



Restaurant
& Catering

SAVOUR
AUSTRALIA



27 October 2016

The Commissioner
Superannuation Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
MELBOURNE VIC 8003

**Submission to Productivity Commission Issues Paper
Superannuation: Alternative Default Models**

Restaurant & Catering is the national association that leads and represents the interests of restaurants and catering businesses in Australia. In addition to actively pursuing national issues and projects of relevance to its members, R&C is committed to ensuring that the industry is recognised as one of excellence, professionalism, profitability and sustainability within its broader social and economic contribution. This includes promoting and advocating the value of the restaurant experience to the public.

Our members employ a diverse range of employees, from career professionals to a high number of casual and part-time workers, many of whom are at the start of their working life. Reflecting the nature of the industry, a high number of employees are employed under award conditions which govern their employment conditions and determine which funds can be chosen as their default fund.

For many of these employees superannuation is a low priority and they do not have the level of engagement or expertise to effectively make complex decisions about their retirement which for many is decades away.

Our industry is made up of a large number of small businesses, for whom superannuation is not core business. Like their employees, they do not have the resources or the expertise to devote to selecting quality superannuation funds.

For these reasons we support the existing transparent, independent process in which funds are shortlisted by experts based on their performance and other factors. This process is open to any fund and does not remove choice, but takes the onus off employers and employees for making sure that the funds that can be considered as workplace defaults are of sufficient quality.

This is not to say that employers and employees wish to be removed from the process. Employers (and employees) in our industry see superannuation as a component of wages, and we take seriously our role in making sure that superannuation serves its purpose for our employees and is suited to our industry needs. The current process through the industrial relations system gives employers and employees the ability to engage with default superannuation in a way that preserves confidence in the system but is not overly onerous.



HOSTPLUS

RESTAURANT & CATERING INDUSTRY ASSOCIATION

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Any changes to default arrangements should take into account the success of the current arrangements, particularly for the restaurants and catering industry, and consider the following factors:

- Employees in our industry have benefitted from a long-standing default fund for our industry, HOSTPLUS, which has delivered top quartile returns over 1, 3, 5, 7 and 10 years¹, as well as low fees and an offering that is well-tailored to our industry;
- The needs of employers in our industry are met by the existing arrangements and the involvement of industry bodies gives them confidence that the system is serving the needs of their employees;
- Any change to existing arrangements would impact employers through changes to administrative arrangements among other things, and we don't see the need for this additional red-tape burden on employers given that the existing system is working well;
- The current system provides robust contestability and gives participants confidence that the best funds can be chosen as default funds;
- The flexible and mobile nature of employment in our industry means that a fund with a strong industry focus is important, and this outcome must continue to be delivered by the default system;
- Employees have the option to choose a superannuation fund if they wish to, but it is our strong view that employees in our industry would not be served well by forcing them to choose a superannuation fund from all the available options. It is impractical and would not meet their needs, and
- Employers and employees within our industry value the role of group insurance in superannuation and the focus on industry and occupational specific issues that an industry fund offers via group insurance arrangements.

Yours faithfully

John Hart
Chief Executive Officer
Restaurant & Catering Industry Association

¹ Balanced option, SuperRatings Fund Crediting Rate Survey - SR50, 20 July 2016