

APPENDIX G:

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Union gets 20pc of super fund as management fee

By industrial correspondent EWIN HANNAN

ONE of the nation's largest unions has secured approval for a deal that allows it 20 per cent of the gross income of a superannuation fund as a management fee.

The Industrial Relations Commission approved the deal following an application by the Australian Workers Union-Federation of Industrial, Manufacturing and Engineering Employees, despite the objections of rival unions.

Commissioner Errol Hodder ruled Nationwide Superannuation Fund could be the approved superannuation fund for employees at Comsteel Newcastle and ANI Arncliffe.

In an arrangement believed to be unique, 20 per cent of the fees received by the NSF administrators are remitted to the AWU-FIMEE.

The Automotive, Food, Metals and Engineering Union told the commission the NSF was not a true industry fund with its board of management on the union's side comprised exclusively of representatives of the AWU-FIMEE.

The AFMEU said the NSF was the only industry fund that remitted any money to

union or employer board members.

According to NSF financial records, the administration expenses were \$133,382 for 1992-93 financial year. This means the AWU-FIMEE would have received \$26,676 over the 12 months.

The NSF is estimated to have about 10,800 members working for 701 employers. The administration company, PSI Superannuation Management, gave evidence the NSF was enrolling 500 new members and 30 employers each month in all States except Western Australia.

The AFMEU told the commission that given this "spectacular growth", it was apparent the AWU-FIMEE was positioned to reap a substantial financial benefit from the proliferation of the NSF.

"If the commission allows this application, the AFMEU submits it will be sending a signal to the parties involved in superannuation that the pursuit of narrow and sectional interests is acceptable," the AFMEU said.

Unions and employers might then withdraw from industry superannuation funds and set up funds for the dual purposes of raising union and

employer revenues, and providing benefits for members.

"Intense competition may then follow and it would not be unrealistic to foresee widespread industrial confrontation in the area of superannuation," the AFMEU said.

The Construction, Forestry, Mining and Energy Union, in also rejecting the application, expressed concern that the main motivation for the promotion of the fund was the "direct pecuniary interest that FIMEE has by virtue of the administration fee".

In promotional pamphlets to AWU-FIMEE members, the NSF says the money received by the union would result in lower membership fees and improved services.

The AWU-FIMEE says the funds will be used to provide scholarships and other services to members and families.

In his decision, Commissioner Hodder said the 20 per cent arrangement did not give him cause for concern.

However, he said he would be concerned if potential new members were not aware of all the circumstances before they agreed their 3 per cent superannuation entitlement should be paid into the fund.