



# Media Release

## Senator Mathias Cormann

### *Shadow Assistant Treasurer*

### *Shadow Minister for Financial Services and Superannuation*

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#### **SHORTEN TO BLAME FOR WORKERS SUPER LOSSES**

Working families losing money because they are channelled into underperforming super funds by Fair Work Australia can blame Assistant Treasurer Bill Shorten.

"Bill Shorten is personally responsible for this ongoing situation where Australians covered by default super funds are losing money for their retirement," Shadow Assistant Treasurer Mathias Cormann said.

"That is because Bill Shorten continues to protect the current anti-competitive, closed shop arrangements for selecting default superannuation funds under Modern Awards in clear breach of an emphatic Labor Party pre-election commitment," he said.

"The current process for selecting default super funds is anti-competitive, not objective, not evidence based and not transparent.

"Don't take our word for it. That was effectively Labor's conclusion in its pre-election policy released in August 2010.

"The current process favours union based industry super funds, which now represent the top ten most commonly listed default funds under modern awards.

"These ten funds are listed 330 times as default funds under Modern Awards having been chosen through a secretive process riddled with undeclared conflicts of interest.

"An anti-competitive process means Australian superannuants in default funds are not getting the best possible value from their super savings.

"This is an abject failure of consumer protection on Minister Shorten's watch.

"The current process channelling working Australians into default super funds under Modern Awards is a national disgrace.

"A competitive, transparent and efficient superannuation industry is critically important to ensure retirement incomes for all superannuants will be maximised.

"Bill Shorten has been the responsible Minister for nearly a year.

"Not only has he failed to act on Labor's pre-election commitment to *'request the Productivity Commission to design a process for the selection and ongoing review of the superannuation funds to be included in modern awards as default funds'*.

"Outrageously Bill Shorten also went out of his way to thwart Senate moves back in November last year and again in February this year, demanding the Productivity Commission design a more open, transparent and competitive process for the selection of default funds under modern awards.

"That Senate move was completely consistent with Labor's pre-election policy, which was supposed to ensure the new process for selecting default super funds was based on '*objective criteria and evidence... so the selection of eligible default funds is transparent and competitive*' - which the current process of course isn't.

"We were told that 2011 would be the 'Year of Delivery' - Obviously not when it comes to ensuring an efficient, transparent and competitive default superannuation market.

"The Senate's 31 May 2011 deadline for dealing with this came and went without the government even providing as much as an explanation to the Senate why it wasn't complying with the Order.

"Even leaving Bill Shorten's arrogance and contempt for Senate requirements to one side, his ongoing failure to act is now evidently hurting superannuants across Australia.

"His failure to act on default super arrangements comes on top of his refusal to act on key Cooper review recommendations to address systemic conflicts of interests in corporate governance arrangements in the superannuation industry.

"Why does it take a scandal like the one reported on the front page of the Financial Review today to highlight the inevitable consequences of Labor's deeply flawed process for the selection of default super funds," Senator Cormann asked.

"Bill Shorten's problem is that he continues to let his union bias get in the way of his responsibility as a Minister to act in the public interest.

"It's the forgotten families of Australia who are being asked to pay the price for Bill Shorten's shameless union bias," Senator Cormann said.

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