

**ANNUAL REPORT
RETIRED ASSOCIATES OF THE PSA
2017 – 2018**

Once again I have great pleasure in submitting to you the Annual Report of the Retired Associates of the PSA 2017-2018.

The Public Service Association of NSW has been under sustained, adverse pressure from both the Federal and State Governments.

The Retired Associates Group considers that the actions of the State Government towards the public service has been unnecessary, belligerent and blatantly politically motivated. Perhaps this is best illustrated by the NSW Government's treatment of TAFE. Their actions include:

- Dismissal of the Head of TAFE (he was sympathetic to PSA proposals)
- \$180M cut to TAFE expenditure
- Lack of students both internal and external because of the high fees
- TAFE divided into five regions (this is the third restructure of regions)
- Labor (Federal) will only provide funding up to 66% of total expenditure
- PSA is pressing for 100% guaranteed amount.

The corruption, as exposed in the Royal Commission into banking and superannuation, has been of great concern.

We have been actively involved in the following:

Medicare Levy

The Liberal Government proposed to greatly increase the Medicare Levy. They had control of the Lower House and we were of the opinion that we could prevent

this increase by presenting our submissions to the Senate. We made a submission to all the Independent Senators, including One Nation. Not one replied! However, the proposal was withdrawn due to the opposition shown by the Electorate.

Information Technology

Issue of 457 Visas

The Public Service Association has been concerned at the number of IT jobs that have been lost in the public service. They have been replaced by temporary workers who are paid a maximum of \$30,000 below local salaries.

The Retired Associates made a submission on 3 August 2017 to the Australian Government – Department of Immigration and Border Protection. The major points of the submission were:

- there should be more rigorous evidence required for labour market testing to be incorporated into legislation or associated programme guidelines
- a mandatory requirement for all jobs to be advertised as part of the market testing obligations
- a requirement that jobs be advertised for a minimum of four weeks
- a ban on advertisements that target only overseas workers or specific Visa Class workers to the exclusion of Australian citizens and permanent residents
- a crack-down on job advertisements that set unrealistic and unwarranted skills and experience requirements for vacant positions with the effect of excluding otherwise suitable applicants.

The Department of Immigration and Border Protection reply of 20 December 2017 stated the following:

“The subclass 457 visa program allows employers to sponsor a skilled migrant **where an Australian worker is not available**. The reforms announced by the Prime Minister in April 2017 lightened requirements for skilled visas and ensure that they are responsive to Australia’s labour market needs, with a twice-yearly review of occupation lists led by the Department of Employment. The reforms are designed to give first preference to Australian workers, while also providing employers access to the critical skills they need if skilled Australian workers are not available.”

Sponsors of 457 visa holders must meet a number of obligations to ensure that visa holders are treated appropriately and **are not used as a substitute for Australian workers or to undercut local wages**. These obligations include providing visa holders with terms and conditions of employment that are no less favourable than those provided to an equivalent Australian worker in the same workplace. Sponsors are monitored to ensure they meet their sponsorship obligations and may be subject to sanction action for not meeting them. These obligations will apply to the new TSS visa from March 2018.”

Recently in the “Herald” the NSW Minister for Transport, Andrew Constance, stated the following:

- “We have no mandated requirement to offshore IT jobs. But let’s look at the bigger picture here and not pretend that most enterprises nowadays do not offshore some of their back office IT functions.

“Offshore jobs are no one’s preference. But as a taxpayer and member of one of the most financially astute governments in the country, we have to strike a

balance and use taxpayers’ dollars wisely.”

(The submission to the Department of Immigration and Border Protection, their reply and the newspaper cutting can be supplied for reading, if required.)

The Retired Associates consider the Minister for Transport is ignoring the guidelines laid down for employment of IT workers on 457 visas. This information has been sent to the General Secretary of the PSA for action.

Royal Commission into Banking and Superannuation

The Retired Associates have been greatly concerned with the revelations which have become public knowledge at the Royal Commission into banking and superannuation.

We have made two submissions to the Royal Commission covering superannuation and the activities of the major banks and other financial institutions.

The first was on the banking industry on 3 July 2018. Salient points were:

AMP

- At least 20 false or misleading statements made by AMP to ASIC. 3,000 investors paid for non-existent advice.
- Interests of Shareholders of AMP put before the investors.
- AMP included opt-in fees for advice and account management, but did not include an opt-out fee clause which would have stopped AMP charging these fees.
- A confidential report was prepared by the legal firm Clayton Utz. This report was amended several times, totally compromising the report’s original

findings until it met the CEO and CFO's approval.

- Products wildly uncompetitive were recommended to investors.
- AMP (and CBA) charged fees for services they did not provide.

