement
- denial of claim.

The group discussed how the super industry is tracking with death benefit and disability complaints and the issues encountered. Members' comments included:

- Death benefit and disability complaints will become more prevalent due to the aging population.
- Because each case is different, following a standard approach does not always result in a fair outcome and can impose unreasonable demands on a client. For example, funds waiting on a full death certificate containing a cause of death can result in delays and distress.

- There is a big difference between the least and most helpful approaches taken by funds.
- In relation to disability benefits, claims denied based on eligibility criteria are more common, rather than declined applications. An updated life insurance code of practice requires insurers to determine eligibility earlier in the process.
- Resourcing continues to be an issue for funds, as staff may not be experienced in this type of work. Assigning case officers to these sensitive cases could be beneficial to see a client through the entire process.

The ATO noted this is an ongoing issue for the industry and asked members to consider the opportunity for a working group to look at best practice and potential gaps. The Super Members Council of Australia confirmed there is already some work being undertaken on this topic. Conversations will continue out of session, with an update to be provided at the next SISG meeting.

Australian Taxation Office

The ATO shared measures announced in the Budget 2024–25 and other items of interest.

Employment services reform

The ATO will integrate Single Touch Payroll (STP) data into the management and administration of employment. The start date for the measure is 14 May 2024.

Migration systems reform

The ATO will undertake a data sharing pilot for STP data with the Department of Home Affairs. The start date for the measure is 1 July 2024.

Funded Paid Parental Leave – enhancement

The Department of Social Services led measure announced on 7 March 2024 will introduce super guarantee equivalent payment on the government-funded Paid Parental Leave scheme (equivalent to the legislated rate of 12%) for births and adoptions after 1 July 2025.

Non-arm's length expenditure

Members are keen for clarity on the non-arm's length expenditure bill, and the ATO's no compliance action approach per Practical Compliance Guideline PCG 2020/5 *Applying the non-arm's length income provisions to 'non arm's length expenditure' – ATO compliance approach for complying superannuation entities*. Industry representatives believe the approach should be extended.

Post meeting updates:

- The Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023 which includes changes to the non-arm's length expense laws for superannuation entities has received Royal Assent.
- The revised law includes a cap on the amount of income that will constitute non-arm's length income from a non-arm's length scheme involving general fund expenses; exempts large APRA funds from the provisions; and applies retroactively from 1 July 2018.
- The ATO's administrative approach in PCG 2020/5 expires on 30 June 2023 and will not be extended given the progress of the new legislation.

First home super saver scheme financial hardship provisions

The first home super saver (FHSS) Scheme financial hardship provisions are different to the severe financial hardship ground of release administered by super funds. The provisions enable individuals who have previously held an interest in property to be eligible for a release under the FHSS scheme if they lose all property interests due to a FHSS hardship event.

FHSS hardship events that could result in the loss of property interests include (but not limited to), bankruptcy, divorce, separation from a de-facto partner, relationship breakdown, loss of employment, illness, or natural disaster. Between 1 July 2018 and 30 June 2023, the ATO received around 1,660 FHSS hardship applications.

For more information, see **First home super saver scheme**

Recent publications

Environmental scan

Members provided updates on emerging priorities and issues for their market, including:

- recent research showing the number of self-managed super fund (SMSF) trustees obtaining advice from a financial adviser is at an all-time low, highlighting the importance of prospective and existing trustees obtaining proper guidance
- research on how people are spending their money in retirement to determine the appropriate settings for the retirement phase, including minimum drawdown rates
- legislative uncertainty around Division 296, including misconceptions in the market about how the proposal will work
- concerns about the amount of information included in an auditor contravention report and the fear that this can distort the real issues faced by an SMSF
- difficulty recruiting appropriately skilled accounting staff in the superannuation sector
- preparations for the implementation of the Financial Accountability Regime
- implications for financial advisers under the Delivering Better Financial Outcomes Bill 2024
- analysis on the super for housing proposal and who would and would not be supported by the policy
- ongoing work to understand customer service experiences for Indigenous super members.

Fraud and security

The group discussed how regulators and industry are continuing to address fraud and security concerns in the superannuation sector.

General discussion noted:

- increased consistency in incident response activities across the superannuation industry
- that improvements to technology controls can reap significant rewards
- a large reduction in the number of staging accounts created

- that identity theft by a family member remains an issue.

