



MEDIA RELEASE

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More competition in super needed to reduce fees

Superannuation fees are too high. More competition is needed across the superannuation industry to reduce fees so Australians can have extra savings in retirement, the Financial Services Council said today.

The Assistant Treasurer announced on Friday that he was examining options to "generate the strongest possible competitive forces for the benefit of every superannuation fund member."

Currently, some sectors of the superannuation industry are protected under legislation from having to compete for fund members and some consumers do not have the right to choose their own superannuation fund.

Sally Loane, CEO of the Financial Services said: "On average, Australians are paying higher superannuation fees despite the fact that the size and scale of super funds have increased significantly."

"The Financial System Inquiry found that that in the last decade average fees have fallen by only 20 basis points while the size of the average fund has grown by more than 12 times over the same period."

"Open market competition does not exist in the superannuation industry. Reforms to increase competition are required to bring fees down."

"All Australians should have the right to choose the best performing super fund – something that will inject much needed competition in the industry."

"There are few other consumer marketplaces where a limited set of providers enjoy a monopoly while other licensed providers are banned from competing. No fund should be afraid of competition and consumer choice," Ms Loane said.

Chant West analysis shows that average superannuation fees are 0.92%.

A number of FSC member companies have very low fees in their default "MySuper" options, such as Bendigo MySuper at 0.65%, ANZ MySuper at 0.60% and AMP MySuper at 0.85%.

However, these low cost MySuper options are prevented by legislation from competing with industry, corporate and public sector funds, many of which have higher fees.

"It is against consumer interests to limit competition and lower cost products from the marketplace. The Financial Services Council welcomes reforms to deliver lower fees to working Australians. The Government's proposal is in the best interests of consumers and should be implemented as a matter of priority," Ms Loane said.

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 110 members who are responsible for investing more than \$2.5 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 fourth 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.