

MEDIA RELEASE

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Industry fund racket will not reduce superannuation fees

Proposals from industry superannuation funds to the Murray Inquiry to further protect themselves from competition are desperate, unworkable and protectionist, the Financial Services Council said today.

Andrew Bragg, FSC Director of Policy said: “The superannuation market is sorely lacking in competition.”

“Despite the introduction of the new MySuper default system, on 1 January, many of the lowest cost products are not in the market due to the anti-competitive and discredited Fair Work Commission.

Mr Bragg also said: “Australians are missing out on the benefits of competition.”

“Higher fees are the only guarantee of the currently anti-competitive superannuation system.”

“We have seen evidence that competition for MySuper products is restricted in the workplace and for individuals.

“It is untenable for union officials and employer organisations to use their positions as directors of industry superannuation funds to lock anyone into a low performing or high fee superannuation fund.”

“Every working Australian should be permitted to select their own superannuation fund,” he said.

As one of Australia’s largest industries, superannuation should have nothing to fear from competition.

Convoluting proposals to hold back dividends to investors are a smokescreen to avoid scrutiny of an anti-competitive super system.

“Parliament does not need to wait for David Murray to open the superannuation system to competition and to improve corporate governance.”

“Both are essential reforms which will increase confidence in our otherwise world-leading retirement system.”

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About the Financial Services Council

The Financial Services Council (FSC) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 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.