



January 2020

# Consumer Advocacy Body for Superannuation - expression of interest

## ABOUT US

Super Consumer Australia (Super Consumers), formerly known as the Superannuation Consumers' Centre, is an independent, not-for-profit consumer organisation formed in 2013. Super Consumers was first funded in 2018. We received \$2.5 million in funding from an ASIC arranged enforceable undertaking with the CBA and ANZ for mis-selling superannuation. In order to use the funds in the most efficient and effective way, the Board contracted CHOICE to deliver support services. CHOICE is the leading consumer advocate in Australia, established 60 years ago, it is an independent voice, ensuring consumers get a fair go.

We work to advance and protect the interests of low and middle income people in the Australian superannuation system.

Super Consumers Australia's current funding will expire by mid-2021.

57 Carrington Road Marrickville NSW 2204

Phone 02 9577 3258 | Fax 02 9577 3377 | Email [enquiries@superconsumers.com.au](mailto:enquiries@superconsumers.com.au) |

[www.superconsumers.com.au](http://www.superconsumers.com.au)

*The Superannuation Consumers' Centre is a not-for-profit company limited by guarantee. ABN 34 163 636 566 ACN 163 636 566*

# Table of Contents

<b>Introduction</b>	<b>3</b>
Why Super Consumers Australia should be the advocate	5
<b>Functions and outcomes</b>	<b>7</b>
Why combining advocacy and assistance is important	7
<b>Advocacy</b>	<b>9</b>
<b>Assistance</b>	<b>14</b>
<b>Education</b>	<b>16</b>
What additional functions and outcomes could also be considered?	21
What functions would the advocacy body provide that are not currently available?	21
<b>Ongoing costs</b>	<b>26</b>
Funding principles	26
What would be the indicative ongoing costs of delivering these functions?	29
What would be the indicative costs of delivering any additional functions?	31
<b>Establishment costs</b>	<b>32</b>
What would be the likely set-up costs for the advocacy body and approximately how long would it take to establish such a body?	32
<b>Governance and accountability</b>	<b>33</b>
What governance and accountability models (including assessment of impact and performance) do you consider to be most appropriate for the advocacy body?	33
<b>Appendix</b>	<b>37</b>

## Introduction

The superannuation sector will be greatly improved by the establishment of a consumer advocate. Up until now, the absence of an independent superannuation consumer advocate has led to lopsided policy debates and limited the range of available research. Industry has also continually opposed reforms which would improve competition and efficiency in the superannuation sector and ultimately deliver better retirement outcomes to Australians. Both the Productivity Commission and Financial Services Royal Commission identified the lack of an effective consumer voice in policy debates as the cause of many of the problems facing the superannuation market.

Establishing a consumer advocate that can connect robust, quality research with the real-world experience of consumers will improve the quality of superannuation and retirement income policy solutions for Australians.

The benefits consumer advocates have delivered in other sectors have been absent in the superannuation industry. This has led to superannuation developing into a complex market for consumers to navigate, with over 40,000 investment options. This complexity has a tangible cost, with the Productivity Commission estimating that a person who spends their working life in a bottom quartile fund, compared to a top performing fund, ending up with \$660,000 less in retirement.

Advocates play a vital role in overcoming information asymmetry by making the complex simple. They achieve this by advocating for policy reforms that ensure people are offered appropriate default or suitably designed products, and are not misled or deceived in the sales process. Advocates also support self-help by building the financial capability of people so they can navigate complex purchasing decisions.

We commend the Federal Government for taking action to create a superannuation consumer advocate. Given the important policy debates facing the superannuation sector at the moment it is timely to do so. Having a properly resourced consumer voice to contribute to the retirement income review and responses to the Productivity Commission and Royal Commission reports will enhance the quality of policy outcomes.

## Why Super Consumers Australia should be the advocate

Super Consumers Australia is best placed to take on the role as the superannuation consumer advocate. It has already been performing a start-up version of this function for the last two years. In this time it has developed its expertise, delivered independent research and produced content to assist people in dealing with their superannuation. Super Consumers Australia has been effective in advocating for legislative reform which will boost people's retirement savings and reduce complexity, including supporting the passage of the *Putting Members' Interests First* legislation.<sup>1</sup> The organisation is proof of concept for an expanded and effective consumer advocate and has an established track record.

Super Consumers has developed with the support of a 60 year old consumer organisation, CHOICE. The skills and experience passed on from CHOICE has put this organisation years ahead in its capacity and development. CHOICE's support has allowed Super Consumers to direct limited resources to advocacy functions - it has not had to establish back-office functions, acquire independent space or establish new processes. It has also inherited and further developed effective networks to engage with consumers, consumer organisations, the media, industry and decision makers. CHOICE's offer of ongoing support in the establishment of Super Consumers will ensure it is best placed to continue to develop and scale up its activities quickly.

As demonstrated by the consumer movement's submission, the organisation also has the support of the broader consumer sector. We collaborate regularly with these organisations, share experience, prevent overlap and conserve the limited resources available to consumer advocates.

## Background

Both the Productivity Commission and the Financial Services Royal Commission found consumer advocates play an important role in helping create a properly functioning financial system that delivers appropriate outcomes for Australian people.

## The Productivity Commission's support for a superannuation consumer advocate

---

<sup>1</sup> SCA, 2019, 'Media release: Super Consumers support Life Insurance reforms', available at: <https://drive.google.com/file/d/1LJrbT5nGHKtBDIzBnDTezLF4yQEpkkZZ/view>

**Productivity Commission recommendation 28: The Australian Government should, as a priority, provide adequate ongoing funding to support an independent superannuation members' advocacy and assistance body.**

The Productivity Commission saw this body as critical to many of the core functions of a properly functioning, efficient and competitive superannuation market. It envisioned its role as promoting the long-term interests of superannuation members through:

- providing assistance to members and empowering them to make good choices;
- conducting and funding research and analysis;
- identifying issues and working with other consumer organisations, ombudsmen, complaints bodies, funds, regulators and governments to advocate on behalf of super members;
- balancing the debate currently dominated by a better resourced and self-interested industry lobby; and
- helping the regulators become the member champions they need to be.

These purposes are embedded in the constitution of Super Consumers Australia and form the basis of the work it has delivered to date.<sup>2</sup>

### Commissioner Hayne on the importance of consumer advocates

Commissioner Hayne recognised the vital role played by consumer advocates in ensuring access to justice. His report stated there will “always be a clear need for disadvantaged consumers to be able to access financial and legal assistance in order to be able to deal with disputes with financial services entities with some chance of equality of arms”.<sup>3</sup>

He pointed to the ASIC and CHOICE submissions which recommended that “present coverage of such services could be expanded, for example in the provision of consumer advocacy and representation for superannuation consumers”.<sup>4</sup>

He acknowledged that consumer advocates have been important in “bringing issues to the attention of the regulator or providing a balancing consumer voice in policy development.”<sup>5</sup>

Super Consumers Australia is currently funded via an enforceable undertaking. Commissioner Hayne said that the ‘enforceable undertaking funding is a ‘one-off’ and reliance on uncertain

<sup>2</sup> SCA, 2020, Superannuation Consumers' Centre Constitution, available at: <https://www.superconsumers.com.au/home>

<sup>3</sup> FSRC, 2019, 'Final Report - Volume 1', p.492

<sup>4</sup> FSRC, 2019, 'Final Report - Volume 1', p.492

<sup>5</sup> FSRC, 2019, 'Final Report - Volume 1', p.492

funding is a long term challenge, given the need to provide services, and maintain expertise and scale'.<sup>6</sup>

We agree with the findings of these two reviews and are pleased to see the Federal Government taking action on the Productivity Commission's recommendation.

## Functions and outcomes

### **What core functions and outcomes do you consider could be delivered by the advocacy body?**

In developing the model for an effective superannuation consumer advocate, we have considered the merits of consumer advocacy bodies in other sectors and certain overseas models. Our team has experience working within a number of consumer advocates and we consulted with the broader consumer sector to design an appropriate model. We have sought to combine the best elements of each of these organisations.

