



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

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

**Second Reading**

**SPEECH**

**Tuesday, 22 May 2012**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

---

## SPEECH

**Date** Tuesday, 22 May 2012  
**Page** 5099  
**Questioner**  
**Speaker** Hayes, Chris, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Mr HAYES** (Fowler) (21:24): Since the former speaker has outed the minister, the member for Maribyrnong, and Senator Doug Cameron, as being for my trustees of Australian Super, I suppose I should declare an interest in this matter: I am actually a member of Australian Super. I have certainly no inhibition in being part of industry superannuation. It has certainly served this nation well and many of the workers out there.

In 1984 I was part of the campaign at that stage when I was an officer of the Australian Workers Union campaigning for superannuation for blue-collar workers. At that point in time those that had superannuation tended to be in the white-collar sector or public servants. The application of superannuation was a direct trade-off for a productivity increase. As opposed to a four per cent increase in productivity the union movement subscribed under the award based deal for a three per cent payment to superannuation. It was the first time award based employees had general access to superannuation. What followed, of course, was that in 1988 the Labor government brought in superannuation for all workers. That was three per cent of paid rates to all Australian employees. That was revolutionary. I thank the member for Bradfield in saying that superannuation is a good thing, and collective savings are a good thing. But go back and have a think about it: superannuation was opposed by those opposite at that stage. Superannuation now represents \$1.3 trillion which is under management in this country. This is a great Labor initiative.

As a consequence of those initiatives industry funds have flourished. But in terms of securing proper management, that has got to be an ongoing thing that causes all of us to have an interest. We want to make sure that not only are the funds well managed but also that the members are being appropriately serviced in the modern, dynamic environment in which we live.

The Superannuation Legislation Amendment (Trustee Obligations and Prudential Standards) Bill 2012 is the second tranche in the legislation implementing the government's MySuper governance reforms. Trustees that elect to offer MySuper products will have to meet the new obligations, in particular to promote the financial interests of members. The government has decided to introduce enhanced trustee obligations for trustees of funds that offer MySuper products, recognising that trustees should have increased responsibilities for default members who generally delegate all aspects of their superannuation to them. Further, APRA must be satisfied that the trustee will comply with the enhanced trustee obligations and that the individual directors of corporate trustees will comply with the enhanced director obligations to the authorised RSE licence and offer a MySuper product.

These are pretty significant things. It is going to ensure that there is a default position for all Australian workers who do not go out there, particularly in the casual sector, and elect a product. The product that their superannuation will go into will be one that subscribes to those principles of MySuper.

The duties required of a superannuation fund trustee other than a SMSF will be expanded to give priority to the interests of beneficiaries. Where conflicts arise, the former strategies for insurance and risk will have regard to the valuation and information, expected tax consequences and the cost of the investment strategies. This is actually imposing those responsibilities directly on the trustee and APRA must ensure that that does occur. Trustees not complying with those requirements are not satisfying the conditions of MySuper and therefore are in a position of being in default of their responsibilities. These things are very important, particularly, as I say, where you have a situation where \$1.3 trillion is now under managed funds. This is something that our economy is well and truly benefiting from and will continue to benefit from. It is not a matter of how we entice directors to invest in things such as national based infrastructure—

Debate interrupted.