

Wednesday 17th February 2021

Morrison Government attacks workers' retirement

Today the Government introduced to parliament its latest attack on working people's retirement savings. While pursuing cuts to pay and conditions through its IR Omnibus Bill & campaigning ahead of a potential cut to workers' legislated increase to superannuation, the Government has introduced a package of laws designed to give poor performing for-profit bank-owned superannuation funds an advantage at the expense of working people.

These laws would staple millions of workers to underperforming superannuation funds, potentially for life, while giving some underperforming funds a leave pass to continue gouging members.

Administration fees are set to be excluded from performance benchmarking, which would make the Government the chief obscurer of for-profit underperformance.

They also would amend the 'best interest duty' which was explicitly recommended against by the Hayne Royal Commission and will give ideologues in the Government the ability to ban investments or services funds offer which are proven to be in members' best interest but that they dislike.

The laws would deem profits paid by for-profit super funds to their bank parent companies in the best financial interests of members. This loophole would allow for-profit funds to escape compliance with the best financial interest duty all together.

This duty would be combined with a reverse onus of proof, usually reserved for egregious crimes like terrorism, that may force not-for-profit industry super funds to obtain legal advice on the purchase of a stapler or a pen.

If these laws are passed workers will retire poorer; and the best performing and best governed part of the superannuation industry, industry super funds, would be kneecapped in their goal to improve workers' standard of living in retirement.

Quotes attributable to ACTU Assistant Secretary Scott Connolly:

"The Government has redrawn old lines in its war on workers' rights, attacking workers' retirement savings and workers' superannuation funds.

"If these laws are passed, millions of workers would be stapled to underperforming superannuation funds and workers in high risk industries' insurance would be at risk.

"Underperforming funds would be allowed to continue to operate under these laws, with the Government proposing to exclude administration fees from the test.

"The Government is proposing to contradict the recommendations of the Royal Commission, imposing a test which would, in effect, only apply to not-for-profit industry super funds while deeming profits extracted from workers' retirement savings in the 'best financial interests of members'.

“These laws are blatantly designed to be a boon to for-profit super funds who were excoriated by the Banking Royal Commission for charging fees to the dead and gouging working people’s life savings.

“The Government should abandon these laws and focus on building workers’ retirement savings by committing to their election promise of superannuation rising to 12 per cent and changing the rules to make super equal for women and essential workers.”

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