COMPETITION POLICY

ISA RESPONSE: COMPETITION POLICY REVIEW DRAFT REPORT

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ABOUT INDUSTRY SUPER AUSTRALIA

Industry Super Australia is a research and advocacy body for Industry SuperFunds. ISA manages collective projects on behalf of a number of industry super funds with the objective of maximising the retirement savings of over five million industry super members. Please direct questions and comments to:

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EXECUTIVE SUMMARY

Competition in the superannuation industry is threatened by the market dominance of large banking corporations that provide a range of integrated services, including superannuation.

Significant market failures in superannuation highlight the importance of the design of default superannuation arrangements. Default superannuation arrangements should be free from anti-competitive trading arrangements which also negatively impact on member retirement incomes.

There are significant variances in the costs and returns of different superannuation products and as the interests of employers and employees are not necessarily aligned it is critical that the system is designed to work in the best interests of employees and promote competition through the removal of conflicts of interest.

The ability of banks to offer 'bundled' services to employers has the potential to significantly lessen competition. ISA supports the extension of the section 47 provisions to ensure it addresses all forms of vertical anti-competitive restrictions. ISA recommends the inquiry consider a focussed investigation into inducements offered by Banks to the benefit of employers in exchange for securing exclusive rights to default super contributions of employees in a workplace.

Furthermore, to avoid third-line forcing type issues it is suggested that a bank or related entity should be prohibited from providing default super fund services to employees where the bank is the main banking provider to the employer.

Where employees and employers enter into workplace bargaining arrangements regarding superannuation, it is not appropriate that this component of wider negotiations be isolated and interfered with. No changes should be made to sections 45E, 45EA or paragraph 51(2)(a) that would interfere with genuine bargaining at the workplace level.

1. Third-line forcing and superannuation

In its original submissions to the review ISA raised issues relating to the concentration of market power and the vertical integration of related service providers within the finance sector. We argued that there were specific steps the Panel should recommend that would enhance existing provisions relating to third-line forcing to ensure the provisions adequately protect the interests of employers and employees as consumers of banking and superannuation products.

ISA recognises that the Panel has adopted the view in recommendation 27 that third-line forcing in subsections 47(6) and (7) should be consistent with the rest of section 47 and that the "CCA should not interfere with trading conditions agreed between buyers and sellers in connection with the acquisition or supply of goods and services unless those conditions have the purpose, or would have or be likely to have the effect, of substantially lessening competition."

Concerns regarding the possible relaxation of provisions flowing from draft recommendation 27 appear to be addressed in draft recommendation 28 that proposes a redrafting of section 47 so that it applies to all forms of vertical conduct concerning the supply or acquisition of goods and services or the refusal to supply goods and services.

We are of the view that unless further steps are taken to restrict exclusive dealing behaviour in the superannuation industry there will be a lessening of competition to the detriment of members of superannuation funds.

It is well known that there are significant market failures in superannuation. Superannuation involves a "retail" market, where individuals choose their super fund, and a "defaults" market where either employers choose or employers and employees choose a workplace default fund through an Enterprise Bargaining Agreement. Other than in an EBA, there are significant market failures that affect competition and require intervention. In the "retail" market, individuals suffer the well-known challenges outlined by behavioural finance that particularly apply to financial decisions and retirement decisions. Even "sophisticated investors" do a poor job. But the challenges of the retail market are not the focus of this submission.

