

MERCER

Human Resource Consulting

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13 July 2006

General Manager
Superannuation, Retirement and Savings Division
The Treasury
Langton Crescent
PARKES ACT 2600

Subject:

A Plan to Simplify and Streamline Superannuation

Dear Sir

Mercer Human Resource Consulting Pty Ltd is very keen to provide comments on the Government's superannuation proposals and will be making a number of submissions on various aspects of the proposals.

We are very supportive of many aspects of the Government's proposals and believe that they will provide much greater incentive for individuals to provide for their retirement as well as encouraging greater workforce participation of older workers. The simplification will also enable most individuals to more easily understand their superannuation. However whilst simplification from the member's point of view has occurred, we are concerned that there has been little simplification of record keeping or processing from the perspective of superannuation funds. In fact, the administrative burden on superannuation funds would appear to increase under the proposals.

In our submissions, we will be concentrating on ways in which the Government's proposals can be modified to achieve a more cost efficient result whilst retaining the intent of the Government's proposals.

Mercer is well placed to comment on the submissions as our operations encompass a wide spectrum of the superannuation industry:

- Mercer Investment Nominees Limited is a Registrable Superannuation Entity Licensee and acts as trustee for a number of superannuation entities including the Mercer Super Trust which has assets exceeding \$ 10 billion;
- As a superannuation fund administrator we have provided administration services to a significant number of large corporate superannuation funds for many years;

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- We also act as consultant and/ or actuary to many funds in both the private and public sector as well as to employers;
- Through Mercer Investment Consulting and Mercer Legal, we provide investment and legal advice to superannuation trustees;
- Mercer Spectrum acts as a Clearing House to assist employers in forwarding contributions to multiple superannuation funds;
- Our financial planning arm provides advice to individuals.

In these varied roles we have gained a wide understanding of the needs and problems of superannuation fund members, trustees, private and public sector employers, fund administrators and even the various regulators. It is our intention that the recommendations we make will be based on a balanced view of the needs of each of these stakeholders.

We have attached a number of documents to this letter. They are as follows:

1. A brochure we have produced for our clients. This brochure highlights our general support for the thrust of the changes whilst also indicating some of the major areas in which we believe improvements can be made.
2. Submission No. 1: Issues relating to the proposed limit on undeducted contributions. (This consists of a covering letter highlighting the major issues and a separate more detailed report that explains our position in more detail.)
3. Submission No.2: Issues relating to the proposed limit on deductible contributions. (Again, this consists of a covering letter highlighting the major issues and a separate detailed report.)

In future weeks we intend to make a number of additional submissions on other aspects of the Government's proposals.

We hope that you will find these and our future submissions valuable in your ongoing deliberations. If you wish to discuss any issues raised, please contact either John Ward (03 9623 5552) or David Knox (03 9623 5464) who would be happy to elaborate further on our ideas.

Before concluding, we would like to record our appreciation to those Treasury officials who have listened politely and patiently to our verbal comments both in private and more public forums.

Yours Sincerely



Peter Promnitz
Chief Executive