This is an ongoing and evolving piece of work and will be revisited at the next SISG meeting. The IT resilience review by APRA is relevant to this topic, with key observations arising from this work so far including:

- inadequate governance arrangements and board reporting limited the ability of boards to identify significant issues and drive corrective actions pertaining to the security, resilience and recoverability of key systems
- inadequate service provider oversight arrangements
- a lack of technology risk specialist resources across all 3 lines of defence
- insufficient coverage and frequency for the testing of key controls and incident response plans
- inadequate recovery testing programs hindered trustees' ability to ensure recovery plans were robust and had sufficient coverage of disruption scenarios.

APRA intends to share observations and findings from this thematic review by the end of the calendar year.

ATO Superannuation Public Advice Feedback Forum

The ATO proposed a new SISG working group to seek feedback on ATO public advice and guidance (PAG) on super-specific topics. The group will meet bi-annually to consult on super-related technical issues and will assist the ATO in the formation and prioritisation of PAG products. The group will be led by the ATO.

Members supported the creation of the new working group. The ATO will contact members to discuss next steps.

Compassionate release of super

The compassionate release of super program allows eligible individuals to access their super early in limited circumstances. The limited circumstances (grounds) are to:

- pay for medical treatment and/or medical transport for the person or their dependant
- prevent the foreclosure or forced sale of the person’s home
- modify the person’s home or vehicle to accommodate the special needs arising from their or their dependant's severe disability
- pay for palliative care for the person or their dependant
- pay for expenses associated with the death, funeral, or burial of their dependant.

The group discussed how the process works, eligibility criteria, and the evidence required from medical professionals to support claims. The ATO explained some of the integrity controls in place to support the approval of eligible applications, and action taken in relation to concerning behaviours by third-party intermediaries and providers.

Other key points of discussion included:

- concerns about practitioners who may promote services to ineligible clients, and potential avenues to report suspected misuse of the system
- the importance of individuals understanding the implications of withdrawing money from their super
- whether a cooling off period should apply between the application date and the release of funds, if approved.

For more information, see **Access on compassionate grounds**.

Attendees

Attendees list

Organisation	Attendee
ATO	Emma Rosenzweig (Co-chair), Superannuation and Employer Obligations
ATO	Alastair Ramsay, Superannuation and Employer Obligations

Actuaries Institute	Tim Jenkins
Association of Super Funds Australia	James Koval
Australian Financial Complaints Authority	Heather Gray
Australian Prudential Regulation Authority	Chanum Torres
Australian Prudential Regulation Authority	Sarah Burley
Australian Securities and Investments Commission	Jessica Spence
Council on the Ageing	Patricia Sparrow
Chartered Accountants Australia and New Zealand	Michael Davison
Financial Services Council	Aidan Johnson
Law Council of Australia	Tony Nemec
Link Group	Deborah Schembri
Super Consumers Australia	Xavier O'Halloran
SMSF Association	Peter Burgess
Super Members Council of Australia	Melissa Birks
The Tax Institute	Liz Westover
Treasury	Andre Moore
Treasury	James Thomson
Treasury	Shibani Iyer

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	David Kasmarik, Public Groups
ATO	Reece Parry, Superannuation and Employer Obligations
ATO	Usha Narain, Superannuation and Employer Obligations
Australian Prudential Regulation Authority	Adrian Rees
Australian Prudential Regulation Authority	James Douglas
Australian Prudential Regulation Authority	Sophia Hohnen
Australian Securities and Investments Commission	Susan Wieczkiewicz
Mercer	George Takesian
MUFG Retirement Solutions	Eoin Burke

Apologies

Apologies list

Organisation	Member
ATO	Peta Lonergan, Superannuation and Employer Obligations
Australian Prudential Regulation Authority	Gideon Holland

Australian Prudential Regulation Authority	Mike Cornwell
Australian Prudential Regulation Authority	Sarah Nicholson
Australian Securities and Investments Commission	Jane Eccleston
Business Council of Australia	Stephen Kircher
Chartered Accountants Australia and New Zealand	Tony Negline
Financial Services Council	Spiro Premetis
Mercer	David Knox (Co-chair)
The Tax Institute	Phil Broderick

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Superannuation Industry Stewardship Group key messages 13 March 2024

Key topics discussed at the Superannuation Industry Stewardship Group meeting 13 March 2024.

Last updated 22 May 2024

On this page

Welcome and introductions

Co-chair David Knox, Mercer, opened the meeting with an Acknowledgment of Country.

The Superannuation Industry Stewardship Group (SISG) has recently undergone a membership refresh. The group welcomed incoming members Mike Cornwell, Gideon Holland, and Sarah Nicholson, Australian Prudential Regulation Authority (APRA), Suzanne Mackenzie, Law Council of Australia, and Tim Jenkins, Actuaries Institute. The co-chairs thanked outgoing members Katrina Ellis and Carolyn Morris, APR, Glen McCrea, Association of Superannuation Funds of Australia (ASFA) and Maged Girgis, Law Council of Australia for their valuable contributions to the SISG.