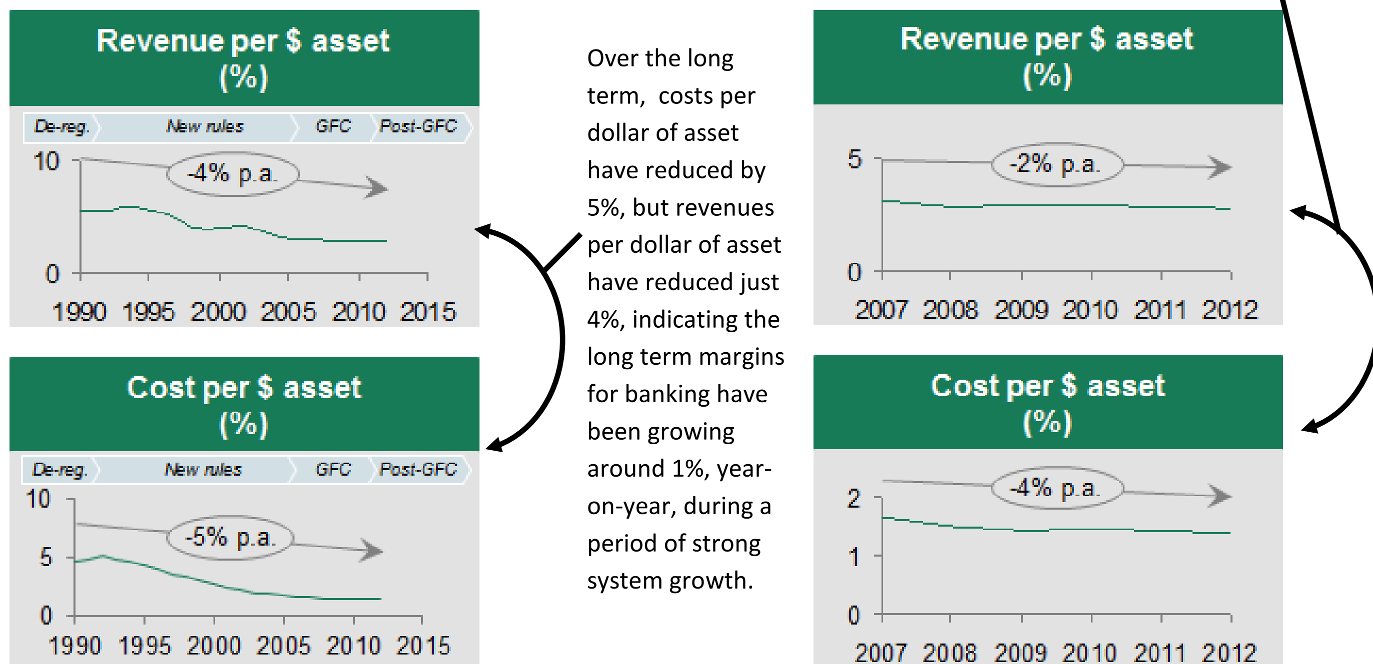
Instead, the danger to competition is most present in the wholesale market where employers choose the workplace default superannuation fund. Employers often face significant challenges when choosing a workplace default fund for their employees, including misaligned incentives (a clear principal-agent issue), a lack of resources, and a lack of expertise. As a result, inducements by banks and others that provide rewards to the employer when making a choice of superannuation fund, there is a significant risk, recognised by the Productivity Commission. This market failure is addressed by regulation, specifically a safety net that limits the options an employer has when choosing a default fund, such that only funds that have survived a contested and transparent process, which includes scrutiny by an expert panel on a range of factors including cost and performance, can be selected.

Removing this safety net would allow some, including banks, to exploit the conflicts of interest and market failures. It would enable banks to leverage their banking relationships with employers, and thereby lessen competition and price choice.

It would be a poor outcome if the regulation to address market failure in workplace default superannuation was eliminated. Equally important, the major banks have cost-to-income ratios that indicate their margins are less subject to competitive pressure than before the GFC because they pass on less cost savings to consumers than in years past (Figure 1).

Since the GFC, the cost-to-revenue margins growth has doubled in size, to 2%, year-on-year. Weaker competition means even less of the cost savings arising from innovation and other factors are being passed on to consumers.

