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**Submission by the Synod of Victoria and Tasmania, Uniting Church  
in Australia, and U Ethical to the inquiry into the *Treasury Laws  
Amendment (2022 Measures No. 3) Bill 2022*  
12 October 2022**

The Synod of Victoria and Tasmania, Uniting Church in Australia, and U Ethical welcome this opportunity to make a submission on the *Treasury Laws Amendment (2022 Measures No. 3) Bill 2022*. The following submission only considers Schedule 5 of the Bill. The Synod and U Ethical support the passage of Schedule 5 of the Bill. As noted in the Minister's second reading speech, people of faith often seek to live out their faith in all aspects of their lives to the extent that it is possible to do so. As superannuation is something that most Australians are required to participate in, people of faith should have access to superannuation products that are aligned with faith-based principles.

The Christian faith, as embodied by the Uniting Church in Australia, teaches that people should not seek to gain wealth at the expense of the well-being of others. Our understanding is that we should reflect the love God has for all people and the earth through our own economic actions and interactions with other people. Thus, many Christians do not wish to save for their retirement through profits made through the exploitation of other people or unsustainable destruction of the natural environment. Such concerns would be shared by people of other faiths and of no faith as well.

The performance of faith-based superannuation products will fluctuate over time, with some over-performance and some under-performance against a general test benchmark depending on market conditions. For example, certain ethical exclusions (for instance the energy sector over the last 12 months) may impact the performance test results in any given period if there is significant market volatility, but will not necessarily lead to lower performance over the long-term for faith-based superannuation products.

The Synod and U Ethical also support amending Schedule 5 to allow secular ethical funds to apply to APRA. Such entities should be able to offer an ethical superannuation product based on an investment strategy that accords with ethically-based principles that the entity outlines and clearly markets to people wishing to invest in the product. People who do not hold a religious faith should have the option to invest their superannuation in a fund that aligns with their ethical values. Some people of faith may also wish to choose a secular ethical fund if the faith-based products do not sufficiently align with their faith-based values. Such an outcome is likely given the diversity of beliefs held by people of faith even from the same religion or denomination.



Survey evidence suggests a strong desire from Australians for superannuation funds to include ethical considerations in their investment decisions. For example, the recent survey of 1,097 Australian adults by the Responsible Investment Association Australasia found that:<sup>1</sup>

- 83% expected their superannuation to be invested responsibly and ethically;
- 61% of those surveyed said they would be motivated to save and invest more money if they knew their savings and investments made a positive difference in the world, up from 53% in 2020;
- 74% said social issues were important when they think about investing their money;
- 84% wanted their superannuation fund to commit to reducing greenhouse gas emissions;
- 79% said they want their superannuation fund to communicate the impacts their investment is having on the planet;
- 67% want to avoid animal cruelty, testing and animal products in their investment;
- 63% said they wanted to avoid investments that violate human rights; and,
- 48% said they do not wish to invest in companies that don't pay their fair share in tax.

The survey found that 68% of those surveyed said a lack of credible options stopped them from switching to a responsible investment superannuation fund.<sup>2</sup> The survey also found that 37% of respondents said personal values influenced the superannuation fund they choose to invest in.<sup>3</sup>

Amending Schedule 5 to make it easier for entities to offer ethically-based superannuation products is likely to result in Australians having more ethical options to select from.

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<sup>1</sup> Banhalmi-Zakar, Z & Parker, E. 2022. *From Values to Riches 2022: Charting consumer demand for responsible investing in Australia*, Responsible Investment Association Australasia, Melbourne, 6-7.

<sup>2</sup> Ibid., 15.

<sup>3</sup> Ibid., 17.