### Why combining advocacy and assistance is important

The well-resourced industry lobby has ensured that debates over reform to superannuation are dominated by the interests of funds, rather than the interests of the Australian people. Combining data driven policy with the experience of people on the ground will ensure the consumer advocate has a credible voice in superannuation debates. To achieve this, the consumer advocate needs both an advocacy and an assistance function.

Consumer casework organisations, including Financial Counselling Australia, the Consumer Action Law Centre and the Financial Rights Legal Centre have played a vital role in directly assisting consumers and turning that direct assistance into sound policy, advocacy and educational resources. Super Consumers Australia already directly works with these organisations to use their casework experience to strengthen its policy proposals.

The efficacy of a combined advocacy and assistance model was on display throughout the Financial Services Royal Commission. Many of the individuals who came before the Commission were emblematic of systemic problems, and many of them were assisted by

---

<sup>6</sup> FSRC, 2019, 'Final Report - Volume 1', p.493

consumer casework organisations that provide direct assistance with financial services matters. Linking the real life experience of people by means of individual case studies with the evidence provided by regulators and ombudsman schemes helped to focus the attention of the public and policy makers on the need for improvements in the financial services sector.

#### Case study: Consumer Action Law Centre

Consumer Action assisted Reverend Stewart to bring his story to the Royal Commission. His experience was of Freedom Insurance selling his son, who has Down syndrome, a life insurance policy over the phone.<sup>7</sup> Rev. Stewart's son received the Disability Support Pension and required assistance from his parents in making financial decisions. After hearing the recording of the sale, Rev. Stewart was convinced that his son had no understanding of what he was being sold. The insurer, even upon discovering what had happened, made it difficult to cancel the policy, instead attempting to sell the benefits of maintaining insurance. The case was important for understanding the problem of unsolicited life insurance sales and led to Justice Hayne making a recommendation to ban the practice.

#### Case study: Financial Rights Legal Centre

Similarly, the first witness to give evidence at the Royal Commission was Financial Rights Legal Centre's coordinator, Karen Cox. Ms Cox shared her experience of working for 27 years in assisting consumers dealing with the aftereffects of unscrupulous lending practices. In the year 2016/17, the Financial Rights Legal Centre received 25,000 calls, which were largely related to credit. Ms Cox shared evidence of deficient home lending practices, particularly from mortgage broker initiated loans. She had seen instances of brokers upselling consumers into greater debt, fabricating income and expenditure information and picking lenders based on their lax lending standards. Ms Cox's evidence was important in giving the Commission an understanding of poor lending practices and led to several recommendations to improve consumer protection.

Tellingly, the superannuation round of the Royal Commission lacked the types of case studies extracted above, in large part because no consumer organisation is currently funded to undertake this type of case work. We know there are systemic issues, as they come through in

---

<sup>7</sup> FSRC, 2019, 'Final Report - Volume 2: Case studies', p.303

the data, but without specific case studies, the policy responses and case for change will always be weaker. This is a problem Super Consumers Australia has sought to address in our short time in existence. For example, in the debate around the problem of duplicate accounts, we provided the story of a Newcastle mother who had seen her children's accounts eroded by excessive fees and insurance.<sup>8</sup> This story was useful in bringing to light the poor first experience many younger people have with superannuation, and assisted in making the case for legislative reform, like auto-consolidation.

Advocacy and assistance are complementary and self-reinforcing. Dealing with the practical assistance issues helps identify broader issues and also enables policy proposals to be designed and tested against the lived experience of consumers. Advocacy means that broader solutions can be proposed to deal with consumer issues at source rather than just on an individual basis. To achieve this, we see it as important that the advocacy and assistance functions are combined.

## Advocacy

### What is required to be effective

An effective advocate needs a deep superannuation policy understanding and the ability to conduct its own research and ensure its work is reflective of the most important consumer concerns. To avoid overlap with existing organisations, its policy work needs to be independent and consumer focused. To bring balance to policy debates it will require an adequately resourced data analysis and research team.

This team will be tasked with holding industry and regulators to account by ensuring the status quo and every new policy proposal is viewed through the lens of whether it is in members' best interests.

### An indicative team structure - advocacy

A range of skill sets will be required to form an effective advocacy unit, including communications, policy, research, data analytics and consumer engagement. People with these skills will give the organisation a strong research and policy grounding, and the ability to turn this into effective engagement with decision makers.

As a core component of the organisation, we expect this section will have the largest

---

<sup>8</sup> News.com.au, 2018, 'Mum's horror find in 17-year-old daughter's mail', available at: <https://www.news.com.au/finance/superannuation/mums-horror-find-in-17yearold-daughters-mail/news-story/3a35bcdbeccf00bff4f8019b75874a09>



headcount, with 14 full-time equivalents across the range of skills outlined below.<sup>9</sup>

**Policy and research** - this team will conduct research, analysis and policy development on consumer issues in superannuation. The team will be a strong independent voice for consumers in the development of superannuation policy, regulatory reform and improved industry practices. The research will be strongly informed by insights from behavioural economics and leverage the work of academics and regulators in this space.

It will deliver on this goal by building effective dialogue between consumers, government and industry about superannuation issues, in particular about law reform and self-regulatory initiatives.

It will also build networks among consumer groups, academics, government and industry, and facilitate consumer representation on government and industry working groups.

Through exposing research and analysis to experts, such as via the data and research advisory committee which has been established, the integrity and robustness of problem identification and policy suggestions will be ensured.

**Communications** - a communications team will be responsible for using the policy and research team's work to engage in public debates and make the case for consumer friendly reforms and in promoting greater consumer engagement with their superannuation. Historically a key challenge in the superannuation sector has been the low level of consumer engagement with superannuation issues. The consumer advocate will play an important role in promoting consumers more actively engaging with the complexities of their superannuation and how they navigate them (for example, data on default fund performance can be leveraged to call for improvement in the default system, and to inform individual consumers about the signs of fund underperformance)

The organisation will identify and prioritise issues every 12 months in the short to medium term. An example of issues that would be prioritised in the next 12 months include:

- Advocating for consumer oriented findings from the Productivity Commission and Royal Commission (for example, ending inappropriate duplicate accounts, improving fund performance and ensuring people are in appropriate insurance).
- Ensuring the superannuation elements of the retirement income framework are working effectively as we engage with the Retirement Income Review, including the development

---

<sup>9</sup> Indicative headcount, assuming an organisation funded at \$10 million per annum.

of a retirement income covenant and default products to deliver better outcomes for people.

- Cost and value issues - including unpacking the value of insurance products and fund performance. This will assist APRA and ASIC as they develop further metrics around how superannuation funds are delivering good outcomes for members. It will also leverage existing data sources to apply pressure to underperforming funds and regulators that are not acting on these signs of underperformance.
- Being responsive to emerging government and industry issues as they develop.

In the absence of a consumer voice, industry lobbyists have sought to avoid or delay consumer protections which would drive competition and system efficiency. This is evident in the sector's response to reforms removing underperforming funds.

### Advocacy case study - fund underperformance

All industry lobby groups have outright opposed reforms to the default allocation system. Many have been openly hostile to APRA's heatmaps, which are aimed at exposing persistent underperformance.

