



Speech by

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TRUSTS (INVESTMENTS) AMENDMENT BILL

Mr PAFF (Ipswich West—ONP) (10.12 p.m.): I rise to debate this Trusts Investments Amendment Bill 1999. I support the stated objectives of this legislation to change the law relating to the investment of trust funds by removing the statutory list approach and adopting the "prudent person rule". The breadth of investment opportunities available in the modern market points out the need to revisit legislation which was effective in protecting the interests of trust beneficiaries 30 years ago but which is patently inappropriate in the current investment market.

The centrepiece of this Bill is the removal of the statutory list of investments which both restricted the choices available to a trustee and provided a degree of protection from criticism of investment decisions. This has been replaced with the so-called prudent person rule, which opens up the full range of investment vehicles for consideration but, importantly, imposes far greater accountability upon the trustees for the processes through which investment strategies and tactics are developed, adopted, implemented and monitored.

Significantly, the Bill also introduces the concept of a variation in standard of care imposed on trustees depending on their background. If the trustee's profession, business or employment is to act as a trustee, they must exercise the care, diligence and skill of a prudent person engaged in that profession. Other trustees are to be judged by the less stringent standard of a prudent business person managing the affairs of other people.

I understand that the adoption of this legislation will serve to bring Queensland into line with other Australian States and the Northern Territory, removing confusing anomalies and equipping trustees with modern powers of investment. This Bill is a practical instrument to improve the administration of trusts and, as such, deserves the support of the House.
