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DEFAULT SUPERANNUATION – LET ALL AUSTRALIANS CHOOSE

All Australians should have the freedom to choose their superannuation fund according to a submission to the Productivity Commission's Superannuation Default Model Inquiry by free-market think tank the Institute of Public Affairs.

"There should be no role for an employer, trade union, employer organisation or the Fair Work Commission in choosing where an employee invests their own retirement savings," said Brett Hogan, Director of Research.

"In the 21st Century it would be considered absurd if an employer were compelled by legislation to nominate the bank account into which an employee's salary had to be paid, or selected an employee's household electricity or telecommunications provider. This principle applies equally to superannuation."

Australia's superannuation assets are currently worth over \$2 trillion and projected to increase to \$9 trillion in value by 2040. Yet around 20 percent of the workforce or 2 million people are estimated to have restricted or no choice of superannuation fund.

"Neither retaining the current role of the Fair Work Commission nor requiring employers to either select default funds or maintain lists is an acceptable alternative."

"The Government should run a tender process to select up to five private sector superannuation funds that are then given the right to act as default funds for a set period. This process should be open to existing retail and industry funds, as well as to new, approved, competitors, including from overseas.

"Importantly, these laws should either sunset or be re-examined by a body such as the Productivity Commission after a period of three tender cycles, whereupon choice reverts wholly to consumers. It would be undesirable to permanently substitute government involvement in the selection of employee superannuation funds for the current employer/Fair Work Commission role.

"The aim of reform should be to shake up the system, remove vested interests, involve the private sector, boost competition and engagement, and empower people to take greater responsibility for their own financial future."

"Superannuation is an important financial product – it is not a plaything or a bargaining chip in industrial disputes between unions and employers."

A copy of the submission is available [here](#).

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