ATO co-chair Emma Rosenzweig noted feedback received from Super Consumers Australia on ensuring First Nations superannuation issues are addressed in the SISG future work program, including representation from the First Nations Foundation, and confirmed this will be covered later in 2024.

Superannuation regulators

Treasury

Consultation has commenced on the Annual Superannuation Performance Test. The test was introduced to protect Australians' retirement savings by holding trustees to account for the investment performance they deliver and the fees they charge to members. Consultation closes on 19 April 2024.

Work on the Quality of Advice Review is continuing. The second tranche of reforms was announced on 7 December 2023 and roundtables were held in February to work through draft legislation.

Consultation on the superannuation in retirement discussion paper has closed and responses are being reviewed. Submissions contain a common theme, that individuals' needs in retirement are unique and the retirement system needs to be flexible.

Australian Prudential Regulation Authority

APRA is engaging with trustees on the implementation of the retirement income covenant. Trustees are generally improving their offerings of assistance and support to members in retirement; however, there is variability in the quality of approach taken.

APRA is working towards a performance transparency package which includes numerical results of the performance test, additional product performance metrics and products sets.

Prudential Standard CPS 230 Operational Risk Management (CPS 230) was released in July 2023 and commences on 1 July 2025. The new standard represents an increased focus on trustee accountability for operational risk. APRA is working on draft guidance to accompany the standard.

Following consultation in 2023, APRA plans to finalise updates to Prudential Standard SPS 515 Strategic Planning and Member Outcomes (SPS 515) and associated guidance in the first half of 2024.

APRA released draft amendments to Prudential Standard SPS 114 Operational Risk Financial Requirement (ORFR) and Prudential Practice Guide SPG 114 Operational Risk Financial Requirement (SPG 114) in February 2024. The amendments clarify the purpose of the ORFR, introduce a clear and direct relationship to CPS 230, widen the range of uses for the ORFR, and amend the notification requirements to facilitate use of the ORFR. Feedback closes on 13 May 2024.

Australian Securities and Investments Commission

Focus areas for Australian Securities and Investment Commission (ASIC) included:

- Member services, with a focus on death benefits – ASIC is looking at what trustees can learn from complaints data, trustees' ability to act on systemic issues, and whether there is effective communication with members.

- Scam disruption work involving investment scams – ASIC is looking at the practices of super funds in relation to scams and reviewing of the practices of the broader banking environment.
- The implementation of super fund financial reporting and audit requirements.

ASIC has extended relief from disclosure and reporting consistency obligations for super trustees until 1 January 2026.

ASIC has released its enforcement priorities for 2024. These include member services, misconduct resulting in the systemic erosion of super balances, greenwashing, and compliance with the reportable situations regime.

Australian Financial Complaints Authority

Australian Financial Complaints Authority (AFCA) continues to receive a high level of super complaints. On 31 January 2024, 4,564 complaints had been received. It is expected the total number of complaints will exceed those received in the last financial year.

Almost half of the complaints received were resolved quickly by AFCA and referred back to the super fund. Whilst this is a good result, it may indicate super funds do not have adequate internal dispute resolution practices in place.

Current complaint themes show:

- one in 4 complaints relates to delays in claims handling
- one in 3 complaints relates to service quality issues; this can include account administration errors, failure to follow instructions or agreements, or service quality
- death benefits remain a significant source of complaints, with issues around allocation of the benefit.

While complaints about scams and fraud affecting super accounts remain low, AFCA is writing to funds where it identifies potential systemic issues around scam activity.

ATO

SMSF Illegal Early Release Estimate

The self-managed super fund (SMSF) Illegal Early Release Estimate was released at the SMSF Association National Conference in February 2024. The estimate allows the ATO to measure the size, scale, and trajectory of the risk of super money illegally withdrawn by trustees. The estimate includes the following findings:

- In 2020, it is estimated $381 million of super has been illegally withdrawn by trustees of SMSFs. In that year it is estimated that over $125 million was protected from leaving the system as part of the ATO's work on new SMSF registrant reviews.
- In 2021, it is estimated $256 million of super has been illegally withdrawn, with $170 million additional protected at registration.

Findings indicate newly established SMSFs were more likely to engage in this behaviour compared to established funds.

Further information on the estimate is available at Illegal early access of super estimate.

