



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 22 July 1999

MINISTERIAL STATEMENT

Superannuation

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (9.58 a.m.), by leave: The Queensland Government provides its employees with a superannuation scheme which is widely regarded as the best available to Australian public sector employees. In accordance with this Government's strong commitment to its employees and to furthering their access to superannuation, I wish to announce wide-ranging reforms which will provide Queensland Government employees with more superannuation options, giving them greater choice.

At present, the majority of permanent Queensland Government employees are members of a defined benefit scheme in which their ultimate superannuation payment is a function of their own superannuation contributions, their period of service and their salary at the time they retire. There are, of course, some permanent wages employees who are members of a QSuper accumulation plan, where only the employer contributes.

By 1 July 2000, all permanent Queensland Government employees will have the option of either staying with their existing scheme or moving to a new, enhanced accumulation scheme where their compulsory contributions and the employer contribution earn interest. Importantly, no-one will be forced to change from their existing superannuation plan. This change will allow Queensland Government employees to decide whether they want to have a guaranteed defined superannuation benefit or whether an interest-earning account would be better, given their investment needs and career choices.

This change represents a major improvement in equity among Queensland Government employees. For the first time, any new permanent Queensland Government employee will have the same super options regardless of whether they are a senior executive, a teacher, a nurse or a road worker.

It is well recognised that defined benefit plans advantage those employees who have long-term uninterrupted service and who experience strong salary growth over their period of employment. The absence of choice has meant that those employees who did not fit into this category—women with broken employment patterns, teachers and nurses with relatively flat salary structures—have subsidised those who do. We are removing these inequities. We are offering employees a choice—a choice to join the superannuation plan that best suits their needs.

We are also moving with the times. As broken employment patterns become more common, so superannuation schemes which accommodate those trends are vital. Casual employees will also benefit from these reforms. Until now, casual employees, even if they contributed, only received the minimum employer superannuation contributions. This inability to access higher employer contributions has left many casual employees with inadequate superannuation provision.

The Beattie Government has recognised its mutual responsibility, along with employees, to ensure adequate superannuation. As a result of these changes, casual employees will be able to join the new enhanced accumulation plan through which their own contributions will be matched by increases in the level of employer contribution. Again, no casual employee will be forced to change from their current plan, but these reforms will give casual employees far greater capacity to plan and save for their retirement. Whilst all other States and Territories and the Commonwealth have closed

their defined benefit superannuation schemes, shutting them off from new members, I want to reaffirm this Government's commitment to keeping our defined benefit scheme open.

I am also pleased to inform the House that the Beattie Government has ensured that the entitlements of employees in the defined benefit scheme are protected from higher benefit taxation. In 1988, the Commonwealth Government imposed a tax on superannuation funds and funds could pass this tax on to members or absorb it. Since 1991, the Queensland Government defined benefit schemes have been able to absorb the tax through the use of tax credits to prevent this taxation affecting our members. However, these arrangements are no longer available to us, and from 30 June this year the members of Queensland Government schemes could have become personally liable for this tax.

I might add that, in other jurisdictions, this tax has been passed on to individual members. Queensland, however, has acted to ensure that the accruing tax liability is paid out of the Government's own contribution, maintaining the value of retirement benefits in the hands of Q Super members. The impact of the Federal Government tax would be considerable. For an employee retiring on an income of \$45,000 after 15 years' service, additional taxation of \$19,000 would have been payable had the Government not acted in the interests of its employees past and present.

The changes I am announcing today have been undertaken after close consultation with public sector unions, and I would like to take the opportunity to acknowledge the constructive approach taken by union representatives in this process and the widespread support that has been given to the reform package. Current employees and those former employees who are members of State Government super schemes will be informed of the changes in greater detail over the coming weeks in order that they can exercise their rights to choose the scheme that best meets their needs.

In these reforms we have yet another example of an issue which was put into the too-hard basket by the coalition Government being resolved by this Labor Government. These reforms to public sector superannuation arrangements reflect our appreciation of our employees' commitment to public service in this State. The changes are entirely positive. They represent a move to greater choice and greater equity. These reforms are being achieved without anyone having their superannuation benefits reduced and without anyone being forced to move from their current arrangement. And most importantly, the reforms protect the retirement income of those who have given sterling service to this State.
