



Investment & Financial Services Association Ltd

ABN 82 080 744 163

23 February 2009

Mr John Carter
Committee Secretary
Senate Education, Employment and
Workplace Relations Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Carter

Re: Fair Work Bill 2008 and Default Superannuation Funds

On behalf of the Investment and Financial Services Association (IFSA), I would like to provide a further submission addressing an issue arising from our appearance at the public hearing of the Senate Education, Employment and Workplace Relations Committee inquiry into the Fair Work Bill 2008 in Sydney on 18 February 2009.

Correction of public record

During my appearance the following exchange with the Chair occurred:

CHAIR—Isn't the fee structure for industry funds 63 basis points?

Mr Gilbert—I am not sure where that is coming from.

CHAIR—That is coming from the Heron research super review of February 2009.

Mr Gilbert—We have been running a survey since 2002—this is Rice Warner—and I am very happy for you to have them in because they have produced it, but they were not invited today.

CHAIR—I am happy for you to put their information in.

Mr Gilbert—Their indicator was that industry funds are 107 basis points.

CHAIR—I think they are wrong

I understand that the figure quoted by the Chair of average fees of 0.63 per cent for industry funds is based on an article in the February 2009 issue of Super Review

based on research from the Heron Partnership. I would emphasise that the figure quoted refers to investment fees only, to which the article notes that other fees must be added. Other fees include administration fees such as the \$1.50 per day charged by some industry funds.

The total average fee paid by members of industry funds is therefore higher than the 0.63 per cent quoted by the Chair.

IFSA's initial submission to the inquiry included as an attachment the Rice Warner Actuaries *Superannuation Fees Report 2008*, December 2008. This report takes all fees paid by members into account. The report indicates that total industry fund fees average 1.07 per cent, comprising investment management fees of 0.67 per cent, administration fees of 0.38 per cent and adviser fees of 0.02 per cent.

Should you have any questions regarding the submission, please contact myself or Daniel Caruso on 02 9299 3022.

Yours sincerely



Richard Gilbert
Chief Executive Officer