

## Media Release

### BT RELEASES BLUEPRINT FOR SUPER INDUSTRY EFFICIENCY

**Thursday, 17 December 2009**

In its submission to Phase 2 of the Super System Review, BT has outlined a plan for the superannuation industry to make dramatic changes to fund portability, reduce costs and increase engagement by removing systemic infrastructure inefficiencies.

Rob Coombe, Chief Executive, said that while the reform process was significant, it was not insurmountable.

“Lack of transparency and lack of portability are key contributors to member apathy. We need to facilitate an environment where people can easily implement choice – a standardised, simpler approach to portability is crucial to achieving this,” he said.

“With significant system reform, we can significantly increase Australian’s retirement savings and engagement with their super.

“The current infrastructure has not kept up to speed with legislative changes or technological advances resulting in huge inefficiencies and operational complexities.

“We have identified practical steps that the industry can take to reduce costs and pass these savings directly to the investor.

“Importantly, our recommendations will see a 25 per cent reduction in operational costs, lower existing fees by unbundling commissions from product, low cost super advice and more investor-friendly rollover processes.”

BT’s recommendations include:

#### *Removing at least 25 per cent of operational costs*

1. Mandate electronic transactions and common industry data standards
2. Use Tax File Numbers to make lost super transparent
3. Introduce legislation, tax changes and incentives which would facilitate fund consolidation

#### *Making cost effective advice accessible to all Australians*

4. Legislate for unbundling of advice fees in line with IFSA’s Super Charter
5. Extend the ASIC Class Order relief for Intra-Fund Advice to Financial Advisers and make superannuation advice tax deductible

#### *Streamlining superannuation choice*

6. Allow trustees to consolidate upon members’ request
7. Once systemic issues are addressed, launch a Government sponsored education programme

## Media Release continued

8. Introduce PDS standards; legislate to allow for interactive web-based disclosure of product disclosure statements
9. Mandate use of SPIN number and SPIN register when a fund is nominated for choice

“Initiatives such as consolidating smaller superannuation funds and decommissioning legacy systems would undeniably lead to reduced costs,” Coombe said.

“Likewise, putting in systems that allows a member to rollover their multiple super accounts in a matter of minutes directly addresses the need for better investor engagement and will ensure increased competition.”

Coombe concluded that competition and choice remain the cornerstone of a successful superannuation industry and will ensure all industry participants continue to innovate on features, return and price to win and retain customers.

### **Attached: Executive Summary to Phase 2 of the Super System Review**

**For a copy of the entire submission contact Kate Gorman, Senior Media Relations Manager BT Financial Group, on 02 8253 2735 or [kate.gorman@btfinancialgroup.com](mailto:kate.gorman@btfinancialgroup.com)**

### **About BTFG**

BT Financial Group (BTFG) is the wealth management arm of the Westpac Group which, following the Westpac and St.George merger in late 2008, also includes the wealth division of St.George bank. The result is BTFG - a strong stable of market leading brands and capabilities. Today, the brands within BTFG provide our customers with a full spectrum of wealth services. These include investment, superannuation and retirement income products, investment platforms, financial advice, private banking and insurance solutions. BTFG is the largest administrator of superannuation, retirement and investments in Australia with more than \$90 billion in total investments (*funds under administration as at 30 June 2009*)