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MEDIA RELEASE: FSC backs Productivity Commission's call for a more competitive default superannuation market

The Financial Services Council (FSC) supports the Productivity Commission's view that reform of the default superannuation system is necessary to significantly improve people's retirement savings.

Each of the PC's four draft recommendations entail sweeping changes to the default superannuation market, signalling competition reforms are urgently needed to the existing system to deliver improved consumer outcomes.

The PC has proposed two options that allow individual consumer or employer choice, and two options based on a government run tender.

The PC has also resoundingly rejected the current industrial system that directs consumers towards union-dominated default funds. The PC concluded that this 25 year old industrial model has caused the proliferation of excess accounts and sub-scale industry funds that are draining consumers' retirement savings.

The report added that addressing the proliferation of consumers' holdings multiple accounts could increase superannuation balances by around \$25,000 at retirement.

FSC CEO Sally Loane said: "After extensive public consultation, the Productivity Commission – a highly credible and independent economic institution – is calling for an end to the status quo, that puts industry self-interest ahead of consumers.

"Superannuation is the best way for every Australian to save for retirement and all of us should be able to choose what fund is best for our needs. We urge people to engage with their super and ensure they're not being penalised by being in a sub scale underperforming fund or unwittingly have multiple funds.

"We have long advocated for Super 2.0 – a new, modern, competitive and flexible system that will be fit for purpose and engage the next generation."

Ms Loane added: "We wholeheartedly support the PC Deputy Chair Karen Chester's call for consumers to respond to the interim report.

“Competition and choice in super should be available for all Australians. The Government must act urgently to reform the system.”

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For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or msmith@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 more than \$2.7 trillion on behalf of 13 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 FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.