Figure 1 – Margins in banking

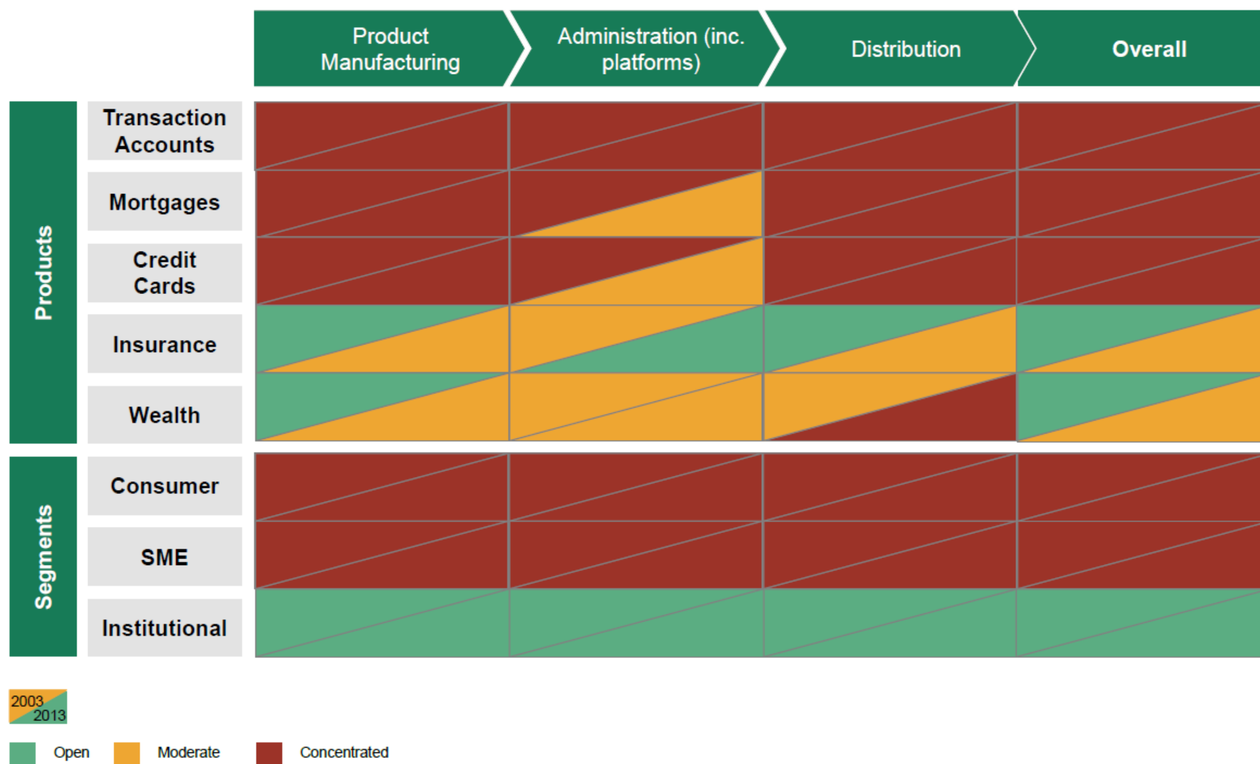


We reiterate observations made in our earlier submissions that third-line forcing type behaviour associated with discount bundling of banking and employee superannuation arrangements result in a transfer of benefit and value from employees to banks and to a lesser extent to employers. Cross-selling is a fundamental business strategy in the major banks, particularly the effort to leverage market power in banking to grow superannuation. The most reported aspect of the use of dominance in banking to cross-sell horizontally integrated businesses is the cross-selling of wealth in connection with banking relationships. Total wealth penetration for the major banks has increased by around 2 to 4 per cent since 2009. The phenomenon of cross-selling is broader, as the major banks have all increased their share of the total financial products of customers from an average of approximately 29 per cent in 2010 to approximately 32 per cent in 2014.

Figure 2 reflects the consequences of this strategy -- financial services has become more vertically and horizontally integrated over time, with wealth experiencing this phenomenon to the most pronounced degree.

Because this concentration and consolidation has been accompanied by increasing cost-to-income ratios (i.e., reduced levels of consumer benefit from the cost savings enjoyed by institutions), competition policy is failing in this area.

Figure 2 – Vertical and horizontal integration in finance over time



2. Calls for competition

Under the guise of increased competition there have been arguments for the removal of constraints on the choice of superannuation fund an employee or employer may select as the fund that compulsory superannuation contributions should be placed in.

