



A•S•U

File/Our Ref: 37.52 RP/fa
Your Ref:
Please quote in reply

27 September 2017

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By E-MAIL: economics.sen@aph.gov.au

Dear Secretary,

**Australian
Services
Union**

**National Office
Melbourne & Sydney**

All correspondence to:

Ground Floor
116 Queensberry St
Carlton South VIC 3053

T: (03) 9342 1400
F: (03) 9342 1499

E: info@asu.asn.au
W: www.asu.asn.au

FB: [www.facebook.com/
australianservicesunion](https://www.facebook.com/australianservicesunion)
TW: @ASUnion

National Secretary
David Smith

Assistant National Secretaries
Linda White
Robert Potter

Inquiry into the Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No.2) Bill 2017

The ASU is writing in support of the ACTU submission to the above inquiry. We believe that the legislation proposed will have an adverse impact in the operation of Industry Super in Australia.

Following the introduction of compulsory superannuation, the ASU has become a significant stakeholder in the superannuation system as union members' employee representative on industry superfunds relevant to our coverage. Through the established long term relationships with industry superfunds, the ASU is a sponsoring organisation of a number of funds including: CareSuper; HESTA Super; Energy Super; ESSSuper; LGIA Super; EISS super; legalsuper; Vision Super; Statewide Super; EquipSuper; WA Super; VicSuper; and, Local Government Super. Our members have a vested interest in the success of the funds listed and indeed, all Industry Super Funds.

The ASU has members in every State and Territory of Australia, as well as in most regional centres. About 50% of ASU members are women. In the last 18 months, the ASU has surveyed our members and documented the bias in the current system against women who work most of their lives but reach retirement facing a life of poverty. Our subsequent report in partnership with Per Capita, concludes with a series of recommendations that will address the real challenges for the stability of the superannuation sector that were acknowledged by the Commonwealth in their 2015-16 Inquiry into the economic security for women in retirement¹.

We all have a stake in the viability and continuing success of superannuation in Australia.

Superannuation has been recognised as an industrial matter for some 30 years, and industrial matters afford the right for workers to negotiate collectively. This legislation seeks to strip the right for collective negotiation by workers in this space.

Legislation should not limit or curtail this right.

The ASU negotiates industrial outcomes to suit our industries. By negotiating collective funds, the ASU has been able to ensure compliance with the

¹ *Not So Super, For Women Superannuation and Women's Retirement Outcomes*. (August 2017). [Research Report] Per Capita. Available at: http://www.asu.asn.au/documents/doc_download/1232-not-so-super-for-women-superannuation-and-women-s-retirement-outcomes-by-asu-per-capita-august-2017-version [Accessed 28 Sep. 2017].

Superannuation Guarantee. We also believe that this practice benefits good employers by easing administrative burden.

The ASU believes it is intuitively obvious that choice of fund arrangements could be manipulated to assist an unscrupulous employer to avoid paying the Superannuation Guarantee. If a single fund applies at vulnerable workplace, then the ability to verify payments at legislatively prescribed levels is significantly easier to monitor, and workers don't lose out.

Similarly, the salary sacrifice integrity measures contained in the proposed Bill should be passed into legislation. The ASU is in particular support of the ACTU submission in this regard: the ASU has members adversely affected by the current loophole that is used by employers in the Social and Community Services sector who unfairly short-change their employees compelled to make salary sacrifice contributions into their superannuation accounts.

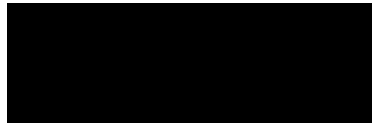
The interaction between the definition of ordinary time earnings in ss23(2) *Superannuation Guarantee (Administration) Act 1992* (Cth) and employment contracts in the Social and Community Service sector that coerce a new employee to make a salary sacrifice arrangement, has already cost our members significant losses and reduced retirement earnings.

We see no reason why these measures should not proceed independently of the first set of measures because the two sets of measures are unrelated and act independently of each other.

Therefore, it would be appropriate to de-couple the two measures to allow the Salary sacrifice integrity arrangements to pass into law and also allow for the Choice of fund provisions to be dealt with separately.

The ASU welcomes the opportunity to comment further.

Yours faithfully



David Smith
National Secretary