

The Chairman
Productivity Commission
Superannuation Review – Assessing Competitiveness and Efficiency
(Stage 3 Issues Paper)

Locked Bag 2, Collins St East
MELBOURNE VICTORIA 8003

4 September 2017

Dear Chairman,

Thank you for the opportunity to provide a submission to Stage 3 of the Productivity Commission's review assessing competitiveness and efficiency in superannuation.

We have contributed to the FSC and ASFA submissions and are fully supportive of the recommendations and views each have expressed. We would also like to take this opportunity to again emphasise our preferred default model.

Employers should be able to choose any MySuper product as their default fund

We recommend the law is amended to allow employers to select any MySuper product as the default superannuation fund for their award employees. We support a transition that recognises existing arrangements and does not force current members into new default funds. This will ensure the system remains stable and members are not unnecessarily impacted during the transition period.

APRA currently applies rigorous methodologies to authorise RSE Licensees to offer MySuper funds. We consider this to be the simplest and most effective framework for default arrangements moving forwards.

Increasing competition in the default superannuation system could result in savings of at least \$292 million in administration fees per year across over 14 million MySuper accounts.¹

About Colonial First State

Established in 1988, Colonial First State provides investment, superannuation and retirement products to individuals and companies. Colonial First State is the largest account based pension provider in Australia, making more pension payments than any non-government entity. We are also the third largest administrator of retail funds with \$120 billion Funds Under Administration.²

We are proud of the high-quality of our superannuation products and services and stand behind the appropriateness of their governance. We submit that all employers and employees should have an equal opportunity to access them on a level playing field and in an open and competitive marketplace.

We welcome the opportunity for further discussion with the Commission.

Yours sincerely

Ms Linda Elkins
Executive General Manager
Colonial First State

¹ Choice and competition in the Australian default superannuation system, Deloitte Access Economics April 2017

² Strategic Insight March 2017