The Association of Superannuation Funds of Australia (ASFA) used the launch of the heatmaps to warn of "unintended consequences",<sup>10</sup> while the Financial Services Council (FSC) advised against extending them to 'choice products'.<sup>11</sup> By contrast, Super Consumers Australia publicly backed the reforms as an important step in addressing fund underperformance.<sup>12</sup>

Given APRA's heatmaps are designed to place greater scrutiny on poor performance, it is concerning that large parts of the industry are seeking to undermine the use of heatmaps. Of particular concern is the push back to their application to 'choice' products. As the Productivity Commission found, many of the problems with high fees and underperformance can be found

<sup>10</sup> ASFA, 2019, 'ASFA warns against knee-jerk reactions to APRA heatmap data', available at: <https://www.superannuation.asn.au/media/media-releases/2019/media-release-10-december-2019>

<sup>11</sup> FSC, 2019, 'FSC warns on misuse of APRA heatmaps,' available at: <https://www.fsc.org.au/news/media-releases>

<sup>12</sup> The Australian, 2019, 'APRA heatmaps identify worst super performers', available at: <https://www.theaustralian.com.au/business/wealth/apra-heatmaps-identify-worst-super-performers/news-story/522f90cd125a9cb4cfd4ea6a36b56a5f>

in the 'choice' segment, where a confusing array of underperforming options has been allowed to proliferate.<sup>13</sup>

Super Consumers Australia has played an active role in supporting greater scrutiny of superannuation fund performance. From recommending an expansion of the member outcomes protections to 'choice' products in 2018, to engaging constructively with APRA on the design of the member outcomes provisions and the release of the heatmaps in 2019.<sup>14</sup>

While it is the primary function of regulators to ensure funds are meeting their duty to act in the best interests of members, consumer advocates play an important role in holding regulators to account and helping consumers understand and interpret the signs of underperformance.

For example, months before APRA released its heatmaps, Super Consumers released its own assessment of fund underperformance to draw public attention to the problem and recommended solutions in terms of improving the default system.<sup>15</sup>

A superannuation consumer advocate should play an active role in balancing the debate currently dominated by a better resourced and self-interested industry lobby and helping the regulators become member champions.

---

<sup>13</sup> Productivity Commission, p.149

<sup>14</sup> Super Consumers Australia, 2019, 'submissions', available at:

<https://www.superconsumers.com.au/submissions2019>

<sup>15</sup> CHOICE, 2019, 'Why an underperforming super fund could cost you hundreds of thousands of dollars', available at:

<https://www.choice.com.au/money/financial-planning-and-investing/superannuation/articles/how-much-underperforming-superannuation-funds-can-cost-you> ; CHOICE, 2019, 'Unlucky lottery - How Australia's default MySuper system costs us billions', available at:

<https://www.choice.com.au/money/financial-planning-and-investing/superannuation/articles/australians-still-being-defaulted-into-poor-mysuper-products>

## Delays in making the default super system competitive and efficient

**2010**

Recommendation to prevent duplicate accounts and introduce competition into the default superannuation system (Stronger Super Report)

**2012**

Productivity Commission recommends introduction of competition in the default super system (Default Super in Modern Awards inquiry report)

**2010-2020:  
Industry  
Opposition**

**2018**

Productivity Commission calls for prevention of duplicate accounts and for the introduction of competition in the default super system (Superannuation - Assessing Efficiency and Competitiveness)

**2019**

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry calls for single default account

**2020**

The default super system still lacks competition and Australians continue to have duplicate super accounts

## Keeping advocacy accountable to consumer interests

Advocacy work must be grounded in research and data analysis to remain relevant. This research needs to have a strong theme of understanding consumer needs and pain points in the market. As discussed in more detail in this document, it should be informed by:

- Policy and research reference committees,
- Ombudsman and regulator data,
- Surveys of and outreach to consumers, with a focus on groups not well-represented in current debates,
- Complementing in-house expertise with external policy experts,
- Collaboration with other consumer organisations, and
- Information gathered through its assistance and education functions.

This will help the organisation focus on the biggest problems faced by people in the superannuation market.

## Assistance

### What is required to be effective

The superannuation consumer advocate will need to build a basic consumer assistance model which allows it to validate the systemic issues seen in its research and regulator data, and allow it to identify real world case studies to demonstrate consumer harm.

This basic assistance model is based on the superannuation consumer advocate working with and leveraging existing consumer assistance structures by providing superannuation specific assistance and training to case work networks in community legal centres and financial counselling organisations.

In the absence of being funded to deliver full-service assistance, the organisation should triage people to find appropriate redress options. For example, the organisation would provide basic information about raising a complaint with a superannuation fund or AFCA, right through to referrals to financial counselling or pro-bono legal services. The organisation would provide training and guidance to financial counsellors and legal services on key issues emerging in referrals.

Existing case work organisations are not funded to provide superannuation advice, however there are commonly superannuation-related issues that come through in their case work (for example, insurance claims handling and early access to super due to financial distress). The consumer advocate should support capacity building community legal centres and financial counselling services and other relevant consumer support organisations, to deal with superannuation-related matters.

### An indicative team structure - assistance

An assistance model would need six people with expertise in building the financial capability of others in superannuation issues, as well as legal training.<sup>16</sup>

**Financial capability experts** - this team would build the capacity of existing financial counsellors and community legal centres to deal with superannuation issues. This outreach role would also be designed to build those advocates' understanding of the 'real world' impacts of superannuation policy by connecting with case work organisations.

**Legal advisers** - this team would primarily provide legal information and basic forms of legal assistance (for example, assistance with lodging AFCA complaints). It would refer more complex matters to other legal services, including pro-bono schemes. Its focus would be on supporting existing case workers in representing consumers in cases that address systemic problems.

Our model is designed to be a first point of contact service, connecting those seeking advice with appropriate resources. The direct consumer-facing aspects of the model would be delivered via simple information on a website. We expect this could look like online decision trees or chatbots to help walk people through complex matters. More complex matters could be raised directly with the assistance team for additional support and triaging. The elements of the model directed at casework organisations would be delivered via workshops in a 'teach the teachers' approach, designed to build superannuation expertise among case workers.

The level of funding proposed would support:

- Basic information provision (for example, explaining key terms and products).
- Outreach to build superannuation expertise in existing organisations.

---

<sup>16</sup> Indicative full-time equivalent headcount, assuming an organisation funded at \$10 million per annum.

- Referral to other services (for example, financial counselling networks and legal services).
- Basic legal assistance for people on lower incomes with complex needs (for example, assistance in preparing information for AFCA, particularly for escalated complaints with the ombudsman).

## Education

### What is required to be effective

Traditionally it has been difficult to solve problems in the superannuation market through education. Existing tools have struggled to overcome low levels of engagement and have been poorly targeted. CHOICE has conducted research on this issue, and discovered that people do not want to be 'educated' about superannuation, but told the right answers to help them deal with their retirement savings.<sup>17</sup> Our education model is informed by this research and does not seek to make the same mistakes of traditional education models. Instead our model is focussed on giving people simple, engaging information on which they can act.

There are distinct advantages in having an education function within a consumer advocate. An organisation known for its independent consumer focus will have a position of trust which will help it 'cut through' to people in a way traditional education methods cannot.<sup>18</sup>

Education will also be a powerful outcome from the core advocacy and assistance work of a consumer advocate. For example, an advocate calling for reforms to the default system by publicly highlighting the '10 worst performing default funds' has both an advocacy and an educative role.<sup>19</sup> With appropriate resourcing for education, the advocate will be able to capitalise on this attention by helping individuals make better decisions, while calling for larger scale systemic change.

This model would leverage existing data sources from the regulator. For example, MoneySmart content and fund performance and insurance claims data from APRA could be repackaged in interactive and innovative new ways to engage consumers.

---

<sup>17</sup> CHOICE, 2016, 'Project SuperPower', p.6

<sup>18</sup> CHOICE, 2016, 'Project SuperPower', p.18

<sup>19</sup> AFR, 2019, 'Revealed: Super's dud defaults', available at:

<https://www.afr.com/policy/tax-and-super/revealed-super-s-dud-default-funds-20190924-p52uck>

The advocate should also make use of the open data regime when it is extended to superannuation. In the meantime, a consumer advocate that combines practical experience of educational service development with an understanding of policy can play an important role in helping develop the open data regime with a clear focus on its benefits for consumers.

