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Committee Secretariat
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
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Dear Committee Secretariat

RE: Scams Prevention Framework Bill 2024

Super Consumers Australia appreciates the invitation to comment on the Scams Prevention Framework Bill 2024 (SPF).

Super Consumers Australia is the people's advocate in the superannuation sector. Super Consumers Australia advances and protects the interests of people on low and middle incomes in Australia's superannuation system. It was founded in 2013 and received funding for the first time in 2018.

Our submission

Australians' \$4.1 trillion in retirement savings are at risk until all superannuation funds are required to prevent, detect, disrupt, and report super scams.

In 2024 there was \$161 million lost in Investment scams, the largest of all scam categories, with 6,379 investment scams reported to Scamwatch. People aged 65 and over experience the highest losses to investment scams, accounting for \$55 million in losses.¹

We endorse in full the joint consumer advocates submission from the Consumer Action Law Centre to this inquiry.

Our submission will focus on the importance of including superannuation as a designated sector no later than eight months after the SPF receives Royal Assent. Consumers are likely to suffer

¹ <https://www.scamwatch.gov.au/research-and-resources/scam-statistics> Scamwatch does not collect data on superannuation scams as a separate category.

significant detriment if the superannuation sector is subject to a longer delay in being added to the framework.

Scams in superannuation

There are different forms of scams circulating the \$4.1 trillion super system. See Appendix for examples. Common scams include:

- Self-managed super fund (SMSF) scams, where a scammer facilitates a member to create a SMSF. The member's super is then transferred into a bank account controlled by the scammer, or the member is convinced to transfer some or all of their SMSF balance to the scammer.
- Post-preservation investment scams, where a member past preservation age is convinced to withdraw some or all of their funds and transfer them to the scammer.
- Early access scams, where a scammer encourages a member to fraudulently access their super under extreme financial hardship or compassionate grounds, and then the scammer takes a cut, or steals the funds or the member's identity.

Each super scam victim has been robbed of some or all of their retirement savings. Super scams cost consumers their futures and financial wellbeing.

Super funds should be the next in line for an industry anti-scam code.

With \$4.1 trillion dollars currently held in superannuation assets and an average member account balance of \$164,000, the super system is a honeypot for scammers.

Once an effective SPF is in place across the banking sector, scammers will target other sectors such as superannuation.

A clear commitment to the timeframe for designating the superannuation sector under the SPF is essential, as delay and uncertainty will hinder protection for consumers

Recommendation

In line with the recommended timeline in the Consumer Action Law Centre submission we recommend:

- Superannuation included as a designated sector 8 months post Royal Assent of the SPF
- A superannuation industry code introduced 12 months post Royal Assent of the SPF
- The superannuation industry should have 8 weeks to comply with the code

Yours sincerely

Xavier O'Halloran, CEO
Super Consumers Australia

Appendix - Examples of superannuation scams

Recent known super scams demonstrate the risk and depth of consumer harm, for example:

- An alleged sophisticated SMSF scam targeting Australian investors, with suspected fraudulent investment websites that operated between November 2020 and July 2021.²
- A scammer encouraged consumers to set up an SMSF, rollover their super into the SMSF and invest it with him. The scammer encouraged more than 60 consumers to invest more than \$25 million between 2019 and 2021.³
- An SMSF scam stole \$520,000 from six investors between 2015 and 2020⁴
- An alleged \$1.3 million property investment scam pressured 14 people to withdraw from their super between 2016 and 2017⁵,
- Scammers operating out of a Manila call centre posing as a financial advice firm reportedly stole \$3.3 million in super from six people, discovered in 2022⁶,
- A couple lost \$220,000 in super after seeing a scam social media advertisement for an online trading platform in 2023⁷,
- A scammer posing as a financial advisor stole over \$23 million in super and savings from 72 people, uncovered in 2020⁸.

² ASIC 2024, *Charges laid following ASIC's investigation into suspected self-managed super investment scam*

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2024-releases/24-015mr-charges-laid-following-asic-s-investigation-into-suspected-self-managed-super-investment-scam/>

³ ASIC 2024, *Aryn Hala charged with providing unlicensed financial services*

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2024-releases/24-014mr-aryn-hala-charged-with-providing-unlicensed-financial-services/?altTemplate=betanewsroom>

⁴ ASIC 2023, *Former director sentenced to 4 years and 4 months imprisonment*,

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2023-releases/23-349mr-former-director-sentenced-to-4-years-and-4-months-imprisonment/>

⁵ ASIC 2023, *Gold Coast property developer charged with fraud*,

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2023-releases/23-148mr-gold-coast-property-developer-charged-with-fraud/>

⁶ ABC 2022, *Foreign call centre raided over alleged links to scam tricking Australians out of their superannuation*,

<https://www.abc.net.au/news/2022-10-03/foreign-call-centre-raided-over-alleged-links-to-super-scam/101481678>

⁷ Yahoo Finance 2023, *Sophisticated scam robs Aussie couple of entire \$220,000 superannuation savings*,

<https://au.finance.yahoo.com/news/sophisticated-scam-robs-aussie-couple-of-entire-220000-superannuation-savings-212922925.htm>

⁸ ABC 2021, *Melissa Caddick left investors nearly \$24 million out of pocket, court told*,

<https://www.abc.net.au/news/2021-06-29/melissa-caddick-left-investors-millions-out-of-pocket-court/100252310>