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MEDIA RELEASE – GOVERNMENT PROGRESSING AGENDA TO STRENGTHEN THE SUPERANNUATION SYSTEM AND FINANCIAL SERVICES

The Financial Services Council commends the Government for the successful passage through parliament of tax changes which will make the superannuation system more sustainable and flexible.

The FSC also welcomes the Government’s broader proposals to increase consumer protections in superannuation, financial advice and life insurance.

In a raft of reform proposals that will deliver positive consumer outcomes, the Government has introduced reforms to raise education standards for financial advisors and remove conflicts in life insurance advice; it has announced that it will open up the superannuation system to competition; and it will strengthen governance by requiring all superannuation funds to appoint independent directors and an independent chair to their boards.

The FSC has always strongly supported reforms that will create a modern superannuation system suitable for future generations of consumers. This means superannuation will need to offer choice, high standards of governance and competition in an open market.

FSC CEO Sally Loane said: “There is a lot going on in financial services at the moment and the momentum is strong for reforms in life insurance, advice and super which will be positive for all Australians.

“Super 2.0 needs to be different to today’s system.

“It must offer choice for all Australians; it must operate in a competitive, open and flexible market; it must deliver a comfortable retirement for men and women and it must reduce the numbers of people on the old age pension.

“Now it has the super tax changes through parliament, we welcome the Government’s next plan of action for consumers, which includes lifting governance standards across all superannuation funds to meet the benchmark set by other prudentially regulated financial services companies and ASX-listed companies.”

Installing independent directors on super boards was a recommendation of a number of reviews, including the Labor-initiated Cooper review. It has the support of consumer groups, employer organisations and the financial services industry.

Ms Loane added: “The FSC supports Minister Kelly O’Dwyer’s calls for giving individuals full choice over the selection of their fund, as well as increased transparency, and an end to out-dated and anti-competitive industrial relations agreements.”

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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 represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The Council has over 100 members who are 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 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.