The ATO has a wide range of strategies to prevent illegal early access before it occurs and will apply sanctions when it is identified. In recent years, increased messaging and support have been provided to prospective trustees, and compliance actions have been scaled up. The ATO works closely with other law enforcement agencies such as ASIC, State and Federal Police and the Tax Practitioners Board to share intelligence and address inappropriate behaviours.

The ATO sees the superannuation industry and intermediaries as having a key role to play in addressing this problem. This may include education, myth-busting, and making sure clients' financial literacy is not over-estimated. To assist potential SMSF trustees to understand their obligations, the ATO has published an **Illegal early super release fact sheet**.

Input tax credits on adviser fees

In December 2023, the ATO published the document **Eligibility of super funds and investor-directed portfolio services investment platforms to claim reduced input tax credits on adviser fees** outlining whether funds can claim reduced input tax credits for external adviser fees in certain circumstances.

In instances where there is only a supply of financial advice from the adviser to the member, the fund is not eligible to claim reduced input tax credits. The fund may facilitate payment to the adviser, but that does not give rise to an entitlement to GST credits as the fees are not consideration for any supply to the fund.

Typically, a member would not be entitled to claim GST credits if they directly engaged and paid the financial adviser for personal financial advice. Therefore, there is consistent GST treatment for members who seek personal financial advice from an adviser irrespective of whether the payment is made through the superannuation system or directly by the member.

As set out in the published document, the ATO provided a compliance approach for funds until 1 April 2024 and in response to industry feedback extended that approach to 1 July 2024. The Financial Services Council (FSC) has written to the government and provided the SISG with a copy of its correspondence.

There was discussion amongst members about this topic, with the FSC noting they do not agree with the ATO not extending the compliance approach beyond 1 July 2024. The FSC circulated a letter to SISG members detailing their concerns.

Visibility of super information for family law proceedings

From 1 April 2022, individuals in current property settlement proceedings can request information from the ATO through the family law courts on their current or former spouse's super interests. The ATO will disclose this information to the court, which will then provide it to all parties.

For the period 1 April 2022 to 5 March 2024, there have been 3,637 requests received.

Environmental scan

The Super Members Council of Australia (SMCA) was established on 1 October 2023 following the merger of the Australian Institute of Superannuation Trustees (AIST) and Industry Super Australia (ISA). SMCA has a policy and advocacy focus.

Recent SMCA activities include:

- response to the Treasury consultation on the retirement phase of superannuation

- ongoing work to ensure the voices of working Australians are heard, including lower income earners, and First Nations communities.

The Actuaries Institute is increasingly working with super funds to effectively harness insights from data. The Actuaries Institute works with APRA regulated funds, public sector funds and SMSFs, with the role of actuaries becoming increasingly valuable in the superannuation eco-system.

Recent activities undertaken by the Actuaries Institute include:

- submission to the Treasury consultation on the retirement phase of superannuation
- a request that Treasury consider the complexity of Division 296 for defined benefit funds.

The Council of the Ageing (COTA) noted recent coverage of the final report of the Aged Care Taskforce, and the recommendations involving payment for aged care. The report recommends the government consider supporting people to use their super to help fund aged care needs.

Lost and unclaimed super

The ATO provided an overview of trends and results of reuniting super with members, following the introduction of the Protecting Your Super (PYS) legislation in 2019.

APRA regulated funds have an obligation to report and pay unclaimed super money (USM) to the ATO twice per year. The ATO can only consolidate USM to active eligible accounts or pay directly to an individual where a condition of release has been met.

The ATO cannot proactively reunite USM amounts for some categories of USM, including deceased estates, non-member spouse, and former temporary residents. The ATO is also unable to reunite USM accounts that have not been matched to an individual.

Lost super accounts are held by super funds. Some lost accounts may be paid to the ATO if they meet a USM category.

Individuals can see all their super, both fund and ATO held, using ATO online services. This allows individuals to claim or consolidate USM amounts that the ATO is unable to reunite due to legislative constraints. Individuals can also use ATO online services to consolidate accounts held solely by super funds.

On 30 June 2023, there was $16 billion in lost and ATO held super, with almost two thirds held by super funds.

The ATO has strategies in place to encourage individuals to engage with their super:

- alerts in ATO online services for individuals with lost or ATO held unclaimed super amounts
- marketing and communication campaigns, information published on ato.gov.au, and social media platform messaging
- encouraging the use of the Super Health Check
- regular participation in First Nations Foundation events to support Aboriginal and Torres Strait Islander people find any super they may have lost track of.

Members queried if the ATO can determine whether there are accounts that will be unable to be consolidated, based on data. The ATO confirmed there has been higher quality data reported since the commencement of super stream reporting, which has led to improved outcomes matching accounts. Small and insoluble lost members make up the highest proportion of unmatched accounts.

