



Telstra Super Pty Ltd  
ABN 86 007 422 522  
Australian Financial Services  
Licence No. 236709  
Level 10, 130 Lonsdale Street, Melbourne  
Victoria 3000 Australia  
T 1300 033 166  
www.telstrasuper.com.au

31 March 2023

Director  
Superannuation Insurance and Governance Unit  
Member Outcomes and Governance Branch  
Retirement, Advice and Investment Division  
The Treasury  
Langton Crescent  
Parkes, ACT 2600

Email: [superannuationobjective@treasury.gov.au](mailto:superannuationobjective@treasury.gov.au)

## **LEGISLATING THE OBJECTIVE OF SUPER – TELSTRASUPER SUBMISSION**

TelstraSuper (the Fund) is a leading profit-to-member fund, managing around \$24 billion in funds on behalf of our members.

We strongly support the development of a legislated formal objective for superannuation, as well as the proposed underlying elements. We respond to the consultation questions as follows.

<b>1. What do you see as the practical benefits or risks associated with legislating an objective of Australia's superannuation system?</b>
<p>A legislated objective will provide an opportunity for stability, consistency and a long-term approach to the future evolution of the super system.</p> <p>Ensuring that future legislative and regulatory change is consistent with this objective, can provide stability and certainty for funds, members and the broader community, as well as providing confidence that members' monies are well spent when implementing such changes.</p>
<b>2. Does the proposed objective meet your understanding of the objective of the superannuation system in Australia?</b>
<p>TelstraSuper supports each of the underlying elements in the current proposal, namely:</p> <ul style="list-style-type: none"><li>• Preserve savings</li><li>• Deliver income</li><li>• Dignified</li><li>• Government support; and</li></ul>

- Equitable and sustainable.

We believe that these elements are consistent with the expectations of our members.

We therefore support the first formulation of the objective in the paper, which addresses each of these elements.

The consultation paper describes part of the rationale for *deliver income* as being “*to provide universal savings*”. We support this view and note the recently legislated change to ensure that eligible workers earning less than \$450 per month, receive super contributions. We propose that in addition to the first formulation of the objective, the principle of universality be expressly addressed, by stating that the objective is intended to apply *for all workers*.

The Fund has a significant cohort of members who are either approaching or in retirement. Whilst we support the focus on *delivering income* to members, we would welcome clarification in the Explanatory Materials to recognise that many members value the flexibility to receive lump sum benefits, after satisfying a condition of release. The proposed objective for this member cohort should also be consistent with the recently developed Retirement Income Covenant.

We welcome *preserving savings for retirement* as a guiding principle, whilst noting that some members require access to their savings before retirement. The relevant circumstances are well documented in existing legislation, relating to death and disability, financial hardship and other exceptional circumstances. There is also the existing first home savers scheme. We would welcome clarification in the Explanatory Materials recognising the on-going role for these circumstances where members need to access their super.

The ancillary purposes in the Sole Purpose Test contemplate the provision of insurance arrangements via super. The Fund offers default death, total & permanent disablement and income protection cover via its external group life insurance arrangements.

We consider that providing members with the opportunity to take up insurance covering these risks continues to be an important element of the objective of super. The cover is highly valued by our members and in many cases, some of the premiums are funded by the Fund’s employer sponsors. We would welcome an express acknowledgement of the important role played by insurance in the Explanatory Materials.

Considerations around *equity* are important and are a focus of ongoing consideration. For example, both the Fund and its principal employer, Telstra, offer paid parental leave to employees, together with payment of super contributions for periods of unpaid parental leave. In our view, there is more to be done at a system level to address equity, and we have noted constructive suggestions from super industry associations to document within the Explanatory Materials, the different member cohorts in respect of whom equity consideration should be given.

### **3. Is the proposed approach to enshrining the objective in legislation appropriate? Are there any alternative ways the objective could be enshrined?**

TelstraSuper supports the embedding of the objective within legislation, noting that the Superannuation Industry (Supervision) Act is the core legislation underpinning the operation of the super system.

We are supportive of the objective forming a basis for the development of future legislation and regulation, rather than imposing new duties on Fund Trustees. We noted that the objective is intended to be separate from the existing Sole Purpose Test and Best Financial Interests duty.

We would be happy to discuss this submission further or assist in any way we can.

Regards

Chris

A handwritten signature in black ink, appearing to read 'Chris', with a stylized, cursive script.

Chris Davies

**Chief Executive Officer**