



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

BILLS

Electoral and Referendum Amendment (Improving Electoral Procedure) Bill 2012, Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2012

Second Reading

SPEECH

Monday, 10 September 2012

BY AUTHORITY OF THE SENATE

SPEECH

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Questioner
Speaker Conroy, Sen Stephen

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Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (17:54): I table revised explanatory memoranda relating to the bills and I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

The speeches read as follows—

ELECTORAL AND REFERENDUM AMENDMENT (IMPROVING ELECTORAL PROCEDURE) BILL 2012

I am pleased to present a bill to amend the Electoral Act and the Referendum Act which will substantially improve the interactions that Australians have with elections and referendums.

The bill implements the Government response to three of the recommendations made by the Joint Standing Committee on Electoral Matters (JSCEM) in its Report into the 2010 Federal Election, specifically, Recommendations 12, 31 and 32. I note that the Opposition members of the Committee did not oppose these recommendations in their dissenting report.

Schedule 1 to the bill will modernise the postal voting provisions to facilitate the use of technology to improve the way in which postal vote applications are made and processed.

One hundred and ten years ago the first Commonwealth Electoral Act provided for postal voting in much the same way as the current Act. The current Act provides that applications are made to a Divisional Returning Officer who processes the applications and dispatches the postal vote packages.

This was fine, in earlier times, when there were few postal vote applications.

At the 2010 election, however, the Electoral Commission processed over 1,000,000 postal votes, which was a 17.8 per cent increase in the number processed at the 2007 election.

Schedule 1 to the bill will simplify the postal vote arrangements by directing all applications to either the Electoral Commissioner or an Assistant Returning Officer.

Assistant Returning Officers, who may receive postal vote applications from overseas voters, will be located outside of Australia at such places as Australian High Commissions and Embassies or certain Australian Defence Force operations.

Upon receiving an application, the Electoral Commissioner or an Assistant Returning Officer will then send, or arrange for the sending, of postal vote packages to the applicant.

Directing the majority of postal vote applications to the Electoral Commissioner will enable the centralised processing by computers and the centralised dispatch of postal vote packages.

As technology changes over time, the Electoral Commissioner will be able to take advantage of new efficiencies to process the applications.

The amendments do not fundamentally change the existing policy underpinning the current arrangements for postal voting, with two small exceptions.

The first policy change is that a 'person' rather than an 'elector' may make an application for a postal vote. This means that the Electoral Commissioner can issue the postal vote package in a timely way without assessing the applicant's entitlement to vote at the issuing stage.

This change does not necessarily mean that the person's vote will be counted. Once the completed postal vote certificate is returned to the Electoral Commissioner the person's eligibility to vote will be ascertained before including the ballot papers in the count in the weeks following polling day.

The new arrangements will continue to ensure that only postal votes by "electors" will be counted thus maintaining the integrity of the postal voting process.

The second small policy change is the repeal of a ground upon which a person may base a claim to be a General Postal Voter.

The repeal is merely a tidy up following amendments made in 2010 to the mobile polling provisions. The ground that is repealed is that a person may be a General Postal Voter if they live more than 20 kilometres from a place that will be visited by a mobile polling team.

As mobile polling teams are no longer limited to remote Divisions, and the places they might visit are not confirmed until the writs for an election are issued, it is impractical to maintain such a ground upon which to base an application to be a General Postal Voter.

Schedule 1 to the bill implements the Government response to Recommendation 12 made by JSCem in its Report into the 2010 Federal Election.

The amendments made by Schedule 2 to the bill seek to address concerns arising from the increasingly large number of Senate groups contesting elections. They are proposed as a means of discouraging candidates who are not seriously in contention for election and thereby would reduce the number of candidates on ballot papers.

The Senate election in New South Wales in 2010 provides some context for these amendments.

In this election there were 84 candidates distributed across 33 columns.

Of the 84 candidates, 42 candidates received fewer than 200 first preference votes. The total of the formal votes polled by these 42 candidates was 2,697 or 0.06% of the total formal vote overall.

None of them came from a group which had a candidate elected and all lost their nomination deposits.

