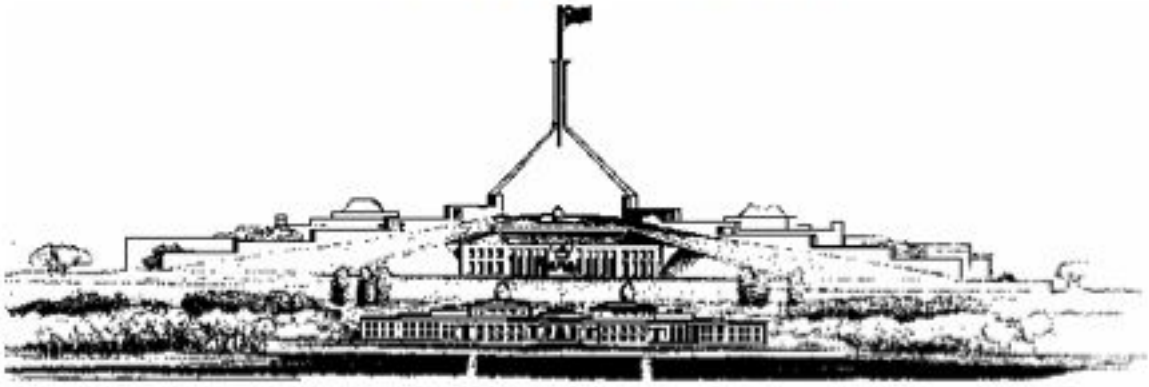
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

SUPERANNUATION LEGISLATION AMENDMENT (TRUSTEE BOARD AND OTHER MEASURES) (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

SPEECH

Wednesday, 4 June 2008

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 4 June 2008	**Source**	House
Page	4628	**Proof**	No
Questioner		**Responder**	
Speaker	Dutton, Peter, MP	**Question No.**	

Mr DUTTON (Dickson) (7.03 pm)—The Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008 is largely a replication of the Superannuation Legislation Amendment Bill 2007, passed by the House and introduced into the Senate prior to the 2007 federal election. It is a consequence of changes made in reforming and strengthening Australia's superannuation system by the coalition government. The coalition's reforms to superannuation and the significant long-term benefits to be gained by all Australians highlight the coalition as a party of substance when it comes to policies of this nature.

The reforms introduced by the coalition government have boosted, and will continue to significantly boost, retirement incomes for all Australians. As a result of the coalition reforms, superannuation benefits are tax free for people aged over 60 if they have paid tax on their contributions and earnings. This will be of substantial benefit to most Australians. Total contributions to superannuation increased by 230 per cent during the years under the coalition government, from $29 billion in 1997 to $96 billion in 2007. Similarly, total superannuation assets under management increased by 366 per cent, from $245.3 billion in 1996 to $1.143 trillion in 2007.

The coalition introduced the government superannuation co-contribution scheme of July 2003 as a means of assisting lower income earners to save for their retirement. Co-contributions increased from $309 million in 2004 to over $1.9 billion in 2007. To reward people for preparing for their own future, the coalition paid an additional one-off contribution to double the co-contribution in the 2005-06 financial year. From July 2007, the co-contribution extended to the self-employed, who can claim a 100 per cent deduction for all contributions. This significantly boosts the incentives for the self-employed to contribute to superannuation.

After paying down Labor's debt, the coalition started to prepare and save for the future. We instigated the coalition government's *Intergenerational report*, which shows that over the next 40 years there will be significant budget pressures from an ageing population, with the number of Australians aged over 65 expected to double by 2047. This will have significant ramifications in the areas of health, age pensions and aged care. Government spending in these areas is projected to exceed revenue by 3.5 per cent of GDP in 2046. As a result of the disciplined and far-sighted policy planning of the coalition government, this is less than the projections of the first*Intergenerational report*, which predicted spending in excess of five per cent of GDP in 2041. In addition to the establishment of the Future Fund, the coalition prepared for these long-term spending pressures by delivering budget surpluses, by eliminating net debt and through careful, long-term economic management.

The government is also facing mounting unfunded Commonwealth superannuation liabilities from 2020 onwards. This is currently the largest quantifiable liability for the Commonwealth. As at May 2007, this liability was $103 billion and it is expected to grow to approximately $148 billion by 2020. To alleviate this substantial financial debt for the next generation, the coalition, when in government, established the Future Fund. The Future Fund now has $61.48 billion in assets as at 30 April 2008. Unlike Labor's so-called investment funds, the coalition ensured the Future Fund could not be used for frivolous expenditure, only making funds available for the Commonwealth's unfunded superannuation liability on 1 July 2020 or if sufficient funds are accumulated to fully meet the liability.

The Superannuation Act 2005 established the Public Sector Superannuation Accumulation Plan. This replaced the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme as the main Australian government civilian superannuation scheme.

This bill ensures that the provisions relating to invalidity benefit entitlements are consistent among relevant acts in accordance with section 43 of the 2005 act.

The bill recognises the Australian Reward Investment Alliance, or ARIA, as the single superannuation board, as a number of acts still refer to the previous CSS and PSS boards. ARIA has the important responsibility of managing Australian government employees' superannuation. ARIA aims to ensure accurate and timely information is available to its members and accordingly publishes interest determinations for the CSS, the PSS

and the PSSAP on the scheme websites. This bill rightly proposes that the requirement of the Superannuation Act 1976 for gazettal of CSS interest determinations be removed on the basis that compliance with such a requirement is onerous and expensive.

In addition to technical amendments to a number of acts, this bill will amend relevant superannuation acts to reflect the replacement of provisions in the Acts Interpretation Act 1901 with provisions from the Legislative Instruments Act 2003. This bill proposes amendments to ensure benefits under the CSS comply with the Superannuation Guarantee (Administration) Act 1992. Specifically, it will ensure compliance in relation to the ordinary time earnings method of calculation, which varies to calculations based on superannuation salary used under the CSS.

In closing, can I say that the coalition does support this legislation. I thank Mr Tom Fleming for his assistance and advice in the preparation of this speech tonight. This bill is uncontroversial, and the coalition lends its support to the bill before the House.