



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Superannuation Legislation
Amendment (Stronger Super) Bill
2012, Superannuation Supervisory
Levy Imposition Amendment Bill 2012**

Second Reading

SPEECH

Monday, 18 June 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Monday, 18 June 2012
Page 6731
Questioner
Speaker Neumann, Shayne, MP

Source House
Proof No
Responder
Question No.

Mr NEUMANN (Blair) (16:51): I speak in support of the Superannuation Legislation Amendment (Stronger Super) Bill 2012 and the Superannuation Supervisory Levy Imposition Amendment Bill 2012. With about three million Australians currently over the age of 65 years, and 8.1 million Australians over the age of 65 years by 2050, reform in superannuation is not an optional extra but a necessity and a must. I think this federal Labor government has much to be proud of in its reforms of superannuation.

The super system review chaired by Jeremy Cooper recommended many of the reforms that were undertaken here today. Industry submissions to the review estimated that the industry could save up to \$1 billion, achievable through the reforms that we are undertaking. Ernst and Young said similar things in its submission. We have confirmed our commitment in the budget to the SuperStream reforms, which will make a difference, and previous speakers have talked in part about those.

This is a package of reforms to make the superannuation scheme more flexible, more effective, more efficient and easier for members, funds and employers across the country. Currently it is pretty difficult to understand, and a young person who has had three or four different jobs in different locations, vocations or roles might have picked up a bit of superannuation working for one employer after another, sometimes with different funds, and it is easy for their super to be lost. We have an industry worth \$1.36 trillion, but according to the Australian Taxation Office we have about \$20 billion in lost superannuation. That is money which could be used for the retirement of Australians and to put less reliance on the pension system. So it makes sense to reform the system, to make it more effective and efficient, to reduce reliance on old technology like paperwork and to increase reliance on IT and computerisation.

The reforms will help members keep track of superannuation. An online portal is crucial in that regard so that people can have a look at superannuation, have a look at their accounts and track them, and employers can do the same. It assists people to consolidate those accounts electronically. I do not always agree with the member for Bradfield, but anyone who has ever rolled superannuation from one account to another—I have done this personally and I am sure members of this place and other Australians have also—knows the absolute idiocy of the procedures involved at times. It is extraordinary. I know of a circumstance where one constituent of mine was telling me that he had to arrange for a cheque to be flown to Sydney because they could not change the superannuation from the fund based in Brisbane to the one in Sydney. They had to fly a cheque down to Sydney to deposit it face to face into the fund. This is crazy stuff in the 21st century.

We have a lot of low, inactive accounts, many under \$1,000, and these will be automatically consolidated into another of the member's account unless they opt out, saving members' fees and making super easier to control, manage and keep track of. There will be a lot of changes in this process, and I notice the SuperStream Advisory Council has been called for with nominations as well on 4 June 2012.

This government has a proud record, as Labor governments have, of making reform in this country. I am pleased to be advocating locally for the NDIS to come to my electorate, particularly Ipswich. There are great Labor reforms, like the minimum wage, the age pension, Medicare and superannuation. Lest anyone thinks that these came about because those opposite sat over here in government, they should be prepared to have a look, as did the member for Fraser, at speeches made by those opposite on superannuation. They should note the fact that those opposite opposed our reforms to increase the superannuation guarantee from nine to 12 per cent as part of what we have said on the minerals resource rent tax. If those opposite had been on this side of the House they would have deprived 43,000 people in my electorate of an increase in superannuation from nine to 12 per cent.

We have made a lot of changes. Specifically, this legislation amends the Superannuation Industry (Supervision) Act 1993 and the Retirement Savings Account Act 1997. We are talking about a framework introduced to ensure the implementation of superannuation data and payment regulations and standards so that there are no inconsistencies and siloed arrangements between the different funds and so that it is standard across the whole

industry. This legislation ensures superannuation transactions can be undertaken by various super funds and entities as well as retirement savings account providers, employers and employees, and will give consistency across the whole sector. The legislation also provides for amendments to the Australian Prudential Regulation Authority Act 1998, ensuring that costs associated with the implementation of the SuperStream measures are included in the determination of a levy, which the member for Bradfield accurately mentioned is paid by the sector to the Commonwealth.

