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# Submission to the Australian Prudential Regulation Authority (APRA) Governance Review Discussion Paper

[REDACTED]  
Branch Secretary

Australian Services Union (ASU) Victorian and Tasmanian Authorities and Services Branch

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## Acknowledgement of Country

We acknowledge the Traditional Custodians of the land on which we live, work and gather, and pay respects to Elders past and present. We extend our respects to the Traditional Custodians of all the places where our members live and work across the country. Sovereignty was never ceded. Always was and always will be.

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## About the Australian Services Union

The Australian Services Union (ASU) is one of Australia’s largest unions, representing over 130,000 members across diverse industries nationally. The Victorian and Tasmanian Authorities and Services Branch represents workers in local government, social and community services, energy, water, information technology, transport, and public authorities.

We organise our workplaces to protect and expand our rights at work. Standing together, we are winning better wages, safer conditions, fairer treatment, and more secure work. Our union is growing because we are stronger together.

Together, we keep our society running and local communities growing. Everyday, we work hard to keep our communities clean, to support our most vulnerable, to power our homes, to deliver us clean water, and to maintain our roads. We deliver the services that our communities need. If we stop our communities stop.

## Recommendations

1. Trade union member-representative trustee directors continue their important governance role in industry superannuation funds.
2. APRA focus on supporting governance arrangements reinforcing superannuation as a retirement savings program, not a wealth creation vehicle for a small cohort of the Australian population.
3. APRA develop and implement education programs advising of the damaging impact of early superannuation savings withdrawal.
4. We support the submissions of the ACTU.

## Vision Super

1. Vision Super is an APRA-regulated industry superannuation fund (“the Fund”). Vision Super is committed to best practice administration and governance. Vision Super acts in the best financial interests of fund members.<sup>1</sup>

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<sup>1</sup> <https://www.visionsuper.com.au/>

2. Vision Super was founded in 1947 to manage retirement benefits for workers in the local government and authorities sectors in Victoria. Recently, Vision Super merged with our counterpart, NSW Local Government Super.
3. Vision Super is linked to our members in whose interests we operate. Vision Super retains a strong, trusted connection with our members in our employment sectors.
4. Vision Super has adapted to myriad changes within the superannuation sector. Vision Super has a strong track record of managing the suite of superannuation vehicles including defined benefit schemes, accumulation products, MySuper and lifetime and allocated pensions.
5. Vision Super is a successful, member-led, industry superannuation fund governing in the interests of all stakeholders.
6. The Vision Super constitution deals with the ASU's role in nominating directors to the Fund.<sup>2</sup> The ASU has nominating rights to two directors, who must comply with the Fund's fit and proper rules. The decision of whether to accept such nominations is solely determined by the Board directors of Vision Super.
7. The board is comprised of nine directors, with two nominated by the ASU Vic/Tas Branch. Once appointed to the board, all directors must strictly comply with both fiduciary and statutory obligations to manage the assets of the trust on behalf of its beneficiaries and in their best interests.
8. Directors do not act as representatives of the nominating bodies from which they come – it would be illegal for them to do so.

## Introduction

9. Trade unions put people above profits. A key outcome of this principle is the union movement driving the creation of universal superannuation for the benefit of all workers.
10. The Australian trade union movement has led campaigns delivering policy change to give workers a voice in decisions affecting their capacity to retire in comfort, not poverty.
11. As a movement we have invested in developing workers' knowledge of superannuation, providing workers with a deeper understanding of how their hard work is more than a fortnightly pay packet.
12. Australia's economic, social and cultural prosperity is built on workers' labour and retirement savings.

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<sup>2</sup> <https://www.visionsuper.com.au/director-appointment-rules/>

13. In their capacities as member-representative trustee directors, trade union officials contribute operational knowledge and experience, and analytical and regulatory skills, to superannuation decision-making processes in the interests of workers.
14. These skills are fundamental to the good governance and proper administration of superannuation funds.
15. Evidence overwhelmingly demonstrates the financial detriment accruing to workers who have withdrawn money from their superannuation accounts. This is particularly acute since Covid. ASFA notes in the Covid period superannuation withdrawals were more common ‘for women, single parents and the unemployed’<sup>3</sup> with monies injected into daily living necessities.
16. Overzealous actors operating against the fundamental principle of compounding accumulation savings for retirement do not reflect the purpose of superannuation savings.<sup>4</sup>

