



The voice of Victorian workers since 1856
VICTORIAN TRADES HALL COUNCIL

27 September 2017

The Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

**RE: SUBMISSION TO THE INQUIRY INTO TREASURY LAWS AMENDMENT
(IMPROVING ACCOUNTABILITY AND MEMBER OUTCOMES IN
SUPERANNUATION MEASURES NO. 2) BILL 2017 [PROVISIONS]**

On behalf of the Victorian Trades Hall Council (VTHC), I thank you for the opportunity to make a submission to this important inquiry. VTHC is the peak body for unions in Victoria, representing 41 unions and over 430,000 workers. These workers are members of unions that reach into every industry in the state, both in the public and private sectors.

VTHC and its affiliated unions have campaigned for and won a range of important rights and entitlements for Victorians workers, including the eight-hour day and occupational health and safety (OHS) protections. VTHC will continue to campaign tirelessly for the rights of Victorian workers, no matter their employer, workplace or employment status.

In this vein, we urge the Committee to reject the *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 2 Bill 2017 [Provisions])*. This submission is intended to be read in full support of the Australian Council of Trade Unions' (ACTU) position. VTHC strongly urges the Committee to recognise that the proposed bill will leave workers worse off in retirement.

The value of the collective nature of industry super funds, derived from enterprise bargaining agreements (EBAs), cannot be understated. Industry super funds have consistently produced better outcomes for their members, and are some of the most trusted organisations within the financial sector.

LUKE HILAKARI
Secretary

DAVID CRAGG
Assistant Secretary

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Although this bill is being promoted as a matter of “choice” for consumers, any attempt to diminish the collective power of industry super funds would only serve to entrench long term inequality for workers upon retirement - particularly for women workers. Women overwhelmingly dominate low-paid and insecure industries, and as a result their retirement savings are already at risk.

These proposed laws purport to construct a false “choice” for workers by removing their right to bargain for their default fund. Bargained funds are almost always industry super funds because they are run only to profit members and consistently produce better outcomes in comparison to for-profit funds. For example, the most recent SuperRatings survey has found that, over a ten-year period, industry funds outperform for-profit funds by 2.38%.¹

With only one exception, industry super funds have had higher returns than retail funds every year since the 2003-04 financial year.² And in the most recent financial year, all 10 of the top funds were industry super funds.³ Further, 70% of Australians think all super funds should be run on a not-for-profit basis.⁴

Industry super funds tend to do well in part, because they are directed by workers. These super funds create stronger returns because of their large numbers of members, who have joined together to maximise their collective retirement savings. In turn, these collective savings are better invested to produce higher returns.

The Turnbull Government’s proposed changes seek to dismantle this system and leave workers worse off. For example, women workers already face immense disadvantages when it comes to their retirement savings. The Australian Services Union (ASU) and Per Capita found that upon retirement, women’s super balances are 47% lower than men’s.⁵

Superannuation is founded on a male breadwinner model; one that fails to recognise that women work overwhelmingly in insecure and intermittent positions. The rights and conditions for women workers are still not equal to their male counterparts, as the current national gender pay gap is 15.3%.⁶

¹ SuperRating Fund Crediting Rate Survey July 2017

² SuperRatings Top 10

³ Ibid

⁴ <http://thenewdaily.com.au/sponsored/2017/09/19/big-banks-change-super/>

⁵ ASU (2017) *Not So Super*

⁶ <https://www.wgea.gov.au/addressing-pay-equity/what-gender-pay-gap>

The ASU found that of surveyed participants, on average women retire with only \$80,000.⁷ This is less than half of men's average balance. The ASU report highlights that poverty is a likely outcome for many women upon retirement. The situation is grave and needs urgent attention.

If the proposed changes were to go ahead, the gap in superannuation savings for women workers would continue to grow. Retail and industry funds are not equal options, and workers must not be positioned to consider them as if they were. Low paid workers cannot afford to do without the collective benefits achieved by industry super funds.

The Turnbull Government's proposed changes to super not only represent their desire to entrench the ever-growing chasm of economic inequality in Australia, but are an attack on vulnerable and women workers. Their reforms direct workers away from the highest performing funds, and are a result of the undue pressure of the banks. These proposed changes are nothing more than a capitulation to corporate interests.

VTHC again urges the Committee to reject this bill. This intervention will only produce worse outcomes for workers upon retirement.

If you have any questions, please do not hesitate to contact [REDACTED] on [REDACTED]

Thank you for your consideration.

Yours sincerely,

[REDACTED]

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⁷ASU (2017) *Not So Super*