

Industry hounds Costello over super fees

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and Matt Wade

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A coalition of industry and consumer groups will launch a campaign next week demanding that the Federal Government change rules on disclosing fees on superannuation funds.

The groups want fees to be expressed in more transparent dollar terms, not percentages, and say misleading fee disclosure is driving investors away from superannuation altogether.

The commercial industry is under pressure after reports

showing it charges more than twice as much as non-profit superannuation funds.

This week the Treasurer, Peter Costello, said the industry was uncompetitive and fund managers should reconsider the level of fees they charge.

On Wednesday the Association of Superannuation Funds of Australia (ASFA) will join the Australian Consumers' Association and the industry analyst Rainmaker Information to tell a Sen-

ate financial services committee that the Government's fee disclosure regime has failed. The groups will argue that the industry has stunted its own growth by abusing the trust of consumers.

"If we are to capture the consumers' confidence, the industry has to come up with simple comparative measures," said Michaela Anderson, policy director at ASFA. "The dollar amounts are important because people don't understand percentages."

The coalition will present damning figures that show investors last year parked more money in bank accounts than superannuation funds, despite mandatory super-contribution rules.

The campaign will be opposed by financial planners, who have been criticised for charging exorbitant trailing commissions.

Rainmaker argues that some funds are evading fee disclosure requirements by classing charges as "costs" not "fees".

ASFA figures show retail superannuation funds charged average annual management fees of

2.59 per cent last year, compared with 1.04 per cent for industry funds run by unions, 0.87 per cent for public sector funds and 0.52 per cent for corporate funds run by employers.

Retail fund fees ranged as high as 6 per cent - which would ensure many investors lost money even over long periods.

The secretary of the ACTU, Greg Combet, called for a cap on fees. "The Treasurer, having finally recognised that people are being ripped off by the private sector retail funds, should move quickly to regulate them," he said.

The debate was sparked by a report from the Department of Treasury that showed an ageing population would punch a massive hole in future budgets.

Several independent analysts said the report was unduly pessimistic. "I think the atmosphere being created - that there is this looming crisis and we have to take drastic action - is misleading," said Professor Steve Dowrick, of the Australian National University.

Rising levels of education would ensure a more productive workforce able to support an ageing population, he said.

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ACTU secretary

**Working on
retirement**
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