Depending on the quantum of funding, the advocate could pilot ideas, right up to full scale implementation.

### An indicative team structure - education

The education team would be comprised of a team of nine people with digital product and content creation expertise.<sup>20</sup>

**Innovation lab team** - This team of digital product experts and content creators will develop and pilot interactive financial technology (fintech) tools addressing common superannuation needs, targeting known issues like identifying insurance needs, finding appropriate investment options and understanding retirement needs. This team will be tasked with developing creative solutions to policy problems. It will aim to fill the gap between legislative reform and self-efficacy.

For example, the *'Putting Members' Interests First'* legislative reform made insurance opt-in for under 25s and people with low balances. This is an appropriate default model, but there will be some people within these groups that will find value in insurance. This team would assist people to understand their insurance needs and the products that might meet them.

This work will require an Australian Financial Services Licence or appropriate exemption from the regulator in order to operate most effectively.

### Broader benefits of a consumer innovation lab

There is value in resourcing the consumer advocate to experiment with financial capability interventions. The knowledge gained from these could be shared publicly to build government and private sector understanding of how to better engage with consumers. For example, in 2017 CHOICE leveraged the resources of the MoneySmart website to develop a 'chat bot' which assisted younger people with account consolidation. The foundational research and an

---

<sup>20</sup> Indicative full-time equivalent headcount, assuming an organisation funded at \$10 million per annum.



independent review of the 'chat bot' were shared to build on public knowledge about the most effective ways to engage people with their superannuation.

### Robo-advice pilot - Cado

CHOICE has designed a number of scalable digital tools to assist consumers, for example, a 'chat bot' tool with targeted superannuation information for under 30s.

The tool - 'Cado' - was piloted with over 2,000 people. Users found the approach refreshing, with 89% saying it was a better way to provide the information, compared to the usual approach of information sheets and websites.<sup>21</sup>

It also resulted in practical benefits, with 18% of users with multiple superannuation accounts successfully consolidating those accounts and 11% making extra contributions, both large achievements, given the bot's main audience were people under 30.

Consumer organisations are uniquely placed to deliver this type of digital assistance. The research found that trust is a key differentiator of consumer organisation information when compared to some government and industry sources.<sup>22</sup> In the case of the bot, 83% of respondents regarded it as trustworthy.

The consumer advocate will be able to pilot ideas that may have value as larger interventions. For example, the Productivity Commission's proposed 'best in show' represents a large scale change in how people are connected with a quality superannuation fund. Government is not always in a position to test policy interventions in the field, or may be limited in the way it can communicate with consumers. Resourcing a consumer advocate to test innovative policy solutions will provide unique, consumer focussed perspectives to these problems.

This function would also assist the consumer organisation form an evidence base for its advocacy work. Having real world experience piloting innovative policy solutions will give it a broader perspective on how to solve policy problems. For example, not all problems can be solved through legislation. Sometimes markets are made more competitive by the introduction of new consumer friendly innovative products. Giving the advocate this function will help drive markets towards more consumer friendly outcomes.

---

<sup>21</sup> Inca Consulting, 2018, 'Better super through technology - an evaluation of the 'Cado Superbot'', p.2

<sup>22</sup> CHOICE, 2016, 'Project SuperPower'

This 'innovation lab' capacity would be able to leverage the advocacy and assistance functions outlined above. The policy and research team would be able to identify areas of greatest need and potential for innovative interventions. A combination of the digital product team, financial capability experts, consumer engagement and media teams would be capable of building and promoting these tools.

Similar to the approach that CHOICE took with Cado, the Super Consumers innovation lab would work with other trusted sources of consumer information such as ASIC's MoneySmart where appropriate, to maximise the use of existing information and resources.

### Addressing problems in the advice market generally

Even prior to the Financial Services Royal Commission, only 25% of Australians trusted financial advisers on measures of ethics and honesty.<sup>23</sup> Consumers are not well positioned to go it alone, with many lacking the financial capability to engage with superannuation. The Productivity Commission found close to 60% of people do not understand their fees and charges, and around 40% lack an understanding of basic investment options (such as growth, balanced and conservative).<sup>24</sup>

The existing advice industry is losing practitioners as it is forced to professionalise and remove conflicts. This is likely to take some time, and may result in a smaller industry which is more targeted at high net wealth individuals. Alternatives, such as intra-fund advice provided by superannuation funds, have also been found by ASIC to be failing basic standards.<sup>25</sup> This all points to the need for an independent source of information to help people navigate the superannuation market.

By contrast, the UK is spending a significant amount of money on direct financial advice in the retirement phase. The pensions advice segment of the UK provider has an annual budget of \$72 million (AUD) and is targeted to reach 495,000 people.<sup>26</sup>

Given this context, we do not expect that the model we have proposed will address the full quantum of need for education and advice in the community. Instead, what we have proposed is a model which will pilot high value interventions at scale using digital tools.

---

<sup>23</sup> Roy Morgan, 2017, 'Opportunity for financial planners to gain trust', available at: <http://www.roymorgan.com/findings/7418-opportunity-for-financial-planners-to-gain-trust-201711300335>

<sup>24</sup> Productivity Commission, 2018, 'Superannuation: Assessing efficacy and competitiveness', p.21

<sup>25</sup> ASIC, 2019, 'REPORT 639: Financial advice by superannuation funds', p.7

<sup>26</sup> MaPS, 2019, 'Business Plan 2019/20', p.6 available at: <https://moneyandpensionservice.org.uk/wp-content/uploads/2019/04/19-20-Business-Plan.pdf>

There may still be a need for more costly one-on-one advice. We acknowledge that the Retirement Income Review is building an evidence base around the cost and quality of retirement advice. In the meantime, we see significant value in investing in a consumer advocate to pilot digital advice and comparison tools.

### **Integrated education, assistance and advocacy case study\***

Kathryn, a new mother, is reviewing the default life insurance she has within her superannuation to make sure that in the event of her death or permanent disability, her child and partner will be adequately provided for. She is looking for independent information on how much cover she needs and what taking time out of paid employment to care for her child will do to her insurance cover. Using the Super Consumers insurance comparison tool would provide information to help understand her needs and match her with a suitable policy.

Two years later, Kathryn is in an accident and is told by her doctor she will not be able to work again. The insurer is delaying payment and requesting additional medical tests. Kathryn thinks this is unreasonable and asks Super Consumers for assistance. The Super Consumers team helps her to understand her options and triages her complaint to a pro-bono legal service.

The pro-bono legal service Super Consumers partners with believes the insurer has not been fair in how it dealt with Kathryn's claim. Unfortunately, insurance claims are currently carved out from the general 'fairness' protections that apply to other financial services. Super Consumers uses Kathryn's case in its submissions and media appearances to highlight the need for law reform.

