

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Additional Estimates 2010-2011**

Outcome 5 - Workplace Relations

DEEWR Question No.EW1031_11

Senator Abetz asked on 23/02/2011, Hansard page 117.

Question

WR - SUPER FUNDS

Senator ABETZ—We have a situation, though, where super funds are mandated in awards and most people would anticipate that they would have some degree of robustness about them, given that they are in the awards. But some of the industry funds unfortunately—some would say ‘fortunately’ in some circumstances— when the industry fund recommendation goes before Fair Work Australia, often it is a fund jointly run by the union representing the workers and the industry group representing the employers, and so they are on a unity ticket that their fund, irrespective of how poorly it is performing, should be the nominated default fund. It just seems to me that workers are entitled to a degree of protection, from a public policy point of view, from that self-interest by employer and employee organisations in effect nominating their own fund as the default fund. I will leave that with you, Minister, and the department for further consideration, but superannuation is going to become more and more important and, as a result, returns obtained for workers, I think, is a matter of concern. Senator Chris Evans—We are happy to take up our side of the issue. You might want to put a question on notice to Fair Work Australia about how they handle that matter in terms of nomination. I do not understand that. Your question goes to what check Fair Work Australia applies—what process it applies. I am not sure that we will have the answer to that bit, but I am happy to look at our side of it. ... Mr Kovacic—In coming back to you on notice, we will explore what, if anything, the Cooper superannuation review recommended in this regard as well.

Answer

During the award modernisation process, default superannuation funds were included in modern awards by application from relevant stakeholders. Applications for superannuation funds to be included in modern awards were subject to a public consultation process in which parties were able to make submissions in support or against the inclusion of a particular fund in a modern award.

In the context of the ‘MySuper’ reforms, the Cooper Review of Superannuation recommended that the Productivity Commission should ‘examine the way default funds are nominated under the award system, with a focus on whether the procedures are the most open, transparent and competitive means by which members are given access to the most favourable default offerings’.

The Government announced its response to a number of recommendations

contained in the Cooper Review on 16 December 2010. In its response, the Government noted that it will request Fair Work Australia to review the default superannuation funds named in modern awards so that only those funds offering a MySuper product continue to be included as default funds. A further commitment is that the Government will ask the Productivity Commission to design a process, by 1 July 2013, for the selection and ongoing assessment of superannuation funds that are nominated as default funds in modern awards and enterprise agreements.