On the face of it these calls seem reasonable. However, the reality is that for the vast majority of employees choice of fund is available and not exercised. It is estimated that approximately 75 per cent of employees do not exercise choice and rely on default fund arrangements.

It is for this reason that the arrangements surrounding the selection of default funds are so important and will directly impact on the retirement incomes of millions of Australians. The processes for the setting of default fund arrangements, including the need to have default fund arrangements in place and the role of industrial agreements is hotly contested.

3. Self-interest

We believe these debates should be placed in context. On the one side the banks have argued that the default fund arrangements are restrictive and the existing arrangements should be removed in their entirety. On the other hand, ISA, consumer groups and others argue that the existing arrangements have

served members well and that new open and transparent default fund selection processes provide an opportunity to show that the new default fund arrangements can work in the interests of employees.

The banks are seeking to replace the existing default arrangements with one that suits their vertically integrated business model via the selling of bundled business banking and employee default super arrangements to employers to maximise profits to shareholders.

Industry funds are supporting a system which has and is expected to continue to deliver significant outperformance to their members resulting in dignified retirements to their members rather than bank shareholders.

Recognising that 75 per cent of employees don't exercise choice of fund options available to them, the banks are supporting a simple process of default fund selection. Their employer customers should be entitled to choose a default fund on behalf of employees.

ISA supports an open and transparent process for the selection of default funds that ensures that only those funds with the best returns and appropriate offerings to members are selected as default funds.

If the interests of fund members are paramount, good public policy surely would favour the self interest of members of funds which return all profits to members.

4. Superannuation not simply another financial product

Superannuation is not simply another financial product – it is a critically important component of Australia's unique retirement system, notwithstanding that the implementation often is left to private parties. As a public policy, supported by a special legal regime, regulatory oversight and tax concessions, the social objectives of superannuation must always remain prioritised above individual and private interests.

At the top of any list of policy objectives for superannuation must be that the system, to the greatest extent possible, results in broadly experienced improvement to retirement outcomes.

Australia's default safety net has its origins in the industrial relations system as Superannuation Guarantee (SG) contributions are an integral component of employee remuneration and entitlements.

Modern awards apply to the most vulnerable workers in the economy; those without bargaining power to achieve pay and conditions above basic socially accepted minimum levels. It is vital that the system ensures that compulsory superannuation contributions are made to an appropriate fund.

Australia's default fund selection system through industrial awards was extensively reviewed by the Productivity Commission in 2012. A key task of the Commission was to review the default fund selection process to see if it operated efficiently and transparently and with regard to the Stronger Super reforms to design a process for funds to be selected.

As the concerns about superannuation efficiency grow, expanding the default fund safety net and further tightening the eligibility requirements in the Fair Work Commission selection process is a compelling solution that does not involve radical change.

5. Not all MySuper funds are the same

The default fund choices of employers can make a significant difference to the retirement incomes of their employees because not all superannuation funds deliver the same returns. The Productivity Commission

recognised that "…there is an overall net benefit to introducing criteria beyond those required of funds to be authorised to offer a MySuper product."[1]

The criteria applied are found in section 156K of the Fair Work Act and includes an analysis of the fees and charges of the fund and its net returns. Other than prohibiting certain fees and differential pricing to members of the same fund, the APRA MySuper authorisation does not in any way address pricing associated with MySuper products. Recent APRA data[2] shows that there is a significant variation in the fees charged by MySuper funds. The lowest annual fee charged to a representative member with a fund balance of $50,000 is $290 per annum and the highest is 4.5 times more at $1,322 per annum.

More importantly, the APRA data shows that over the year to 30 June 2014 the reported rate of return of the 118 MySuper products varied from -0.6 per cent to 24.9 per cent. The same data shows that the 10 year rate of return varied from 4 per cent to 10.5 per cent.

