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There should be no role for employers in employee super fund choice

Free market think tank the Institute of Public Affairs has welcomed the direction of the Productivity Commission's Draft Report into Alternative Superannuation Default Models but will urge it to go further in its Final Report.

"The IPA believes that all Australians should have the freedom to choose their superannuation fund and that there should be no role for an employer, trade union, employer organisation or the Fair Work Commission," said Brett Hogan, Director of Research.

The Draft Report notes that two thirds of members stay with their default fund, approximately 20 per cent are unable to exercise any choice and that over 40 per cent of members hold more than one account. It also floats four potential options for the allocation of members to default funds – one of which, the 'Assisted Employer Choice' model, would still require employers to choose an employee fund from a list.

"It would be considered absurd if an employer were required to select the bank account into which an employee's salary had to be paid, or an employee's household electricity or telecommunications provider. This principle applies equally to superannuation."

"To this end, the IPA does not support the proposed Assisted Employer Choice Model."

"The IPA welcomes the recommendation that an employee should be allocated to a default fund only once and the potential establishment of a single, centralized superannuation payments clearing house provided that it reduces complexities for employers. "

"We also welcome the implicit recognition that there is no place for the Fair Work Commission in selecting employee superannuation funds."

"The aim of reform should be to improve choice and competition, remove vested interests, involve the private sector, and empower people to take greater responsibility for their own financial future," said Mr Hogan.

A copy of the IPA's submission to the Inquiry is available [here](#).

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