

Workers' Capital

Introduction

1. Retirement is core union business and superannuation is a fundamental industrial right.
2. The objective of superannuation is to preserve savings until retirement to contribute to a sustainable retirement income stream, alongside the Age Pension, to enable all workers to maintain their standard of living into retirement.
3. Unions commit to protect and advance Australia's world class superannuation system. To do so, unions commit to bargain to protect the retirement interests of members, to campaign to ensure that the values of universality, adequacy and equity shape the funds we help to govern so that they continue to deliver for working people and to fight for government policies that will improve the quality of life of all in retirement.
4. Congress applauds the instrumental role played by Australian unions in constructing our retirement income system. In the 1970s and 1980s, union campaigns won industry-wide superannuation for many workers. Further campaigns by unions for universal super led to the introduction of the Superannuation Guarantee (SG) in 1992 resulting in the majority of workers accumulating superannuation to help them to live a more dignified life in retirement.
5. Unions created industry superannuation funds to ensure that working people get the profits of their savings and have representation in the decisions about their savings. These funds are governed to embody these values and serve working people and are the best governed and best performing funds in Australia. In contrast, banks and corporations pay profits to shareholders, reducing the returns for members.
6. Unions commit to continue to campaign to improve the system according to the principles of universality, adequacy and equity and Congress acknowledges that, for these to be achieved, superannuation must be paid to every worker on every dollar earned.
7. The stewardship of workers' capital by funds and trustee directors allows workers to invest in high return, long term, sustainable assets which have the capacity to build a more prosperous economy and a fairer society which lead to a better retirement.

Union principles and campaigns for the future of superannuation

8. Congress affirms that the future of our retirement income system requires a shift from wealth management based on the current three pillars of the system (pension, super and private savings) to ensuring equity in retirement through the pension, super and access to appropriate housing.

The Objective of Super

9. Policies related to super should be grounded in the following foundational principles of superannuation:
 - a. The objective of superannuation is to preserve savings until retirement, to contribute to a sustainable retirement income stream, alongside the Age Pension, to enable all workers to maintain their standard of living into retirement and to provide support for workers who are required to retire prior to the retirement age due to total and permanent disablement or to temporarily stop work prior to retirement due to illness and injury.
 - b. The objective of superannuation is achieved through the compounding returns generated through the responsible investment and custodianship of superannuation contributions over the course of workers' working lives.

Super and the Age Pension

10. Superannuation supplements the Age Pension to provide sufficient income to provide dignity in retirement. The Age Pension must be sufficient by consistently linking it to earnings and premising it upon a reasonable Age Pension asset test and taper rate so that it provides dignity, security and choice.
11. Policy settings relating to the superannuation preservation age and the availability of the Age Pension must allow workers to choose when they believe they can and should retire while preventing universal increases to the superannuation preservation age or the Age Pension access age. Policies must recognise that the capacity of workers to remain in employment varies across industries and occupations.

Universality, Adequacy and Equity

12. Superannuation must be universal, adequate and equitable:
 - a. To be universal, superannuation must be paid to all workers.
 - Unions recognise that not all workers currently receive superannuation, and therefore, it is not yet truly universal.
 - Unions commit to campaign to extend superannuation to all workers including those under 18 years of age, Aboriginal and Torres Strait Islander workers and to gig workers.
 - Unions commit to fighting super theft. Super is deferred wages and must be paid in full at the same time as wages.
 - b. To be adequate, superannuation must enable a worker to maintain their standard of life while working, into retirement.
 - Unions recognise that the current level of mandated superannuation contributions is inadequate to achieve this objective and many workers, particularly women, Aboriginal and Torres Strait Islander workers and workers with a disability continue to retire with less than adequate superannuation.
 - Unions further recognise that the requirement to only pay superannuation on Ordinary Time Earnings (OTE) means that many workers do not receive superannuation on large amounts of their income, workers' compensation, or Parental Leave.
 - Unions commit to campaign for super to be paid, at a minimum of the SG rate, on every dollar earned including on workers' compensation, unpaid parental leave and supported employment for workers with a disability, to increase the SG to 15% and for other measures to ensure that superannuation delivers a decent retirement for all workers.
 - c. To be equitable, superannuation must deliver equally for all workers.
 - Unions recognise that super does not currently provide equally for women, young workers, Aboriginal and Torres Strait Islander workers, workers on workers' compensation or workers with a disability.
 - Unions commit to campaign to see superannuation paid on paid and unpaid parental and carers' leave, workers' compensation, to workers under the age of 18 and at the SG rate to workers with a disability in supported employment, to lowering the preservation age for Aboriginal and Torres Strait Islander workers, increasing the wages upon which superannuation is paid, increasing the SG rate for all workers and for other measures that will close the superannuation gender equity gap.
 - Unions recognise that current taxation of superannuation is inequitable.
 - Unions commit to campaign to see superannuation taxed progressively. Superannuation must not be a tax haven for the wealthiest Australians, it should not be used as an inheritance tool, and should include tax relief for working people saving for their retirement.

Full Vesting and Portability

13. Superannuation is workers' money and must be fully vested and fully portable over the entirety of their working lives.