The increasingly large number of Senate groups contesting elections has an impact on formality due to a ballot paper that is growing in complexity in a voting system that requires every box to be numbered below the line.

There are also practical issues associated with printing the ballot paper. The Senate ballot paper for New South Wales is already the maximum size that can be printed in Australia (1020 mm) using currently available print technologies and is quite unwieldy. If more Senate groups contest the next election than in 2010, the font of the ballot paper must be further reduced in size. Reducing the font size significantly affects readability and also risks increased informal voting thus affecting ballot outcomes.

Schedule 2 to the bill will increase the nomination deposit that must be paid by or on behalf of a candidate from \$1,000 to \$2,000 for all Senate candidates.

It will increase the nomination deposit that must be paid by or on behalf of all candidates for the House of Representatives from \$500 to \$1,000.

The last time that the deposits were increased was in 2006.

The increases were recommended by JSCem (Recommendations 31 and 32) and are supported by the Government.

Schedule 2 to the bill will also increase the number of electors required to nominate an unendorsed candidate from 50 to 100 electors. Unendorsed candidates are candidates who are either not endorsed by a registered political party or are not a sitting independent candidate.

Further, for unendorsed Senate candidates who have made a request to be grouped, each candidate will require 100 unique electors. For example, if two Senate candidates have made a request to be grouped, the group will need 200 unique electors to nominate them.

There is no change to the number of nominators required for endorsed candidates or sitting independent candidates (as defined in the Act).

The amendments to increase the required nomination deposit and to increase the number of nominators required for unendorsed candidates seek to strike the right balance between providing the opportunity for all eligible citizens to stand for Parliament while at the same time putting in place some reasonable thresholds that candidates must meet, thresholds that will contribute to ensuring the effectiveness of the electoral process.

There are also a number of minor and technical amendments to both Acts.

I commend the bill to the Senate.

SUPERANNUATION LEGISLATION AMENDMENT (MYSUPER CORE PROVISIONS) BILL 2011

The Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011 delivers on the Government's 2010 election commitment to introduce a new simple, low-cost default superannuation product, called MySuper.

We are living longer than ever before. Australians are reorganising their lives to adapt to longer life. So we must change our laws to move with the new rhythms of life.

Yesterday the Government introduced historic legislation that will lift the superannuation savings of 8.4 million Australians.

It's in the national interest to encourage Australians to save more for their retirement. But the trade-off is that the superannuation industry contributes to higher retirement savings through greater efficiency and lower fees.

Access to safe, low cost and simple superannuation is essential to help Australians' retirement savings go further. By 2050, almost one in four Australians will have reached retirement age, compared to one in seven today.

MySuper is a new default superannuation product that has no unnecessary fees or charges and simple features that will make it easier to compare fund performance.

MySuper is a key part of the Government's broader Stronger Super reform package.

Stronger Super also includes reforms to:

make the process of everyday transactions in the super system easier, cheaper and faster through the SuperStream package of measures;

improve the governance and integrity of the superannuation system including for the rules that apply to superannuation trustees;

improve integrity and increase community confidence in the self-managed superannuation fund sector.

In combination, the Government's superannuation reforms are estimated to increase retirement superannuation balances by almost \$150,000 for a 30 year old worker earning average full time wages.

Together, these reforms will provide all Australians with the confidence that the superannuation system is working to provide them an adequate income in retirement.

Currently, the superannuation industry manages \$1.3 trillion in Australian's retirement savings.

You don't get a bill in the post, but Australians currently pay around \$85 a month in superannuation fees, which is more than the average person's monthly mobile phone bill.

However, around 60 per cent of Australians do not make active choices in relation to their superannuation.

And this Government believes that Australians should not be charged for a Rolls-Royce if all they want is a Commodore.

For many Australians, their busy lives mean that they simply do not have time to be deeply involved in their superannuation and get a better deal.

For others, they may feel they do not have the financial skills to make active choices so prefer to rely on the default products offered by superannuation funds.

The independent Cooper Review found that fees in superannuation are too high and that members may currently be paying fees for services that they neither want nor request.

Every dollar diverted in fees or other unnecessary overheads is a dollar less going towards a larger and more secure retirement.

