



Putting Members' Interests First Bill 2019

Submission by Mine Super

July 2019



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About Mine Super

Mine Super is a profit to members, public offer superannuation fund dedicated to serving miners and associated industries. A significant proportion (over 90%) of our members reside in regional and rural communities. Our shareholders are the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU), the NSW Minerals Council (NSWMC) and the Queensland Resources Council (QRC). Mine Super has been delivering exceptional retirement outcomes to members for over 75 years through a comprehensive range of superannuation and pension products, insurance and financial advice. Mine Super was awarded a Platinum rating by SuperRatings along with Chant West's Five Apples for both super and pension products in 2019. Mine Super employs approximately 200 staff and manages over \$11bn in assets for more than 60,000 members.

Executive summary

We welcome the opportunity to provide a submission to the Senate Economics Legislation Committee (Committee) in relation to the Putting Members' Interests First Bill 2019 (the Bill). We hope that this submission (Submission) is afforded adequate consideration and assists in appropriate amendments to the Bill.

The following is an outline of the key points contained within this submission:

- we currently offer group life, total permanent disability (TPD) and income protection (IP) insurance to all members on a default basis which covers risks associated with their challenging work environment (among other things);
- our members are well remunerated and contribute to the regional economy through investment of their earnings back into their local areas;
- close to 90% of our members are employed in high-risk occupations (mining and heavy manual) and face challenging conditions daily (handling of explosives, working in underground and open-cut mining environments with heavy machinery);
- members in these high-risk occupations are often ineligible for retail insurance coverage and are uninsurable outside of group insurance offerings;
- our members should be provided with a carveout from the Bill to maintain their insurance coverage regardless of age or superannuation balance;
- the Queensland Natural Resources, Mines and Energy Minister has recently commissioned two independent reviews into the health and safety of workers employed in mines and quarries following multiple fatalities;
- fatalities and severe injuries do not discriminate based on age or superannuation balance;
- a high-risk carveout for members employed in mining and heavy manual occupations should be legislated through an amendment to the Bill (this is largely consistent with recommendation 15 contained in the Productivity Commission's Final Report¹); and
- the proposed timeline for implementing the Bill is unreasonable and will not support members to make informed decisions in relation to their insurance.

¹ [Superannuation: Assessing Efficiency and Competitiveness](#), Productivity Commission Inquiry Report, page 603.



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Our membership profile and their high-risk working environment

Mine Super has a distinct regional focus given the nature of its membership and the industries worked in. The majority of our members are equally spread between NSW and QLD, with over 90% residing in regional areas. There are limited employment opportunities in regional Australia. Employment in the mining industry within regional communities (where available) often provides a standard of living which exceeds that of the average Australian. Mining employment underpins both the regional economy and aids in developing cohesive communities through investment of an individuals' earnings back into their local area.

In NSW, a large quantity of Mine Super members reside in the regional areas of the Hunter, Wollongong, Lithgow, Mudgee and Gunnedah. In QLD, a large quantity of Mine Super members reside in the regional areas of Mackay, Fitzroy/Rockhampton, Northern Queensland, Wide Bay-Burnett and the Darling Downs. We have a significant number of members residing in and injecting individual earnings back into regional communities.

Close to 90% of Mine Super members are employed in high-risk occupations (mining and heavy manual). In both NSW and QLD, the average salary of our members is twice as high as Australia's median salary², and as such, many of our members are the sole or primary income earner in their household. In order to earn higher salaries, our members face a challenging daily working environment as employees within the mining and associated industries. Our members primarily work in underground or open-cut mining environments, with employment conditions which are largely characterised as dangerous by insurers, due to the heavy machinery which members operate and the workplace dangers they are exposed to. Given the associated risks with their employment, it is essential for our members to have appropriate insurance in place that provides adequate cover, should a tragedy occur.

The Minister for Natural Resources, Mines and Energy in Queensland (the Honourable Dr Anthony Lynham) recently commissioned two expert independent reviews to improve health and safety in the state's mines and quarries following multiple fatal incidents dating back 20 years.³ Unfortunately, fatalities and severe injuries in the workplaces (mining and associated industries) of our members occur at a higher incidence than that of the general population. Fatalities and severe injuries in the workplaces our members are employed in does not discriminate based on age, or the amount of money a member has in their superannuation account. The consequences of an accident not only put members' livelihoods at risk, but often the financial security of the dependents who rely on them. Legislating the Bill in its current form only serves to exacerbate this risk.

² [Characteristics of Employment](#), Australia, August 2017, ABS.

