

The Treasury
Australian Government

Submission: Legislating the Objective of Superannuation

I am opposed to the following quoted statement in the proposed Legislation Objective – specifically the very clear, but unspoken meaning of the yellow highlighted text:

“There is a significant opportunity for Australia to leverage greater superannuation investment in areas where there is alignment between the best financial interests of members and national economic priorities, particularly given the long-term investment horizon of superannuation funds. For these broad benefits of superannuation to be maximised and for superannuation to best support higher living standards for Australians over time, it is critical for there to be a clear, shared understanding of the objective of superannuation”

What that highlighted statement really means is that the Government of the day (this day being Labor) can direct Super Funds to invest a percentage of their member's funds into what the Government decides is a 'national economic priority'. With the current left-wing Labor and Greens 'alignment', it is very clear to me that if this Legislation is passed with this component included, the current Labor Government will direct all Super Funds to invest some of their member's funds in 'Green Initiatives'. I am vehemently opposed to that outcome, and I am also opposed to any future Liberal/National Government directing all Super Funds to invest their member's funds in 'Mining or Farming Initiatives'.

I was, until late last year, a member of a Super Fund (Telstra) that decided unilaterally to invest a percentage of their member's funds into Green Initiatives (members were not asked and did not vote). This was not implemented only for certain members funds, such as young people in their 20s/30s who might agree with that, it was unilaterally done across all portfolios and all customers. The net result of that strategy was a massive reduction in Members Super Balances due to the economic decline and the failed 'Green Initiatives'. The members of the Telstra Super Fund balances, fell more than other Super Funds who did not adopt that unilateral 'green' approach. I know this from many sources, including the online Super provider's analysis of results, but also because I had setup a Super Fund for a family friend in 2021 – SunSuper. In the same period my fund balance reduced by almost 5% but her fund balance reduced by under 2% (which was about the Industry average).

Like many other Telstra Super Members, it was only after I researched to find out why my fund balance fell so much compared to others, that I found out that Telstra Super had been doing this for some time, and that they had no intention of changing this 'investment strategy'. So like

many other Telstra members, I transferred all my funds into another Super Fund. I chose the same Super company (SunSuper) as I had set up for my friend. So what was the Telstra Super Fund's response to that decline in membership? Did they change their investment strategies or options? No – they started offering the ability of anyone to join the Telstra Super Fund, as an attempt to make up for the members that left.

I had been with Telstra Super since day one (I was an employee at that time) and my balance was reasonable (about \$500K) – they called me to ask why I had quit and transferred all my funds to another Super Fund. When I advised the 'consultant' it was because Telstra Super had decided to invest some of all of their members funds into Green Initiatives that had performed so badly. I asked why, like SunSuper, they did not offer members the option to do so if they wanted. The consultant advised me that this was a 'company wide initiative' that the Board had decided to implement, and that it was 'good for the planet'. When I stated that I was only a short period away from retirement and Age Pension qualification, and that type of risky investment was not valid for myself – he responded that 'we all live on the same planet'. I was not impressed at all and I told him that the most important thing to me (and I am sure 90+% of members in my position) is my Super Fund balance – and I am not interested in 'green initiatives' that are very long term focussed and risky.

The Super Fund I joined (SunSuper now Australian Retirement Trust) offers members the option of a 'green' investment portfolio, and that is how it should be. How Super members funds are to be invested should be decided by the Super members – not by the Fund Management and not by any Government (Labor or Liberal). If this Legislation is passed, the next Liberal Government use the enacted Legislation to change those 'national economic priorities' - and they will probably require Super Funds to invest their member's funds in Mining and Farming Initiatives.

I am not opposed to Super Funds being directed by the Government to offer to its members the ability to invest part/all of their funds into 'national economic priorities'. But it should not be a mandate that is unilaterally applied by a Government direction across all of its member's funds. Whatever economic and social 'priorities' are important and deserve investment, should be decided by the members who own the funds – not by the incumbent Government of the day – and not by the Managers of the Fund.

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