PREFACE

This report outlines issues involved when considering a greater availability of superannuation fund choice. A roundtable meeting convened by the Committee was held in Sydney on 14 December 1999.

The Government proposals for choice of fund have been before Parliament since December 1997. Originally introduced as Schedule 5 to the Taxation Laws Amendment Bill (No. 7) 1997, the choice legislation was reintroduced on 12 November 1998 in revised form as the Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 1998. The latter Bill passed in the House of Representatives on 16 February 1999. However, debate on the Bill in the Senate was adjourned on 17 February 1999 and the Bill remains on the Table for consideration.

In the two years that have elapsed since the draft legislation was first formulated, choice has become a reality for some groups in some states, although figures were not available to the Committee. Most industry representatives suggest there is now a need for a stronger regulatory framework.

The Committee sent invitations to the roundtable meeting to a widely representative group of those expected to be either directly or indirectly affected by the issues involved in a choice environment. Although the meeting was arranged at short notice, the response was overwhelming - representatives of more than twenty industry, consumer, union and government organisations attended.

From the roundtable discussion and submissions made to the Committee, it was evident that there was not a unanimous position. Views fell into three broad categories; those who support fund member choice with few reservations; those who believe fund member choice will not be in the interests of fund members; and those who believe fund member choice can be made workable subject to a range of conditions being met. In an atmosphere of spirited discussion, all groups indicated their support for adequate protective measures, including a standardised approach for disclosure of fund details and an extensive education campaign. There was also debate on mechanisms to address the respective rights of both employers and employees.

Submissions and witnesses reminded the Committee that superannuation is compulsory for employees in this country. Hence there is a need for great caution in dealing with the way in which changes might reduce the security of retirement incomes.

The Committee Chair commended participants on the high level of their contributions to the discussion and expressed appreciation to those who made submissions.

ABBREVIATIONS

ABA	Australian Bankers' Association
ABS	Australian Bureau of Statistics
ACA	Australian Consumers' Association
ACCI	Australian Chamber of Commerce and Industry
ACTU	Australian Council of Trade Unions
AIRC	Australian Industrial Relations Commission
AIST	Australian Institute of Superannuation Trustees
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulation Authority
ARISA	Australian Retirement Income Streams Association
ASCPA	Australian Society of Certified Practising Accountants
ASFA	Association of Superannuation Funds of Australia
ASIC	Australian Securities and Investment Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
CGT	Capital Gains Tax
CLERP	Corporate Law Economic Reform Program
FBT	Fringe Benefits Tax
FICS	Financial Industry Complaints Service
FSCPC	Financial Services Consumer Policy Centre
GST	Goods and Services Tax
IAA	Institute of Actuaries of Australia
IFF	Industry Funds Forum
IFSA	Investment and Financial Services Association
KFS	Key Features Statements

RSA	Retirement Savings Account
SCT	Superannuation Complaints Tribunal
SG	Superannuation Guarantee
UK	United Kingdom
US	United States
WA	Western Australia