Members also discussed:

- consumer advice on reuniting super, and how individuals can engage with their super
- the use of postcode data in previous ATO lost and unclaimed super campaigns, and whether this could be refined and used with outreach events to produce better results for particular groups, for example, First Nations people.

Further information on lost and unclaimed super data can be found at **Lost and unclaimed super data**.

Payday Super consultation

The ATO gave an update on the consultation and co-design process for Payday Super. Key points include:

- Payday Super at its core is a simple change for an employer to pay super at the same time as salary and wages. The ATO understands that this presents complexity in business and administration processes across the superannuation eco-system.

- The ATO has consulted and co-designed with stakeholder groups in relation to Payday Super on its administration, impacts on stakeholders and any changes that need to be made. This is in addition to Treasury's consultation in relation to the policy.
- There is currently a pause in co-design whilst awaiting proposed policy announcements by the government, and delivery of the May 2024 Budget. Once this occurs, the ATO will re-engage stakeholders for co-design and consultation.
- A special purpose working group is expected to be created, with intent to focus on the overarching end-to-end processing required for Payday Super. There is likely to be smaller technical groups to result from this. The membership, timing and frequency of these meetings will be set once policy parameters are defined.

Review into choice products

ASIC provided an overview of Report 779 – Superannuation choice products: What focus is there on performance? The report was released in February 2024 and examines the conduct of trustees, advisers, and advice licensees to understand why some members continue to invest in persistently underperforming investment options under their choice super products.

The report includes a table of action points with recommendations for trustees, advisers, and licensees. ASIC identified both good and poor practices for each group.

Suggested improvements for trustees for prioritising performance of investment options include:

- adequate investment in governance process, including ensuring sufficient priority is placed on investment performance throughout the product lifecycle
- ensuring adequate systems are in place to detect and address non-performance
- communication with members around performance of investment options, including specific and measurable return objectives and actual performance against those objectives

- proactive review of investment options for choice products, not a ‘set and forget’.

The report focuses on how products are monitored for underperformance and the subsequent actions taken, noting options selected for the study had a minimum of 5 years of data. The review did not seek to identify options as underperforming and therefore had a different focus and methodology to the performance test.

Digital identity program

The Department of Finance and the ATO provided an update on the Digital ID program.

The vision is for a national, economy-wide Digital ID system, that provides a secure, convenient, voluntary, and inclusive way for people to verify their identity online. This is being supported by Digital ID legislation, which will embed enforceable protections and permanent regulatory oversight, and legislate the Australian Government Digital ID System.

Key points include:

- a Digital ID is a way to safely and securely verify identity online
- once set up, a Digital ID can be used to securely access services over and over
- myGovID is the Digital ID developed for use with a range of government online services, with 138 services currently using the program.

Attendees

Attendees list

Organisation	Attendee
ATO	Emma Rosenzweig (Co-chair), Superannuation and Employer Obligations
ATO	Larissa Evans, Superannuation and

	Employer Obligations
ATO	Peta Lonergan, Superannuation and Employer Obligations
Actuaries Institute	Timothy Jenkins
Association of Super Funds Australia	Julian Cabarrus
Australian Financial Complaints Authority	Heather Gray
Australian Prudential Regulation Authority	Gideon Holland
Australian Prudential Regulation Authority	Mike Cornwell
Australian Securities and Investments Commission	Jane Eccleston
Business Council of Australia	Stephen Kirchner
Chartered Accounts Australia and New Zealand	Tony Negline
COTA Australia	Patricia Sparrow
Financial Services Council	Spiro Premetis
Law Council of Australia	Suzanne Mackenzie
Link Group	Deborah Schembri
Mercer	David Knox (Co-chair)
SMSF Association	Peter Burgess
Super Consumers Australia	Xavier O'Halloran

Super Members Council of Australia	Melissa Birks
The Tax Institute	Phil Broderick
Treasury	Lynn Kelly

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Elissa Walker, Enterprise Solutions and Technology
ATO	Cathryn Hummel, Superannuation and Employer Obligations
ATO	Naomi Westwood, Superannuation and Employer Obligations
ATO	Tanya Fletcher, Superannuation and Employer Obligations
Australian Prudential Regulation Authority	Chanum Torres
Australian Securities and Investments Commission	Rilyn Mosbey
Australian Securities and Investments Commission	Melissa Trees
Department of Finance	John Shepherd

Apologies

Apologies list

Organisation	Member
Australian Securities and Investments Commission	Jessica Spence
Australian Prudential Regulation Authority	Sarah Nicholson

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