



31 August 2017

Productivity Commission  
Stage 3: Assessing Competitiveness and Efficiency

#### ONLINE SUBMISSION

Dear Commissioners

#### **RE: Stage 3 Productivity Commission Issues Paper - Superannuation: Assessing Competitiveness and Efficiency**

National Australia Bank Limited (NAB) through its Wealth Management arm appreciates the opportunity to provide feedback on the Issues Paper: Assessing Competitiveness and Efficiency released on 7 July 2017 by the Productivity Commission.

The attached document references data provided in our previous submissions and is broadly thematic in nature. Where time has allowed, we have provided additional data and facts to inform the Productivity Commission in its deliberations and aimed to do so based upon the questions raised within the Issues Paper.

We have appreciated the extensive analysis and framework developed by the Productivity Commission in undertaking this substantive review of the system and the consultation undertaken.

The attached document is presented from the perspective of a long term participant in the system and encompasses the following key themes:

- Individuals should have the right to choose how money from their forgone consumption (salary and wages) is invested in the retirement system, including superannuation, to best manage their own particular circumstances – no one is average;
- The public-private status of the system rightly imposes prudential controls and oversight to protect members' savings and outcomes, but diligence and cost awareness in the conception, development and imposition of legislative and regulatory change is an important factor in the efficiency (or otherwise) of the system;
- The system should continue to provide support and default options (MySuper) for those who are disengaged, or prefer to 'outsource' their retirement savings decisions;
- It is appropriate that greater scrutiny and prudential oversight apply to all trustees who provide default MySuper given the level of disengagement of members in these products;
- Competition is a key driver of innovation, renovation and improvement, if enabled;
- The Stronger Super reforms, in particular MySuper products, are still recent innovations and enforced wholesale consolidation through limited quota models for the allocation of default members is not yet warranted;
- Insurance is a valuable feature in the superannuation environment.

NAB Wealth submits MySuper should operate unfettered by restrictive quotas such as those in the Fair Work Act and the benefits from SuperStream continue to develop over the next 3 years as an appropriate precursor to testing the effectiveness of the system.

The work the Productivity Commission is undertaking will provide a baseline from which industry and policy-makers can learn and progress. At this time, should the evidence warrant it, the Commission's alternative 'assisted employer choice' model would, with a light filter, likely be the most suitable option in terms of building on existing frameworks thus limiting disruption and costs.

We would be pleased to discuss or address any issues in the attached should the Commissioners wish.

Yours sincerely

Matthew Lawrance  
CEO MLC Super and Executive General Manager Wealth