

The Shop, Distributive and Allied Employees' Association

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The Director
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Submitted via email to: AFCAreview@treasury.gov.au

Dear Director

I write in response to the paper, *Review of the Australian Financial Complaints Authority Terms of Reference and guidance for submissions 19 February 2021* with respect to the Terms of Reference, *Delivering against statutory objectives*.

The Shop, Distributive and Allied Employees' Association (SDA) is one of Australia's largest trade unions with over 210,000 members. Working in retail, fast food, warehousing, hairdressing, beauty, pharmacy, online retailing, and modelling, the majority of SDA members are women (60%, approx 131,000), under 35 years (57%, approx 120,000 workers), and low-income. Retail and food services are two of the three lowest industries for median weekly earnings and in 2018, the median weekly earnings of all Australians was some 34% higher than retail workers.

While there are many aspects of the statutory objectives that AFCA oversees of relevance to retail workers (including credit, finance and loans; banking deposits and payments; investments and financial advice and superannuation) this submission focussed on insurance.

Insurance is a means of protection. Be it financial protection or reimbursement against losses, insurance makes recovery from adverse events possible. It allows risk to be shared and makes those events easier to recover from. In responding to their needs, the SDA observes members have insurance in several forms. There is the insurance they hold personally for their home and car, workers compensation, SDA member insurance, and the insurance linked to superannuation.

Some members and their families come to the SDA following significant incidents including death, total and permanent disability, and other events resulting in loss of income. Members also report the top health issue SDA members tell us about is mental health including workplace bullying and harassment and workplace abuse which resulted in the No-one Deserves a Serve Campaign. SDA members also raise large numbers of muscular skeletal injuries with a focus on falls in supermarkets and warehouses, burns and falls in fast food and falls at home and in the community.

AFCA should also be aware that insurance in the superannuation context is designed to assist and support workers experiencing unexpected health and wellbeing challenges and prevent a long-term impact on their retirement savings of times spent out of work. As superannuation is an industrial right of workers, it is the most cost-effective method of providing death, total and permanent disability (TPD) and income protection, and group insurance provides benefits where others don't.

In the experience of SDA in supporting our members through insurance processes, insurance is highly valued by low-income workers but insurers varying approaches create difficulties in resolution of issues in ways that are timely, supportive and focussed on the best outcomes for the insured person. These inconsistencies have been exacerbated recently by reduced market for group insurance caused by regulatory change in Australia and global pressures for reinsurance. As a result, practices which are at times inconsistent with the objective of means of protection are at risk of becoming more frequent.

In meetings its statutory duties, AFCA should provide consistent, predictable, and quality outcomes. It should be above reproach with its conduct.

Yours sincerely,

Gerard Dwyer
National Secretary/Treasurer

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