Over a person's working life, these fees can total tens of thousands of dollars of lost retirement income.

That is why introducing MySuper is so important.

It's fair for the superannuation industry to contribute to higher retirement savings through greater efficiency and lower fees.

MySuper will provide a simple, cost-effective default product that all Australians can rely on.

MySuper will be limited to common set of features to make it easier for members, employers and other stakeholders to compare performance across MySuper products, placing downward pressure on fees.

Today, I introduce the first tranche of legislation to implement MySuper.

This Bill amends the Superannuation Guarantee Administration Act 1992 and the Superannuation Industry (Supervision) Act 1993 to establish the core framework for MySuper products.

MySuper products will replace existing default investment options in default funds from 1 July 2013.

MySuper products will have a simple set of product features, irrespective of who provides them.

Therefore, the Bill requires APRA to be satisfied that a MySuper product has some core characteristics.

These characteristics are that:

there is a single, diversified investment strategy, which can be a lifecycle investment approach;

there is equal access to services for all members;

the same process is used in allocating investment returns to members;

no limits are placed on the contributions that a trustee of a MySuper product will accept except for certain contributions to be prescribed by Regulations; and

a member cannot be transferred out of the MySuper product unless to another MySuper product, to an eligible rollover fund or if the member consents.

A trustee will also have to demonstrate that they are able to meet new obligations to act in the best financial interests of the members of the MySuper product. These obligations will be contained in subsequent tranches of legislation.

The Bill also establishes the authorisation regime for MySuper.

Trustees will be required to be authorised by APRA for each MySuper product they wish to offer. APRA will be able to accept applications for MySuper products from 1 January 2013.

Any trustee will be able to apply to offer a MySuper product except trustees of eligible roll-over funds, self-managed superannuation funds and APRA-regulated funds with fewer than five members.

APRA will generally only authorise a trustee to offer a single MySuper product in a superannuation fund. However, there are two exceptions to this rule.

First, trustees will be able offer employers that contribute to the fund for more than 500 employees a separate MySuper product tailored to the needs of the particular workplace.

These products will be able to differ from a fund's main MySuper product in terms of investment strategy, member services and fees. These MySuper products must be separately authorised by APRA.

Secondly, funds will be able to offer additional MySuper products in certain limited circumstances in order to preserve a corporate brand.

From 1 October 2013, it will be mandatory for employers to make contributions to a fund that offers a MySuper product for any employee that has not chosen a fund. This will provide employers 3 months to ensure that they are able to select a default fund that offers a MySuper product to comply with the superannuation guarantee obligations.

MySuper products will be restricted to charging fees that are described in the same way so that they can be directly compared. APRA will collect and publish data on all MySuper products to ensure that this information is freely available.

Members of a MySuper product will also be generally charged a single fee structure. This will enable members, employers and market analysts to make comparisons based on the actual fees paid by members in each MySuper product. In addition, by requiring the same fees to be charged to all members, this will place a competitive pressure on trustees to offer the best possible fees to all of their members.

However, a trustee will be able to charge a lower administration fee to employees of certain employers reflecting administration efficiencies for the fund in dealing with that employer.

Provisions contained in the Bill will generally allow for the transfer of a member interest from a MySuper product to another product under certain circumstances. Of particular concern is where members are transferred between funds when they change jobs. Additional safeguards, including enhanced member disclosure or approval, will be included in subsequent legislation.

Finally, the Bill makes it an offence of strict liability for any person to represent that they offer a MySuper product where they do not have authorisation from APRA.

Additional funding of \$29.9 million over four years will be provided to APRA and ASIC that will be recovered through increases to the annual levy on APRA-regulated superannuation funds.

Subsequent tranches of legislation will introduce the remaining measures relating to MySuper.

I would also like to acknowledge the work of Jeremy Cooper and Paul Costello. Both have since moved into significant roles in private industry where they will make valuable contributions to the development of the financial services industry.

Full details of the amendments are contained in the Explanatory Memorandum.

Debate adjourned.

Ordered that the bills be listed on the *Notice Paper* as separate orders of the day.