For the 12 months to June 30 2014 industry super funds on average reported a rate of return of 3.20 per cent compared to the rate of return by AMP and bank owned MySuper products of 2.67 percent. Industry SuperFunds associated with ISA had a rate of return of 3.51 per cent.[3]

An employee on an income of $80,000 and a starting super balance of $70,000, who is placed in an average Industry SuperFund (15 industry super funds represented by ISA) will have received $23,432 more than those employees who were placed in an average retail super fund over the past 10 years. [4]

ISA's analysis of the long-term returns associated with bank owned lifecycle products demonstrates the stark difference in long-term returns.

A direct comparison of MySuper products offered by industry super funds associated with ISA (none of which offer a life-stage product) and of life-stage funds which have made an application to be named as a default fund shows significant differences in median, inflation adjusted retirement balances.

Using SuperRatings data, a member joining at age 25 will be $71,055.32 worse off (median inflation adjusted) in a life-stage product by age 70, or a massive $140,292.98 at age 75 than they would have been in an ISA Industry Super Fund default product. In non-inflation adjusted terms, a member of a life-stage MySuper product that joins now at the age of 25 will, as a result of higher fees and lower returns, receive an incredible $482,202.00 less than a member of a fund associated with ISA.

The additional five years of contributions and compounding interest, to retire at age 75, almost doubles the difference comparing the estimated retirement benefit of an ISA affiliated industry super fund to a life-stage product. Holding an ISA affiliated industry super product to age 75 is estimated to result in an extra retirement benefit of $180,525 and for a life-stage product, an extra $111,287.

The default fund choices made on behalf of employee make a significant difference to retirement incomes.

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[1] Productivity Commission, *Review of Selection of Default Funds in Modern Awards*, October 2012

[2] APRA Interim Quarterly MySuper Statistics June 2014 (issued 2 October 2014). Note APRA intends to describe all MySuper data reported as interim for a period likely to be until June 2015.

[3] APRA MySuper Statistics June 2014 and ISA calculations.

[4] Comparisons modelled by SuperRatings, commissioned by ISA. For a 10 year average difference in net benefit of the main balanced options of 15 Industry SuperFunds and 79 retail funds tracked by SuperRatings, with a 10 year performance history, taking into account historical earnings and fees – excluding contributions, entry, exit and additional advisor fees – of main balanced options. Outcomes vary between individual funds. Modelling as at 30 June 2014

6. Productivity Commission Review findings

The Productivity Commission's review made a number of significant findings:

- The historical default fund selection process had delivered good outcomes to members, with the average default fund listed in awards delivering over the eight years to 2011 after tax and fee returns averaging 6.4 per cent per annum compared to 5.5 per cent for funds not listed in awards.[5]
- It was estimated between $6-$9 billion in contributions were made through the default fund system in 2010 representing 13 per cent of employer contributions.
- There was a diversity of funds listed in awards. Out of 66 funds identified as being listed in awards 33 (50 per cent) were public offer industry funds, 13 (20 per cent) were non-public offer industry funds, 11 (17 per cent) were retail funds, six (9 per cent) were public sector funds, and three (4 per cent) were corporate funds.
- The Productivity Commission found Australia's default fund selection process had delivered vital demand side competition to the superannuation market, which otherwise suffers from widespread disengagement from individual members and principal agent problems.[6]
- Despite MySuper/Stronger Super reforms, the Productivity Commission determined to maintain a default fund quality filter for several reasons:
  - The Stronger Super reforms served to standardise features and promote disclosure to improve comparability between MySuper products, rather than filter out any products which may not represent the best interests of employees.
  - The Productivity Commission concluded that shifting the onus for selection of default super products directly to employers would involve unacceptable compliance costs for employers in determining the suitability of funds for their employees.[7] The legal, compliance, and administrative burden for employers of having all MySuper products listed as defaults in modern awards (or the practical equivalent, of not listing any default products or funds in any modern awards) is substantial. The burden on new employers being required to choose from a potentially large number of diverse MySuper products is even greater.

6.1 Productivity Commission finds APRA process not sufficient

Importantly, the Productivity Commission explicitly considered proposals to allow employers to choose from any MySuper approved product and found it was not 'able to be satisfied that the legislated MySuper authorisation process will operate as a sufficient filter to ensure that the best interests of employees who derive their default superannuation product in accordance with modern awards would be adequately protected simply by those employees being placed in any MySuper product.' Additionally it could not design a workable test for employers who wished to opt-out and select an alternative MySuper product to one listed in an award without imposing unreasonable costs.

