



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Superannuation Legislation Amendment
(New Zealand Arrangement) Bill 2012**

Second Reading

SPEECH

Tuesday, 30 October 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Smith, Tony, MP

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Mr TONY SMITH (Casey) (11:36): I rise to speak on behalf of the shadow Treasurer and member for North Sydney on the Superannuation Legislation Amendment (New Zealand Arrangement) Bill 2012. Let me say at the outset that the coalition will support this bill. The bill seeks to enact the Trans-Tasman Retirement Savings Portability Scheme memorandum of understanding, which permits transfers of retirement savings between Australian APRA regulated superannuation funds and New Zealand KiwiSaver funds. The coalition supports initiatives such as this that strengthen the relationship that we share with New Zealand and also extend these benefits to citizens of not only our country but of New Zealand as well.

The 2011 census revealed that just over nine per cent of all overseas born persons living in Australia were of New Zealand descent, coming in at just over 483,000. New Zealand came in second behind the United Kingdom, which had the highest proportion of overseas born persons living in Australia at just over 1.1 million people. These statistics reveal just how close the ties are between our country and our Tasman neighbour, with Australia's population above 22 million.

The legislation before the House seeks to put in place provisions that allow for the portability of retirement savings between Australian APRA regulated superannuation funds and New Zealand KiwiSaver funds. It does so through various amendments to the Income Tax Assessment Act of 1997, the Tax Administration Act of 1953 and the Superannuation (Government Co-contribution for Low Income Earners) Act of 2003.

Once the funds are transferred, the rule of the country into which the funds have been transferred prevail, with some exceptions. Australian sourced retirement savings held in New Zealand KiwiSaver accounts may not be withdrawn to purchase a first home. Australian sourced retirement savings held in a KiwiSaver account may be accessed when an individual reaches age 60 and satisfies the definition of retirement at that age as set out in the Superannuation Industry (Supervision) Regulations 1994. Australian sourced retirement savings held in a KiwiSaver account may not be transferred to a third country.

New Zealand sourced retirement savings may only be transferred to and held by APRA regulated superannuation funds and may not be transferred to a self-managed superannuation fund. New Zealand sourced retirement savings held in Australia will not be able to be accessed until the age of retirement as defined in the New Zealand Superannuation and Retirement Income Act of 2001. Finally, New Zealand sourced retirement savings held in Australia may not be transferred to a third country. Due to the exceptions that I have just mentioned, the transferred funds must be separately identifiable once the funds have been moved.

As I said at the outset, the coalition welcomes this legislation. However, we note that the New Zealand government acted promptly on this agreement, with their legislation receiving assent back in September 2010.

Unfortunately, it has taken this government two years to bring this relatively simple bill to the parliament. This is a delay that the parliament is used to. The coalition would have expected to see these changes brought before the parliament a lot sooner.

The only other remarks I will make on behalf of the shadow Treasurer in relation to this bill centre around the fact that no explanation has been provided in the explanatory memorandum or the agreement as to why New Zealand residents cannot transfer their retirement savings into an Australian based self-managed super fund. Absent any evidence to the contrary, it seems that the restriction of transfers to APRA regulated funds has been driven for political rather than policy reasons. The SMSF Professionals' Association of Australia expressed their concerns in relation to this matter in response to the exposure draft of the bill. I will not quote them at length, but they certainly expressed their reservations and, on behalf of the shadow Treasurer, I can say that a future coalition government would seek to consult the New Zealand government with the aim of expanding the Trans-Tasman Retirement Saving Portability Scheme memorandum of understanding to allow for New Zealand sourced

retirement savings to be transferred into Australian self-managed superannuation funds. As I said at the outset, on behalf of the shadow Treasurer, the coalition supports the passage of this bill.