

A Short History of Industry Super Funds

The concept of Industry Super Funds was developed during the mid 1980's. Born out of a successful ACTU led campaign to establish broad based multi-employer funds to look after the needs of hard working Australians which resulted in the rapid spread of occupational superannuation.

A range of agreements with the nation's leading employer associations formed a series of trustee boards for the governance of the funds. These boards typically comprised 50% trustees nominated by the ACTU and/or unions, and 50% nominated by employer associations. Typically a 2/3 majority vote was required for decision making.

Industry Super Funds were advanced for their time. In the 1980's, they introduced the innovative master trust, or multi-employer concept combined with full vesting of contributions (ie. contributions held in the name of each individual employee). They also unbundled the components of superannuation service, namely, administration, funds management and insurance.

Today, most of these funds are for everyone and are regulated by the Australian Prudential Regulatory Authority (APRA). More than ever, Industry Super Funds are widely recognised as market leaders in terms of net benefit to members based on:

- Economies of scale
- All profits to members
- No sales commissions
- Sound investment strategies

- 1983** 39% of workforce have super. Less than 25% for women and "blue collar" workers. Total Australian superannuation assets approximately \$50 billion.
- 1984** ACTU launches campaign for universal, fully vested super. Industry Super Funds established in a range of sectors, including building, manufacturing and transport.
- 1986** High Court validates super as an "industrial matter" under the Conciliation and Arbitration Act.
- 1987** Arbitration Commission includes agreements of up to 3% contribution in awards.
- 1988** Arbitration Commission begins determining a minimum 3% super contribution in awards, and can determine which fund.
- 1990** Development Australia Fund (DAF) launched. 80% of workforce have super.
- 1991** Australian Government legislates for Superannuation Guarantee at 3% phasing up to 9%.
- 1992** Australian Institute of Superannuation Trustees founded.
- 1995** Super Members Home Loans (SMHL) launched.
- 1997** Total Super assets reach \$300 billion.
- 1998** Industry Super Funds acquire interest in funds administrator, Superpartners.
- 1999** Industry Super Funds acquire interest in SMHL. Members Equity Bank launched.
- 2001** Industry Super Funds reach \$50 billion (excluding another approximately \$150 billion in public sector funds).
- 2002** Forty two super funds, most of which are Industry Super Funds, acquire 100% of Members Equity Bank.
- 2003** Government co-contributions available for low and middle-income earners who make contributions from their after-tax income.
- 2005** Total superannuation assets pass \$700 billion. Industry Super Funds pass \$100 billion.
- 2005** Choice of fund changes ensure that employees are generally able to nominate any complying fund into which their employer pays superannuation guarantee contributions. Transition to retirement pensions introduced which allow older employees to receive pension payments after moving from full-time to part-time employment.
- 2007** Changes to the Reasonable Benefits Limit system which amongst other things remove taxation on pensions and lump-sum benefits paid after age 60.
- 2008** Total superannuation assets pass \$1.1 trillion. Industry Super Funds reach \$200 billion superannuation assets.