



15 January 2020

Senate Estimates Legislation Committee  
PO Box 6100,  
Parliament House,  
Canberra,  
ACT 2600

Dear Committee Members

**Re: Inquiry into Treasury Laws Amendment (Your Superannuation, Your Choice) Bill 2019**

I write in response to the invitation for submissions in respect to the proposed Treasury Laws Amendment (Your Superannuation, Your Choice) Bill 2019.

Equity Trustees is wholly supportive of the proposed amendments ensuring that all employees under workplace determinations or enterprise agreements, have the opportunity to select their own superannuation fund.

Equity Trustees would also be supportive if the amendments extended to option 3, with suitable transition timelines but we recognise this option likely imposes too great a regulatory burden on employers for the initial limited benefit.

Notwithstanding our support, Equity Trustees view these amendments as a first step and would encourage the Government to consider extending choice to all employees.

The explanatory memorandum highlights that the objectives of this change are to give effect to the findings of the Financial Systems Inquiry and the Productivity Commission to reduce the propensity for multiple accounts and promote member engagement. Equity Trustees would argue that these final two objectives will not be fully achieved by the current amendments. The continued operation of default funds and the lack of compulsion for employees to select their own superannuation fund may perpetuate disengagement and multiple accounts (and the knock-on implications of increased fees and insurance costs to superannuation members). Equity Trustees would make the case that the whole superannuation system should be based on a foundation of requiring all employees to exercise choice of superannuation fund.

Given the Superannuation Guarantee has now moved beyond its origins as an employee benefit to a legislated requirement, the employer's role in selecting default funds for its employees is now redundant. Likewise, having any other agent select default funds exposes the employee to the interests of those bodies without any legislative protection requiring those bodies to act in the members' best interest.

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Equity Trustees would therefore propose further legislation is enacted to ensure all employees are provided the opportunity to select a superannuation fund. In doing so the Government will remove the propensity for multiple superannuation accounts (unless they are the result of a conscious member choice) and ensure increased member engagement with their superannuation which will lead to improved retirement outcomes for more Australians.

Yours sincerely



Mick O'Brien  
**Managing Director**