

20 April 2016



Superannuation Productivity Commission  
Locked Bag 2  
Collins St East  
MELBOURNE VIC 8003

Dear Sir

**SUBMISSION ON THE PRODUCTIVITY COMMISSION ISSUES PAPER ON  
SUPERANNUATION EFFICIENCY AND COMPETITIVENESS**

Energy Super is a \$6billion Fund with 48,000 Members, providing Superannuation for Members predominantly in the Queensland Energy Sector. We have a highly engaged Membership, who take an active role in their retirement savings. We believe that the majority of our Members are engaged, just not active, which is appropriate for a long term savings vehicle. They also entrust the Fund with their investment decisions and the reason why a great number of our Members remain in the default Fund, our MySuper option.

*Energy Super's vision is to Partner with our Members to protect their current income and help them reach their retirement income goals by providing value for money products & services.*

We aim to ensure our Members:

- Make the right investment decisions;
- Have the appropriate insurance cover;
- Know when to review the above throughout their life;
- Identify when to ask for support; and
- Know good advice from bad.

As the Trustee for our Members' retirement outcomes, we wish to comment on a number of the questions or issues that have been posed in the Issues Paper: Superannuation Efficiency and Competitiveness.

**Objectives of Superannuation**

Energy Super believe the objectives of the system should encompass a long term focus of maximising Members' retirement incomes, while maintaining certainty for those approaching or planning retirement. Annual amendments and frequent changes are an area that our Members are constantly concerned about and often comment about their loss of faith in the system. Energy Super encourages any objective that will encourage certainty and ensures changes are minimised and only occur to ensure the objectives of the system are met.

With that in mind, we support the Primary objective being:

*To provide retirement income for all Australians that, when combined with or in replacement of any public pension, ensures a reasonably comfortable living standard, in the spirit of fairness within and between generations.*

[energysuper.com.au](http://energysuper.com.au)

As a not for profit organisation we focus on the following areas of measurement to ensure success for our Members:

1. Investment performance on a net of fees basis. This, we believe, provides the best measurement of success for our Members' goals of a comfortable retirement and maximising longevity of income.
2. Services. We focus on providing services that support the education and unique needs of our Members, ensuring we build their knowledge through their working life so they are empowered and knowledgeable to make the right decision or recognise good advice.
3. Products. Superannuation is about building for retirement and ensuring it provides the retirement income required to meet the Member's needs and reduce the reliance on the Aged Pension. Products should be specific to these goals or for efficiency purposes, not as a tool for competitive advantage that only increases costs to all members of a Fund.
4. Fees. Competitive fees are important but cannot be measured on their own. It encourages short term thinking in a long term environment. It will and has led to investment strategies that are underperforming and curtailed vital investment for the future in technology and other platforms, in favour of things such as large spends on sponsorship and branding. A careful balance between competition and efficiency should be sought in an industry whose sole purpose is to provide for retirement. It could be argued that competition is not an effective way of encouraging reduced costs.

We believe that the primary criteria for benchmarking operational efficiency (consistent with the emerging primary objective of superannuation) must focus on long term returns to members and maximising retirement income for any given level of superannuation savings.

Yours sincerely,

Mark Williamson  
Chair of Energy Super on behalf of the Energy Super Board