



28 September 2017

Committee Secretary
Senate Economics Legislation Committee
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Parliament House
Canberra ACT 2600

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Dear Madam/Sir

Inquiry into the Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No.1) Bill 2017 and Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017

UnionsWA is the governing peak body of the trade union movement in Western Australia, and the Western Australian Branch of the Australian Council of Trade Unions (ACTU). As a peak body we are dedicated to strengthening WA unions through co-operation and co-ordination on campaigning and common industrial matters. UnionsWA represents around 30 affiliate unions, who in turn represent approximately 140,000 Western Australian workers.

UnionsWA thanks the Committee for the opportunity to make a submission to the inquiry into the *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No.1) Bill 2017 and Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017*.

UnionsWA 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.

Many of our affiliates are sponsoring organisations of Industry Super Funds and union members have a vested interest in their success. Industry Super Funds perform better because they have workers' representatives on boards. They invest in long-term projects that deliver jobs, and ensuring that all profits are returned to members. WA Union members are employed because Industry Super Funds have invested in projects such as the Dampier-Bunbury Gas Pipeline and the Perth CBD Courts Complex.

Across Australia Industry Super funds invest in projects which create jobs. Industry Funds have invested more than \$27 billion in infrastructure, making up 64% of infrastructure investment from super funds. By contrast, bank-owned for-profit infrastructure makes up only 5% of these investments. The rest has been filled by government-owned super funds.

Industry Super Funds perform better than bank-owned for-profit super funds. Data measuring the performance of super funds shows not-for-profit industry super funds continue to outperform for-profit bank-owned funds in the short, medium and long term.

We believe that there is no case for this legislation, and that it has been designed to attack Industry Funds as a not-for-profit, all benefits to members' retirement savings vehicles. There is no case that Australians lack confidence in our superannuation system. Our system is considered to be one of the best in the world, and it is Industry Funds which ensure that. Industry Super funds deliver excellent returns and have the best outcomes for members.

This legislation would place higher levels of regulation on Industry Super funds than exist for banks. UnionsWA welcomes transparency in the corporate world, however this should be fair and across all sectors. The behaviour of the banking sector provides far more cause for concern than that of Industry Super Funds. To list just a few examples:

- ANZ has had to pay an extra \$10.5 million to 160,000 customers after ASIC found it had incorrectly processed members' super contributions and failed to deal with lost inactive member balances correctly.
- Commonwealth Bank has had to repay an estimated \$105.6m for charging fees where no advice was provided. As of 19 May 2017, CBA had repaid or offered to repay \$5.85m.
- ASIC alleges Westpac subsidiaries provided personal advice to customers, recommending they "roll out of their other superannuation funds into Westpac-related superannuation accounts" even though they were not legally allowed to provide personal financial advice.
- NAB's super trustee, NULIS Nominees, repaid \$34.7 million to 220,000 super accounts in Feb 2017. It charged 'planned service fees' between to clients who had either received general advice or where no plan adviser had been appointed to provide advice.

We believe that there is transparency and accountability for fund activity and performance and current regulators already hold Trustees to a high standard, and enforce those standards diligently.

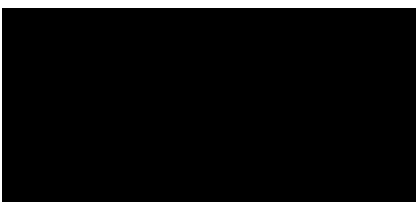
UnionsWA also believes that no case has been made to alter the composition of boards. Industry Fund governance is already of a high standard. As noted in former Reserve Bank of Australia Bernie Fraser's review of *Board Governance of Not for Profit Superannuation Funds (2017)*.

Mr Fraser examined in depth the outperformance of Not for Profit Funds, concluding that the not-for-profit model "is not broken" and has consistently and significantly outperformed retail funds.

Superannuation is a worker's retirement savings. Representatives of those workers are on the boards because workers should have an equal say in how their money is invested.

Please contact me on [REDACTED] if you wish to discuss these matters further.

Yours sincerely



Meredith Hammat
Secretary