The Industrial Status of Superannuation

14. Fundamentally, superannuation is a workplace entitlement. This means that workers and their unions must be able to:
 - a. Decide collectively which funds are best for their workplaces and industries;
 - b. Ensure that workers have industry appropriate funds including industry appropriate insurance; and
 - c. Reduce the risk that individuals are exploited by funds where profits are paid to shareholders and not returned to members.
15. Stapling and choice of fund should not undermine the role of industry funds in providing products and services that meet the needs of workers in their industries.
16. Unions commit to:
 - a. Resist any attempt to abolish or dilute the right of Australian workers to negotiate in relation to the quantum of superannuation contributions they receive and the funds these contributions are paid to.
 - b. Advocate for a practical industry-based system for selecting modern award default funds by employer and employee representatives, under the jurisdiction of the Fair Work Commission. This is the best means to ensure that default funds best represent the interests of workers.
 - c. Campaign for the right of workers and their unions to collectively determine which fund is the most appropriate for their workplace. This is consistent with workers' rights to collectively bargain and to freedom of association, encourages engagement with super and protects workers against the risk of placement in an inappropriate fund including ineffective insurance coverage.
17. As superannuation is an industrial right to deferred wages, superannuation should be included within the Fair Entitlements Guarantee (FEG).

Returning Profits to Members, Maximising Returns and Investing Responsibly

18. Unions reaffirm their commitment to superannuation funds being all profit-to-member. Superannuation is workers' money and there should be no for-profit funds in the system.
19. Superannuation must be responsibly invested to maximise returns for members while not negatively impacting members or their families.
20. High return and long-term responsible investment requires a shift of the performance test. The performance test has largely dealt with under-performing funds and should now shift to incentivising higher long-term returns for members.
21. Unions note that responsible investment according to best practice environmental, social and governance (ESG) principles not only generates high returns and improves the working and retirement lives of members but also mitigates the risks to investments posed by poor ESG practices and a lack of diversification and therefore, helps to safeguard the investment returns of members. Unions promote responsible stewardship to achieve these objectives for members.
22. Unions oppose government policies or actions which incentivise privatisation and reaffirm that superannuation funds should not participate in, or aid, privatisation of public assets.
23. Workers are entitled to expect that their savings will not be invested in ways that negatively impact them. Workers' capital must be invested in high return assets that positively impact members' working and retirement lives through contributing to decent work and economic growth as per the UN SDG 8, essential infrastructure and the transition to a net zero economy through the Net Zero Economy Authority.

Best Practice Governance

24. The superannuation system must be overseen by the highest standards of governance and ethical practice.
25. Workers' must have representation on their industry superannuation funds' boards through an equal representation governance model.
26. Unions commit to supporting the development of effective member-representative trustee directors through skill development and networking including through attendance at the ACTU Trustee Forum and engagement with the union movement and industry bodies.
27. Unions will advocate for the establishment of a Retirement Incomes Commission to oversee the governance, standards and integrity of the superannuation sector.
28. Unions will advocate for the establishment of a tripartite Council of Superannuation Custodians to make recommendations to government on enhancing the superannuation system including through assessing the compatibility of proposed legislation and regulation with the legislated objective of super. This Council would reflect the equal representation model of industry super funds.
29. Congress notes that good corporate governance and the provision of shareholder rights enable greater risk adjusted and sustainable returns to be generated by superannuation funds for their members. Congress agrees to advocate for changes to laws, regulations and guidance to improve corporate governance.
30. Unions support mandatory corporate disclosures on climate and labour related risks to ensure such risks are measured, managed and publicised. In doing so, unions support and seek to influence the work of the Sustainable Finance Strategy, Global Reporting Initiative, UN Principles of Responsible Investment, International Sustainability Standards Board and global partners.

Insurance

31. Congress notes the foundational inclusion of insurance within superannuation and notes that insurance is a key component of the objective of super in that it enables preservation of superannuation savings from erosion prior to the retirement age if a worker has to retire early due to total and permanent disablement (total and permanent disablement insurance), if a worker has to temporarily stop work due to injury or health challenges (income protection insurance) and to assist the worker's dependents in the event that the worker dies (death insurance).
32. Unions call for default group insurance for all workers to ensure that workers, and their families, are protected in the case of loss of income, total and permanent disablement or death.

Financial Advice

33. Financial advice and education play a critical role in ensuring members' best financial interests are met while working, during their transition to retirement and in drawing down their super in retirement, through providing accessible, culturally appropriate, general and personal advice and information.
34. Congress notes that financial advice and education assist members to meet their tax obligations and receive rebates for which they may be eligible and to maximise their retirement savings.
35. Congress notes that financial advice should not be seen as a solution to a lack of savings by low and middle-income earners. It is not a lack of desire or intellect that stops working people from saving large amounts of money. Congress acknowledges that workers cannot choose to save if their wages are not in excess of the cost of living.

Workers' Capital Around the World

36. Congress acknowledges the important work of the International Trade Union Confederation (ITUC) and its Committee of Workers' Capital (CWC), and the Council of Global Unions (CGU) representing the Global Union Federations (GUFs), in coordinating union campaigns around the world to expand workers' capital for the betterment of working people everywhere.

37. As workers' capital around the world grows, including through the expansion of Australian funds to international jurisdictions, it is critical that Australian unions, through the coordination of the ACTU, continue to work with unions around the world to ensure the responsible stewardship of workers' retirement savings.
38. Australian Unions endorse the ITUC Social Contract Statement and its plan to continually improve, and expand, workers' capital strategies to enhance workers' rights.
39. Congress endorses the ACTU continuing to support these global partners by providing material support to the CWC and actively participating in its networking events, trustee education programs, asset manager accountability initiatives, campaigns and information exchange initiatives.