Speech By

Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 30 November 2016

REVENUE AND OTHER LEGISLATION AMENDMENT BILL

Second Reading

Hon. CW PITT (Mulgrave—ALP) (Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport) (12.41 am): I move—

That the bill be now read a second time.

I would like to thank the Infrastructure, Planning and Natural Resources Committee for its report tabled on 19 August 2016 regarding the Revenue and Other Legislation Amendment Bill 2016. I would also like to thank those who made submissions to the committee about the bill and those who appeared as witnesses as part of the committee's inquiry.

The committee made two recommendations: that the bill be passed; and that the bill be amended to require a local government's annual report for each financial year to include a statement about the local government's actions in relation to matters in its corporate plan that relate to Queensland. The Queensland government does not accept the second recommendation. I am pleased to table the government's response to the committee's report.

Tabled paper: Infrastructure, Planning and Natural Resources Committee: Report No. 30—Revenue and Other Legislation Amendment Bill 2016, government response [2198].

As I stated when I introduced this bill, the intent of the Queensland Plan is beneficial. It requires consultation with community, business and industry to develop a plan that can exist beyond electoral cycles. Most of the Queensland Plan Act is unchanged, including the role of the Queensland Plan Ambassadors Council. I would like to put on record the government's support for the ambassadors council.

The bill amends the Queensland Plan Act 2014, streamlining it by replacing the requirement to develop and implement a government response with a requirement that the state government consider the Queensland Plan in developing its statement of government objectives for the community made under the Financial Accountability Act 2009. The requirement for the government to consider the Queensland Plan in developing its statement of objectives to the community will ensure there is one strategic direction document for the government's objectives for the community that will be used as a basis for government planning and reporting.

The bill removes state and local government reporting, which is, in effect, an additional layer of reporting created by the Queensland Plan Act. The requirement for the Premier to provide an annual report on implementation and progress is retained as an accountability measure.

The committee recommends that, as an accountability measure, the bill be amended to require a local government's annual report to include a statement about the local government's actions in relation to matters in its corporate plan that relate to the Queensland Plan: the retention of the existing local government reporting provision. The Queensland Plan is incorporated into local government

planning. The act requires a local government, in preparing its corporate plan, to have regard to the Queensland Plan in developing the strategic direction of the local government and performance indicators for measuring the local government's progress in achieving its vision for the future of the local government area.

The Local Government Regulation 2012 requires a local government's annual report to include the chief executive officer's assessment of the local government's progress towards implementing its five-year corporate plan and annual plan. The Local Government Association of Queensland, a major stakeholder, has written to the Premier since the committee tabled its report expressing its disappointment about the committee's recommendation and reiterating its support for the bill as introduced. The LGAQ rejects the argument that, by removing the requirement for the local government to report annually, a significant accountability mechanism will be lost. I table the letter.

Tabled paper: Letter, dated 22 August 2016, from the General Manager—Advocate, Local Government Association of Queensland, Mr Greg Hoffman PSM, to the Premier and Minister for the Arts, Hon. Annastacia Palaszczuk, regarding the Revenue and Other Legislation Amendment Bill 2016: Queensland Plan Act amendment [2199].

We accepted the LGAQ's position when we developed the amendments and we continue to accept it. The government acknowledges the committee's report and respects its conclusion, but we support the concerns that have been raised by the LGAQ through consultation on the amendments and recently in its letter supporting the bill. Our amendments will reduce red tape for local governments in Queensland without compromising the integrity of the Queensland Plan.

The committee has accepted the revenue amendments proposed in this bill. As revenue regulates the collection of a significant proportion of the state's funds which are critical to essential services for Queenslanders, it is pleasing to see the committee's support for the need to maintain the revenue legislation. I would like to thank the committee for the time it took to gain a good understanding of these amendments.

Therefore, the bill will make the following amendments to revenue legislation:

- ensure the home concession provisions under the Duties Act 2001 operate as intended in relation to leasing arrangements;
- give legislative effect to two existing beneficial administrative arrangements under the Duties Act 2001 which extend the operation of the corporate reconstruction and an insurance duty exemption;
- also give legislative effect to the beneficial administrative arrangements in relation to the Land Tax Act 2010 to clarify the operation of the subdivided discount provision under that act;
- provide certainty for, and align the operation provision of the Taxation Administration Act 2001 to, electronic environments in relation to the giving of documents to and making of payments to the commissioner; and
- make other amendments to clarify that costs ordered by the Queensland Civil and Administrative Tribunal are included in a person's tax law liability; correct a cross-reference; remove a redundant transfer duty exemption and correct a drafting error, as part of the normal maintenance amendments required to ensure this legislation remains current and clear.

