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HOUSE OF REPRESENTATIVES

BILLS

**Superannuation Legislation Amendment
(MySuper Core Provisions) Bill 2011**

SPEECH

Wednesday, 21 March 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Hayes, Chris, MP

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Mr HAYES (Fowler) (18:51): I rise to support the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011. The bill amends the Superannuation Guarantee (Administration) Act 1992 and the Superannuation Industry (Supervision) Act 1993. The main purpose of the bill is to introduce a new, simple and low-cost superannuation product—that is, MySuper. The main purpose of this reform is to promote lower fees and a more efficient superannuation system, with the members of the fund in mind. MySuper will ensure that Australians have a fair system of accumulating superannuation. The standard will be required by regulation and will set the types of fees that may be charged. In fact, there are only six types of fees which will exist under the MySuper product, compared to the variety of fee scales that apply in the superannuation market at the moment.

The bill will make it mandatory for employers to make contributions into a superannuation fund that offers this product. This is part of a large-scale revolution for the Australian superannuation system and it complements this week's historic passage through the parliament of the minerals resource rent tax, which is intended to spread the benefits of the mining boom across the nation. In addition to tax breaks for small business and funding the development of critical infrastructure, the mining tax paves the way to building on the superannuation guarantee and increasing superannuation from nine per cent to 12 per cent. This is where MySuper becomes very important.

The increase will be transitioned over the next decade, increasing the nation's \$1.3 trillion superannuation savings pool by another \$550 billion to the year 2035. Those national savings will be able to be invested in capital-intensive and social infrastructure which will go to the benefit of all Australians. The minerals resource rent tax will certainly increase superannuation savings for almost 8.5 million Australian workers, who are seeking better opportunities in their retirement. There is no doubt that this is a historic move that will enable more Australians to enjoy a better retirement income in their senior years. People who have worked hard all their lives to build this nation will have certainty and will be able to live with respect, dignity and comfort on their contributions to their superannuation savings, when they retire.

For those Australians on a low income, below the tax-free threshold, many of whom I represent in my own electorate, this will also enable a superannuation contribution to be made, effectively on a tax-free basis. They will therefore not be required to provide the 15 per cent entry fee for superannuation contributions. This will ensure a much fairer taxation of their superannuation and will be an encouragement for people of low income to use superannuation as a preferred saving model.

We on this side of the House are very proud to be further enhancing superannuation through MySuper. After all, it was a Labor government back in 1986 that took the first steps to allow award based superannuation to be developed. Many may recall the government's Prices and Incomes Accord with the ACTU at that stage. Those of us of a certain age and above will no doubt recall that the union movement sacrificed wage increases at that stage to offset a three per cent compulsory award based contribution to retirement income through the development of award based superannuation. For many blue-collar people, that represented their first opportunity to experience superannuation.

According to the Australian Bureau of Statistics in its first national survey of superannuation coverage, in 1974 only 32 per cent of the workforce was covered by superannuation. Madam Deputy Speaker Burke, you will not be surprised to learn that that was made up of mainly white-collar employees, managerial staff and particularly state and Commonwealth public servants.

Following those reforms of the Accord process of 1986, in 1988 the superannuation guarantee came into effect and applied to all Australian workers. That is something that we on this side of the House are particularly proud of. It ensured that all workers, regardless of whether they were covered by an award or not, were subject at that stage to a three per cent superannuation guarantee. Apart from establishing a system for every Australian worker to benefit from superannuation in their retirement, it also set the platform for an enhanced national savings regime

for all Australians. I have already indicated that the pool of national savings through superannuation currently stands at \$1.3 trillion.

This bill addresses the challenge of Australia's ageing population. The fact is that, as baby boomers are growing old gracefully, they are nevertheless living longer than ever before. In fact, the ABS indicates that, by 2050, 25 per cent of Australians will be at retirement age. So it is paramount for our nation's future and long-term sustainability to plan ahead to ensure that we are prepared for those days and to make appropriate plans for the ageing population and to be able to sustain people through their retirement years.

It is in the interests of all of us, including the generations yet to come, to encourage working Australians to plan for and save for their retirement. Because it is in our national interest to secure the retirement income of our ageing population, it is only right that individuals should be given a hand in looking after their retirement savings. As a nation, we should make the job easier, and that is why the government, through this bill, through MySuper, intends to minimise the unnecessary and unfair fees and charges which often make significant deductions from the savings pool of people who, quite frankly, work all their lives with a view to accumulating their retirement fund.

Australians on average pay \$85 a month in superannuation fees. Those on low incomes, including a large number of the people, as I indicated, in my electorate of Fowler—

Debate interrupted.