

16 October 2017

The Productivity Commission
520 Collins Street
Melbourne 3000

Further to my earlier submission (DR99), I make this submission in support of a government entity (the Future Fund) being the default superannuation fund.

Since the Parliament has legislated a superannuation guarantee, Australians workers are forced to set aside that amount each pay for their superannuation. Yet, as I mentioned in my earlier submission, the fees in Australia are ridiculously expensive whether the money is invested in an industry or retail super fund.

Should the Government persist with the current default superannuation system (to private providers) there is a strong case for it to regulate the maximum fees that a default provider can charge. This is lazy money – it comes into the default provider without the fund having to lift a finger. Therefore the regulated fee should be set low, very low.

But a preferred option is for the Government to establish its own default superannuation fund, whether that be the Future Fund or a separate Government fund (eg Comsuper). Both are superior to any industry or retail fund. Why should we private sector employees get treated less well than public sector employees (who have Comsuper and the Future Fund)?

This is not to say that a private employee cannot or should not choose a private provider. It is simply that when the employee does not nominate a fund, the default would be Comsuper or the Future Fund.

That would be a major competitive boost to the outrageous super industry which has fat fees, poor performance and no transparency. This is a lobby group that makes the Pharmacy Guild look like amateurs.

To make the Future Fund or Comsuper the default fund would be the single best measure the government could do for the people of Australia. It would be a pro-competitive master stroke and put the fat super industry on notice to lift its game. Big super is like Big Tobacco and should be treated with equal respect.

The Hon. Peter Costello AC has similarly argued for default superannuation fund to a public institution such as the Future Fund. It is a fantastic speech which I attach to my submission.

I strongly urge the Productivity Commission to show courage in the face of pressure from a disgraceful self-interested lobby group. You must recommend what is in the public interest – and that is clearly that default super be managed by a Government fund. Take heart that while the lobby

group may scream if you recommend this way, the average Australian will be much better off. That is what matters – not keeping in the good books of the superannuation lobby.

Yours sincerely

Sean Murphy SC