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MEDIA RELEASE

For Immediate Release

REFORMING DEFAULT SUPER LONG OVERDUE

The Financial Services Council (FSC) has welcomed today's release of the Productivity Commission's final report into the superannuation system.

"The FSC supports changes to the superannuation system to ensure individuals entering the system default only once and that all default super products meet a high standard," FSC CEO Sally Loane said.

"Taking default superannuation out of the industrial relations system and putting choice into the hands of consumers should be the cornerstone of a modern superannuation system.

"The current system entrenches 1.7 million Australians in poorly performing funds. Giving consumers just one default fund that they can take from job to job will put an end to the endemic problem of multiple accounts – helping ensure members' retirement savings aren't being unnecessarily eroded."

Ms Loane said the FSC continued to have strong reservations about a '10 best in show' model for employees to choose from.

"The FSC is very concerned about the potential unintended consequences for the economy of a '10 best in show' model because it could create a monolithic concentration of funds, stifle competition and create huge barriers for innovative new products," she said.

"However, we strongly support raising the bar for MySuper products to ensure individuals are not defaulted into poorly performing funds. True competition requires high-performing funds of all shapes and sizes, and we should not create barriers to entry for start-ups and other tech innovators.

"The best super funds, whether retail, industry or corporate, have nothing to fear from competition."

The FSC also welcomes the Productivity Commission's call for a binding and enforceable code for insurance in super. FSC superannuation trustee members will be bound by the Life Insurance Code of Practice from 30 June 2021.

"The FSC's revised Life Insurance Code of Practice, which is currently open for public consultation, is enforceable and is governed by the independent Life Code Compliance Committee and administered by the Australian Financial Complaints Authority," Ms Loane said.

"The PC report highlights that more work needs to be done to improve the quality of data on insurance in super. Through a data project commissioned by FSC, our life members are improving insurance data practices, which includes insurance in superannuation."

The FSC looks forward to receiving the Government's detailed response after the release of the final report of the Banking Royal Commission.

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About the Financial Services Council

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100-member companies in Australia's largest industry sector, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange, and is the fourth largest pool of managed funds in the world.