

MEDIA RELEASE

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FSC welcomes commitment to enshrine objective of super in legislation

The Financial Services Council (FSC) welcomes the Government's commitment to enshrine the objective of superannuation in legislation as recommended by the Financial System Inquiry (FSI).

Sally Loane, CEO of the FSC, said: "A clearly defined objective for superannuation, with broad public support, would strengthen confidence in stable, long-term settings for what is our only truly inter-generational public policy."

"Consumers need confidence that superannuation savings accumulated during their working lives will provide them with appropriate living standards in retirement. Enshrining the objective of superannuation in law is a very positive step for building and maintaining confidence in the system."

"The FSC commends the Assistant Treasurer for taking a long-term view of superannuation."

"It is also very positive to see that the Opposition has indicated bipartisan support for enshrining the definition of superannuation in legislation."

Shadow Treasurer, Chris Bowen, has proposed that superannuation should have the objective of providing "...a dignified retirement without recourse to the full age pension."

Ms Loane also said: "In conjunction with the FSI's recommendations to raise standards of governance and promote competition in the superannuation system, defining the objective of the system is central to developing a mature superannuation sector that delivers the best outcomes for consumers."

"Superannuation is Australia's only truly intergenerational policy, intended to deliver adequate retirement incomes for all Australians and reduce the cost to taxpayers of our ageing population."

Financial System Inquiry Recommendation

Recommendation number 9 of the FSI, and David Murray's primary recommendation for superannuation, was for policy makers to: "...seek broad political agreement for, and enshrine in legislation, the objectives of the superannuation system and report publicly on how policy proposals are consistent with achieving these objectives over the long term."

The FSI's Final Report proposed the following definition for consultation: "To provide income in retirement to substitute or supplement the Age Pension."

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About the Financial Services Council

The Financial Services Council (FSC) has over 115 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks,

licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.6 trillion on behalf of 11.5 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.