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## **MEDIA RELEASE – FSC PRODUCTIVITY COMMISSION SUBMISSION CALLS TO REMOVE HARMFUL BARRIERS TO COMPETITION IN SUPERANNUATION**

In its latest submission to the Productivity Commission, the Financial Services Council has reiterated the need to remove barriers to competition in default superannuation which are harmful to consumer interests and stifling innovation.

There have been four prior reviews that have covered the default superannuation market structure in the previous six years. Important reforms, such as enabling all Australians to have the freedom to choose their own superannuation fund, allowing comparable MySuper products to compete on a level playing field in the default market, and requiring trustees to appoint independent directors, in part to facilitate industry consolidation, have failed to be implemented by successive governments.

The FSC has commended the Productivity Commission for using a ‘no default’ baseline to measure alternative competitive models for the default superannuation market. This removes partisan politics and allows the Commission to focus on how a competitive model can deliver the best outcomes for consumers.

The FSC supports a modern, competitive market design that allows all consumers to choose their own superannuation fund. Any Australian Prudential Regulation Authority (APRA) approved MySuper product should be free to be chosen as a default fund where an employer decides to offer a default in their workplace.

FSC CEO Sally Loane said: “We need a new, modernised, competitive and market-based superannuation system which is fit for the next generation. It’s time we moved out of the out-dated industrial age and created a modern, technology-led system that can make superannuation as strong, flexible and competitive as it can be, well into the next century.

“Millennial consumers are more informed than ever and rightly expect to be empowered to make their own choices about their finances. A system which prevents consumers from making this choice by relying on protectionist industrial barriers is out-of-step with today’s world.

“By starting the debate from a no default baseline the Productivity Commission has created a welcome opportunity to transform the current old-fashioned model based on yesterday’s industrial relations laws into a consumer-driven contemporary system that promotes a level playing field for all.”

Key points in the submission:

- ) The FSC supports the Productivity Commission’s starting point of a ‘no default’ baseline (page 16)
- ) The FSC advocates for market-based competition with consumer protections (pages 19-25)
- ) The FSC rejects implementing any form of auction model (pages 26-30)
- ) Analysis shows the industrial system results in sub-optimal outcomes for consumers (pages 31-36)

## **ENDS**

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### **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 more than \$2.7 trillion on behalf of 13.0 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.