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[5] Updated data shows that Industry SuperFunds listed in awards have achieved average returns over 10 years of 7.32 per cent per year, which is a full 205 bps above the average return of a for-profit fund listed in awards. At the product level, 95 per cent of Industry SuperFunds in the sample outperformed every single retail product over 10 years.

[6] Productivity Commission, *Review of Selection of Default Funds in Modern Awards* p 61-62

[7] Productivity Commission, *Review of Selection of Default Funds in Modern Awards* p 190 and box 8.1 p 171

6.2 Productivity Commission Review recommendations

Notwithstanding the clear success of the default fund system in delivering significantly better than average outcomes, the Productivity Commission recommended a number of key changes to improve the default fund selection process, including:

- Requiring all funds seeking listing in awards to make public applications against key selection criteria including:
  - The appropriateness of the MySuper product's long-term investment return target and risk profile for employees who derive their default superannuation product in accordance with a given modern award
  - The fund's expected ability to deliver on the MySuper product's long-term investment return target, given its risk profile. The Productivity Commission considered net investment performance is central to meeting the best interests of members, and past performance is an important factor when considering the capacity of a fund to deliver on its investment return target
- The appropriateness of the fees and costs associated with the MySuper product, given its stated long-term investment return target and risk profile, and the quality and timeliness of services
- An assessment of whether governance practices are consistent with meeting the best interests of members
- An assessment of the appropriateness of insurance, financial advice and administrative efficiency

7. New processes for the selection of default funds in modern awards

The new processes inserted in the *Fair Work Act 2009* (FWA) in late 2012 adopted the recommendations of the Productivity Commission in that the amendments established an open and transparent process overseen by an expert panel that applies selection criteria specified in section 156K of the FWA. This criteria is intended to ensure better performing and appropriate funds are selected for award reliant employees, the subject of the relevant modern awards. These matters are not the subject of consideration throughout the APRA authorisation process.

The processes of selection of new default funds within modern awards has been stalled following the failure of the federal government to finalise appointments to the expert panel which is responsible for the application of the quality filter considerations contained in S156K of the Act.

8. Trading restrictions in industrial agreements

At page 51 of the Panel's draft report certain observations are made regarding trading restrictions within industrial agreements. The Panel expresses some concern that there may be a conflict between the purposes of the CCA and industrial conduct permitted under the Fair Work Act. The Panel notes that it is desirable that the conflict be resolved and that it favours arrangements where employers can engage contractors or source certain goods or non-labour services.

8.1 Superannuation within industrial agreements

As was noted earlier, superannuation is not simply another financial service or product that is provided to employers. Superannuation is a key employment condition and takes the form of deferred wages. In delaying the scheduled superannuation increases the Federal Government acknowledged superannuation as a form of deferred wages and argued that forgone superannuation contributions would be made good by increased wages.

It is entirely appropriate that matters pertaining to superannuation be the subject of workplace collective bargaining between employers and employees.

At page 65 of the Panel's draft report the Panel notes that "There is broad support for the exemption process for collective bargaining by small business which is designed to recognise unequal bargaining power between parties to a business transaction." The collective bargaining process at the workplace level is designed to deal with the same unequal bargaining that would occur where individual employees are required to bargain the terms of their employment with their employer. The resultant terms of the collective agreement apply to all employees, including superannuation terms.

It is open to any employer who is sufficiently engaged to reach an Enterprise Agreement with their staff that deals with superannuation, including the nomination of a fund or choice of default fund. The form of the agreement pertaining to superannuation and other matters is properly a matter for each employer and their staff. Enterprise agreements wholly replace the terms of a modern award and are therefore comprehensive agreements dealing with the totality of the terms and conditions of employment, including superannuation. In circumstances where an Enterprise Agreement fails to deal with superannuation terms, the choice of default fund remains with the employer.[8]

There are no statistics kept on the nature of superannuation terms within Enterprise Agreements. The general consensus is that the superannuation terms with Enterprise Agreements generally reflect those found in modern awards, usually by direct reference to the relevant superannuation clause with the applicable modern award.[9] The superannuation terms within modern awards whilst they may refer to one or much more commonly, a number of default superannuation funds, the terms maintain choice of fund for employees.

