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Super changes must put working people first

The peak body for working people has welcomed the Morrison Government's commitment to end their "culture wars" against industry funds and call on their legislative priorities for superannuation to put members' interests first

Assistant Minister Jane Hume told Nine newspapers the Morrison Government is considering an overhaul of the sector to be completed by 2021.

Not-for-profit industry super funds already comprehensively outperformed for-profit retail funds. If bank-owned funds had performed at the same level as industry funds since 1996, their members would be collectively \$135 billion better off.

The Royal Commission has definitively shown the superiority of industry super funds governance and culture, whereas the bank-owned for-profit super funds have wantonly ripped off customers. They charged the dead, they charged without service and were recommended for further action by the regulators.

Funds with workers' representatives on boards won returns of 6.81 percent between 2004 and 2018, compared to the 4.85 percent returns achieved by funds with non-representative board members.

Superannuation is the most effective way to provide dignity in retirement for working people, and the Government must improve the performance of the sector, increase its transparency and ensure that every working Australian is entitled to superannuation to improve living standards in retirement.

A recent World Economic Forum white paper found that Australia's retirement savings system is one of the most effective in the world. Strengthening this world-beating model by increasing the superannuation guarantee to 12% and ensuring that all workers are paid super on every dollar earned are urgent priorities.

The Government must pursue reforms which address the adequacy of the system, and ensure it is fit for purpose as the nature of work is changing.

The union movement has proposed reforms that will benefit working people in retirement. They include:

- Increasing the superannuation guarantee to 12 percent as soon as possible;
- Placing superannuation in the NES to allow workers to pursue super theft claims – 2.85 million Australians are victims of superannuation theft, amounting to more than \$5.94 billion per year in stolen retirement savings;

- Addressing unintended multiple accounts by requiring retirement savings to follow the worker throughout their working life;
- Paying superannuation at the same time as wages;
- Removing the \$450 minimum threshold to be paid super;
- Paying super on parental leave, just like it is with every other form of leave;
- Requiring superannuation to be paid to all workers on every dollar earned, including to gig-economy workers and contractors;
- Reforming the age pension asset taper rate, which operates punitively and punishes workers who have saved a decent amount for their retirement
- Increasing the aged pension

Quotes attributable to ACTU Assistant Secretary Scott Connolly:

“Superannuation in Australia should provide dignity in retirement to all working people.

“I’m glad that the Assistant Minister has promised to end the ‘culture wars’ her party has been waging against industry super to address universally-held concerns for the health of our retirement income system.

“There is an immense body of evidence that show not-for-profit industry super has comprehensively out-performed for-profit bank-owned funds over decades, delivery better retirements for working people.

“It’s time to sit down and do what needs to be done – strengthen working people’s rights, boost women’s retirement savings, move ahead with the long-delayed increase to the super guarantee and finally pay super on every dollar earned, including paid parental leave.”

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