

Consultative Committee meeting – Report to Staff

The Annual UniSuper Limited Consultative Committee meeting was held on Friday, 3 November 2006. The main items on the agenda concerned the amendment of the UniSuper Trust Deed, as outlined below.

Trust Deed Amendments

The UniSuper Board recommended four amendments to the Trust Deed for the consideration of the Consultative Committee. All the amendments described below were accepted and carried by a majority of both employer and staff representatives from 37 universities around Australia.

Amendment 1 proposed a change to Clause 29.3 to ensure that the Fund complies with the Portability and Choice of Fund rules.

Amendment 2 proposed a change to Clause 34. This clause designates the process to be followed if the UniSuper's assets were, at some future stage, deemed to be insufficient to provide the benefits payable under the Deed and the insufficiency remained for some years.

Amendment 3 clarifies the rules for the payment of death benefits.

Amendment 4 clarifies the Trustee discretions to reject applications for an additional benefit where the former member has either already received, transferred or rolled over, their benefit to another fund.

The only contentious amendment (in-so-far as the Employee Representatives were concerned) was the second.

Detail of Amendment 2

PROVISIONS OF CLAUSE 34 OF THE TRUST DEED

The change to Clause 34 of UniSuper's Trust Deed comprised additional words (underlined) and removal of paragraphs (see strikethrough).

- a) *If, after an actuarial investigation and valuation of UniSuper, the Trustee considers that UniSuper is or may be insufficient to provide benefits payable under the Deed, the Trustee must notify each Employer.*
- b) *If, after the next two succeeding actuarial investigations and valuations of UniSuper (made in a period of not less than 4 years), the Trustee still considers that UniSuper is or may be insufficient to provide the benefits payable under the Deed, the Trustee must reduce the benefits (including benefits in the course of the payment) payable under Division A and Division B on a fair and equitable basis. ~~each on each Employer to contribute such additional amounts (expressed as a percentage of Contributing Members Salaries) which the Trustee considers necessary to provide the benefits specified under the Deed.~~*

- ~~e) Within 3 months of being called upon by the Trustee pursuant to paragraph (b), Employers must jointly notify the Trustee in writing as to the rate (expressed as a percentage of Contributing Members Salaries) at which the Employers are prepared to contribute to UniSuper.~~
- ~~d) Each Contributing Member in respect of whom Division A or Division B applies must contribute to UniSuper at a rate (expressed as a percentage of their Salary) equal to one half of the rate at which the relevant Employer is prepared to contribute.~~
- ~~e) If Employers fail to give the notice required by paragraph (c), the Trustee must reduce the benefits (including benefits in the course of payment) payable under Division A and Division B on a fair and equitable basis.~~
- c) ~~f)~~ Notwithstanding anything in this Clause 34, if the Trustee believes that UniSuper is or may be technically insolvent, the Trustee must comply with Superannuation Law.

There was considerable debate on this amendment at the Employees' pre-Consultative-Committee meeting. Essentially, it forgoes the possibility that the Employers (and, by default, Employees) might contribute extra funds to make up for any possible shortfall. Unfortunately, the original clause is worded such that *all* Employers must agree, and UniSuper management has recently "established that there would be no prospect, in practice, of all participating employers agreeing in unison to increase their contributions in the event that the Clause 34 process ever advanced to that stage. Quite to the contrary, a number of employers have informed us that they would not increase their contributions in this situation".

[Further commentary on Clause 34 by Graeme Nyberg](#)

As advised at the Employees' meeting, the amendment to Clause 34 has arisen because some Employers (Universities) want to reduce their financial risk without the odium of being seen by their staff to refuse to 'pay up', were there to be any 'call'. Now already Murdoch University is offering only a commercial super fund (AXA) to new, general staff (a 'criminal' move, since fees can out-way benefits in the shorter term; they are able to do this because their Enterprise Bargaining Agreement has not locked their general staff into UniSuper). The rationale for conceding to this amendment was thus, on the one hand, that the 'call' option was realistically worth very little, and on the other that it might serve to preclude any further Employers from opting out of UniSuper.

If you have any technical questions on your superannuation benefit or any queries on the major changes to superannuation as a result of the May 2006 Federal Budget, please call UniSuper on 1800 331 685.

Drs Diane Kraal and Graeme Nyberg
La Trobe University, UniSuper General and Academic Staff Representatives.