



MEDIA RELEASE

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SUPER CONSUMERS AND TAXPAYERS WINNERS IN COVID-19 BUDGET

The Financial Services Council (FSC) congratulates the Government for delivering a Budget that puts job creation, superannuation consumers and taxpayers first in response to the challenges presented by the COVID-19 induced recession.

FSC CEO Sally Loane, said: “The Government has risen to the challenge created by the current economic downturn and has announced targeted stimulus that will help businesses recover and create jobs. Importantly, consumers will be protected by comprehensive reforms to the default superannuation system, which will eliminate the scourge of multiple accounts and fees.”

The Government has announced a ‘Your Super’ package of superannuation reforms that prioritises the interests of consumers and will benefit Australians by \$17.9 billion over the next 10 years.

In its ‘Your Super’ package, the Government will:

- Implement the Royal Commission’s recommendation that consumers should have one super account, which they take with them from job to job;
- Implement a new ATO comparison tool to enable consumers to choose a highly performing super fund and promote competition between funds;
- Enhance APRA’s powers to address underperformance, including with a ‘big stick’ of prohibiting underperforming funds from receiving new members; and
- Strengthen fund accountability to prevent the misuse of members’ retirement savings.

On superannuation Ms Loane said: “the ‘Your Super’ package will permanently address the scourge of account duplication and fund underperformance. The Productivity Commission concluded that account duplication alone was costing consumers \$2.6 billion every year.”

“The FSC congratulates the Government for committing to the Royal Commission’s ‘default once’ recommendation, which will prevent unnecessary account erosion from fees and the creation of new duplicate accounts.”

“The government’s commitment to implement an ATO portal to help consumers select a high performing fund, and new APRA powers to weed out chronic underperformance, is a long-overdue reform that clearly puts the interests of consumers first.”

The FSC also welcomes the Government’s commitment to lower the Managed Investment Trust withholding tax for a range of countries, and modernise and expand its tax treaty network, which will help Australian companies and fund managers compete on the world stage.

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 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.