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MEDIA RELEASE: Modernising Australia’s mandatory superannuation system by removing it from the industrial relations system will significantly improve outcomes for consumers

Opening up the protected default superannuation system to greater competition and insisting on stronger governance and greater transparency will put more money in the pockets of consumers at retirement.

The Financial Services Council has long advocated for a new, modern, fit for purpose superannuation system – Super 2.0 – and this is consistent with the key recommendation of the Productivity Commission’s draft report into the efficiency and competitiveness of superannuation to decouple default super from industrial laws.

The PC found the current system shuts out competition and entrenches 1.7 million Australians in poorly performing funds.

FSC CEO Sally Loane said: “The Productivity Commission is Australia’s credible, independent economic voice and its root and branch analysis of our 27 year old mandatory superannuation system has found that in the main, the system is working well for most Australians.

“However it has found that a key driver of poor outcomes is having default funds tied to employers and workplace relations through enterprise agreements and modern awards. They note that this has worked in favour of the funds, not consumers.

“The Productivity Commission’s overarching recommendation, to take the decision for allocating the \$17.5 billion in annual default funds out of the hands of unions and employers and put it into the hands of consumers deserves support in a modern, flexible workplace.

“Giving consumers just one default fund that they can carry from job to job will also address the chronic and massive problem of multiple accounts, which still afflicts our system to the great detriment of consumers.

“Our \$2.6 trillion superannuation system is mandatory, and we’ve always argued that as such it must be protected by the highest standards of surety, in terms of choice, competition, transparency and governance.

“When it comes to performance, in a new, modernised system which has a level playing field, all funds will be able to compete equally. Poorly performing funds must lift their game and put the interests of

consumers first. The best funds, whether retail, industry or corporate, have nothing to fear from competition.

“If there’s one thing all Australians should do today, particularly those who have never given super a second thought and defaulted to ambivalence, make it the day you engage with super. It’s your money.”

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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 almost \$3 trillion on behalf of more than 14.8 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.