

# *SUPERANNUATION RESOLUTION ACTU CONGRESS 1997*

## 1. INTRODUCTION

- 1.1 Congress acknowledges that with the abandonment of the superannuation co-contribution, the Howard Government has destroyed the opportunity to create a retirement incomes system providing adequate income security for all Australian workers.
- 1.2 The \$450 rebate announced in the Budget for investment income or voluntary superannuation contributions will do little or nothing to increase national savings, and will benefit primarily those who already have savings. However, Congress recognises that it is no longer realistic to campaign for the restoration of the co-contribution.
- 1.3 Congress will campaign for the maintenance of the taxpayer-funded, universal Age Pension, with the objective of increasing it to 35 per cent of total average male weekly earnings.
- 1.4 Congress is committed to the maintenance of the Superannuation Guarantee Charge as a measure to supplement, not replace, the Age Pension and will reconsider its support of the SGC in the event that moves are made to substitute it for the Pension.
- 1.5 Congress resolves that the trade union movement will campaign vigorously against all measures designed to use the SGC to restrict access to the Age Pension. In particular, the trade union movement will call on its members to take industrial action if there is any move in relation to preservation age beyond that announced in the Budget. In the event that the preservation age is increased from age 55, earlier access to superannuation, including lump sums, should be available to workers who have been retrenched.

## 2. OPTING OUT

- 2.1 Congress opposes the opt out provisions for employees earning between \$450 and \$900 per month because it will deny superannuation benefits to part-time workers, particularly women and young people.
- 2.2 Congress resolves that the trade union movement will:
  - 1] Ensure that all awards are updated to provide for payment of amounts at least equal to the SGC contributions.

- 2] In addition to campaigning against the introduction of opting out, to campaign to ensure that, in the event opting out occurs, that employees earning less than \$450 per month receive the cash equivalent of the SGC, as well as for strong measures to ensure that employees actually receive the full amount which would be due to them under the SGC legislation, and AWAs not be available to override award obligations for superannuation contributions.
- 3] Conduct an educational campaign amongst part-time workers to demonstrate the value of superannuation.
- 4] Investigate the feasibility of alternative savings vehicles designed to appeal to the young, mainly part-time workers who may see superannuation as being of little relevance, but who would be interested in shorter term investment for purposes such as travel, education or home purchase.

### 3. CHOICE OF FUND

- 3.1 Congress expresses its pride in the contribution that the trade union movement has played in the development of a superannuation system which is characterised by universal access, good returns on funds, low fees and charges and equal employer and employee representation on trustee boards.
- 3.2 Congress supports the trustee system as the most appropriate model for the governance of superannuation schemes. Congress opposes Government moves to allow RSAs to be governed by management committees and the intention to replace the trust structure of managed funds= master trusts with direct control by the funds manager.
- 3.3 Congress is confident that the industry funds will compete effectively and notes that they are continuing to bring forward innovative developments such as home and business loans and new investment vehicles. Congress believes that there is scope for the funds to develop and offer to members a range of financial services at a far lower cost than is currently available through traditional financial institutions, and to consider mergers in order to capitalise on economies of scale.
- 3.4 Congress affirms that the union movement will hold employers industrially and legally responsible for any loss borne by employees resulting from employer pressure, influence or provision of misleading information.
- 3.5 Congress resolves to commit resources to a campaign to achieve a fair choice regime by ensuring that choice is exercised by employees, not employers and, in particular, through the following:
  - 1] An exemption for businesses employing less than 100 employees, in order to reduce costs and ensure employees in small enterprises are not disadvantaged by the employer's inability to adequately administer the offering of choice.
  - 2] Ensure that superannuation arrangements are included in certified agreements, which will not be overridden by the choice legislation, and that an appropriate

industry fund be available to employees under the terms of the enterprise agreement.

- 3] An opportunity for collective choice, whereby a decision can be made by a majority of employees as to the fund or funds which will apply for all employees at that enterprise.
- 4] In determining the actual funds to be offered, as part of the choice regime, that this be by reference to the fund or funds specified in relevant awards. Where there is no applicable award, an appropriate award should be designated by the Commission for the purpose of choice of fund, in the same way as applies for the purpose of applying the no-disadvantage test.
- 5] Where an employee fails to exercise a choice, the fund specification to be in accordance with the appropriate award.
- 6] Where an employee is already a member of a fund, that this be deemed to be the employee's choice unless the employee requests the ability to exercise a choice.
- 7] A continuing role for the Commission in resolving disputes concerning the operation of choice of fund.
- 8] Mandatory provision of information in a way which allows employees to easily compare crediting rates, fees, charges, insurance and other relevant matters.
- 9] A requirement that all funds offered provide for equal representation in the management of the scheme.
- 10] Limitations on the nature and extent of advertising of products designed to receive SGC contributions.

#### 4. PUBLIC SECTOR SUPERANNUATION

- 4.1 Congress notes the leaked Federal Government plan to slash Public Sector employees= superannuation entitlements despite the Prime Minister=s Arock solid guarantee@ that these would not be cut or destroyed.
- 4.2 Congress supports the public sector unions' campaign to maintain and protect current superannuation entitlements, and rejects reliance on "unfunded liability" to justify cutting these entitlements.
- 4.3 Congress rejects the Government's use of its legislative powers to force changes to superannuation entitlements and arrangements, such as equal representation on boards, administration and trustee appointments.
- 4.4 Congress calls on public sector unions to campaign for the retention of superannuation benefits in the event of transfer of employment through outsourcing, corporatisation, privatisation or sale of public sector enterprises.

4.5 Congress will support public sector unions developing industry fund alternatives to statutory schemes for the benefit of their members where conservative governments have been able to destroy traditional superannuation arrangements. These funds should be available to employees on the basis of individual or collective choice, including through enterprise agreements and awards.

## 5. CORPORATE SUPERANNUATION FUNDS

5.1 Congress recognises that many companies are reviewing the operation of their corporate superannuation funds, particularly where these are defined benefit schemes. Congress calls on employers to conduct such reviews subject to the following principles:

- 1] Employees, through their unions, to be fully involved in any such review, with any changes to be negotiated and agreed.
- 2] The restructuring of corporate funds and/or the introduction of choice should not be accompanied by a reduction of employer support for superannuation.
- 3] In the event of a shift from a defined benefits to an accumulation scheme, current employees to have the opportunity to remain within the defined benefit scheme.
- 4] The principle of equity between different groups of employees to apply.
- 5] Where defined benefit schemes are maintained, negotiations to take place about equitable treatment of any surpluses in the fund.
- 6] Equal employer and employee representation on the board of funds, with measures to ensure proportional representation of award employees, in order to avoid the situation where "employee" representatives are solely management personnel.
- 7] Requirement that trustees receive adequate training through AIST.
- 8] Employees to have the right to choose membership of an industry fund as an alternative to the corporate scheme, at the same total cost to the employee.
- 9] Consideration to be given to rolling over company funds into the appropriate industry fund, in order to take advantage of economies of scale and member services available through these funds.