

Media Release – Senate Economic Legislation Committee report

The following statements are attributable to John Berrill, Principal, Berrill & Watson Lawyers.

“We welcome the report generally and support the measures designed to protect the retirement savings of working Australians from unnecessary erosion. However, we are disappointed that the majority report ignores the collective view of the consumer movement, APRA, the Productivity Commission and the Insurance and Superannuation Industries on some key issues.”

“Rarely do all of these groups speak with one voice. But one thing is clear, the measure to remove insurance cover for people with active account balances under \$6,000 is not in the interests of super fund members.”

“Removing insurance cover for people with active accounts under \$6,000 will mean two things. Firstly, higher insurance premiums for everyone else. Secondly, already vulnerable communities such as indigenous Australians, new migrants, casuals and mothers returning from maternity leave will often be left without valuable insurance cover for upwards of 2 years.”

“The majority report suggests that those who lose insurance cover would still have other support from the Disability Support Pension (DSP) or Workers Compensation. However, that ignores the fact that the DSP is extremely hard to get and Workers Comp does not contribute anything to super. The end result will be a poverty trap and greater welfare dependence.”

“In addition, by enforcing a timeframe for implementation to July 2019 it is likely that higher costs and premiums will be imposed upon superannuation members. There are sound reasons why these measures should be implemented in a sensible and measured way as recommended by APRA and pleaded for by the entire insurance and superannuation industry. July 2020 is not an unreasonable time frame.”

“We note that the Labor Senators have indicated in their minority report that they remain concerned with a number of measures including the removal of insurance for active accounts under \$6,000 and the implementation time frame. We remain hopeful that Labor can work with the Government and cross-benches to ensure that appropriate amendments can be made.”

Victorian Office

Mail: PO Box 179, Moonee Ponds Vic 3039 Mail
Location: Level 1, 650 Mt Alexander Road, Moonee Ponds
Ph: 03 9448 8048

Queensland Office

Mail: PO Box 12129, George Street, Brisbane, QLD 4003
Location: Level 15, 239 George Street, Brisbane
Ph: 07 3166 9034