



Speech by

Ms Grace Grace

MEMBER FOR BRISBANE CENTRAL

Hansard Tuesday, 15 April 2008

BUILDING AND OTHER LEGISLATION AMENDMENT BILL

Ms GRACE (Brisbane Central—ALP) (6.05 pm): I rise to support the Building and Other Legislation Amendment Bill 2008. This bill amends the Local Government Act to ensure that the 67,000 members of Queensland's local government superannuation fund, LG Super, get the most from their retirement savings. We all know and understand that superannuation is the single most important plank underpinning the future financial security and independence of Queenslanders entering retirement. Superannuation provides workers with a structured savings plan and a cost-effective way of creating wealth through investment. Under the tax benefits applying to superannuation today it is the best long-term investment choice for most working Australians. The government helps to protect the superannuation of our local government employees by providing a robust regulatory regime that ensures that their superannuation remains well structured and well administered in a low-cost and generally low-risk environment.

The changes being proposed today to the Local Government Act will contribute to the ongoing improvement of the regulatory regime for local government workers served by LG Super. The amendments in this bill will help ensure that the funds administered by LG Super continue to be administered effectively and efficiently by removing inconsistencies between Queensland's legislation and that of the Commonwealth and by enabling members' entitlements to be updated as and when their salaries change. It will also strengthen provisions relating to membership of the Local Government Superannuation Scheme by moving these from the local government regulation to the act. These provisions would rarely be subject to change, and the Office of Queensland Parliamentary Counsel has suggested that they would be better located in the act.

Sections 1182 and 1138 of the Local Government Act deal with the obligations of local governments and their permanent employees to make contributions to the Local Government Superannuation Scheme. These currently require contributions to be made for all permanent employees regardless of their age or hours worked each week.

Under Commonwealth law, however, contributions for employees aged over 65 years are restricted depending on hours worked, age and whether an industrial agreement or award is applicable. In this instance it is necessary to amend the state legislation to avoid conflict with Commonwealth law and ensure consistency between the jurisdictions. These changes increase clarity and certainty for LG Super members and for the fund administrators by removing any potential inconsistency. As we all know, when there are inconsistencies in legislation it does make it difficult for workers to calculate exactly which law they should be abiding by.

Similarly, section 1183A of the Local Government Act is being removed because it relates to the reasonable benefit limit, which was abolished by the Commonwealth on 1 July 2007. That being abolished, there is obviously no need for that requirement to now remain in section 1183A.

Local government workers will benefit from a proposed amendment to section 1186 of the act, which currently enables the Local Government Superannuation Board to require local governments to report the details of employees' salaries only twice a year, as at 1 January or 1 July. At present this means that if an employee's salary increases in February, August or at any other time, there will be several months delay

before their benefits are adjusted. The bill amends the act to enable the adjustment of benefits immediately following changes in an employee's salary. As we know, superannuation is a long-term investment so it is absolutely crucial that workers' salaries become effective immediately that rises are instigated to enable long-term investment opportunities to be realised for those superannuation account holders.

As honourable members would be aware, even a small incremental increase in the course of a superannuation account's life over a long period can eventually lead to a much healthier balance at retirement age. This amendment will enable LG Super members to benefit from timely adjustments which, together with a long-term investment strategy, will work to produce a greater balance in final superannuation retirement accounts, thus ensuring greater financial security and independence in retirement.

These amendments have been supported by the Local Government Superannuation Board and the Local Government Association of Queensland. They represent best regulatory practice and will help secure the financial futures of the hardworking men and women who serve our local communities on a daily basis in Queensland's local government sector. I commend the bill to the House.