The bill also makes amendments to the Superannuation (State Public Sector) Act 1990 and the Local Government Act 2009 to allow Queensland's core public sector employees, both at state and local government level, to choose the superannuation fund into which their superannuation is paid. This will give state and local government employees the same opportunity to choose their own superannuation fund as applies in most other states and the Commonwealth. The introduction of choice increases competition in the superannuation industry, not just in this state but nationally, because for the first time in over 100 years for state government workers and 50 years for council workers these employees can now choose the superannuation fund that best suits their needs. Many thousands of Queenslanders can now have the same option as everyone else with regard to superannuation. They can choose any fund they want and all funds in the country can now compete for their membership. Importantly, the bill does not change the contribution rates paid for Queensland's public servants and local government employees which apply, regardless of the superannuation fund to which they are paid.

Where an employee does not nominate a superannuation fund, the employer must select a high-quality default fund. The Queensland government is the single employer of core state public sector employees, and there is to be one default fund for all departments and agencies. This is in the best interests of employees, who often transfer across departments, and is the most efficient mechanism for employers. One default fund for core government is common practice across other jurisdictions and the bill provides for QSuper to be the default fund.

It is not the same situation for government owned corporations, GOCs, as each is a separate employer. Even though the bill does not unilaterally nominate QSuper as the default fund for these entities, to remove all doubt I will move amendments during consideration in detail of the bill to retain the existing default arrangements for GOCs. Similarly, after consultation with local government employers and their respective representative industry body, the Local Government Association of Queensland, it was clear that councils supported continuing LGIAsuper as the default superannuation fund for local government employees.

Neither QSuper nor LGIAsuper are owned by government. Their day-to-day operations are overseen by boards of trustees consisting of equal employer and employee representatives. Each fund is regulated by the Commonwealth government and meets the requirements needed to be a default fund. QSuper provides tailored insurance for state public sector employees, which is particularly important for emergency services workers who may otherwise be able to access insurance. Both funds have worked in close association with employer payrolls over the years, most recently to ensure the efficient implementation of new Australian government contribution standards.

The decision to nominate QSuper and LGIAsuper as the default funds creates minimal disruption to employees and payrolls and is supported by major unions representing the employees in these sectors; however, the bill does not preclude the selection of an alternate default fund. This matter was raised at the committee, and for that reason I plan to move amendments during consideration in detail of the bill to formalise that an independent review will be undertaken at the end of five years from the commencement of choice. This review will be undertaken by a major independent body with appropriate experience in superannuation. It is envisaged that the review would include consideration of the needs of employees, performance of the funds, the impact of any changes on local and state government bodies and broader industry developments.

The government sees the introduction of choice and the increase in competition that will result as in the best interest of employees as funds across the country will vie for their membership. However, as a result of the increased competition new employees and existing members of QSuper and LGIAsuper may elect to join another fund. This, combined with the potential that the government may in the future choose another default fund, are legitimate concerns for the boards. Consequently, the board of each fund has requested the removal of membership barriers contained in their respective legislation. The bill removes such barriers, which will allow the boards to apply to the Australian government for approval to amend their licence and to open up fund membership.

The bill also proposes to amend the Right to Information Act 2009 to remove the QSuper board's functions from its operation. QSuper's members will continue to be able to access information on their personal record under provisions in Queensland's Information Privacy Act 2009.

Lastly, in relation to superannuation the bill proposes to formalise the existing administrative process to manage unfunded windfall benefit gains resulting from artificial salary increases. Let me be clear: this amendment applies only to employees with defined benefit accounts. There is no effect on the benefits accrued before the artificial increase in salary and there is no change to the treatment of normal salary growth, promotions or existing allowances.

Some comments made in a number of quarters that this provision reduces accrued benefits may have raised concerns with employees about the security of their defined benefits. I would like to remind those who have unfortunately caused concern to defined benefit members that not only is this protection contained in the bill but also the Commonwealth superannuation legislation specifically prohibits the reduction of accrued benefits. However, there are concerns around the principle of the government of the day being able to adjust defined benefit multiples. For that reason I plan to move amendments during consideration in detail of the bill to have the government's superannuation officer, an existing statutory position, make the decision after consulting the QSuper board and the Under Treasurer.

Currently this position is occupied by the CEO of QSuper, an appointment which is no longer appropriate in an environment of member choice and public offer. Therefore, prior to commencement of this provision I anticipate the appointment of a senior Treasury officer to this role. Further, I am confident that when the QSuper board considers consequential amendments to the Superannuation (State Public Sector) Deed 1990 as a result of this bill it will look at the impact on and protect from reduction the rights and benefits of QSuper members.

Finally, I note that in the committee's report the statement of reservation made by the members for Cleveland and Burleigh about this proposed amendment. As stated—

Some of the Opposition's concerns relate to the lack of appeal rights regarding the application of this change.

Can I be very clear that if an employee believes a decision to adjust their multiple was an inappropriate application of the law they would have the right to appeal the decision under Queensland's Judicial Review Act. Again, I thank the committee for its consideration of the bill. I commend the bill to the House.