



16 September 2002

Senator John Watson  
Chair  
Senate Select Committee on Superannuation  
Parliament House  
CANBERRA ACT 2604

Dear Senator Watson

### **Senate Select Committee on Superannuation**

I refer to the transcript of the Senate Select Committee on Superannuation of 11 September 2002 (reference Super 220) at which point Mr Breakspear, Chief Executive of the Financial Planning Association, gives evidence regarding industry superannuation funds and commissions. Mr Breakspear's comments need correction and clarification.

Firstly, Industry Fund Services is not an industry superannuation fund.

Secondly, Industry Fund Services does not pay commissions.

Thirdly, Industry Fund Services does offer an allocated pension and non-superannuation unit trust investments. None of these products pay sales commissions.

Fourthly, Industry Fund Services in recent years has operated a financial planning service, Industry Fund Financial Planning. This service is operated entirely on the basis of salaried employees and follows the principles outlined below:

1. Only superannuation funds that do not pay sales commissions are recommended.
2. In respect to non-superannuation products:
  - (a) products carrying sales commissions are avoided where possible;
  - (b) upfront commissions are rebated to the members;
  - (c) where, for administrative reasons, it is difficult to separate trail commissions and trail commissions are therefore received, such commissions are accumulated with a corresponding liability in our accounts and are donated to charity. We have recently reached agreement to donate part of this accumulation to a charity known as Arts Project Australia, which supports intellectually disabled artists, and we are currently negotiating for a further donation to a charity called Child Labour Schools Company, which builds and operates schools in India as a means of keeping children out of the workforce.

You can imagine that if the Financial Planning Association is prepared to colour evidence it gives to a Select Committee of the Senate, then it is entirely likely that their members, faced with substantial financial interest in the form of sales commissions, may deviate from advice in the best interests of clients. The simple fact of the matter is that financial planning organisations almost invariably never recommend non-commission paying superannuation funds, and a retirement income system which combines compulsory superannuation contributions with unfettered commission based selling is a recipe for disaster.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Weaven', with a small flourish at the end.

**GARRY WEAVEN**  
Executive Chair

**Copy:**

Senator Nick Sherry, Deputy Chair, Senate Select Committee on Superannuation