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Draft PC report in danger of putting politics ahead of reform

The peak body for working people has welcomed certain recommendations in today's draft report from the Productivity Commission, but has identified critical flaws in the direction taken by the commission.

The report singles out industry funds as the best performing vehicles for working peoples' retirement savings, and makes a sound case for the need to reform areas like multiple accounts and insurance.

But the suggestion that members' interests are best served by breaking the link between industry awards, workers' representatives and employer bodies which has driven the strength of industry super is badly misguided.

The commission has ignored the need to lift the Abbott/Turnbull government's freeze on superannuation contributions, which should be urgently raised to 12 percent.

The ACTU will be considering the 570-page report in its entirety and making a further submission to the Productivity Commission ahead of the body's final report.

Quotes attributable to ACTU Assistant Secretary Scott Connolly:

"Working Australians built superannuation and it belongs to working Australians. At all times the interests of members must be put first.

"It is deeply concerning that many of former banker Kelly O'Dwyer's ideas – which aim to put our super in the hands of for-profit bankers – appear to be embraced in this draft report.

"Superannuation is an industrial right and comes from workers' deferred wages. The link between employers, unions, workers and their funds has been a key reason why industry super funds have systemically out-performed bank-owned super funds, and a pillar of the success of our retirement system.

"The ACTU supports taking the politics out of superannuation, but this Government cannot be trusted to establish an independent panel – especially given the number of political appointees and politicised agencies under its direction.

"We back sensible reform that will secure a dignified retirement for working Australians. This includes common-sense measures to reduce multiple accounts, fee gouging products and reforms to improve retirement outcomes for women.

"It should also include the extension of employer-paid superannuation to all workers, including contractors and those in the gig economy, and the urgent increase of the super guarantee to 12 percent.

"The report does not go nearly far enough in its condemnation of for-profit funds, which have proven they should be banned for our system entirely due to high fees, low returns and massive scandals uncovered at the Banking Royal Commission."

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