SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

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Name of other person, business or organisation:
Do you agree to your submission being published: Yes
Do you agree to your full name being published: No
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With respect to the Policy Question raised at C.3 page 52. Political advertising cannot be considered in the best interests of members. It is self-serving of union directors, whose jobs would be at risk in the event of a loss of funds under management ("FUM"), to seek to prevent the removal of default fund status. To suggest that this advertising was conducted on behalf of members to ensure that the adequate / requisite number of members is in the fund to reduce costs of the fund, this would be irrespective of whether or not default status of a fund was maintained. The purpose a trustee is to do the right thing by members. Consequently, it would seem to me that they should in fact, if they are doing a terrible job of managing money, such as that they can no longer command market share and get new members in the door, seek to merge / secede their fund into a better performing fund than theirs. From there, they should resign as directors and relinquish their role as trustee. That is, if they are truly acting in the best interests of members. Neither [redacted] appeared to have acted in this way. To come full circle, political advertising by super funds – retail or non-for-profit – should be expressly banned, along with any media spend that is direct towards questions of policy. The funds' directors have plenty of time on their hands to lobby employer groups and local members directly rather than seek to waste members' money on said advertising. With respect to the findings at E.2 The finding that there was no conduct falling below community standards, I reject this assertion. There were direct communications relating to a private merger and acquisition transaction between two super funds that were leaked by senior directors in an event to promote, and I quote "Knocking this off" (Evidence 249). This sort of behaviour from trustees is entirely falling below the expectation of the community. In fact, the entire section of evidence regarding this transaction was insufficiently explored without the counterparty appearing to the Royal Commission to give their evidence. The behaviour of the directors as trustees of [redacted] could only have been properly examined if someone from [redacted] had appeared. In fact, in the media [redacted] has subsequently rejected entirely the evidence provided by The evidence given that [redacted] believed, "It just so happens when we talk about superannuation funds, the interests of unions and the interests of members of the funds are so aligned as to be indistinguishable", demonstrates how far away his mind is from his obligations as Chair, Director and Trustee is. I would recommend that the Royal Commission reconsider this section of the hearing and its findings in the context of the fact that if a merger of two super funds is in the best interests of members, directors and chairs keeping their roles and nominations is entirely inconsequential. In fact, to use the Commissioner's own word it does not matter a 'hill of beans'. As such, trustees and directors finding spurious was to stop / kill off mergers should be removed by APRA or ASIC depending upon where the appropriate powers should be drawn from. With respect to the policy question posed at G.3 329. It is absolutely not appropriate for fund managers to entertain employer groups to 'win work'. Corporate entertainment is blight on the superannuation industry's operations. In fact, if they are found, then they should be prosecuted, fined and where necessary the directors and trustees should be removed, along with senior executives encouraging this behaviour. It is only fair, per my above submission, that if political advertising and donations are prohibited, then so too should corporate entertainment. A general note with respect to no fees for service and using fund members own money (such as from reserves) for reimbursement. There should be criminal proceedings for executives who engaged in this behaviour knowingly, and particularly where they were not open and transparent with the regulator. In particular, [redacted] using the own fund's reserves ([redacted] I believe), they should have to repay these monies. A general note re: the regulators APRA and ASIC have been entirely asleep at the wheel. If the Commissioner so pleases, I would whole heartedly recommend removing the entire senior executive and supervisory management teams at both APRA and ASIC and starting a fresh. It is difficult to see how culture will improve, and it appears that the regulators have been successfully convinced that there is either no ability or no preference to prosecute. As a taxpayer and industry participant I'm happy to see concurrent litigation with direct discussions and mediations as Mr. Hodge QC suggested during the hearing. Enforceable undertakings do not satisfy, in my opinion, the need for the public to be made aware regularly and consistently of those companies and individuals falling below the standards and expectations that the community sets. In addition, APRA and ASIC should both not be supervising the superannuation industry, it felt throughout the evidence given that there was a crack of responsibility between the two parties and that it might be better if the Commission so pleases, to recommend that the powers around superannuation be consolidated into just APRA who already oversea the majority of these players in the context of banking and other financial services regulation. APRA's evidence even stated at one point that

they would ‘wait and see what ASIC did’ before actioning on their end. This is not the kind of confusion between regulators that one would like to see. Important Disclosure: I have no money with any of the funds that appeared at the Royal Commission Hearings Round 5.