

**Morton, Sue (SEN)**

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**From:** Clark, Murray (Sen J. Watson) on behalf of Watson, John (Senator)  
**Sent:** Monday, 15 July 2002 4:33 PM  
**To:** Morton, Sue (SEN)  
**Subject:** FW: Superannuation and Choice - Feedback on Financial review Article - 15 July

-----Original Message-----

**From:** Tony Cahill [mailto:tony.cahill@corpsuper.com.au]  
**Sent:** Monday, 15 July 2002 4:00 PM  
**To:** 'senator.watson@aph.gov.au'  
**Subject:** Superannuation and Choice - Feedback on Financial review Article - 15 July 2002

Dear Senator Watson

I read the front page article in today's Financial Review with interest, especially the section regarding regarding the section referenced to you.

Perhaps the Labor Party would like to hear from an independent person who is concerned that all the vested interests of investment managers, trade unions and the like are not fully focussed on the best disclosure and fee regime for superannuation. The competing objectives are putting these groups at cross purposes and I don't think, that with the greatest respect, that the Senate and House of Reps are able to extract all the relevant information.

My interest stems from the new business I, and some others have recently commenced. It is a superannuation consulting business. The business was established because of a lack of independence in services that are provided to trustees and employers by many providers in the market place. A large number of these providers are financial planners.

Labor's interest in fee levels and consistent disclosure is one which I share.

The Government's push for individual choice is flawed at this stage. It is likely to result in members wasting valuable superannuation and other important benefits. The reality is that a growing number of superannuants have broad access to a range of investment managers under the umbrella of their existing superannuation fund. There is no need to specify that members force employers to pay contributions to the same manager via a personal plan. Why?

- The member gives up valuable bargaining power on price. A large fund with many members is better placed than an individual;
- Valuable insurance cover may be lost. Corporate and industry funds can give people a level of insurance cover with no questions asked. This is rare if non existent in the personal super area;
- The member loses a valuable feedback forum, via the fund's trustee or policy committee. The ability of a member to action something or provide noticed feedback is severely diminished, compared with that same feedback via a trustee board or policy committee.
- Employers, who pay the super guarantee support (a tax on their revenue), will face more costs in administering this system. It just adds another layer of cost.

The impact of choice can also affect members that remain in a corporate fund if other members leave to use their own personal superannuation fund. This is because:

- The size of the corporate fund goes down so the fees may go up (a smaller fund means less bargaining power);
- The ability for employees to get insurance with no questions asked may be jeopardised

**All things considered, choice of super looks like increasing everyone's fees: the members who leave and the members who stay!**

15/07/2002

I also sent this email to Senator Nick Sherry.

I would be interested in passing on assistance if I can

regards

Tony Cahill  
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Corporate Superannuation Strategies Pty Ltd  
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