

## DEFAULT FUNDS IN AWARDS: SUBMISSION TO THE PRODUCTIVITY COMMISSION

I am currently the CEO of Eldercare, which is one of the largest and most experienced aged care and retirement living providers in South Australia. Our organisation operates 22 locations throughout the Adelaide metropolitan area and country South Australia, and we provide a blend of low care, high care, transitional and respite care facilities, as well as specialist memory units for individuals who have dementia and related disorders. This range of services provides real security of tenure for our residents and we pride ourselves in being able to offer “ageing in place”.

We would like to make a submission on the issue of default funds being named in awards.

We favour an objective assessment of the performance of a fund in order for it to qualify to be named as a default fund in an award. Only those funds that meet a minimum performance threshold should be able to apply to be named as default funds in awards, and funds should only qualify if members will be entitled to the same benefits and fee structure should they terminate employment with that employer. The whole point of having a strong default fund is to provide for members that are not engaged. To have a situation where these unengaged members are moved to a more expensive option with the same superannuation provider if they terminate employment with that employer is not appropriate.

From an employer perspective, we would prefer not to be given the responsibility of choosing a default fund from an extensive list, and would favour choosing from a small number of proven funds in awards. We think it is appropriate that the process is overseen by Fair Work Australia, and do not favour the opt out provisions suggested in the draft report as these are unworkable and would be open to abuse, and may further entrench the process of moving members to more expensive options when they cease employment with the employer (should funds with this modus operandi be allowed to be listed in awards).

Kind regards

**Klaus Zimmermann** | Chief Executive Officer

Eldercare Inc