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Superannuation
Productivity Commission
Locked Bag 2, Collins Street East
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Submission

This submission addresses Stage 3. Assessing Efficiency and Competitiveness, the Productivity Commission Inquiry into the Australian Superannuation Industry.

The Submission is made at the Suggestion of Mr Ian Beckett, Principal Adviser, Retirement Income Policy Division, The Treasury of the Australian Government as a result of CNI letter 4 June 2018 addressed to the Minister for Revenue and Financial Services, Hon Kelly O'Dwyer.

A copy of the letter to Minister O'Dwyer is attached as it is a cogent outline of the negative aspects of the current superannuation system for which, we believe correction is long overdue. We say 'negative' because:

- the system contains a component whereby the Government compels the employer and employee to make specific contributions yet the Government does not shoulder responsibility to ensure that, after reasonable costs, these compulsory contributions are guaranteed to be paid to the contributor
- the contributions could be lost or reduced through fee gouging, unnecessary side products, fraud, market collapse or sheer bad management
- an objective of the compulsory scheme was to reduce the future call on old age pensions yet the benefit at retirement can be paid in a lump sum and then spent on a home or simply wasted and the superannuant can then apply for an age pension thus defeating the purpose of the compulsory contribution
- there is no method to ensure that the super funds are invested in the national interest to the benefit of all Australians.

The letter to Minister O'Dwyer provides more detail and offers a solution which is in the national interest. In this regard it commends a scheme along the lines of the Singapore Government's Provident Fund. We believe that a study of this fund would be very useful in deciding the most efficient and competitive retirement benefit scheme for the long term future in Australia.

We stand ready to discuss any aspect of this proposal with you.

Denis J Whitely
Executive Director

28/09/2018