

SUBMISSION ON THE DRAFT REPORT 9 October 2001

Review of Certain Superannuation Legislation
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dr Thomas Horr

SA

RE: Submission on the draft report for Review of Certain Superannuation Legislation

I am raising **two issues** regarding the draft report.

1. The suggested replacement of the Superannuation Complaints Tribunal by a industry based scheme is very worrying as the reporting requirements regarding complaints e.g. not naming super funds involved in complaints, and a written report about the nature of the complaint may be replaced and not exist at all. The suggestion of a lodgment fee is shocking (no fees are required for lodgments at the Administrative Appeals Tribunal). If anything a fee should be imposed on the super fund, if the complaint proceeds to the reconciliation stage, for not resolving the complaint internally as I believe happens to the banks when the Banking Ombudsman is called in. If the Superannuation Complaints Tribunal were to go why not replace it with the ACCC, an existing body set up for handling consumer complaints and one with a bit of rigor.

2. The views of policy holders do not appear to have come out strongly in the draft report. This may be in part due to the hearings being conducted in only the two major cities and I similarly could not attend hearings. I think those submissions from policy holders need to be given extra consideration and reported on to correct potential or perceived bias towards the super industry. I have read Submission no. 7 regarding the lack of portability of super funds which is also a complaint of mine and one that has been neglected in review after review. The minister Rob Kemp is aware of the problem of a lack of portability between super funds and this issue was going to be addressed by the Liberal Government in its 1996 pre-election statement. Note letter attached from Rod Kemp. The lack of portability between super funds is a key obstacle preventing competition and productivity between super funds. Policy holders clearly want this issue addressed.

I suggest the following recommendations:

- (a) the issue of portability of superannuation funds between complying funds be addressed to enable increased competition and productivity;
- (b) the ACCC be considered as the body responsible for the management of superannuation complaints.

I think the statement on pg. 6 part 1.4 of the draft, "On the whole, participants considered that the existing arrangements allow a satisfactory level of competition", clearly does not reflect the views of policy holders as outlined in 1 and 2 above. The lack of portability between super funds is a real issue and must be addressed in the draft report.

I hope these suggestions can be taken up as I am sure it will benefit all in times to come.
I welcome any further inquiry as I have a personal interest in the resolution of these issues.

Yours sincerely
Dr Thomas Horr



**ASSISTANT TREASURER
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22 FEB 2001

Senator John Watson
Committee Chair
Senate Select Committee on
Superannuation and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Senator Watson

Thank you for your letter of 8 February 2001 in which the Senate Select Committee on Superannuation and Financial Services sought my views on Dr Thomas Horr's suggestion about the portability of superannuation benefits.

At present, the portability of superannuation benefits is a matter determined by the individual fund. Some superannuation funds provide portability, but not all. The Government appreciates the concerns of members of superannuation funds that are unable to transfer their existing superannuation benefits into another complying superannuation fund of their choice. The Government indicated its support for changes in this area in its 1996 pre-election statement *Super for All - Security and Flexibility in Retirement*, and reaffirmed its support in the Government's response to the Financial System Inquiry.

The Government is currently considering the details of this policy and will make an announcement on this matter in due course.

I trust this information will be of assistance to you.

Yours sincerely

(signed)

ROD KEMP