*\*This is a hypothetical case study indicating how an integrated model could operate, if adequately funded.*

## What additional functions and outcomes could also be considered?

### Direct individual retirement advice

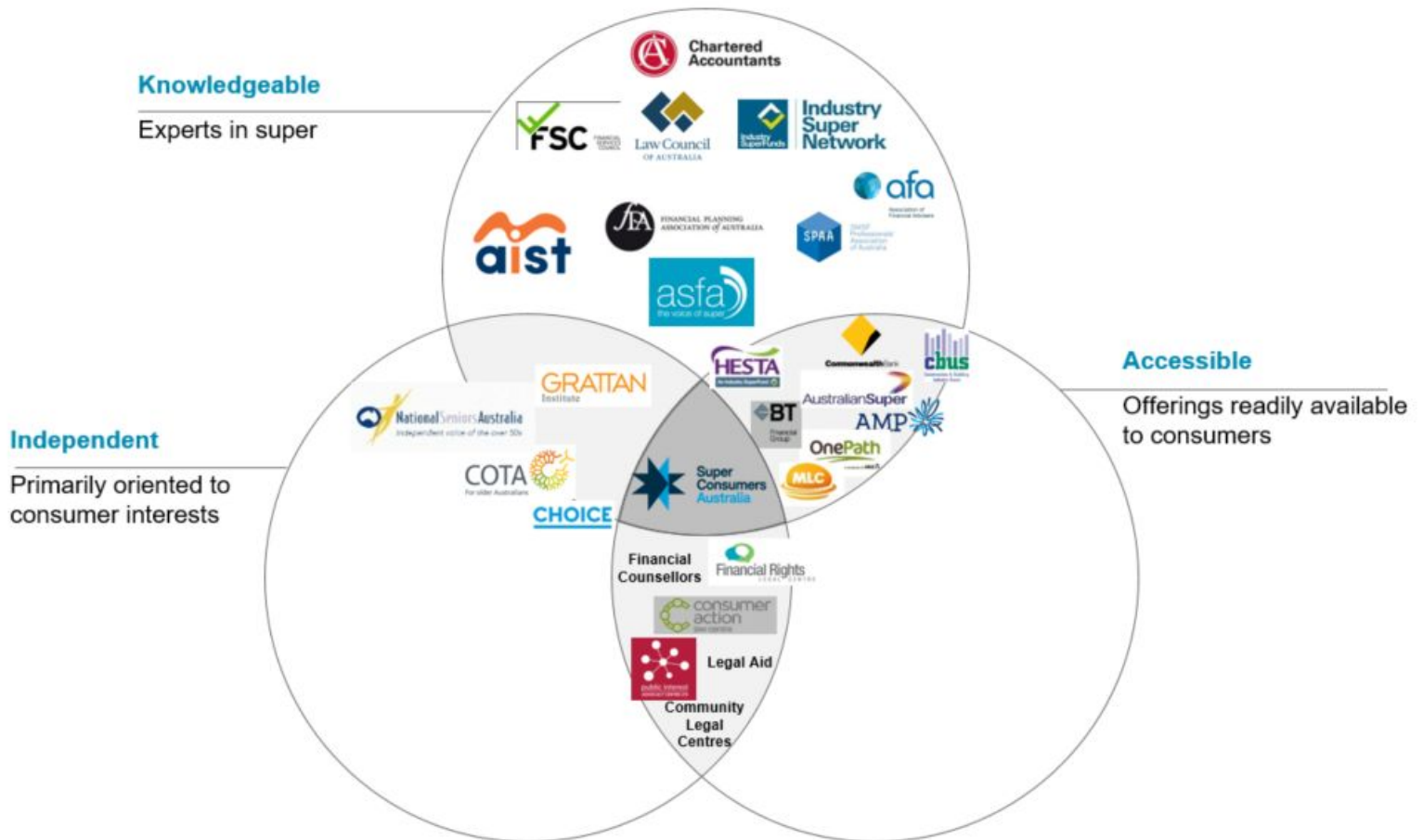
The need for greater resourcing of direct retirement advice should also be closely assessed. As the UK model of pension advice shows, direct provision of individual retirement advice is a large endeavour.

In the short term, resources would be better spent developing a retirement income covenant, default products and a mechanism for ensuring people are connected with appropriate defaults. The consumer advocate should be resourced to play an active role in these important policy debates.

In the longer term, if needed, the consumer advocate will be well placed to scale up a direct individual retirement advice model. By providing basic information, piloting innovative education tools, referral services and basic legal assistance, it will have the foundation of a larger advice service. We encourage the government to reassess the need for a direct individual retirement advice service post the Retirement Income Review.

## What functions would the advocacy body provide that are not currently available?

### The skills mix of existing private sector and community bodies



### Advocacy gaps

Despite the range of bodies involved in advocacy on superannuation policy, advocacy in the interests of superannuation consumers has been limited to date. While Super Consumers Australia has been able to demonstrate its impact, it will extinguish its small funding envelope by mid 2021.

Since the advent of compulsory super, CHOICE only funded a single part time consumer advocate in superannuation from 2014 till 2018, given competing policy priorities for its limited resources. Other consumer organisations have focused on industry-specific areas like telecommunications and energy, people on low incomes dealing with credit and debt or specific demographic groups (e.g. older Australians and Indigenous Australians). Others, such as the Grattan Institute, have prioritised economic policy around superannuation, but their purpose is not to undertake consumer advocacy.

In short, there is no other broadly representative consumer organisation with a superannuation advocacy function.

### Working with existing stakeholders to prevent overlap

As the advocate, we would seek to establish both formal and informal partnerships with existing organisations to build on their work and utilise their experience in representing different demographics. For example, Super Consumers Australia has established a policy reference committee with not-for-profit organisations representing people of varying age groups, women, indigenous communities, as well as people from low income demographics and superannuation policy experts. The committee is designed to make our policy solutions more robust and representative of consumer needs, by connecting policy expertise with the experience of 'people on the ground'.

Consumer advocates working in financial services policy already coordinate their limited resources via forums such as the Consumers' Federation of Australia and fortnightly phone link ups between key consumer representatives. Super Consumers Australia and others use these forums to share policy expertise and divide up work, including responses to government or industry inquiries, efficiently. This avoids unnecessary overlap and ensures gaps are filled by the expertise of the organisations involved.

We also engage in retirement income policy via the Council of the Ageing coordinated Consumer Focused Retirement Income Roundtable. This has been useful for discussing retirement income policy across industry, consumer and academic stakeholders.

The Super Consumers model relies on the expertise of existing consumer organisations. Without their support this organisation would need a larger funding envelope to understand and engage with consumer issues in superannuation.

## Assistance and education gaps

While there are a number of government and private services with an assistance and/or education function in relation to superannuation, there are still significant gaps in the information and services that they provide. For example:

**ASIC's MoneySmart** - A free web based information source with useful information on the basics including choosing a super fund, consolidating, and so on. It is run by the regulator, but relies on some non-independent sources for comparisons and other information. The website relies on disclosure to warn about conflicts, but still links out to non-independent comparison websites and draws on the industry lobby's controversial retirement income standard.<sup>27</sup>

**Department of Human Services' Financial Information Service (FIS)** - A free government service that delivers group and individual financial information. The service provides general financial information, but includes information on superannuation and retirement planning. In 2014/15 it reportedly cost \$14.8 million to run, according to the only publicly available data.<sup>28</sup> In 2018/19, it ran 2,203 financial information seminars for 56,400 participants.<sup>29</sup> In 2016, it was criticised by the Australian National Audit Office for being poorly targeted and having no basis for assessing the efficacy of the program.<sup>30</sup> The 2018/19 annual report into the services still does not report on any metrics of the efficacy of the service, other than the number of people reached. It does not offer online access to its service or tools.

**Superannuation funds** - A mixture of public web based and user pays assistance and education services. Consumer information about products relies on sources like product disclosure statements. Only 20% of people claim to read these types of disclosure, as they are often seen as too long or overly complex.<sup>31</sup>

Shortened disclosures, like 'product dashboards', do not exist for most 'choice' products. For MySuper products, dashboards are not usually prominently displayed. Unless a consumer knows what they are looking for, they are unlikely to find the relevant dashboard. Even the

---

<sup>27</sup> Grattan, 2018, 'The (reassuring) truth about retirement incomes', available at: <https://grattan.edu.au/news/the-reassuring-truth-about-retirement-incomes/>

<sup>28</sup> ANAO, 2016, 'Administration of the Financial Information Service', available at: <https://www.anao.gov.au/work/performance-audit/administration-financial-information-service>

<sup>29</sup> Services Australia, 2019, 'Annual Report', p.7

<sup>30</sup> ANAO, 2016, 'Administration of the Financial Information Service', available at: <https://www.anao.gov.au/work/performance-audit/administration-financial-information-service>

<sup>31</sup> ASIC, 2019, 'REPORT 632: Disclosure Why it should be the default', p.20

regulator struggles to find these dashboards, with the MoneySmart website unable to find a direct link to 76 of the 103 MySuper product dashboards.<sup>32</sup>

In a recent ASIC report, a sample of superannuation fund advice was reviewed. It found the advice failed the best interests duty in 51% of cases.<sup>33</sup> We are concerned that this may indicate inherent conflicts of interest in advice given by superannuation funds. The superannuation fund business model is built on growing the size of the fund, and for some, extracting profit from charging percentage based fees on invested capital. Therefore, there is a strong disincentive to give advice which sees this capital move elsewhere, for example to a better performing fund or better investment options outside of superannuation.

