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Industry funding for new dispute body must avoid cross subsidisation

Funding for the newly-established Australian Financial Complaints Authority (AFCA) must avoid cross subsidisation by stakeholders, including super funds, **The Australian Institute of Superannuation Trustees (AIST)** has warned.

In its submission to AFCA on the authority's proposed funding models, AIST says it is essential that AFCA is appropriately funded to ensure it can provide an effective and efficient dispute resolution service to consumers and scheme members.

AIST CEO Eva Scheerlinck said there was a moral and legal obligation on super funds to ensure that members' savings were not used to fund the resolution of complaints in other areas of the finance sector.

"It would be unacceptable, inequitable and unfair if members' retirement savings were used to fund the resolution of disputes unrelated to superannuation, such as complaints against banks and financial advisers," Ms Scheerlinck said.

AIST's submission also raises concerns about a lack of transparency in AFCA's proposed funding models for three different stages covering transition, interim and long-term funding.

"We request that AFCA release detailed cost projections for each dispute resolution stream to enable super funds to better understand how members' savings are going to be used and how much will be collected from each industry sector providing the funding," Ms Scheerlinck said.

Other key points raised in the submission include:

- The need for more clarity around AFCA's cost recovery model;
- The need for AFCA to provide a breakdown in funding across staff, complaints handling, technology and other operational areas;
- The importance of AFCA allowing the industry sufficient time to respond on any funding proposal in the future.

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AIST is the peak body for the \$1.2 trillion profit-to-member superannuation sector which includes industry, corporate and public-sector funds.