

MEDIA RELEASE

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PC Super report highlights need for full retirement incomes review

Today's Productivity Commission inquiry final report into Australia's superannuation system must trigger a comprehensive and independent inquiry into our whole retirement incomes system at the earliest opportunity, the leading senior's advocacy organisation, COTA Australia, said today.

The report shows that Australia's super system is not meeting the needs of a growing pool of retirees, costing someone who is 55 today up \$79,000 by retirement, and a new job entrant more than \$533,000 if they retire in 2064.

It also highlights entrenched underperformance by many funds, too much inadequate governance, toothlessly implemented regulation, and structural design flaws that have led to the system failing to meet the needs of a modern workforce.

The super system also fails taxpayers, who both subsidise superannuation on an inequitable basis, and pay for the additional age pension coverage required when super is insufficient.

COTA Chief Executive Ian Yates said the findings leave no doubt that our retirement income system needs an urgent review to ensure we get to a fair and sustainable system for all Australians, which puts the needs of Australian people and fund members ahead of the interests of funds and other stakeholders.

"COTA has argued for years for a full and independent review of our whole retirement incomes system, which has been supported by the Grattan Institute and many others," Mr Yates said.

"We need to properly calibrate the relationship between the pension, superannuation, the family home and other savings and income to make sure that they all work together to provide the best outcomes for all Australians when they retire.

"The workforce and population ageing have both changed substantially since the introduction of superannuation in 1992. After almost 30 years the system needs to adapt but we need to be very careful that addressing superannuation in isolation does not create issues in other areas of retirement income."

Mr Yates said the Productivity Commission report clearly signaled the need for stronger performance requirements in the super industry, which can be put in place straight away.

"There are too many under performing funds, not enough focus on the retirement phase of a person's life, and desperate need for better products that reflect Australians are living longer. It is also totally unjustifiable that so many people are forced into having multiple accounts – with a staggering 10 million unintended multiple accounts sitting with funds," he said.

"The Prime Minister and the leader of the Opposition cannot ignore this report. Superannuation is a key pillar of many people's retirement – alongside the pension and the family home.

"As the Commission said today, ad hoc policy initiatives have chipped away at some problems, but we need full architectural change. If super funds are letting Australians down, then we need action now and we need bipartisan commitment to making it happen."

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