



Electrical Trades Union of Australia

Proud to be Union

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ETU Submission – Treasury Laws Amendment (Your Superannuation, Your Choice) Bill 2019

The Electrical Trades Union of Australia (ETU) is the Electrical, energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents more than 61,000 electrical and electronic workers around the country and the CEPU, as a whole, represents more than 100,000 workers nationally, making us one of the largest trade unions in Australia.

The ETU welcomes the opportunity to make a submission on the Treasury Laws Amendment (Your Superannuation, Your Choice) Bill 2019 (*Choice Bill*) to the Economics Legislation Committee.

The ETU opposes the Choice Bill which unfairly takes away the rights of workers to bargain for their preferred super fund in the workplace and we support the ACTU's submission to this inquiry.

It is astonishing that barely months after the damning findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry were published, the Morrison Government has returned to its old habit of protecting the banks and attacking industry super funds. As continued revelations of finance sector misconduct appear almost daily in the media such as the recent case of Westpac being found to have 23 million potential criminal breaches of money laundering laws – and found to have facilitated the financing of child exploitation – the government is persisting with giving the banks exactly what they want.

Superannuation is an initiative of working people and where they choose to negotiate a default fund with their employer, in their own best interests, what right does the Government have to refuse or undermine that choice. Each time the industrial instrument is re-negotiated the workforce has ample opportunity to review the fund and determine any changes they might want.

Once again, a Government that pretends to believe in free markets demonstrates it believes only apply when workers choose to buy products off the multi-national companies of whom the government receives political donations from.

Its time this Government stopped negatively interfering with workers retirements and this committee should oppose the Choice Bill entirely.

Stripping workers' rights

This bill strips away workers' rights to bargain for the fund they want. Workers' and their employers will be prevented from coming to an agreement about how super should be paid from 1 July 2020. Historically, this has ensured that workers have overwhelmingly entrusted their super to higher performing, all-profit-to-members funds.

Morrison giving banks exactly what they want

The banks want to exploit 'choice overload' to snare customers into poorer performing, for-profit funds. This piece of legislation is number 1 on the banks' wish-list as it opens a new avenue for banks to profit from workers' superannuation. Despite scandal after scandal at the Banking Royal Commission the government is letting the fox into the henhouse. New scandals keep emerging which shows the banks have not reformed.

Banks buy employers – Industry funds buy members

When employers are given this power over workers, they regularly choose default funds in their interest and not the workers'. Even the Productivity Commission warned that despite laws prohibiting overt inducements, 'There is no requirement for inducements to be overtly offered for conflict of interest concerns to emerge.' In 2010, research commissioned by the ATO found employers admitting to receiving kickbacks from the banks.

Making it harder to track unpaid super

This legislation will make it worse for workers already having their Superannuation stolen. When workers bargain for a super fund, they do this in the knowledge that payments from the employer to the fund will be easier to track. If this bill passes, unscrupulous employers will be able to hide their underpayments behind a myriad of funds. When workers have bargained for a specific fund in their agreement, that super fund works closely with employers to ensure that workers are paid the right amount and on time. Bargained funds also help employers. When there's only one super fund for the organisation, there is less administrative load and a single contact point for any help they may need.

Insurance arrangements upended

Workers in high-risk industries, like ETU members, reach agreements with their employer to pay insurance through their super on their behalf, the single industry fund in their workplace provides the collective scale needed to buy insurance products tailored to these members needs. If the law passes, workers will no longer be able to negotiate the kind of arrangements with their employers that they need.

Conclusion

The committee should oppose the *Treasury Laws Amendment (Your Superannuation, Your Choice) Bill 2019*.