

ASIC responses to Questions on Notice

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Written QoN – W002

Question

In its report “Superannuation: Assessing Efficiency and Competitiveness”, the Productivity Commission identified a significant underperforming tail of superannuation funds, including some with excessive fees. Would ASIC’s program of targeted surveillance of superannuation funds address this issue?

Answer

In FY2019-20 ASIC is carrying out a surveillance project focused on persistently underperforming funds. The project seeks to identify if the underperformance arises from actionable misconduct, such as, contraventions of laws concerning conflicts of interest, failure to act in members’ best interests, or lack of diligence by trustees.

Our intent is to change the behaviour of superannuation trustees through identification and appropriate punishment of historical and present misconduct that may give rise to fund persistent underperformance. By focusing attention on misconduct by trustees that is associated with persistent underperformance, this stream of work should deter particular behaviours of trustees that are likely to cause persistent underperformance.

ASIC’s work on this project will contribute to addressing the persistent underperformance but it is only part of the solution. We note that ASIC is committed to using a broad range of regulatory tools to protect superannuation consumers and APRA is also undertaking work focused on this issue, particularly its member outcomes work.