Many superannuation clauses within Enterprise Agreements whilst naming the default fund or funds to be used by an employer, they also provide for employee choice of superannuation fund. It is estimated that the majority of Enterprise Agreements do not extinguish employee choice of superannuation fund.

The model superannuation clause adopted by the Australian Council of Trade Unions (ACTU) affiliates consequently found in many Enterprise Agreements preserves employee choice of fund. The opening and relevant section of the proposed clause states: "Superannuation contributions will be made to a fund of the employee's choice. Where an employee does not choose a fund, their contributions will be made to [default fund]." In many instances more than one default fund is named and generally reflects those funds found in the relevant modern award.

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[8] As an example BHP Billiton Minerals Pty Ltd in the BHP BILLITON CANNINGTON ENTERPRISE AGREEMENT 2013 (AG20 13/6402) does not deal with superannuation terms and it is open to BHP to use as a default the BHP Billiton Superannuation Fund as the MySuper default fund product.

[9] Work undertaken by the Productivity Commission confirmed that it appeared to be the case that the terms included in Enterprise Agreements generally reflected the terms within the relevant award. Productivity Commission 2012, *Default Superannuation Funds in Modern Awards*, Report No. 60, Final Inquiry Report, Canberra.Page 54

9. Where choice of superannuation fund is limited

A number of enterprise agreements and workplace contracts prescribe the superannuation fund the employer will pay superannuation contributions into. This most commonly occurs where the employer operates a corporate superannuation fund and/or a defined benefit fund, including major public sector accumulation funds.

Many employers have also agitated for the prescription of the superannuation fund into which they will make contributions as they seek to minimise the costs associated with paying superannuation contributions into multiple funds.

Enterprise Agreements are an exercise in choice. It is important to recognise that staff must vote in support of a workplace agreement. It is a matter for the parties to determine what the terms of those agreements are provided the arrangements pass the non-disadvantage test ensuring that employees are no worse off. Employees and employers may determine to not deal with superannuation and therefore leave the matter in the hands of the employer alone; prescribe the fund or funds which an employer can use as a default fund whilst maintaining choice or restricting it. Where a superannuation fund is prescribed it need not be a MySuper fund and can be an industry, corporate or retail fund.

Many of those that are calling for further regulation to restrict the ability of employees and employers to reach agreement on the fund into which superannuation contributions are made argue that such arrangements restrict the ability of individual employees to nominate their preferred superannuation fund. However, the alternative that is proposed is the removal of the exercise of choice by employees and the handing of this choice to employers by allowing them to choose any authorised MySuper product. Choice of superannuation fund can be made directly or indirectly by way of an employees required endorsement of an enterprise agreement. Allowing an employer to choose from any of the 118 authorised MySuper products extinguishes employee choice.

It is entirely appropriate that an employer who seeks to change a fundamental condition of employment such as superannuation should be required to seek the approval of staff and have a regulatory requirement that the employees are 'overall better off'.

It is not appropriate that a minimum wage employee would be denied the protections of the existing minimum wages system and be required to challenge their employer's choice and possible motives. This suggestion fails to recognise the power imbalance present between employers and minimum wage employees.

The evidence is that individual employers generally do not have the interest, skills or resources (including search costs), to select a default fund. It is less likely that they will be in a position to do so when required to apply the selection 'considerations' discussed by the Commission and applying a no worse off test, which requires an assessment of alternative funds named in the relevant award.

With the vast majority of employees not choosing a superannuation fund; it is even less likely that an individual employee will challenge their employer's choice of fund. This is supported by the Colmar Brunton employer survey work undertaken by the ATO.[10]

The Productivity Commission determined that employer choice raised substantial principal-agent relationship issues, these included a finding that employers:

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[10] See ColmarBrunton Social Research Investigating Superannuation: *Quantative Investigation with Employers*, 20 January 2010 and Understanding Superannuation: Preliminary Report: *Qualitative Investigation with Employers, Consumers and Industry*, 25 March 2010.

