



The Unions Unsheath Their Super Weapon

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Bill Kelty knew exactly what he was doing when 40 years ago, he and a few others first developed the idea of government-enforced compulsory superannuation. Superannuation was, is, and will be for the foreseeable future an essential part of the [industrial armoury](#) of the Australian trade union movement.

Control of superannuation gives the union movement an influence over the factors of production regardless of how much union membership declines.

In fact it could be argued that through superannuation, unions have an even more dominant role in the Australian economy than they did in the late 1940s when trade union membership peaked at 65 per cent of the workforce.

The fact that this has only just dawned upon Liberal MPs is a testament to their naivety and the lack of interest that most Liberal MPs have in the history of anything that happened in Australia before their own preselection. For a political organisation that's supposedly 'the party of capital',



the Liberals of recent years are ignorant of how capital in this country actually works.

Reduce the burden

Most Liberal MPs would be astounded to learn that the \$1.4 trillion now under the control of trade union-dominated industry superannuation funds is close to the combined value of every company on the Australian stock exchange. As at 31 March, 2018, the total value of all superannuation assets was \$2.6 trillion.

Ever since compulsory superannuation was introduced by the Keating government in 1992, successive Labor and Liberal governments have argued its purpose was to reduce the burden on taxpayers of the age pension. After nearly three decades, that hasn't happened. What has happened is that the trade union movement, which now represents 17 per cent of workers in the labour force, has \$1.4 trillion at its disposal.

That's the context in which to understand the recent comments of Transport Workers Union national secretary and alternative director of TWUSuper Michael Kaine, who claimed that "super funds should take an unapologetically robust approach to assessing risks to returns to created by poor labour policies".

Labor Leader [Bill Shorten smacked down](#) Kaine and pointed out that the law required superannuation trustees to act in the best interests of their members. The vehemence of Shorten's reply to Kaine demonstrates just how sensitive this issue is. Shorten said of Kaine: "He's entitled to his opinion, but I've given you mine." The trouble is that what's "in the best interests of their members" is in the eye of the beholder. Kaine is entitled to argue that investing in a company that enforces union preferences will be provide superior returns to investing in a company that believes in the right of workers to choose for themselves whether to belong to a union.

It's not just the amount of money in superannuation that's changed since the early 1990s. Another thing that's different is the attitude of the union movement to the purpose of superannuation.

Keating and Kelty's Super Legacy – The Birth and Relentless Threats to the Australian System of Superannuation is a recent book by former federal Labor MP Mary Easson from Connor Court Publishing. It's a deeply researched and perceptive analysis of the origins of the country's superannuation system and is obligatory reading for anyone seeking to understand how superannuation has evolved.

Unstated assumption

Easson makes the point that as originally conceived by Keating and Kelty, compulsory superannuation was to be the means by which employees and their unions could participate in the shaping of the national economy together with both business and government.



The unstated assumption was that while they might have their differences, unions and business and government shared the same broad objectives and had a common interest in how the economic development of the country should proceed. It was a model of corporatism informed by the seminal report of 1986 *Australia Reconstructed* following a joint fact-finding mission to Scandinavia and Germany by the ACTU and the federal government's Trade Development Council.

Whether today in 2019 this country's trade union movement still believes it shares a common interest with business or instead believes it should perpetuate class warfare is surely at the heart of the question about the future of this country's superannuation system.

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