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SPEECH TO:

CONFERENCE OF MAJOR SUPER FUNDS

THURSDAY 14TH MARCH 2019

CHECK AGAINST DELIVERY, EMBARGOED UNTIL 4:30PM, 14/03/2019

I wish to acknowledge the traditional owners of the land we are meeting on today, the Yugambeh People and pay my respect to their elders past and present. It always was, and always will be Aboriginal land.

“Superannuation is no longer a prerogative of the rich; it’s a right, no longer a privilege.”

Mavis Robertson’s words upon the establishment of industry-based superannuation remind us of our purpose in coming together here at CMSF. It is not to simply accumulate wealth; it is to ensure that superannuation is a right for all working people. And that as a right for all we ensure it always works in the best interests of all.

Mavis Robertson was a giant who spent her career working to make life better for working Australians. Robertson was intelligent, charismatic,

cantankerous, articulate, clear minded, a strategic thinker and a hugely successful organiser.

Robertson played a part in founding AIST. She helped established this conference, she was part of the team that set up the Australian Council of Superannuation Investors and conscious of the inequity in our super system for women. Robertson was a founder of Women in Super.

Mavis Robertson was a pioneer in super. She led the merger of BUSS and AUST to create CBUS of which she was first CEO and later Chair and of course, we at the ACTU never forget that she was our first National Coordinator for Industry Superannuation.

But Mavis Robertson was also an activist, she was active in the anti-apartheid and anti-war movements. Robertson established “People for nuclear disarmament” at the height of the cold war.

As both the US and the Soviet Union rattled their sabres, Robertson travelled 2400km around Australia in a double-decker bus and educated over 40,000 people about the dangers of nuclear arms.

Robertson was a founder of the Mother’s Day Classic, an early initiative to raise awareness and funds for breast cancer research.

The Mother's Day classic has raised more than \$24m since its inception.

Robertson helped facilitate the safety of Chilean exile Michelle Bachelet and her mother in Australia after her father was murdered by the Pinochet regime. Those actions, like so many of the things that Mavis Robertson did, would have far-reaching, perhaps unforeseen consequences.

After this, Michelle Bachelet went on to be the first woman President of Chile, serve as the first executive director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), and in 2014 became the first person re-elected as President of Chile since 1932.

Mavis Robertson was a giant. While she helped create much of our current superannuation system we can see by her actions that she knew, as we know, that it, like all systems, requires vigilance, stewardship, constant work, updating and improvement.

The Union movement spearheaded industrial campaigns across multiple industries to win superannuation as a right. Building workers, storemen, packers, and transport workers put in place work bans and took strike action.

The ACTU, under the leadership of Bill Kelty, understood that a universal super system was critical to working people's security and dignity in retirement.

The first national claim for superannuation was for \$11 to be paid, over and above the award wage increase, by employers. Of this, \$9 would be used for accumulating a retirement income, \$1 for the costs of administration, and \$1 for the purposes of insurance. This, a universal insurance scheme to ensure that all workers would be able to pay their living costs in the event of their incapacitation or, in the event of their death that their families would be able to survive.

These were, and remain, logically connected instruments for the provision of dignity to working people. Survival in the event of injury or illness - like when we retire - should not be a prerogative of the rich, but a right, no longer a privilege, but an expectation of all people.

From the very beginning, our superannuation system was a struggle for ongoing improvements that would provide and improve the dignity of working people.

From \$11 we went to three percent.

From needing to strike just to get it applied to only a handful of industries we went to having it across every industry by law.

From having superannuation exclude certain categories of workers, today we are on the verge of covering every working person in Australia by virtue of the inclusion of Superannuation in the national employment standards should the next election deliver a Shorten Labor government.

As the scope of superannuation has grown, so to have the funds under management. Two and a half trillion dollars is invested in our retirement system. With Industry superannuation representing the largest segment of the system outside the self-managed funds of the already very wealthy.

In the union movement we know there is still much work to be done to ensure that super is delivering dignity to everyone: Women still retire with less than men. Today we retire with 47 percent less than men. The \$450 a month minimum threshold disadvantages women who are far more likely to work part-time and fall below that threshold. It is archaic and should be abolished.

Women are financially punished in many ways for the time we take out of the workforce: Financially disadvantaged in the immediate and in our retirement for the time we invest in having and caring for children, those with disabilities and our elders.

One of the most insidious forms of this punishment has been the withholding of superannuation contributions on paid family leave. We have been proud to campaign to change this and pleased to see the Labor Party, under Bill Shorten, commit to extending superannuation to paid family leave.

Women are doubly disadvantaged with low balances and low incomes that mean their effective tax rates are higher on super and proportionally higher than those of high-income earners with huge balances.

The coalition Government freeze on increasing the super guarantee must be scrapped. We cannot afford another generation that retires with inadequate superannuation simply to help Scott Morrison play another pea and thimble trick with the commonwealth Budget.

If this Federal Government had not scrapped the Labor legislated increases to the Superannuation Guarantee in just 3 short months on the 1st of July this year we would have reached 12 percent.

Instead superannuation is languishing at 9.5 percent in the midst of a seven-year freeze which started in 2014 and continues through to 2021. Followed by a five-year crawl to 12 percent in 2025 and no schedule to reach 15 percent. This will have an unacceptable negative impact on the retirement income and lives of working people. It is simply too slow. In the words of Paul Keating “There’s only one future fund, that’s superannuation”

The retirement age must not be lifted to 70 and should be restored to 65. Anyone who wants to advocate for higher retirement ages should spend three months on a factory floor, do a month of 12 hour shifts as a cleaner or break concrete for a summer and a winter before they are allowed to open their mouths.