- receive none of the direct benefits of a fund's high performance, and therefore might have little incentive to invest time and effort into making effective choices for employees;
- could choose a fund solely on the basis that it has the least onerous administrative requirements;
- might face high search costs when trying to make an optimal choice, especially when choosing from a large pool of potential funds, and especially when they themselves lack information and expertise;
- could choose a fund that has additional benefits specific to them, such as cheaper financial products for their organisation that get bundled with superannuation; and
- might be driven by concerns about any legal repercussions of choices they make, rather than the best interests of their employees.[11]

Colmar Brunton research also supported this conclusion, when it found that "Employers would be more inclined to consider changing their default superannuation fund if it was clear that membership of one fund would provide financial or resource benefit to the company."[12]

9.1 Employer's susceptible to exclusive dealing by banks

Employer choice of default superannuation products for their employees can result in a significant difference to the retirement incomes of their employees.

An employer 's interests do not necessarily coincide with their employees and in the absence of market intervention a poor choice of superannuation fund due to either lack of diligence or where an employer makes a commercial decision in their interests, could have a devastating impact on the retirement standards of the employers employees.

ISA is aware of a number of instances where superannuation entities owned by banks have allegedly offered discounts to commercial banking arrangements in the event the employer switches their default superannuation arrangements to the fund concerned. It is also evident that such a switch would result in detriment to employees as the bank operated fund underperformed by comparison with the existing default fund operated by the employer.

These 'bundling' arrangements are particularly attractive to small to medium sized businesses that can qualify for discounts from banks when associated business reaches a certain threshold.

The representatives of banks argue that section 68A of the *Superannuation Industry (Supervision) Act 1993* (SISA) prohibits the offering of inducements by trustees of a regulated superannuation fund and their associates to employers. The reality is that prohibitions contained in section 68A of the SISA have a series of significant exemptions which allow the offering of bundled services in such a manner that the employer is induced to change service providers.

Exempt from the s68A inducement provisions are the:

a) supply of a business loan to an employer on a commercial arm's length basis;

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[11] At page 52 in section 3.1 of the draft report.

[12] Colmar Brunton Social Research, Understanding Superannuation Preliminary Report: Qualitative Investigation with Employers, Consumers & Industry, prepared for Australian Taxation Office, 25 march 2010, page 28.

b) supply of clearing house services for the forwarding of contributions and information to other funds or RSA's on behalf of the person in relation to employees of the person who has choosen those funds;
c) supply of advice or an administration service to a person, or the employees of the person, where the supply relates to the payment of contributions to the fund; and
d) supply (or offer to supply) of goods and services where the supply or offer is available to the employees of the person who are members of the fund on the same terms.

10. Conclusion

Superannuation is a unique financial product. It is a compulsory product that most consumers to not choose. Default arrangements are important as price and returns received differ significantly and there is not an alignment of interests.

The Panel should not interfere with the ability of employees and employers to enter into workplace superannuation arrangements. The number of enterprise agreements that restrict the choice of superannuation funds is limited and generally nominates better performing funds, including employer corporate and public sector funds. It is suggested that as far as superannuation arrangements are concerned there is no need for the Panel to consider ways in which it could interfere with legitimate bargaining arrangements between employers and their employees. No changes should be made to sections 45E, 45EA or paragraph 51(2)(a) that would interfere with genuine bargaining at the workplace level.

ISA supports the Panel's draft recommendation 28 which proposes a re-drafting of section 47 so that it applies to all forms of vertical conduct that has, or is likely to have the effect of substantially lessening competition.

To avoid third-line forcing type issues it is suggested that a bank or related entity should be prohibited from providing default super fund services to employees where the bank is the main banking provider to the employer.

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Consider a fund's PDS and your objectives, financial situation and needs, which are not accounted for in this information before making an investment decision.