



THE LAW SOCIETY
OF NEW SOUTH WALES

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4 April 2012

Default Superannuation Funds in Modern Awards
Productivity Commission
LB2 Collins Street
EAST MELBOURNE VIC 8003

Email: default.super@pc.gov.au

Dear Sir /Madam,

Re: Default Superannuation Funds in Modern Awards

I am writing to you at the request of the Law Society's Employment Law Committee ("Committee").

The Committee has considered the matters raised in the Productivity Commission Issues Paper *Default Superannuation Funds in Modern Awards* ("Issues Paper"), released in February 2012.

The Committee notes that the Cooper Review of 2009 and 2010 identified the crucial role of the default superannuation system for many workers. The final report of the Cooper Review noted that most workers do not take active steps to select their superannuation and are reliant on the default superannuation option. Obviously in these circumstances the role of default superannuation under any modern award or enterprise agreement is critical.

The Committee also notes that Fair Work Australia is considering this issue as part of the current review of modern awards.

The Committee's view is that anything that can be done to enhance the availability and quality of information that enables potential members to compare superannuation products will be beneficial to them and the wider community. The Committee's view is also that transparency, particularly about fees and investment performance, will assist workers in making an informed choice about an appropriate superannuation fund.

Low or no cost options should be considered in any review for younger workers. Many young employees who may work full time and/or part time and/or casually, are often involved in tertiary study and are members of industry superannuation funds. They see super savings eaten away by fees and charges levied by the funds leaving very little remaining at the end of their studies.

The Committee notes that a number of other issues are raised in the Issues Paper, but it has chosen not to comment on these other issues at this stage. The Committee also understands that a draft report will be released in June 2012, with an opportunity to make submissions on that draft report, before the final report is due to be provided to the Government in October 2012. There may be matters in the draft report which the Committee would like the opportunity to comment on in due course.

The Committee appreciates the opportunity to comment on the Issues Paper. If you have any questions arising from the Committee's comments above, please contact Gabrielle Lea on (02) 9926 0375 or email: gabrielle.lea@lawsociety.com.au.

Yours faithfully



Justin Dowd
President