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2 May 2023

Dear Treasury,

MYOB and Flare welcome the opportunity to contribute to consultation on the exposure draft of the Superannuation Industry (Supervision) Amendment (Your Future, Your Super — Addressing Underperformance in Superannuation) Regulations 2023 (**‘the Regulations’**).

Together, MYOB and Flare are committed to providing products that make employment and onboarding easier for Australian small to medium enterprise (SME) owners and operators. Our integrated solutions, including digital superannuation choice forms, are used by approximately one in three Australian workers who start a new job each year. Through the unprecedented engagement with superannuation, salary packaging and employee rewards facilitated through our platform, we serve to enrich employee experience for the more than 7.4 million Australians employed by SMEs.

MYOB and Flare welcome the Government’s decision not to alter the ‘best financial interests’ duty through the Regulations. The duty in its current form is an important safeguard that helps ensure expenditure by funds is focused solely on optimising the retirement outcomes of members. It is vital, particularly given the compulsory nature of superannuation, that trustees be permitted only to have regard to financial interests, and that no trustee be permitted to act in a manner that prioritises non-financial interests of members at the expense of their retirement benefits. The duty ensures that trustees do not engage in activity to achieve some ancillary purpose, such as promoting environmental or social outcomes, rather than serving the financial interests of their members – supporting the integrity of the superannuation system.

In this context, MYOB and Flare also wish to raise concerns over rising marketing expenditure by funds. The 2022 APRA Annual Fund-Level Statistics indicate a high level of marketing spend across the industry, with several funds individually recording expenditure in the tens of millions of dollars. We strongly disagree with comments in a small number of submissions to the *Your Future, Your Super* Review questioning the role of employee onboarding platforms in promoting super funds, and submit that such platforms enhance trustees’ observance of the best financial interests duty by allowing them to achieve sustainable member growth while reducing their marketing spend significantly – by engaging, acquiring and retaining members more efficiently.

By way of example, funds that advertise on the Flare platform acquire financial members at a fraction of the cost of conventional marketing channels. While only a small proportion of Flare users choose to open an account in a new fund, this proportion represents a highly engaged audience, as evidenced by market-leading rates of member retention and digital engagement, including app downloads.

Efficiency in funds' marketing expenditure is one of several positive outcomes achieved by Flare's superannuation engagement platform, alongside:

- Ensuring universal distribution of choice forms by employers;
- Facilitating widespread completion of choice forms by employees; and
- Facilitating the vast majority of employees remaining 'stapled' to an existing fund.

Through each of these mechanisms, MYOB and Flare are proud to be facilitating the goals of the *Your Future, Your Super* legislation in boosting employees' engagement with the super system, eliminating unintended duplicate accounts, assisting employer compliance with their new obligations, and ensuring that expenditure by funds is focused clearly on members' best financial interests.

We submit that the Regulations could go further in leveraging workplace platforms to increase the effectiveness of the *Your Future, Your Super* legislation.

First, it is currently not possible for an employee to access the ATO's stapling API directly and view their existing 'stapled' fund, as the ATO's enabling instrument authorises it only to create a service for access by employers. Allowing an employee to access the stapling API directly would make it even easier for workplace platforms to help them retain their existing fund. Likewise, it would be helpful for the Regulations to clarify that informing an employee of their existing super fund does not constitute financial product advice.

Secondly, the ATO's terms of service for SuperMatch 2 currently prohibit the integration of the service into employment platforms, which we understand serves to prevent the use of SuperMatch data for purposes unrelated to rollovers. An unintended consequence of this prohibition is that where a member chooses to switch to a new super fund using Flare, we are not able to assist funds in processing rollovers immediately. Instead, a user must exit the platform and roll over later on the fund's own website or app. This barrier to rollovers works against the intent of stapling by making it more likely for members to retain multiple accounts, pay duplicate sets of fees and hold redundant insurance policies. We would like to work with government to find a solution that would facilitate rollovers when an employee joins a new fund, while maintaining separation of dataflows to ensure SuperMatch data is not used improperly.

If you require any additional information, please contact [REDACTED]
or [REDACTED]

Yours sincerely,

[REDACTED]

[REDACTED]

MYOB

[REDACTED]

[REDACTED]

Flare