

The Association of Superannuation Funds of Australia Limited  
ABN 29 002 786 290  
ASFA Secretariat  
PO Box 1485, Sydney NSW 2001  
p: 02 9264 9300 (1800 812 798 outside Sydney)  
f: 02 9264 8824  
w: [www.superannuation.asn.au](http://www.superannuation.asn.au)



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Head of Secretariat  
Financial System Inquiry  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [fsi@treasury.gov.au](mailto:fsi@treasury.gov.au)

Dear Sir/Madam

## **FINANCIAL SYSTEM INQUIRY – DRAFT TERMS OF REFERENCE**

The Association of Superannuation Funds of Australia (ASFA) is a non-profit, non-politically aligned national organisation. We are the peak policy and research body for the superannuation sector. Our mandate is to develop and advocate policy in the best long-term interest of fund members. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

ASFA welcomes the release of draft Terms of Reference for the Financial System Inquiry (FSI). ASFA believes that the FSI will provide the opportunity for the superannuation industry to demonstrate how superannuation capital contributes to the Australian economy. To this end ASFA does not seek any material changes to the Terms of Reference.

However, by way of background, over the last few years, ASFA has researched the links between Australia's growing pool of superannuation capital and the Australian economy.

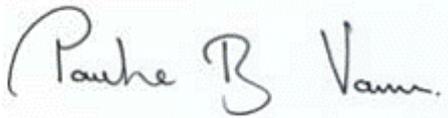
Research commissioned by ASFA has concluded that:

- superannuation capital already helps to finance Australia's long-term economic growth

- superannuation capital seeks profitable investments. If superannuation funds are asked to help meet economic objectives, it should not be in a manner detrimental to returns on fund members' retirement savings
- superannuation has the flexibility to meet the future expectations of retirees
- the superannuation system should not compromise the stability of the financial system, even as the pool of funds grow
- the evidence indicates that superannuation funds actually have strengthened the financial system, providing substantial financing both directly to businesses and indirectly through other financial institutions
- Australia weathered the GFC comparatively well, in part due to the stabilising role played by superannuation fund investments.

ASFA looks forward to contributing to the debate throughout the period of the FSI. If you have any queries or comments regarding the contents of this submission, please contact myself or Gordon Noble by email at [gnoble@superannuation.asn.au](mailto:gnoble@superannuation.asn.au).

Yours sincerely

A handwritten signature in black ink that reads "Pauline B Vamos". The signature is written in a cursive style with a large, stylized 'P' and 'V'.

Pauline Vamos  
Chief Executive Officer