**Third party superannuation comparison services** - A mixture of free and user pays information. The business models of these services are often reliant on referral fees or service agreements with superannuation funds. This can impact the quality and type of information available. For example, Super Consumers Australia has been unable to purchase a data set from these providers which allows us to publicly display information about the worst performing superannuation funds.

**APRA superannuation statistics** - APRA's data is free to access. It is currently limited to MySuper and some insurance claims handling data. The information has not been designed to be consumer facing and is often embedded in hard to interpret spreadsheets.

## The assistance and education gap a consumer advocate can fill

Existing assistance and education sources tend to fall down on measures of independence, poor targeting or a lack of consumer-centred design. MoneySmart has the most potential to overcome these barriers, but it would be much stronger if it could leverage the support of a consumer advocate.

This support could come in the form of:

- An independent consumer voice promoting use of the information (e.g. overcoming trust barriers with government information sources);

---

<sup>32</sup> ASIC, 2020, 'MoneySmart: MySuper funds list', available at: <https://www.moneysmart.gov.au/tools-and-resources/calculators-and-apps/mysuper-funds-list>

<sup>33</sup> ASIC, 2019, 'REPORT 639: Financial advice by superannuation funds', p.7



- experimenting with innovative ways to get its information in front of users (e.g. chat bots like Cado); and
- helping to develop underlying information sources to ensure they are independent and reflect consumer needs (e.g. comparison services).

To date, regulators and government have been unwilling to make strong normative calls about the value of different superannuation products. APRA's heatmaps come the closest, but this information is not consumer facing, and only provides comparisons of products which underperform.

By contrast, the consumer advocate CHOICE regularly develops normative value metrics to help consumers weigh the pros and cons of complex financial products. CHOICE insurance reviews include pet, car, travel, health, home and contents.<sup>34</sup> CHOICE has developed a weighted value metric around the components of each of these products to reflect the needs of actual consumers. Based on these recommendations, people are assisted in making purchasing decisions.

In some markets, CHOICE cannot recommend a single product (e.g. pet insurance) because none of the offerings represent value. This differs greatly to comparison websites that earn referral fees based on the sale of a product, often regardless of its value.

A superannuation consumer advocate should be resourced to provide independent information to consumers to help them choose a superannuation fund and/or bundled insurance product. It would fill an important information gap by developing normative metrics of value based on actual consumer needs. For example, most existing comparison websites only provide information about fees and returns, leaving consumers to interpret things like risk or the value of bundled insurance. A consumer advocate could assist people to make good decisions based on their individual needs and/or normative assessments of value that apply across the board.

The consumer advocate would therefore be able to support the regulator by providing expertise and supplementary resources. As a publicly funded organisation we would expect it to have a specific mandate to share the information it develops with other public information sources, like MoneySmart.

---

<sup>34</sup> CHOICE, 2019, 'Insurance products', available at: <https://www.choice.com.au/money/insurance>

Some of these functions would require an Australian Financial Services Licence or appropriate exemption from the regulator in order to allow Super Consumers to operate most effectively.

## Ongoing costs

### Funding principles

To help achieve its purpose, there are three important principles on which a superannuation consumer advocate's funding should be based.

1. **Independence** - A consumer advocate needs to be independent in order to give consumer-first policy advice and information. Funding that is subject to industry support will be severely limited in its ability to act in the long-term interests of consumers. Similarly, while the organisation should be accountable to government, it should be independent, so it can give frank and fearless advice without the threat of being defunded.
2. **Sustainability** - A consumer advocate needs a sustainable funding source so it can plan for the long term needs of consumers. This eye to the long view is particularly important in a superannuation context, where the impacts of policy changes span decades and may only materialise upon retirement.
3. **Adequacy** - A consumer advocate needs adequate funding to engage in detailed robust work at least on par with industry advocates. Figures uncovered in a Senate inquiry show the main industry lobby groups alone (not including what the funds spend directly) have a combined annual budget of more than \$42 million to fund their advocacy work, employing approximately 108 staff.<sup>35</sup>

We have identified two funding models that have the potential to address these principles and provide a level of funding that is sufficient to allow the superannuation consumer advocate to operate effectively: an endowment model and an industry levy.

---

<sup>35</sup> Senate Economics Legislation Committee, 10th October 2017, [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/SuperannuationNo1/Public\\_Hearings](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/SuperannuationNo1/Public_Hearings) This does not include the Australian Banking Association or smaller lobby groups.

We maintain that an endowment model would be the most effective at achieving a balance of these principles. An endowment model requires a significant upfront funding contribution, but is significantly stronger in terms of independence and sustainability. A hybrid model would also achieve the same ends, by building up an endowment over a period of time via the industry levy.

### How different funding models deliver on the principles

Baseline funding model	Strengths	Weaknesses
<b>Endowment (e.g. Grattan Institute)</b>	<p><b>Independence</b> - endowments are designed to allow an organisation to give frank and fearless advice, without the threat of being defunded.</p> <p><b>Sustainability</b> - long term funding is built into the model design.</p> <p><b>Adequacy</b> - initial quantum can be topped up by other sources to ensure adequacy (e.g. industry levy, community benefit payments, future civil penalties).</p>	<p><b>Adequacy</b> - If the initial quantum is insufficient, the organisation may not be able to deliver on its objectives without being topped up (e.g. industry levy, community benefit payments, future civil penalties).</p>
<b>Industry levy (e.g. Australian Communications Consumer Action Network)</b>	<p><b>Adequacy</b> - If funding was benchmarked against industry spending on advocacy, it can help ensure balance in public policy debates.</p>	<p><b>Independence</b> - similar models are dependent on the renewal of short term contracts, which have been used by industry bodies to threaten funding during funding renewals.</p> <p><b>Sustainability</b> - There is a constant threat that funding will not be renewed in the future.</p>

		<p><b>Adequacy</b> - Given funding comes from a levy on industry there is an internal conflict built into this system between industry and the consumer organisation which can threaten adequacy.</p>
--	--	---

## What would be the indicative ongoing costs of delivering these functions?

We have developed three different funding options. The budgets presented below are indicative of what would be required to fund each level of service. The costing assumptions are developed from the budgets of existing consumer organisations and superannuation industry lobby groups.

All of these models assume that after an initial establishment period (approximately six months), Super Consumers would operate independently of CHOICE, with its own premises and staff.

Once an in principle decision on the service level is made, we would seek to undertake more detailed cost modelling.

The four major industry lobby groups have a combined funding level of \$42 million. We maintain that 'Option C' has the best prospects of balancing policy debates, assisting consumers and promoting interactive fintech tools. This option will be the most effective in driving better outcomes for consumers.

### **Option A - Minimum viable advocacy and assistance (no education function)**

This model is the minimum viable version of a superannuation consumer advocate. Its expertise would be in generalist policy, research and data analytics (advocacy), with a very limited assistance function and small support team (e.g. admin., HR, finance, IT, communications).

Indicative headcount - 23 full time equivalents (including a CEO, 12 advocacy, 4 assistance and 6 support team members)

**\$6.4m annual budget  
(Deductible gift recipient status required)**

**Option B - Full service advocacy and assistance (no education function)**

This model builds on 'option A' with expanded advocacy and assistance functions.