Our model, the equal representation model, must be maintained, free from governmental ideological interference. We built the success of the system on the back of our model and we have outperformed the banks. Workers and employers coming together for the common good of all is a model to be

proud of, not one to break to help the executive of big banks meet their bonus targets.

And rather than seeing superannuation, falsely, as a replacement for the aged pension we should look to ensure the aged pension keeps our elders out of poverty and our superannuation system lifts them into a comfortable dignity.

As superannuation is not just a simple wealth accumulation device, but a system to provide dignity to working people, it is right and proper for us to consider policy implication beyond the finer adjustments that impact the wealth accumulation aspects of our system.

The future of superannuation is one that is intrinsically tied to the future of working people.

If working people's jobs are insecure so too are their incomes.

If working people's living standards are dropping so will their retirement savings.

Super funds and their trustees hold a responsibility to properly invest workers' deferred wages over their working life.

A 17-year-old apprentice today might retire when they are 67, meaning the fund may steward that worker's savings over 50 years. Super funds need to ensure that the companies they invest in are focused on the long term. We have a responsibility to ensure that the "S" in ESG is at the forefront our minds.

Just as it is right to say we must consider the risks of investing in assets that are potentially stranded by the loss of their social license as community attitudes towards emissions change. We are also right to consider the impact of investing in assets that become stranded due to the treatment of their workers as the communities' expectations change and exploitation is exposed.

Companies take stands on workers' rights all the time: Sometimes seeking to improve them, often seeking to undermine them. These are overt risks to the capital of workers and should be part of our considerations when making investment decisions.

To profit at the expense of workers, their dignity, and their safety runs counter to the very principle upon which our superannuation system was founded.

We have a proud history among our funds of making the right decision. On issues like tobacco. Our funds have led the way in showing that there is a detrimental link between the retirement outcomes of workers and the financial success of tobacco. On issues such as land mines, internment camps and environmental exploitation there is an undeniable risk to the retirement outcomes of working people.

Our funds have made decisions about those risks. So it is with major companies, in which we invest, choosing to undermine local worker rights while simultaneously exploiting foreign workers.

The Australian public does not support those that sack Australian workers on decent wages and conditions just to replace them with foreign workers who are underpaid, badly treated and severely exploited.

At the moment, a loophole in the law allows for these things to occur. How long do we think the public will allow these things to be legal?

We should remember that our role is not to exploit the law to maximise profit, our role is to provide dignified retirement outcomes for working people. To act in the interest of our members.

We should not simply follow the law, we should - as we do with the technical financial elements of our system - seek to lead in ways that will deliver better overall retirement outcomes for working people in this country.

We know that workers in fulltime, secure, ongoing employment accumulate more superannuation than workers who have breaks in their employment and who are in casual, contract and labour hire jobs.

We know that short-term visa workers often never access any of the super they might rightly accumulate in Australia. We know that short-term visa workers are far more likely to be exploited and have the super stolen.

We know that companies that steal superannuation from their employees are placing the viability of their company and their workers retirement at risk.

Short-termism infects Australia's executive culture. Driven by bonuses, executives have sacrificed long-term sustainability for short-term profits. The exemplar of this is AMP. On 8 March 2018, AMP's share price peaked at \$5.47 – the equal highest point since 2016.

The Banking Royal Commission uncovered a culture of greed and lawlessness driven by short-term profit and its share price has since fallen fifty eight percent.

Short-term gains for AMP led to a longer-term decline.

We must think about the long term. What does insecure work mean for our system?

What happens to the retirement outcomes of working people if inequality in Australia is allowed to continue to run rampant?

If we are investing workers' capital into companies that exploit workers how sustainable will that be in the long term?

The people who have opposed superannuation since before Mavis Robertson helped establish the flat \$11 payment will continue to oppose our evolution.

Just as they have every improvement we have made to the system.

They opposed moving to 3 percent.

They opposed moving to six, to nine, and to 12. And you better believe they oppose moving to 15 percent.

They oppose superannuation being in the national employment standards.

Preferring instead for it to be treated like a financial instrument for banks to manipulate.

They oppose removing the \$450 threshold. They oppose payment of super on family leave.

They oppose worker and employer representatives working together to maximize the retirement outcomes of working people

Let's be clear they are offended by and they oppose working people having a say in how their money is used. They oppose working people having a say in how their money is invested.

They Oppose

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They oppose.

And of course they oppose the use of the capital in superannuation for overall retirement outcomes for working people.

In Australia a group of CEO's hanging out on yachts giving media bites about the "need" to cut penalty rates is apparently fine

But superannuation trustees suggesting that maybe allowing major companies to sack their Australian workforces and replace them with under paid and exploited foreign workers is not in their members' interests?

That's "Activism" and must be opposed.

I call it acting in the members interest.

And we understand that they are afraid. Afraid working people might realise that with more funds under management than the big four banks they have a new way of ensuring fairness.

Afraid that working people might understand that as a part owner in the company, through their superannuation fund, they can get together with other owners of the company and ask questions.

They can question the wisdom of paying exorbitant executive salaries and bonuses while cutting worker's jobs.

They can question the long-term viability of cutting corners on safety in the workplace just because the project is in a jurisdiction with loose regulations and little enforcement.

They can question being replaced by workers who are regularly exploited and under paid.

And after people start to ask questions they start to form ideas about what is right, what is wrong, how things are and how things should be.

For those who opposed Mavis Robertson, watching the workers use their ownership of capital to ask about issues of fairness, exploitation and inequality must be like watching all their nightmares come to life.

I hope, we are just starting to realise her dream.