³ [Statement by Natural Resources, Mines and Energy Minister Dr Anthony Lynham](#), 8 July 2019, Queensland and Cabinet Ministerial Directory.



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The Bill

Requirements for carveouts for high-risk occupations (under 25s and low balance)

An overwhelming majority of Mine Super members are employed in high-risk occupations. More than half of all members are employed as miners. We therefore believe that it is imperative that a carveout to the Bill be legislated to provide superannuation funds that have a significant cohort of members working in high-risk occupations with categories of relief from its implementation.

Our members include explosive handlers and underground miners (among other dangerous occupations). These occupations are often ineligible for retail insurance coverage and are uninsurable outside of the group insurance offering within the superannuation environment. Research undertaken by Rice Warner (commissioned by Mine Super) identified only 6 insurance products in the market which would be available to our highest-risk category members.

For our younger members (under 25s), insurance is particularly important.⁴ Rates of claims among younger Mine Super members are higher than those observed in other industries.⁵ These members often provide the sole source of income for their families.⁶ They often have young dependent children, reside in regional areas where well paid jobs are relatively scarce and have limited transferable skills that could readily be deployed toward other types of employment. Other support includes Mates in Mining, which is a suicide prevention initiative aimed at supporting miners and raise awareness of mental health conditions prevalent in the industry.⁷

In working in a high-risk occupation, these members have a higher chance of being exposed to a severe workplace accident and an increased probability of being off work due to illness or injury which renders them and their dependents financially vulnerable. If our members can find insurance outside of superannuation in the retail environment, the cost of the insurance is often significantly higher than what Mine Super can provide.

Mine Super have high rates of claim due to our members being employed in high-risk occupations. On average, we receive approximately 800 claims per year (the significant majority of which are paid out). This represents approximately 1 in every 50 insured members in any given year making a claim. Over the life of an insured member, this figure is closer to 1 in every 10 members (including life, TPD and IP claims). Mine Super believes that all members should make informed decisions based on their personal circumstances. However, it is widely acknowledged that members are often disengaged with their superannuation.

Death, illness and injury does not discriminate based on age and superannuation balance among our membership. Our members genuinely require the group insurance coverage that we provide on a default basis. It is our strong view that it is in the best interests of our members employed in high-risk occupations to maintain their opt-out insurance coverage.

⁴ [Statement by ACTU Workers' Capital Organising Officer](#), 20 July 2018, Hansard, Senate Economics Legislation Committee, TLA (PYSP), page 38.

⁵ [Key work health and safety statistics Australia 2018](#), Safe Work Australia.

⁶ Mine Super - TAL, 5 July 2018.

⁷ [Mates in Mining](#), Glencore Australia.



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Feedback on the proposed timelines

The timelines proposed in the Bill are unreasonable.

Superannuation funds require adequate time to assess and determine the impact of any new requirements to be imposed on them. The funds can then communicate to their members and attempt to engage them as appropriate. Members require an adequate period to assess their individual circumstances, seek advice (if desired) and make an informed decision in their best interests.

In Mine Super's context, many miners and those working in associated industries often commute long distances to remote locations for employment. This includes fly-in and fly-out and drive in and drive out workers (with whom it is very challenging to meaningfully engage with in short periods of time due to their limited availability at their homes). The proposed commencement date of 1 October 2019, which requires funds to communicate with their membership by 1 August 2019 is not a fair and reasonable request of funds or their members. Parliament does not resume sitting until 22 July and this Bill is yet to be debated in either the House of Representatives or the Senate.

Recommendation 15 within the Productivity Commission's Final Report

Mine Super supports recommendation 15 contained in the Productivity Commission's Final Report released on 10 January 2019.¹ We are of the view that the considerations raised in this Submission meet the materiality threshold set out for an exemption under that recommendation.

RECOMMENDATION 15 **OPT-IN INSURANCE FOR YOUNG AND INACTIVE MEMBERS**

The Australian Government should seek the passage of legislation to make insurance through superannuation opt-in for members under 25 years of age, and to require trustees to cease all insurance cover on accounts where no contributions have been made for the past 13 months (unless the member provides express permission that the cover is to be retained).

In addition to these proposed legislative changes, exemptions to the under-25 opt-in restriction should only be granted if the trustee can demonstrate to APRA that opt-out disability or income protection insurance would be in the best interests of a specific cohort of younger members.

General feedback on the Bill

Mine Super supports legislative reform which improves outcomes for members and seeks to address erosion of members' superannuation balances. We are therefore supportive of the concept of the Bill (on the basis that the considerations raised in this Submission are taken into account).

