



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Superannuation Legislation Amendment (Trustee
Obligations and Prudential Standards) Bill 2012**

Consideration in Detail

SPEECH

Wednesday, 23 May 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 23 May 2012
Page 5235
Questioner
Speaker Billson, Bruce, MP

Source House
Proof No
Responder
Question No.

Mr BILLSON (Dunkley) (10:58): It was curious that the minister failed to directly address the points that we were making in support of our amendment. I suspect he might have had pre-prepared remarks that went to a bit of a slap-around of the opposition, which seems to be his combative nature. But he failed to turn his mind in any way to the points that were raised in support of our amendment. He did say that APRA would give some guidance to poorly performing smaller funds. I would hope that, as he has suggested elsewhere, APRA would give guidance to poorly performing funds full stop. The issue about whether the fund is performing well or not should stand in its own right. The issue about its size is being introduced as another variable. As he launched into attacks on me for comments relating to industry super funds, none of which were actually made in my contribution—which was a curious line of attack—I was actually pointing out that the Association of Superannuation Funds was actually supporting—

Mr Shorten: Far be it from me to attribute something to the member for Dunkley which was not in his contribution. I was confusing his contribution with the other four contributions. I withdraw that.

Mr BILLSON: A gracious moment, sir. The point I was making was that the union controlled industry superannuation network actually concurred with the coalition's view that there are problems with the scale test. We have been listening to stakeholders. All the stakeholders that have come forward and made a submission see no great utility and, in fact, some risks with a scale test which seems to belie all the other measures in the bill relating to proper governance, the best interests of members, the returns for the fund and the level of fees. All of a sudden all the things that are performance related in the bill run into this idea that size is a fundamental determinant of whether a fund product should be authorised as a default fund under MySuper.

I again urge the minister to turn his mind to the chorus of concern about this particular issue and the direct input that has been provided through the inquiry process around his draft legislation, all of which points to the simple fact that this scale test is problematic, confusing and redundant. It is an uncharted area where there is inadequate guidance and it seems to displace the very purpose behind some of the amendments that the minister spoke strongly in favour of which go to the performance of the funds: the prudential standards, the best interests of those participating in the funds, and fees and returns. That should be what really matters. That is about performance and outcomes for members' money and the scale contribution adds nothing whatsoever.