




Speech By
Hon. Cameron Dick

MEMBER FOR WOODRIDGE

Record of Proceedings, 26 October 2021

**SUPERANNUATION (STATE PUBLIC SECTOR) (SCHEME ADMINISTRATION)
AMENDMENT BILL**

Second Reading

 **Hon. CR DICK** (Woodridge—ALP) (Treasurer and Minister for Trade and Investment)
(11.42 am): I move—

That the bill be now read a second time.

As I noted in my introductory remarks, superannuation has improved the standard of living for millions of Australians who would otherwise be forced to rely on the age pension. Australia's superannuation industry is now valued at \$3.3 trillion, more than 1½ times the size of our nation's gross domestic product. Over the next 40 years the industry is forecast to grow to be 2½ times the size of GDP. Even through a once-in-a-century pandemic the value of funds under management in Australia's superannuation system grew by nearly 15 per cent last financial year. As we know, Labor governments built and sustained Australia's modern system of superannuation, and this legislation builds on Labor's proud legacy.

The bill facilitates the proposed merger between QSuper and Sunsuper—two equally strong and respected superannuation funds. The merged entity will be a financial powerhouse for Queensland. It will manage over \$200 billion in funds for its two million members, making it Australia's second largest superannuation fund. Like QSuper and Sunsuper, the combined entity will be based in Queensland. The merged fund will anchor 2,000 jobs in our great state while competing on the global stage, confirming that Queensland is the best place to establish a new business.

The merger will be good for members too. When it comes to superannuation, size is important. Just last week executive board member of the Australian Prudential Regulatory Authority, Margaret Cole, noted—

Size ... is absolutely a key factor influencing not only member outcomes but also the sustainability of outcomes into the future. Increased scale enables trustees to spread fees and costs over a larger membership base, and access higher-earning investments in unlisted assets, such as major infrastructure projects.

Most importantly for the government, the bill protects the hard-earned superannuation of hardworking Queensland government employees.

Queensland is the only state in Australia with a fully provisioned public sector defined benefit superannuation scheme. As at this year's budget: New South Wales' defined benefit fund was \$68 billion in deficit; Victoria had a \$31.2 billion shortfall; and Western Australia's scheme was \$7 billion away from full funding. Queensland's defined benefit scheme is fully provisioned for and will remain fully funded by law.

To protect the government's interests in funding defined benefits, the bill provides government control over the way defined benefit money held in the superannuation fund is invested. Not only does the bill preserve the government's funding guarantee; it includes specific provisions to ensure that

defined benefit entitlements cannot be reduced by the merger or into the future. Employees' accumulation entitlements also cannot go down because of the merger, which is a protection under Commonwealth superannuation legislation. The bill ensures that contribution levels for holders of accumulation accounts will continue to be enshrined in Queensland legislation.

Our government is likely to remain the largest contributing employer to the merged fund. Accordingly, our government will continue to have representatives on the board of the merged fund, as it does now for QSuper. The bill provides for the government to play a role in nominating two directors as government representatives to the board. The first board of trustees for the merged fund will be drawn from existing trustees on both boards, while the current chair of QSuper will be the first chair of the merged fund's board.

The merged fund will continue to be the Queensland government's default fund. The review period for the default arrangement will be extended by 10 years. A similar arrangement applies to LGIAsuper, which merged with Energy Super on 1 July 2021.

Our government supported the merger under several conditions. These included: that the merger was in the best interests of members and that members and stakeholders were kept informed of developments; that the government will continue to have access to expert technical superannuation advice about public sector superannuation arrangements; and that the funds' community service activities will continue to assist the most vulnerable Queenslanders. QSuper and Sunsuper have provided assurances that these conditions will continue to be met.

I acknowledge the Economics and Governance Committee's report on the bill, tabled 15 October 2021, and I thank the members of the committee for their work, particularly the chair, the member for Logan. 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 report shows that the committee overwhelmingly supports the bill. Indeed, the committee made just one recommendation to the Legislative Assembly, and that is that the bill be passed. I would like to take the opportunity to again thank committee members and the secretariat for their hard work in considering the bill.

On behalf of the Premier, amendments to the Governor's (Salary and Pensions) Act 2003 will be proposed during consideration in detail. The governors of Queensland serve our state with distinction. Queenslanders should expect that governors enjoy similar arrangements in retirement as other public officials. Historically, governors receive a pension that is offset by pre-existing military, judicial or other public pension arrangements. This policy remains.

The proposed amendments permit future governors to elect either to have the same superannuation arrangements as a public sector employee, including retaining their existing arrangements and choice of fund, or to have a governor's pension. The amendments proposed by the government are fair and recognise the service of governors in a cost-effective way for the people of Queensland. A similar choice is in place for members appointed to the Land Court.

I welcome the support of all members for the bill and I commend the bill to the House.