The advocacy team would be able to expand and build expertise around the impacts of superannuation on specific cohorts of people. For example, it would be capable of developing a deep understanding and developing policy solutions for people in rural and regional communities, pre and post retirees, Indigenous people, women, people with a disability and younger people.

This option would allow the assistance team to move beyond generalist expertise to tailor activities and information to specific communities. It would allow outreach in the communities identified above, for example superannuation consolidation days.

Indicative headcount - 31 full time equivalents (including a CEO, 14 advocacy, 6 assistance and 10 support team members)

**\$8m annual budget  
(Deductible gift recipient status required)**

**Option C - Full service advocacy, assistance and education**

This model builds upon 'option B' but includes an innovation lab.

The innovation lab would be capable of developing and piloting interactive online tools addressing common superannuation needs - identifying insurance needs, finding appropriate investment options and understanding retirement needs.

This team would be tasked with developing creative solutions to policy problems. It will aim to fill the gap between legislative reform, strong defaults and self-efficacy.

Indicative headcount - 40 full time equivalents (including a CEO, 14 advocacy, 6 assistance, 9 education and 10 support team members)

**\$10m annual budget  
(Deductible gift recipient status required)**

**Deductible gift recipient status**

The Federal Government committed to granting the Superannuation Consumers' Centre deductible gift recipient status in the 2019 Federal Budget. Granting this status would enhance the organisation's ability to diversify its funding sources, fund additional services and improve the overall independence and long-term sustainability of the organisation.

**Indicative profit and loss statement for year one**

	Option A	Option B	Option C
<b>Total income</b>	<b>\$6,400,000</b>	<b>\$8,000,000</b>	<b>\$10,000,000</b>
<b>Capital expenditure</b>			
Property	\$280,000	\$350,000	\$400,000
IT	\$280,000	\$350,000	\$400,000
Misc.	\$120,000	\$150,000	\$200,000
<b>Total CAPEX</b>	<b>\$680,000</b>	<b>\$850,000</b>	<b>\$1,000,000</b>
<b>Operational expenditure</b>			
Property	\$260,000	\$325,000	\$375,000
Legal	\$160,000	\$200,000	\$250,000
Staff inc. oncosts	\$2,880,000	\$3,600,000	\$4,400,000
Other staff costs	\$320,000	\$400,000	\$500,000
Specialist support	\$1,200,000	\$1,500,000	\$1,750,000
IT	\$560,000	\$700,000	\$1,000,000
<b>Total OPEX</b>	<b>\$5,380,000</b>	<b>\$6,725,000</b>	<b>\$8,275,000</b>
Contingency/development	\$280,000	\$350,000	\$600,000
<b>Total expenses</b>	<b>\$6,340,000</b>	<b>\$7,925,000</b>	<b>\$9,875,000</b>
<b>Surplus/deficit</b>	<b>\$60,000</b>	<b>\$75,000</b>	<b>\$125,000</b>

## What would be the indicative costs of delivering any additional functions?

Expanding the education and assistance function beyond piloting tools to provide personal assistance to a wider range of people would require a significantly larger investment. That kind of expanded investment would allow the provision of one-on-one advice and reaching large sections of the community with robo-advice tools.

Looking at the UK model as an example, the annual budget for a similar pension advice service is \$72 million and aims to reach 495,000 people. Controlling for population differences, a similar effort in Australia would cost \$26.7 million per annum.

In our piloting of similar tools, we have discovered that while development costs are relatively low, getting these tools in front of people and encouraging their use is costly. If this kind of expansion is contemplated, it should ensure adequate marketing costs are included.

As already stated, we await the government's response to the Retirement Income Review to assess the need for a similar type of investment.

The level of need for a direct assistance model needs to be better understood. The service offering proposed in our model would help quantify that need. This is an area of expansion we encourage the government to review as part of a future review of the advocate.

## Establishment costs

### What would be the likely set-up costs for the advocacy body and approximately how long would it take to establish such a body?

There would be significant savings in establishment costs if Super Consumers Australia were funded to take on the role of the Superannuation Consumer Advocate. Super Consumers has already developed a structure, built networks with key stakeholders, recruited and grown expertise in seven staff, including policy, research, communications and content creation. The organisation could be operational from day one of funding approval and reach full capacity within six months. This would ensure the organisation is ready to engage with key policy challenges in 2020, including the Retirement Income Review and responses to the Productivity Commission and Royal Commission.

Under this approach we expect the establishment costs could be covered by the first year budget. Any one-off costs will be offset by initial salary savings while positions are scoped and recruited. However, this would depend on when full year funding became available under the proposed funding arrangements. If there were to be a delay in providing year one funding, it



may be necessary for initial funding to cover start-up costs including legal, recruitment, accommodation and fit out.

Super Consumers Australia partnered with CHOICE through its establishment phase. This has allowed the organisation to become operational in a short timeframe. CHOICE has offered continued support to assist Super Consumers to scale up. This would be important while a final staffing structure is developed, office accommodation found and fitted out, to allow Super Consumers to operate independently. Again, this would represent a significant saving and ensure the organisation is imbued with appropriate consumer expertise during its founding.

## Governance and accountability

What governance and accountability models (including assessment of impact and performance) do you consider to be most appropriate for the advocacy body?

### Governance

The governance of Super Consumers Australia has evolved as it has moved from the start-up phase to a fully fledged organisation. Super Consumers has already begun adapting its governance to larger scale operations and a new funding model. It has based its model on best practice for an effective consumer advocate.

The current board is governed by an independent, consumer-focused, skills based membership. They do not receive directors' fees and it is expected to remain the case. It has five members, including:

- Rod Stowe - Chair (government and consumer experience)
- Susan Thorp - Board Director (academic and consumer experience)
- Jenni Mack - Board Director (industry and consumer experience)
- Kevin Davis - Board Director (academic and consumer experience)
- Shane Tregillis - Board Director (government and consumer experience)

Under the Constitution the directors together must have:

- knowledge about consumer policy and consumer advocacy;
- knowledge about superannuation policy and the superannuation industry; and
- an appropriate level of financial knowledge and skills sufficient to properly oversee the prudent administration of any endowment fund owned, operated or maintained by the company.

The clauses of the Constitution were drafted in accordance with the ASX corporate governance principles and appointment of directors has followed these. The board membership is designed to ensure an appropriate spread of skills and expertise.

### **Board appointments**

Under the constitution of the Superannuation Consumers' Centre (trading as Super Consumers Australia), board directors must:

- Have demonstrated skills and experience aligned to the purpose of the consumer advocate.
- Be appointed by a Nominations Committee based on a skills matrix, done in a manner consistent with the ASX corporate governance principles.

The Nominations Committee consists of two directors of Super Consumers and three external members, appointed by other consumer organisations.

### **Board expansion**

The Board has considered a possible expansion to seven members should it be fully funded. This could be accommodated within the current constitution.

### **Accountability**

We acknowledge that establishing this organisation would represent a sizable contribution from the Federal Government. The organisation would need to publicly demonstrate that it is delivering on its purpose in the most efficient way possible.

The organisation would publish audited financial reports annually that clearly indicate how expenditure has been allocated across key functions. The organisation would also publicly release an annual report on key outputs and outcomes from this expenditure, such as:

- The number of organisations and people it has assisted through its assistance program;
- Outcomes for those assisted;
- The number of people it has assisted through its education tools;
- User engagement and satisfaction;
- Consumer organisation outreach, and
- Engagement in consumer policy and advocacy debates and progress toward publicly stated goals.

The organisation should also be committed to transparency and public access to its research, information and services, for example through:

- Publication of research, reports and submissions;
- Access to content and education tools; and
- Access to its assistance service.

### **Independent review of performance**

The advocate should be the subject of an independent review of its performance within 3-5 years of its launch. The review should focus on how well the organisation is delivering against its existing metrics and whether the advocate will need to evolve to effectively meet emerging needs. As already flagged, a future area of need may be an expanded direct advice function.

