




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 30 November 2016

REVENUE AND OTHER LEGISLATION AMENDMENT BILL

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport) (2.00 am), in reply: I thank all members for their contribution. I wish to touch on a few points which have been raised in tonight's debate. LNP members have used their opportunity to speak to this bill to drum up the same sort of negativity and fear that we have seen from them over the last few years but particularly as it relates to Public Service superannuation. We know they have form when it comes to trying to scare public sector workers. We heard a few references tonight to the Together union. I find it fascinating that they are now citing the Together union. First they said that we changed the provisions in the bill and are omitting amendments because we were lobbied by the Together union. Then suddenly the statement of reservations on this bill mirrors the Together union's position. They cannot quite make up their mind as to whether this is a case of something we should be ashamed of because we listened to some responses. Now they are saying the same thing and they want to own it.

In a similar way, this bill is no secret. It is not something that had its genesis under our government. Super choice has been talked about for some time. We are very aware that this is something that would have been on the cards for any Queensland government. We are quite surprised there is any suggestion that this government is trying to own the bill as though it was a product of our government. As the government of the day we are making sure that we are doing the very best to ensure that both QSuper and LGIAsuper are going to be sustainable for the longer term.

What we saw here was the same tired and very lazy opposition. We know that the opposition leader when treasurer laid claim to this legislation and the success of our first two budgets, neither of which they supported in any of their words. By convention they supported them on the basis that they are supporting supply, but, when we take a very close look at the words they used tonight and the interrogation they took forward over both of those post budget estimates, we know that they do not support the measures we have undertaken.

I think the challenge needs to be laid down yet again to the opposition. If they do not like what we have done, if they do not like the method that we have undertaken to have balance sheet reform in this state, they need to take a very good look at the regearing exercise of our GOCs to make sure they are geared appropriately in terms of their commercial gearing. If they do not like those things, where are they going to get the \$8 billion that they are creating a black hole from? They do not like our funding; that is very clear.

Ms Fentiman interjected.

Mr PITT: I take that interjection from the member for Waterford. This is a case of those opposite having one plan and one plan only for Queensland and that is a mass sale of assets. That is something they did not get away with last time, and Queenslanders will not let them get away with because as a state it is something that we have a very strong and firm opinion of.

Let us run through a few of these things. On the revenue side they opposed the \$4 billion defined benefit scheme repatriation. They opposed the \$2 billion contribution holiday. They opposed the \$800 million in associated interest savings this year alone. They opposed the \$750 million in GOC cash management initiative. They opposed the \$90 million we forecast to generate from our three per cent foreign property surcharge. They refused to tell Queenslanders what they would cut in the budget through replacing their own indexation policy with CPI increases. That is \$345 million in revenue that they would need to find if that were not factored in through those measures.

They opposed the \$680 million in savings from the merger of Ergon and Energex, which I touched on today, with Energy Queensland, which are the savings that are to occur over five years. They oppose our \$100 million regional Back to Work package, which we know is making a considerable and real difference to people in regional Queensland. They have an alternative plan; it is a cheap knock-off. They have not come up with a policy yet that has not been some attempt at plagiarism of our policies but, sadly, it is an inferior product. Ours is delivering for Queenslanders right now in regional Queensland. As the then treasurer, the Leader of the Opposition said that there were only three options to fund infrastructure—higher taxes, fees and charges, more mass sackings and cuts to front-line services or asset sales. Perhaps it is all three of those options that he is still considering.

If this bill were the LNP's bill which they were ready to introduce when they left office, the clauses would be essentially the same. Can they prove they were not going to be introducing the same clause 68, which seems to be such a bone of contention for them? They are laying claim to be the authors of this legislation and they cannot have it both ways. This is either their legislation including the clause that they now want to see changed or, alternatively, they really did not have anything at all. I think it is the former. That is why I think there is an enormous degree of hypocrisy in what we have heard from those opposite tonight.

Let me be clear: there is no change to the treatment of salary growth consistent with normal salary or promotional increases. Again, this is a case of looking to scare public servants into thinking there is going to be a significant change or threat to their entitlements. There is no change to the employees' accrued defined benefit to the point in time that the artificial salary increase occurred. The changes did not affect any member's accrued benefits or the treatment of current approved allowances. They are totally unrelated to the surplus repatriation.

