

CHECK AGAINST DELIVERY

Speech by ACTU Secretary Dave Oliver
Industry Super Australia – The Super Opportunity conference
Tuesday, 22 November 2016

Good morning.

I want to reiterate the sentiment Peter Collins has introduced: we have a world's best superannuation system, but the opportunity is now here for us to build upon this framework.

We see this opportunity essentially through two lenses:

Firstly our system, good as it is, can be improved. We can genuinely aim to reach an objective of maintaining living standards for working Australians as they move into retirement.

Secondly our system can be nation-building. It can play a role in bridging an economy of the past into one of the future where jobs are sound, secure and can restore some of the concern which exists as many workers move from what was a stable past to an uncertain future.

Politically these messages should resonate – I believe one of the factors which led to surprise electoral outcomes in recent months in Britain and the US has been this uncertainty many workers are feeling as their industries shut down or change or their jobs become more insecure.

This is especially heightened as people near the end of their working lives with increasing worries as to how they will support themselves once the fortnightly pay cheques end.

We should also never underestimate the social damage which can be done by those who seek to take advantage when the population feels uncertainty about their ability to maintain their living standards.

History has taught us this lesson well. But it has also taught us that superannuation can be a key part of the solution to these challenges.

We have a unique chance to be different in this country.

Let's reflect on the post-GFC period – a time when the rest of the world shrank and a key driver which Australia had which was that we had stable, sustained superannuation contributions going into our financial system and our business world.

Just as super played a strong role in insulating us from recession, it can play a role in building a new, stronger economy into the future. And we are doing that while literally helping to build the country.

At a time when government infrastructure funding is withering, industry super is helping keep the cranes in the air across the country.

Industry super invested \$2.8 billion in infrastructure projects in 2015 alone, and has been the key driver behind projects of national significance – like airports, motorways and hospitals – with billions more set to come over the next five years.

As I've thought on these issues, I've also thought of the critical foundational issues which make such a situation possible. And to this extent, I want to emphasise a couple of those foundational issues: strong guardianship and powerful partnerships.

What I mean by strong guardianship is that we have held a broad mission statement for thirty-odd years now – to build a system to provide universal superannuation for all. And to build it in a way in which the member has been the key and only beneficiary, built on low cost and high performance.

We've been immensely successful in being guardians who have been true to this label.

A powerful partnership between labour and business saw us develop Infrastructure as a key asset class – something which is now emerging as being truly nation-building.

But let's also be clear that there are agendas out there which are suspicious of this partnership and who continue to push an agenda inconsistent with our history.

I don't want to dwell on governance or other issues other than to repeat the sentiment of the ASIC Chairman, Greg Medcraft, who a few weeks ago when asked about the need for Independent directors reflected on studies which showed Independent Directors didn't lead to outperformance and repeated many of his recent statements on how good culture drives good organisations, not just arbitrary formulas as to how you construct a Board.

It's those good cultures we have built in boardrooms over many years that count and which have driven performance and success, not arbitrary formulas and some academic exercise telling us that we need a different structure to perform.

Integral to super being able to drive a national agenda are the common sense measures we need to have in place which have been pivotal to what has got us here today:

- arrangements to ensure super is universal,
- super being in the best interests of the member (run in an all profits to members),
- in collegiate and collaborative structures.

It's fair to say we're at a crossroad with many of these issues.

As much as we want to look to the future to unleash potential, we also need to protect much of our system from those who would want the system to be different. What is challenging about this is that most who want to change our system are not motivated by improving the system but by giving access to a system to others, many of which have track records which say their motivations for involvement are self-interest first and members thereafter.

But this should not undermine us looking forward to try to release further potential in super. And that's why we're here today – to challenge ourselves in new ways and to look to what might be.

We welcome that opportunity and we look forward to the input of others. Importantly we also want a bi-partisan view of understanding what industry super has to offer and we believe, when that is understood, we can work much more collaboratively towards a long term consensus on what super can give to the country.

As I said at the outset, we have a world's best superannuation system – but we didn't get to this point by accident.

Our superannuation system has been carefully planned, built and protected over decades by the Australian Union movement, on behalf of the working people of this country with this goal in mind.

We are very proud of what we have achieved and we are going to do everything we can to maintain its success.

We must never lose sight of the fact that all super contributions are deferred salary. Every week, people are trusting us with a significant portion of their income.

And at a time when wage growth is stagnant and cost of living increasing for many, it's never been more important to safeguard people's money.

This is why we are sounding the alarm on the big banks, who continue to eye the trillions dollars of retirement savings of Australians like a greedy shark, circling a school of fish.

With a recent history of bad investment returns, skyrocketing executive pay checks, serial scandals and transparent profit motivation, it's no wonder the big banks are suffering a massive loss of public support.

It also seems that most of the new senate cross-bench was elected on an anti-bank platform.

While a lot of this resentment is rightly or wrongly written off as "bank bashing", one unavoidable fact is during the 2015/16 financial year, the average industry fund returned 3.45%, compared to 1.61% for the average retail fund.

The ball is now firmly in the Federal Government's court. They must put aside their ideological prejudice, summon the courage to ignore the bank lobby, and act to protect worker's retirement by maintaining the integrity of the industry super system.

Unions will certainly not be letting up until we know people's money is safe from corporate profit hunting and mismanagement.

So on behalf of the ACTU as joint sponsor, I welcome you today and we look forward to a constructive agenda for further developing superannuation as both a wealth accumulator and a nation builder.

Thank you.

ENDS