CBA

- CBA charged fees to an investor whom they knew had passed away and they continued to charge these fees for another 10-year period.
- Across the banking industry a total amount of \$407M has to be refunded to investors and of this amount CBA was responsible for \$220M but have only refunded an amount of \$118M to date. The QC questioning the CBA executive said, "You have been awarded the gold medal".

Recommendations

- Banks, superannuation funds and financial advisers should be separated.
- ASIC, APRA and ASX have greater regulations to investigate and carry out actions against companies and advisors.
- In the event of a dispute, all material should be subject to a moratorium until issued by an independent auditor and resolved.

The second was on the 11 September 2018. Salient points were:

Sydney Morning Herald

14 August 2018

National Australia Bank:

One of the NAB's top executives has been accused of "not being candid" with the corporate regulator after the Bank omitted the full extent of a \$33.7M customer refund from its communication with the regulator.

The Bank signalled to ASIC that its compensation bill was likely to rise from \$16M and offered more information if ASIC wanted it.

15 August 2018

Commonwealth Bank of Australia:

The CBA's wealth business failed to direct 15,000 clients' superannuation contributions into no-frill accounts as required by the Law change in 2014.

MySuper products – low cost, commission-free super accounts introduced by the Gillard Government for people not making an active choice about their retirement savings.

Although the Bank admitted to the breaches, no enforcement action was taken against it by APRA.

16 August 2018

National Australia Bank:

NAB charged some customers fees for services that they had not received for more than decade and its conduct was so bad the financial regulator warned the Bank that it had a systemic problem.

An ASIC report into NAB's so-called "fees-for-no-service" scandal found that NAB had incorrectly charged customers fees since 2014, if not before.

17 August 2018

Legal Action by the Corporate Regulator:

The corporate regulator says it is poised to launch legal action against major financial institutions over the still-unfolding "fees-for-no-service" scandal, the compensation for which may exceed \$1 billion.

18 August 2018

IOOF Superannuation:

The superannuation regulator disagreed with financial services giant IOOF's view that it had passed "the pub test" when it compensated customers with their own

money but decided not to take legal action over that and other issues.

APRA's inaction came as the result of ASIC telling a Parliamentary Committee that it had been reviewing IOOF for three years but also decided not to go down the legal route.

ASIC investigated IOOF after exposure revealed governance failings within the group including allegations that fund performance figures had been manipulated, staff cheated on exams and research reports were doctored.

In consequence the Retired Associates Group recommend that the Royal Commission instigate criminal charges against the financial institutions and individuals responsible for these activities.

ASIC

Jeff Morris, the original whistleblower, blames ASIC for this debacle. ASIC did not act upon his information for three years. They were "asleep at the wheel" were his remarks. The public relied on ASIC to protect them and ASIC let them down.

Ian Verrender, Financial Journalist for the ABC commented:

"...you would have to say this has been an epic failure on behalf of...ASIC. Since its inception it has had the ability to pursue corporations and executives for criminal matters, civil misdeeds but it has largely chosen not to for at least a decade and a half and instead it has opted to go for what is known as enforceable undertakings which essentially is a slap over the wrist and a threat 'if you do this again we will come after you'."

The administrative staff of the Royal Commission have advised that all submissions have been placed on record. They have received 7,000 submissions.

Superannuation

Prior to the Royal Commission into banking and superannuation, the Liberal Government were looking to make major changes to superannuation.

These proposals included:

- the number of superannuation schemes to be reduced to a minimum of ten
- the superannuants to remain in one scheme for life
- consolidation of multiple superannuation schemes into one.

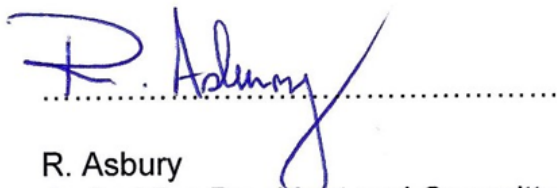
The Retired Associates consider there might be some merit in merging small high-cost super funds into the top 10 biggest low-cost funds. Members of small, high-cost super funds would benefit if cost savings from bigger economies of scale were passed on as fee reductions.

Initially, when these proposals were first announced the Retired Associates were of the opinion that the sole reason was to reduce the number of industry-based super schemes and then retail schemes eg AMP and schemes associated with the major banks be in a majority position. However, since the Royal Commission, these proposals may change. We will continue to monitor these proposals.

The Retired Associates will contact PSA management proposing the establishment of a position of Welfare Office for the provision of services to existing staff and retired associates.

Finally, I have great pleasure in stating that our long-term Chairperson/ Secretary, William Hall, was awarded the Order of Australia Medal for his 22 years of service to the Retired Associates and his community work.

He was nominated by Committee
Members of the Retired Associates and
supported by the Public Service
Association.



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