

Australian Unions and Superannuation



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The Australian Union Story and Superannuation

- Unions campaign to spread superannuation to all workers in 1980s
- Ageing population will mean unsustainable pressure on aged pension system by 2020
- Major policy shift— joint work by Labor Government and ACTU
- “Accord” on wages growth and superannuation

The Australian Unions' Story

- New “industry” based superannuation funds set up with equal representation and all earnings paid to workers
- Starts with 3% guaranteed employer contributions
- Legislation then increases contribution to 9% in 1990s
- Workers can now choose which fund they join
- Industry funds growth now rivalling the ‘for profit’ funds in scale

Why Industry Super Funds

- Boards have equal union and employer representation
- Focus is on good returns, low fees, effective service
- No profit motive
- Insurance for temporary illness, permanent illness & death provided through super fund at low cost

Using Collective Scale

- Umbrella organisation to co-ordinate projects
- Established “ME Bank” 1994
- Sponsor “Mothers Day Classic” fun run for breast cancer research
- “Superfriend” information about mental health and wellbeing
- Two large funds launched online newspaper “The New Daily” to educate workers

Current Activities

- Unions won increase from 9% to 12% from Labor Government in 2010
- Progressive implementation to 2023 – delayed by two years by new conservative Government
- Using scale for larger infrastructure investment

Still to Achieve: The Australian Unions' Campaign Plan

Better Benefits

- Young workers, women whilst on maternity leave, workers over 75
- Want increase to minimum 15% by 2025
- Want increase in aged pension as well to 35% of average earnings

Still to Achieve: The Australian Unions' Campaign Plan

- Facilitate more social investment by funds
- Consolidation of small funds to achieve scale
- Challenge to compete with 'for profit' funds