

Mr John Cosgrove
Review of Certain Superannuation Legislation
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

22 June 2001

Dear Mr Cosgrove

Submission to the Productivity Commission

Further to the presentation of our submission to the Productivity Commission's Melbourne hearing on 15 May 2001 into the Review of the Superannuation Industry (Supervision) Act 1993 and Certain Other Superannuation we set out below some further comments.

1. Cost Comparison

In our submission we noted that we had not carried out a thorough comparison of the costs of operating superannuation funds (including compliance costs) against the costs of providing non-superannuation investment products. Further to that we provide some examples of comparisons of fees available to fund members through a master trust arrangement against investing with the same manager in a retail trust.

	Master Trust Equivalent MER	Retail Trust
Manager 1	.3%	.6-.78%
Manager 2	1.43%	1.9%
Manager 3	1.78-2.22%	2.01-2.88%

The comparison is based on a 24 members and assets of \$1.5million, indicating that even at a relatively low member and asset numbers cost savings are available.

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2. Communications by electronic means

To provide further clarification in relation to whether it is allowable under SIS to communicate with members via electronic means, we understand that the Electronic Transactions Act 1999 (ETA) will apply to SIS from 1 July 2001. Under this Act, a general rule will apply that a transaction will not be invalid because it took place by means of electronic communication. There are some conditions such as that the information provided by electronic means must be readily accessible so as to be useable for subsequent reference and that the person being communicated with must have previously consented to the information being given by way of electronic communication.

3. Superannuation (Financial Assistance Funding) Levy Act

We believe that this Act could only apply when fraudulent conduct or theft has been proven. Accordingly, there is likely to be considerable delay between the time of the loss and before a levy would be introduced. In our view, all other avenues of recompense should be explored, however this could be concurrent with a levy once fraudulent conduct or theft has been proven.

Consideration could be given in the Act to setting objective criteria for use of the levy including whether a cap should apply say, in relation to individual benefits eg. up to Reasonable Benefit Limits.

Yours sincerely



David Coogan
Partner