



AUSTRALIAN BANKERS' ASSOCIATION

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Sue Morton
Secretary
Senate Superannuation Committee
Parliament House
Canberra ACT 2600



Dear Sue,

Supplementary (supp.) answers to the ABA's hearing before the Senate Select Committee on Superannuation on Monday, 1 July 2002 in Canberra.

Disclosure under FSR

Question: "Could you provide to the committee on behalf of the banks, who are your members – in anticipation of the so-called choice legislation coming to us – a copy of fees and charges that are contained in the disclosure document under the Financial Services Reform Act for each bank?" (Senator Sherry, Hansard, p.9)

ABA supp. answer: In regard to super and the choice legislation, we note that Investment & Financial Services Association Ltd (IFSA) has provided the Committee with information regarding the fees and charges of retail superannuation accounts covering superannuation (managed funds) interests of a number of ABA members. If the Committee needs any other information we would be happy to oblige.

Superannuation industry efficiency

Question: "Have you thought about the way we can make it (superannuation industry) more efficient?" (Senator Watson, Hansard, p.9)

ABA supp. answer: ABA has consistently argued that the principle of choice should be extended further in the system. Employees should have more choice in choosing their superannuation fund. This would increase competitive disciplines and, therefore, force funds to become more efficient. Fund choice would also help reduce the fragmented nature of the industry, as consumers would be better able to consolidate their superannuation holdings. The Wallis Report noted, in Chapter 11, that the scale economy gains from this process are likely to be substantial.

Ability of the share market to absorb growth in superannuation

Question: "...given the huge growth in superannuation and its projected growth into the future, is the Australian Stock Exchange going to grow at a commensurate rate, given the very high proportion of superannuation moneys in equities?"

ABA supp. answer: ABA agrees this is an issue worth investigation. We would fully participate and cooperate in any government-led initiative to undertake research into this matter. Federal Treasury is best placed to coordinate such a project as any meaningful analysis of would require access to the Federal Treasury's Retirement Incomes Model.

Payment of Superannuation Guarantee (SG) while staff on leave

Question: "I know the banks are pretty good with this, because they have paid maternity leave. As part of the maternity leave for banks, does the maternity leave payment include the superannuation contribution?" (Senator Sherry, Hansard, p.12)

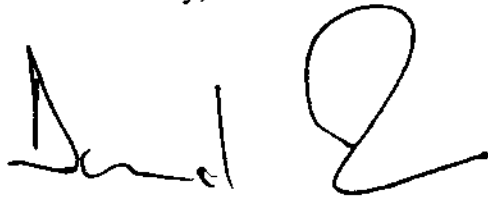
ABA supp. answer: The rules appear to vary between banks, but generally, where a person is on paid maternity leave, employer super contributions are maintained. In the case of unpaid maternity leave, some banks will continue contributing if the employee keeps up contributions for the duration, but rules appear to differ.

Availability of reverse mortgages

Question: "I find the issue of reverse mortgages quite fascinating...I don't know whether any banks in Australia offer this at the moment. Perhaps you could give us further information..." (Senator Sherry, Hansard, p.15)

ABA supp. answer: The ABA understands that there are currently no reverse mortgage products provided by ABA member banks.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Bell', written over a horizontal line.

David Bell