



Submission to

The Senate Economics Legislation Committee

Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2017

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

Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017

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submission

Introduction

The Queensland Nurses and Midwives' Union (QNMU) thanks the Senate Economics Legislation Committee (the committee) for the opportunity to comment on the:

- *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2017;*
- *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 2) Bill 2017; and*
- *Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017* (the superannuation bills).

Nursing and midwifery is the largest occupational group in Queensland Health and one of the largest across the Queensland government. The QNMU is the principal health union in Queensland covering all classifications of workers that make up the nursing workforce including registered nurses (RN), registered midwives (RM), enrolled nurses (EN) and assistants in nursing (AIN) who are employed in the public, private and not-for-profit health sectors including aged care.

Our more than 57,000 members work across a variety of settings from single person operations to large health and non-health institutions, and in a full range of classifications from entry level trainees to senior management. The vast majority of nurses in Queensland are members of the QNMU.

Over the past years the QNMU has made multiple submissions to inquiries into superannuation. It is the view of the QNMU that these bills will have an adverse impact on the operation of industry superannuation. Our message and purpose remains the same. The Australian superannuation system is among the best in the world (Australian Centre for Financial Studies, 2016)¹. Its overall performance is based on 'all profit to members' funds, including industry and public sector funds. The hallmark of such funds has been the equal representation trustee model and there has been no case made to alter the composition of the boards of these funds. High standards already exist for fund governance. The 'all profit to members' model has consistently and significantly outperformed retail funds.

¹ The Mercer Melbourne Global Pension Index is produced through a collaboration between Mercer and Australian Centre for Financial Studies (ACFS), a research centre with the Monash Business School.

Recommendation

The QNMU supports the submission made by the Australian Council of Trade Unions. We ask the Senate to reject these bills entirely as they seek to curtail the right for workers to collectively negotiate superannuation entitlements and to marginalise their representatives from the operation and management of industry funds and other 'all profit to members' funds.

Empirical evidence does not support these amendments which clearly represent a piecemeal approach to dilute the involvement of unions and workers in the administration of the superannuation schemes they have so effectively established and maintained.

The QNMU supports the position of the Australian Institute of Superannuation Trustees (AIST) a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds. As the principal advocate and peak representative body for the \$650 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

Purpose and Principles of Superannuation

More than two decades ago, unions in partnership with the Labor Government established universal superannuation for Australian workers. As a highly feminised and ageing workforce, superannuation is a significant issue for nursing and midwifery.

The following central principles must continue to underpin the operation of industry superannuation funds:

- Trade unions must be involved in the management of industry and other not for profit superannuation funds. Equal worker and employer representation on boards has been a hallmark of these funds since their establishment. Schedule 1 to the *Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017* amends the *Superannuation Industry (Supervision) Act 1993* to introduce new trustee arrangements requiring registrable superannuation licensees to have at least one third 'independent' directors and for the Chair of the board of directors to be one of these 'independent' directors.

We understand an 'independent' director must have business experience or previously been a company director. Such individuals have no relationship with those who fund the scheme and although this disconnect might pass for 'independence' maximising

workers' interests must be at the forefront of decision-making. The federal government provides no evidence to support this amendment beyond a misplaced view that independence in this context will bring better results. In essence, the amendment aims to water down union involvement in the schemes they were instrumental in establishing and have proved so successful in maintaining;

Union trustee representatives on superannuation fund boards undertake a critical extension of their every day activism on behalf of members. It is imperative unions continue to advocate for members across their lifespan by promoting strategies that provide dignity in retirement. This includes the optimisation of retirement savings through superannuation and campaigning for the maintenance and enhancement of non-superannuation related factors that contribute to secure retirement such as health care and housing;

- The regulation of superannuation must be sound and mitigate against risks to workers. Superannuation funds were established to build and protect workers' income for retirement. The role and powers of the Australian Prudential Regulation Authority (APRA) the superannuation regulator must also be taken into account when assessing the superannuation system;
- Superannuation arises from employment. It has operated as an industrial matter for some 30 years and as such workers have been able to negotiate collectively about its operation. Superannuation is a system of deferred wages designed in the first instance to benefit workers. It must stay as an item within awards and other industrial instruments to ensure workers and their representatives are able to negotiate improvements during enterprise bargaining and to protect those who remain award reliant.

Women and Superannuation

We take this opportunity to inform the committee of our longstanding advocacy to improve the superannuation entitlements for women and the low paid. In our submission to the Australian Treasury's *Inquiry into the Objective of Superannuation*, our submissions to the Productivity Commission's *Inquiry into Superannuation Efficiency and Competitiveness* and our submission to the Senate Economic References Committee *Inquiry into Economic Security for Women in Retirement*, the QNMU stressed the particular difficulties women and low income earners face in contributing to and benefiting from the scheme.

We sought a fundamental assurance the superannuation system would protect consumers, particularly women because they face unique challenges when it comes to retirement savings. Lower pay, time out of the workforce to raise children, caring for elders, running a single-parent household, illness and divorce are some of the many hurdles they face throughout their lives. However, despite these factors, women do not form a 'niche' market. They are a powerful consumer group that makes significant contributions to the nation's economic and social wealth.

Women's long term economic disadvantage lies in the assumptions underpinning superannuation where its key feature is protracted, continuous periods of employment over which employers and workers make contributions. It is a grand design, but one ultimately failing women and those with interrupted employment.

Women's disadvantage is exacerbated by the gender wages gap² currently standing at 15.3% (Australian Bureau of Statistics, 2017), the fact that women live longer than men (Australian Bureau of Statistics, 2016) and other structural factors that effectively reduce women's lifetime earnings and their superannuation contributions.

The Financial Services Inquiry (Commonwealth of Australia, 2014) identified significant scope for the superannuation system to meet the needs of superannuation fund members better and provide broader benefits to the financial system and the economy. We now find the federal government's response to these inquiries is to challenge superannuation board structures and accountability measures without similar application to financial institutions and corporations.

If the objectives of the superannuation bills are to gain broad community support we suggest the government would be better placed if it introduced measures to address the particular difficulties women and low income earners face in contributing to and benefiting from superannuation rather than to alter the fundamental principles on which the scheme is built.

² The gender wages gap is the difference between women's and men's average weekly full-time equivalent earnings, expressed as a percentage of men's earnings. Based on 2017 data, this means on average, a man working full-time earns \$1,638.30 per week whereas a woman working full-time earns \$1,397.10 per week. That equates to a difference of \$251.20 per week (ABS, 2017; Workplace Gender Equality Agency, 2017).

References

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