The levy itself will be a levy on the industry. It is important that the legislation before the chamber be passed by 1 July this year, giving the industry time to implement the changes and the superannuation supervisory levy to make sure we collect the implementation costs from the SuperStream reforms. The levy will be on the industry in this particular matter, and it is not unusual for that to take place in a sector. As part of our stronger super package we have announced that this is the case. The industry and the stakeholders know it is coming. All the super funds want to make sure that the industry is viable, effective and efficient, and that the government costs associated will be, by virtue of the APRA regulated funds, \$467 million from 2012-13 onwards. The minister can make a determination specifying the proportion of the levy money that is to be credited through the APRA special account.

These are important reforms. Members will be able to look up what their superannuation is. I know that during the global financial crisis many constituents in my electorate have talked to me about the fact that their superannuation funds have suffered. I know of a number of people who have put off retirement because of their superannuation being much lower than it once was. They are particularly interested now in keeping track of their super if they are in their late 50s or early 60s. Employers will benefit through simplified standard provisions, and funds will benefit by making sure they are able to have greater use of tax file numbers to facilitate matching consolidation funds, because the Australian Taxation Office administers super funds and has that overall responsibility.

Superannuation is a particularly important reform for my electorate. The bills here, and the part of the package that we are undertaking, are particularly important. I lobbied hard to make sure that we lifted the superannuation guarantee age limit from 70 to 75. We have done that, meaning another 18,000 Australians aged 75 years and over will get the benefit of superannuation if they continue to work. I talked about that issue just last week at the Ipswich Association of Independent Retirees and superannuants. I received a very favourable response about that because, as many of them said to me briefly, they were undertaking or have undertaken a transition in relation to their work-life situation. The days when people always just decided to retire and go from work to retirement are over. Often people transition all the way through. Making sure that they can pick up superannuation in those latter years is an important reform.

That is something that came up recently in relation to superannuation reform for my electorate. I know how important it is. When I talked to those people about the need for young people in our community to get more superannuation, lifting the guarantee from nine to 12 per cent, they supported it, having experienced that in their personal lives. Many of them told me that at times they wished that they had been able to get superannuation much earlier in their working lives, but it took a federal Labor government—the Hawke and Keating government—to actually bring in this great reform.

The second bill that is associated with this legislation is the Superannuation Supervisory Levy Imposition Amendment Bill 2012. That will make some amendments providing that the Treasurer of the Commonwealth government has the capacity to make a subsequent determination for any financial year of the restricted and unrestricted levy percentages and the superannuation entity levy base. It gives the Treasurer the capacity and flexibility to make those determinations when he or she is required to do so.

These reforms are important reforms. They should be seen as part of a package that we have undertaken, lifting the superannuation guarantee from nine to 12 per cent, making sure that older Australians can still get the superannuation guarantee no matter what age they are, making sure that there are extra superannuation contributions for the 3.6 million Australians who are earning up to \$37,000 a year, which includes a lot of part-time workers, cleaners and shop assistants in my electorate. That will benefit about 23,600 electors in my electorate of Blair in South-East Queensland. It will make sure that people can get access and see their superannuation accounts, whether those accounts are active or inactive. It will make sure that we have a simple MySuper product available and it will ensure that there is greater effectiveness and efficiency in the whole sector.

These reforms are major reforms in the sector, long overdue to reduce red tape, long overdue to make sure that the sector works efficiently and effectively for those Australians in the future—not just the three million Australians currently 65 years of age and over, but the 8.1 million Australians who will be around in 2050 when many of us may not be around. Future Australians will benefit from these reforms. When people look back in the future at what this government achieved, I think they will look at superannuation and see it is an area where we made major changes in the Labor tradition of progressive reform to assist working men and women to have dignity and financial security in their retirement. I commend the legislation to the House.