



The Australian Government the Treasury

ASU Submission

2016 consultation on development of legislation to enshrine the objective of superannuation

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The Australian Services Union (ASU) is one of Australia's largest Unions, representing approximately 135,000 members.

The ASU was created in 1993. It brought together three large unions; namely, the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare workers, information technology workers and transport employees.

Current ASU members work in a wide variety of industries and occupations because the Union's rules traditionally and primarily cover workers in the following industries and occupations:

- Local government
- State government
- Social and community services
- Transport, including passenger air and rail transport, road, rail and air freight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and SA).

The ASU also has members in every state and territory of Australia, as well most regional centres.

The ASU welcomes the Treasury discussion paper on the objectives of the superannuation system released on 9 March 2016 . The ASU is also aware of the submissions of ACTU, AIST and other financial services sector interests and supports those submissions where they agree with our following comments on the principle objective of the Australian superannuation system.

The ASU agrees that the objectives of the superannuation system should provide the clear principle on which the superannuation system operates so that it can be adjusted fairly in the context of an ageing population and ensure its ongoing success. Therefore, ASU submits the following principle objective for the superannuation system:

To fairly provide retirement income for all Australians that, when combined with or in replacement of any public pension would sustain their standard of living

The principle objective as envisaged by the ASU, enshrines the role of the superannuation system in improving the retirement incomes of Australians, through a combination of compulsory contribution rates as well as voluntary contributions. In contrast, the objective proposed by this consultation does not embed superannuation within the retirement income system and deals only with the nexus between superannuation and the Aged Pension. The effect of limiting scope of the objective would be an error of understating the role of superannuation in broader government policy settings.

The ASU acknowledges the fiscal constraints governments can face from time to time. We are concerned that the objective of superannuation should be improvements in the operation of the superannuation system so that it continues to alleviate the impact of an ageing population on government revenue; whilst maintaining public expectations of decent living standards in retirement. The cost of the Aged Pension must continue to be managed as the numbers of people who will fund their own retirement through superannuation grows; the growth in funding the cost of health and aged care from healthy superannuation must be supported; and reasonable levels of voluntary contributions must always be encouraged to ensure that consumption levels can continue to contribute to the economy as the proportion of retired Australians not working increases.

Therefore, the ASU proposes a form of words that would facilitate necessary and urgent objectives of the system such as measurable targets for governance of superfunds in the interests of fund members. To function effectively within the retirement income system, the principle objective of superannuation must allow for the creation and implementation of measures that do not detract from the primary objective such as targets or strategies to improve gender equity; low income outcomes and the impact on effectiveness of superannuation that the growth in self-employment work raises; as well as facilitate transparency and other long-term expectations.