## **Skills and Capabilities**

17. Trade union member-representative trustee directors have advanced problem-solving skills developed through on the job experience, supported by union education programs. Trade union representatives have developed and consolidated skills and capacities to examine complex questions within legislative and procedural frameworks. Negotiation and problem-solving skills developed via member representation at workplace level, enterprise bargaining, dispute resolution, and regular interaction with employers, and their representatives, in more powerful positions than workers have developed broad and comprehensive knowledge and skills in trade union trustee directors. This practical knowledge is critical to assessing the complex range of technical material trustees are responsible for considering.
18. Trade union member-representative trustee directors contribute essential knowledge relevant to the operational circumstances workers are employed under. Trade union representatives have direct experience of changing commercial and employment trends bringing this essential data to their director role.
19. These contributions are key variables to be taken into consideration when making evidence-based decisions relevant to the management of workers’ money.

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<sup>3</sup> ASFA 2022, p. 15, [https://www.superannuation.asn.au/wp-content/uploads/2023/09/220725\\_Early\\_Release\\_Paper\\_v10.pdf](https://www.superannuation.asn.au/wp-content/uploads/2023/09/220725_Early_Release_Paper_v10.pdf)

<sup>4</sup> Eslake, 2024, [https://smcaustralia.com/app/uploads/2024/09/Super-for-housing\\_An-analysis-by-Saul-Eslake-2024.pdf](https://smcaustralia.com/app/uploads/2024/09/Super-for-housing_An-analysis-by-Saul-Eslake-2024.pdf)

20. APRA adopts a narrow assessment of ‘skills and capabilities’. Inherent in APRA’s assertion that veto powers are necessary is a fundamental misapprehension of the internal and external regulatory and governance skills, knowledge and capabilities trade union member representatives possess.
21. The ASU agrees professional development is a responsibility for all trustees. However, the APRA veto proposition is inconsistent with best practice and denies the relevance of a range of skills and capabilities accumulated over a broad range of experiences.

## **Membership Accountability**

22. Inherent in the APRA proposition for increased oversight powers is a flawed comprehension of trade union accountability.
23. Trade union member-representative trustee directors are accustomed to being in roles directly accountable to members. In a union context this accountability is reinforced through face-to-face member engagement, union rules, democratic processes and *Fair Work Commission* regulatory oversight.<sup>5</sup>
24. Membership accountability has led to substantial economic, social and policy achievements for workers.
25. Trade unions have driven campaigns for legislative, policy and cultural change in Australian workplaces, including for universal superannuation and other advances supporting dignified retirement. We have been at the forefront of campaigns addressing work and employment exploitation for workers whose personal characteristics fall outside the ‘ideal, normative’ worker assumption.<sup>6</sup>
26. We have fought for decent wages for women, migrant workers, workers with disability, and workers providing essential lifesaving and life building work including in childcare, aged care and disability support services. Trade unions have won employment conditions including paid parental leave, compassionate leave, cultural leave, family violence leave and anti-discrimination laws and practices for workers whose interests have been contested by non-worker interest groups.

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<sup>5</sup> Fair Work Commission, <https://www.fwc.gov.au/registered-organisations>

<sup>6</sup> Williamson, Sue, Helen Taylor, and Vindhya Weeratunga. 2024. “Working from Home during COVID-19: What Does This Mean for the Ideal Worker Norm?.” *Gender, Work & Organization* 31(2): 456–71, <https://doi.org/10.1111/gwao.13081>.

27. Significantly, trade union member-representative trustees have direct understanding, knowledge and comprehension of which workers are being left behind and importantly, trade union representatives act to right these wrongs.
28. Trade union activity has created the circumstances where more workers with a range of intersectional characteristics can participate in the labour market and build retirement savings.
29. Trade union activity enhances people's capacities to develop their social and economic security. Trade union member-representative trustees directors mirror this member accountability in their trustee roles.

## **Conclusion**

30. The proposals put forward by APRA in their discussion paper are ill-informed.
31. APRA misapprehends the positive role trade unions undertake as skilled and knowledgeable actors in superannuation funds.
32. Trade union member-representative trustees directors bring comprehensive understandings of the economic circumstances shaping the Australian labour market and contribute this knowledge to the betterment of the Australian economy.
33. Trade union member-representative trustees directors are critical to the efficient governance of workers retirement savings.
34. The ASU rejects the characterisation and rationale put forward by APRA to argue for changes silencing the voices of workers.