### **Membership of Super Consumers Australia**

Super Consumers has been established as a membership-based organisation. This is an important accountability mechanism to protect its independence and ensure good governance. This aspect of the organisation would also evolve to support its growing needs, including:

- The inclusion of individuals and not-for-profit consumer organisations that support the purpose of the organisation could apply to become members.
- Membership applications would need to be approved by the Board.
- The Board would retain a discretion to reject an application where it might compromise the independence of the organisation.

Each member would have the right to:

- receive notices of and attend and be heard at any general meeting of the company; and
- vote on resolutions at any general meeting of the company.

The membership would also be able to approve changes to the constitution through special resolutions. This would allow the governance model to evolve to ensure that it is fit for purpose as it grows.

### **Policy and Research Reference Committees**

Super Consumers has already established a Policy Reference Committee and a Research Reference Committee. These committees will provide advice on the policy and research produced by the organisation to ensure it is robust and reflects consumer interests.

The policy reference committee will ensure consumer voices from a cross-section of the Australian community have input and feedback into the organisation's policy development process. This would ensure it is representative of and accountable to a broad set of consumer representatives.

Likewise, the research reference committee's role is to provide input and guidance on the research outputs of the organisation. This committee is made up of leading academics in the superannuation field. It ensures the organisation produces independent, robust research that reflects the biggest consumer issues in superannuation.

## Appendix

### Board director biographies

#### **Rod Stowe (Chair)**

Rod Stowe has over 40 years experience in the public sector, and is one of NSW's longest-serving public servants.

He served as the NSW Fair Trading Commissioner for six years until his retirement in 2017. He received the Public Service Medal for services to consumer protection in the 2011 Queen's Birthday Honours List, and the CHOICE Consumer Champion Award in 2017. He is also currently Chair of the Consumer Advocacy Trust Board and a member of the State Insurance Regulatory Authority (SIRA) Board.

#### **Jenni Mack**

Jenni is an experienced governance professional with over two decades of board experience. She founded Super Consumers Australia (then known as the Superannuation Consumers' Centre) in 2013 while Chair of the CHOICE board (2006-2013), where she served as a director for 10 years.

She is currently Chair of the CoAct Board and is a Trustee Director with Sunsuper. Jenni is on the Board of the Australian Red Cross Blood Service and is a member of the Australian Institute of Superannuation Trustees and the Australian Institute of Company Directors.

#### **Susan Thorp**

Susan Thorp is a Professor of Finance and Associate Dean (Research) at the University of Sydney Business School, and was previously Professor of Finance and Superannuation at the University of Technology Sydney.

She holds an honours degree in economics from the University of Sydney, and a PhD in Economics from the University of New South Wales. She is currently a member of the Steering Committee of the Melbourne Mercer Global Pensions Index, the CEDA Council on Economic Policy and the Research Committee of the OECD/International Network on Financial Education.

**Kevin Davis AM**

Kevin Davis is a Professor of Finance at the University of Melbourne. He is a widely published academic and op-ed contributor and his research interests include corporate taxation, superannuation reform and the global financial crisis. He is an expert in financial sector regulation and was a member of the Murray inquiry into the Australian Financial System in 2013.

Kevin has been a member of the Australian Competition Tribunal since 2011 and was Research Director of the Australian Centre for Financial Studies at Monash University from 2005 to 2018. He is currently a director of the Financial Management Association of Australia.

**Shane Tregillis**

Shane is an international financial services regulatory and governance expert. He has over 30 years' experience and expertise in regulatory risk management, corporate governance and financial sector regulatory developments in Australia and internationally.

Shane is currently a program director of the Toronto Centre for Global Leadership in Financial Supervision's annual Singapore regional securities regulator program. From 2011 - 2018 he was the Chief Ombudsman of the Financial Ombudsman Service, and was an ASIC commissioner from 2010 - 2011. Prior to this he was the Deputy Managing Director of the Monetary Authority of Singapore from 2001 - 2010.

## Policy reference committee membership

**Cat Newton**

Cat is a Senior Policy Officer at Consumer Action Law Centre, where she has worked since 2015. She holds a Bachelor of Laws (Hons) and a Bachelor of Commerce from the University of Melbourne. She previously worked as a Senior Associate to the Hon Justice Kaye (AM). Cat is passionate about consumer rights, particularly in the finance and superannuation sector.

**Lauren Levin**

Lauren is the Director of Policy and Campaigns at Financial Counselling Australia. She is a lawyer and has previously worked with the Consumer Action Law Centre.

**Peter Gartlan**

Peter is a consultant specialising in helping organisations assist people who are in financial difficulty. He currently sits on the board of the Energy and Water Ombudsman Victoria ( EWOV) and is Independent Chair for Australian Financial Complaint Authority ( AFCA) Consumer Liaison Group. He has previously sat on the boards of Consumer Action Law Centre, General Insurance Code Compliance Committee and Insurance Brokers Disputes Facility. He was Executive Officer for the peak body for financial counsellors in Victoria, Financial and Consumer Rights Council from 2010-2017. He is passionate about working with remote communities and Indigenous communities.

**Maria Hatch**

Maria is the Manager of Financial Counselling Hunter Valley Project Inc. She has over 28 years experience working with clients from a variety of demographics and regions. In 2019 she won the Jan Pentland award for her contribution in financial counselling.

**Pauline Smith**

Pauline is the Chair of the Financial Counselling Association of NSW. She has over 20 years experience working with clients from a variety of demographics and regions.

**Invited Members**

**Josh Mennen** (Insurance and Financial Services Law - Principal at Maurice Blackburn Lawyers)

**Invited Organisations**

- Financial Rights Legal Centre
- Indigenous Consumer Assistance Network
- Council Of The Ageing
- Youth Action

## Research reference committee membership

**Matthias Oldham**

Super Consumers Australia Researcher and Data Analyst.

**Anna Ostrowski**

Super Consumers Australia Researcher and Data Analyst.

**Susan Thorp**

Professor of Finance (USyd) and Super Consumers Australia board director. Susan researches household and consumer finance with a particular focus on retirement savings and decumulation. Susan has published 40 papers in international academic journals. Susan is a member of the Steering Committee of the Melbourne Mercer Global Pensions Index, an annually compiled internationally recognised index of pension system quality, a member of the CEDA Council on Economic Policy and a member of the Research Committee of the OECD/International Network on Financial Education.

**Kevin Davis**

Professor of Finance (UMelb), Super Consumers Australia board director. Current research interests include financial markets and instruments, financial institutions management, financial regulation, financial engineering, corporate finance and valuation. He was a member of the Financial System (Murray) Inquiry panel. Since 2011 he has been a member of the Australian Competition Tribunal.

**Paul Gerrans**

Paul is Professor of Finance at UWA. He researches the role of financial literacy in consumer financial decision making, with a focus on retirement savings. Paul has previously been a member of federal government retirement savings advisory bodies and a member of the MoneySmart Teaching Evaluation Steering Committee at the Australian Securities and Investments Commission.

**Geoff Warren**

Geoff is an Associate Professor of Finance at ANU, and is Fund Convenor of the ANU Student Managed Fund. His research focuses on funds management, superannuation, portfolio construction, long-term investing, and the evaluation and taxation of investments. Prior to pursuing an academic career, Geoff spent over 20 years in investment markets, including as the Director of Capital Markets Research at Russell Investments; as an analyst, Chief Strategist and Head of Research with investment bank Ord Minnett / JP Morgan Australia; and as an equity portfolio manager at AMP Capital.

**Scott Donald**





Scott Donald is an Associate Professor of Law at UNSW. He is Director of the Centre for Law, Markets and Regulation. He specialises in teaching corporations, trusts and superannuation law. He has previously worked in the funds management industry. From 2009 - 2010 he worked on the Review of the Governance, Efficiency, Structure and Operation of Australia's Superannuation System (the Cooper Review). He is interested in financial services regulation, governance and superannuation policy.