

**Tuesday April 26th**

### **Improving consumer disclosure and conflict of interest management will improve super system efficiency: AIST response to Productivity Commission**

More consistent and meaningful consumer disclosure, together with strengthened conflict of interest management, would improve super system efficiency, **the Australian Institute of Superannuation Trustees (AIST) said today.**

In its submission to the Productivity Commission's Super System Efficiency and Competitiveness review, AIST supports the development of robust measures to test system efficiency but cautions the Commission about developing any measures ahead of the Government setting the objective for super.

**AIST CEO Tom Garcia** said the super system objective needed to be set ahead of the development of efficiency measures.

"In order to measure the efficiency of the super system we first need to reach an agreement on its fundamental objective. We can then establish what the most efficient means to reach this objective are," Mr Garcia said.

Mr Garcia said AIST's submission recognised that there was widespread disengagement across the super system and that any new efficiency or competition measures should not come at the expense of robust consumer protection.

"Any new so-called efficiency measures must be evidenced-based and shown to improve long term net performance and the retirement outcomes for members. Efficiency in a compulsory super system is not automatically solved by greater choice and competition," Mr Garcia said.

AIST's submission highlights that a lack of alignment between the disclosure of fees and costs between MySuper and Choice products is a cause of system inefficiency. Poor conflict of interest management and the negative impact of related party arrangements in the retail fund sector, were also barriers to efficiency.

Mr Garcia said the lack of meaningful disclosure among Choice products meant many consumers were being kept in the dark about their fund's sub-par performance.

"In a compulsory super system, all super funds members – whether members of default funds or choice products – are entitled to expect that the system is operating at optimal efficiency."

Mr Garcia said AIST looked forward to working with the Productivity Commission and other industry stakeholders on the appropriate and fair determination of efficiency measures for the super system.

**Further media enquiries: AIST Media and Content officer, Sarah Goodwin 0401 769 296**

***AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.***