

Submission to the Economics and Governance Committee of the Queensland Legislative Assembly

*Superannuation (State Public Sector) (Scheme
Administration) Amendment Bill 2021*



Sent via email to: EGC@parliament.qld.gov.au

Queensland Council of Unions

Level 5, 16 Peel Street

South Brisbane Qld 4101

t: 3010 2555 **e:** info@qcu.asn.au **w:** www.queenslandunions.org

General Secretary: Michael Clifford

Contact Person: Ash Borg, Legal and Industrial Officer

Introduction

1. The Queensland Council of Unions (QCU) is the peak union organisation in Queensland representing twenty-six affiliated unions and around 360,000 union members, many of whom are members of QSuper and Sunsuper for their retirement savings on account of their employment with the Queensland public service and in other sectors.
2. The union movement has a long and proud history with regard to the development of superannuation policy, which has been underpinned by the principle that after lifetime of work, all workers should receive a financially secure and comfortable retirement. Indeed, today's universal superannuation system would not exist had it not been for the campaigns fought by unions and their members over decades, which began with unions agreeing to forgo a national 3 per cent increase to be put into the superannuation system and has thus far culminated in a superannuation guarantee charge that now sits at 10 per cent of all Australian workers' ordinary time earnings. The QCU and the wider union movement will continue to campaign for increases to the superannuation guarantee charge so that all Australian workers may enjoy the dignity in their retirement they deserve and, as a result of having more money to spend in local communities, may also make an increased contribution to job creation.
3. Whilst unions campaign for increases to the rate of superannuation contributions, we have also made a significant contribution to lowering the costs of superannuation products so that workers can retain more of their hard-earned retirement savings. Unions have played a leading role in establishing various superannuation funds that are low-cost, profit-to-member funds that are dedicated to putting the interests of members first. The QCU's support for QSuper and Sunsuper, as well as their merger, is consistent with our objective of funds offering low-cost superannuation products that do not come at the expense of performance and whose sole purpose is to work in the interests of members.
4. To that end, both funds have been governed by boards representing both employees and employers, which have developed the funds into sophisticated, competitive providers of

retirement income products with strong investment returns. The QCU welcomes proposed board arrangements under the new merged fund that will continue to provide a balance between employee, employer, and independent representation. Employee representation on superannuation funds has been a decisive factor in the strong performance of both QSuper and Sunsuper, as well as a number of other superannuation funds, including industry superannuation funds. Employee representation with a strong member focus is a proven feature of high-performance funds. Indeed, worker representation on superannuation boards serves as a model for good governance across the corporate sector.

5. The QCU supports the merger of QSuper and Sunsuper and, as a key stakeholder, has followed the detailed work that has been undertaken to assess both funds and the capacity of a merged fund to deliver scale benefits to all members into the future, as well as new product and service opportunities. The QCU notes that both funds have indicated that fees will be able to be reduced as a result of the merger and welcomes the commitments made by both funds with regard to employment security for their employees that are so pivotal to delivering the important services of the funds.
6. The merged fund will create a new \$200 billion superannuation fund, servicing the retirement savings of two million members and will be open to all workers in Australia. The merged fund will combine QSuper's public sector coverage in Queensland with Sunsuper's national employer base. It will be Australia's second largest superannuation fund, headquartered here in Queensland, thereby supporting some 2,000 jobs in occupations across investment, information technology and customer engagement.
7. Further, the QCU supports the merger insofar as it directly contributes to the diversification and strengthening of Queensland's financial services sector as well as the Queensland economy more broadly with increased scope and opportunities for the fund to more efficiently invest in a broader range of assets – particularly in Queensland. The Australian Prudential Regulation Authority (APRA) has, for a number of years, been actively advocating and pushing for mergers of

superannuation funds. This merger, between two well performing Queensland funds, can deliver the best outcomes for fund members.

8. Given the APRA policy on mergers, and the level of merger activity in the superannuation industry, it is highly likely that if this merger were to not proceed, other merger partners would be found by either Sunsuper or QSuper. Almost inevitably, other merger partners would be located outside Queensland which would result in significant missed opportunities for the State.
9. The QCU commends the Palaszczuk Government on supporting the merger of QSuper and Sunsuper by amending the *Superannuation (State Public Sector) Act 1990* to:
 - a. Retire the board of QSuper and provide for the superannuation scheme to be administered by a corporate trustee;
 - b. Provide for the scheme's trust deed to be moved out of legislation (through its conversion to a non-statutory instrument, in keeping with the new status of the trustee as a proprietary company);
 - c. Ensure the merged superannuation entity continues to be based in Queensland;
 - d. Maintain public sector employees' defined benefit protections within legislation; and to
 - e. Retain a statutory framework for state public sector employees' superannuation contribution arrangements.
10. Accordingly, the QCU supports the passage of the *Superannuation (State Public Sector) (Scheme Administration) Amendment Bill 2021*.

QCU

15/09/2021