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**STRONGER
TOGETHER**

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15 September 2021

Committee Secretary
Economics and Governance Committee
Parliament House
BRISBANE QLD 4000

Via email: EGC@parliament.qld.gov.au

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

1. Overview

The Australian Workers Union Queensland Branch (**AWU**) welcomes and appreciates the opportunity to provide feedback on the *Superannuation (State Public Sector) (Scheme Administration) Amendment Bill 2021 (Bill)* to the Economics and Governance Committee (**Committee**).

The Bill is the enabling legislation to facilitate the merger of two superannuation funds, Sunsuper and QSuper, to create one of the largest superannuation funds in Australia.

The proper management and investment of the retirement savings of Australian workers is of critical importance to the AWU. We believe that the merger will be beneficial to our members and for working Australians more broadly.

2. AWU Association with the Merged Fund

The AWU is Queensland's oldest trade union representing thousands of workers in the public and private sectors across Queensland. The AWU has a proud association with both funds. An AWU representative currently serves as Director on the Sunsuper Board. If the merger proceeds, an AWU representative will serve on the proposed Board of Directors of the merged fund.

3. Benefits to members

The merger of Sunsuper and QSuper will create a \$200 billion plus superannuation fund with approximately 2 million members. The fund to be based in Brisbane will be open to join for all Australians. A fund of this size will be globally significant and the AWU believes will provide benefits for the retirement incomes of Queensland, and Australian workers.

Secretary/ Branch Secretary: Steve Baker

3.1 Scale and Fees

The Productivity Commission found that evidence of economies of scale in the Australian superannuation system compelling and that larger fund size is strongly associated with lower average costs.¹

We believe that the merged fund will be able to use its scale to advance the financial interests of its members. Benefits of scale can be realised via a number of channels including services provided to members, greater cost efficiencies, a wider range of investment opportunities and, lower costs to members. To that end, the AWU welcomes the Treasurer's statement in his introductory speech for the Bill that both funds have indicated the merger will allow for a reduction in fees.

3.2 Investment performance

Both Sunsuper and QSuper have a strong history of providing strong long-term investment returns for their members. Both funds operate a Lifecycle investment strategy for their MySuper products and have recently been assessed as passing the APRA Performance test. The merged fund's scale will allow greater opportunity to invest in a broad range of assets and the opportunity to obtain higher net-returns. Taking these factors into consideration the AWU anticipates the merged fund will continue to provide long-term strong investment returns.

3.3 Services and Insurance

Sunsuper and QSuper provide a range of products and services for their members. These include insurance, education and advice services as well as investment options and retirement products. The AWU notes that the funds have stated they are unified on providing award-winning performance, products and services and anticipates the merged fund will have scope to provide innovative products and services that meet the retirement income needs of workers.

4. Profit-For-Members

The merged fund will draw on the current arrangements for both Sunsuper and QSuper and will be a profit-for-members fund that acts to maximise the retirement savings of its members. The profit-for-member ethos is essential for ensuring superannuation funds act in the best financial interests of their members rather than shareholders.

¹ Finding 7.4, 'Superannuation: Assessing Efficiency and Competitiveness', Productivity Commission Inquiry Report, No.91 21 December 2018.

5. Conclusion

The AWU supports the merger of Sunsuper and QSuper. This Bill will facilitate the creation of a superannuation fund of global significance that will enhance the standard of living in retirement of AWU members. The AWU recommends the Bill be passed.

Please contact Mark Raguse, Executive Officer on [REDACTED] should you have any questions regarding this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Baker', followed by a horizontal line and a period.

STEVE BAKER
SECRETARY

Secretary: Steve Baker