



AUSTRALIAN INDUSTRY  
GROUP

FAXED

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The Committee Secretary  
Senate Select Committee on Superannuation  
Parliament House  
CANBERRA ACT 2600

ATTN: Ms S Morton

Dear Sir/Madam,

**SUPERANNUATION LEGISLATION AMENDMENT  
(CHOICE OF SUPERANNUATION FUNDS) BILL 2002**

We refer to your recent request for comment on the Committee's proposed review of the above Bill which we understand is to occur early next week. Our preliminary comments are as follows:-

1. At the time of writing, we have not sighted any specific terms of reference for the review.
2. As previously indicated, we have brought the Bill to the attention of our member companies but in the relatively short time involved, we are still reviewing their responses. Accordingly, we are unable at present to form a fully considered and conclusive view on the proposal.
3. However, we can make the undernoted comments, viz:-
  - 3.1 We acknowledge that choice of fund is a legitimate and desirable concept within Australian policy settings for occupational superannuation. However, in the **short term** it is probably more important to ensure the universal provision of an effective **member investment choice** regime. This process has been developing in recent years and should continue to be encouraged.
  - 3.2 We are concerned with the **additional** costs which the draft legislation will impose upon employers, given the imperative need for Australian industry to remain internationally competitive and profitable. In this context, we believe it essential to ensure that the imposition of any unavoidable costs are outweighed by the anticipated benefits.

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- 3.3 If the objectives of the Bill are to be realised, certain fundamental **pre-conditions** need to be satisfied. These include the provision of a comprehensive and effective education campaign by the Federal Government, together with greater transparency, simplicity and consistency in prospectus material on issues such as fees and investment performance (both historical and projected). We must guarantee that Australian consumers, many of whom will be clearly vulnerable, are not exposed to the unrealistic expectations and unfair costs experienced in some overseas countries.
- 3.4 We support the intended arrangements for superannuation funds nominated under the Australian Workplace Agreements and those included in certified agreements under the Workplace Relations Act 1996 to be recognised as satisfying the choice requirements.

We trust the foregoing is of assistance to the Committee and invite you to again contact Grahame Willis should you require further information.

Yours sincerely,

  
(R N HERBERT)  
**CHIEF EXECUTIVE**