RETIRED UNION MEMBERS' ASSOCIATION *of* S.A. INC.

Established by the U.T.L.C. of South Australia

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Senate Superannuation Committee

Ms Sue Morton, Committee Secretary,
Select Committee on Superannuation
Parliament House,
Canberra, ACT 2600

Dear Ms Morton,

Submission re: Inquiry into Planning for Retirement

Thank you for the opportunity to make a submission to the Senate Select Committee on Superannuation's "Planning for Retirement" Inquiry.

Our organisation is composed of men and women unionists who have already retired but we feel we can offer good information with the benefit of the hindsight we wish we had had before leaving the work force. The people conducting this enquiry are, of course, still employed and we wonder what their concept of being in retirement actually is. This is important because although each individual's experiences will be different, our members universally comment that the reality is very different from what they had envisaged.

Come the first day of retirement and all the retirement seminars arranged by Centrelink and information purveyed by investment advisers will usually result in a dawning reality that all is not as straightforward as at first thought. Come the first year of retirement and the misinformation given about projected outcomes, investment strategies, costs involved, continuing fees and the economic downturns effect on allocated pensions and savings make the new retirees feel that they are part of a school of fish at risk of being devoured by predators.

At the time of retirement the workers' productivity usually has a relationship to the industry in which they have spent their working life and the physical and mental stress they were under in their past employment. Some have been suddenly made redundant and can't grasp the fact that they will probably never work again. A lot have had their craft skills just disappear because of new technology and to retrain for a new skill and obtain employment in the face of younger applicants is very daunting.

Because of the deliberate winding down of manufacturing jobs by government policy on tariffs and import quotas; local companies eager to make huge profits by outsourcing products from overseas; and the collapse of apparently viable companies (for example Ansett), the security of employment has vanished. This negates the concept of a fixed retirement age and the fine idea of a progressive transition from work to retirement is, just that, a fine idea.

Some workers still have mortgages and family responsibilities and part-time employment for them is a very necessary subsistence and not a way out for gradually retiring from the main workforce. Manufacturing workers who usually have little superannuation and would, we feel, be loath to use what little they have to be retrained. Provision for access to superannuation benefits in a period before retirement, for example, part-time work prior to retiring age, and not disadvantaged financially by current government regulations would possibly assist workers to retire more gradually from full-time employment. But unless the government actually commits itself to paid work for older people the end result will be to merely encourage volunteerism. With a federal budget that will be leaning heavily towards military adventures and military hardware the short and long-term prospects for anything positive being done for aged workers in this regard seems, to us, bleak.

Improved protection for workers' superannuation and retirement benefits is vital. In South Australia, government workers made redundant or taking separation packages are given a lump sum and then left at the mercy of inefficient, costly and often incompetent fund managers. Research statistics done by S.A. Superannuants show that total fees and charges on an allocated pension from private fund managers averages about 3.5% per annum on the total capital in the fund, whereas if State Super had post-retirement products workers could expect charges of 0.6%. But the State Treasurer is reluctant to consider letting State Super introduce post retirement products because he feels the state would be morally responsible if the fund made losses! If only the private funds had such consciences.

Regulations governing super funds need a drastic overhaul. At the moment there is no requirement for trustees of super funds to have any formal qualifications. There needs to be an advice centre in each State, offering a list of approved fund managers and agents qualified and authorised to give financial advice combined into a comprehensive booklet. Centrelink provides good information now and should be combined with organisations like National Information Centre on Retirement Investments (NICRI) and the Australian Prudential Regulations Authority (APRA).

For workers to feel comfortable in retirement they do not need paternalistic advice on how to find casual employment, where to volunteer, or work for the dole. They need to know that the age pension is adequate and allows for the rapid increase in inflation that is occurring, through the goods and services tax, the unregulated electricity markets, council rates, and fuel price increases. The rebate on pensioner concessions has never altered and the indexing needs to be restored to the original ratio. Although Senators will probably see these last points as outside the scope of this Inquiry we point out that workers about to retire need firm guidelines and feel that the rules offer stability and security.

We hope that this goes some way to answering the seven points that is of particular interest to the Committee. Looking back to ten years ago it would have been impossible to predict the changes that retirees have had to cope with. It would have been much better if there had been a long term plan guaranteeing some stability and not the *ad hoc* tax and social security changes that occur with every budget.

Yours sincerely,

Victor M Potticary

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