Apart from anything else, as I have stated in my second reading speech, Commonwealth legislation does not allow it and the amendment itself makes it very clear that the accrued benefit cannot be reduced. We cannot be any clearer than that. This is yet another case of scaremongering by the LNP. They obviously do not like public servants. They do not like government workers. That is something that is now firmly entrenched in the minds of the people of Queensland. Sadly, it is a reputation well deserved.

An employee's defined benefit entitlement is the value as an accrued multiple times the employee's salary. The salary used is permanent salary and does not include overtime payments or other amounts that are paid irregularly. However, sometimes an employee's permanent salary is increased artificially—for instance, because irregularly paid amounts such as loading are included. This creates an immediate increase in the employee's defined benefit entitlement. While there is an immediate increase for those employees with a defined benefit account, those other employees with an accumulation account receive no such increase. That is not fair. It is simply wrong to suggest that the amendment is about reducing employees' entitlements. It is not. It is about making sure that co-workers who sit next to each other are treated in the same and equitable way.

To date, windfall gains in defined benefits caused by artificial increases in salary have been dealt with via a lengthy administrative process. That is one of the key points about the clause in contention tonight. This is something that has been happening administratively. It would have happened when the previous treasurer and now opposition leader was treasurer. It is something that would have been happening all along. As I say, this is something that is now being deemed to be important enough to be resolved and have certainty around by including it in this legislation. That is what we have done, taking the advice of Queensland Treasury and the government superannuation officer.

We know to date the administrative process that has been in place. This amendment simply puts that process into an open and legislative arrangement. Any employee affected by this—there will not be many—can be assured that their accrued benefit will be the same as it was before the artificial increase in salary. Once the adjustment has been affected, their benefit will continue to grow on the higher salary.

I note the member for Cleveland noted his deep concern about senior public servants' superannuation. I wonder how much deep concern there was when the superannuation entitlements of all the hardworking public servants would have been impacted in 2012, when in the first budget handed down by the now opposition leader we saw 14,000 public servants given their marching orders. Many of those sackings hurt their defined benefit payouts and reduced their future earning potential. It is very hard to have future earning potential when you do not have a job in the public sector.

Very clearly, they have reduced their future earning potential by sacking those public servants and they have reduced their ultimate defined benefit payout. If they want to cry crocodile tears in here about what this means and its impact, let us take a leap back to 2012 when they savaged 14,000 people, hurting them and their families and at the same time impacting the Queensland economy. As we have seen, that flowthrough has been devastating, particularly to some parts of regional Queensland.

The bill before the House will improve the ability of individuals to choose their own super funds. The fact is that the majority of Australian workers have the ability to choose their own superannuation fund, and it is fair and reasonable that this be extended to government workers. The introduction of choice of fund will give Queensland state and local government employees that same ability. This choice not only increases consumer choice but increases competition in the market and incentivises super funds to work harder to keep their customers. The introduction of choice of fund is a reflection of more modern and mobile employment arrangements. As the House knows, the labour market is evolving, with many employees having more jobs across their careers than ever before. Really, this is about super options reflecting that reality.

For instance, many new employees may wish to remain with their existing superannuation provider when they move to a new job. This approach will bring Queensland into line with other Australian jurisdictions. We know the Australian government and all other state governments, except South Australia, give their employees the option of choice of super fund.

This is a government that listens. Throughout this process, we have consulted widely on the bill. Feedback has been raised around the Treasurer being the decision-maker for the adjustment of multiples. As I said in my second reading speech—and it is a shame those opposite did not clearly listen to what I said—we addressed the concern that the Together union had raised. We listened to what they said. We also took on board what was raised by the opposition in its statement of reservation. We made it clear that we would be addressing that, yet they managed to have four or five speakers continue to say that this was going to be a significant problem. It is a shame they could not update their speeches with the contribution that I made when explaining the bill and any changes we would have been making. These proposed changes will further protect the process by making the government's superannuation officer the final decision-maker instead of the Treasurer. Any change in the multiple will include consultation with the QSuper board who have fiduciary responsibilities to protect members' interests.

In summing-up, I wish to place on record my thanks to the Infrastructure, Planning and Natural Resources Committee and the staff of the committee for their work on this bill. I also wish to put on record my thanks to the Treasury staff who have worked tirelessly on this matter, apparently under two governments. They will be very, very happy to see this go through and of course the reforms contained within. The Revenue and Other Legislation Amendment Bill 2016 contains sensible reforms to the public sector superannuation arrangements in this state. I commend the bill to the House.