Speech By

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MEMBER FOR NINDERRY

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

Mr PURDIE (Ninderry—LNP) (12.30 pm): I also rise to speak to the Superannuation (State Public Sector) (Scheme Administration) Amendment Bill 2021. I would like to acknowledge my colleagues on the Economics and Governance Committee, which deliberated on the bill. In simple terms, the merger of QSuper and Sunsuper, two large Queensland based superannuation funds, makes sense because it will reduce fees for members. Sunsuper and QSuper say the merger will set them up to create a $200 billion fund with two million members. Based on the latest data from industry regulator the Australian Prudential Regulation Authority, APRA, the merged fund could rival or even replace AustralianSuper as the biggest super fund in the country. Currently, AustralianSuper has around $191.42 billion worth of assets and around 2.1 million members.

QSuper and Sunsuper signed a heads of agreement in March this year. Currently QSuper has $130 billion in funds under management and 600,000 members; Sunsuper has $90 billion in funds under management and 1.4 million members. Sunsuper and QSuper claim the new super fund will have the scale to deliver outstanding services, greater efficiencies, and lower costs for members. It is believed the merger is set to change the superannuation landscape and would have implications for more than 1.5 million Australians. The merger is part of a broader trend sparked by calls from APRA for super funds to reduce complexity for members by merging. The regulator was given stronger powers to take action against the trustees of underperforming funds in early 2019, following recommendations made in the banking royal commission. The banking royal commission's hefty final report contained 76 recommendations designed to shake up Australia's banking, superannuation, insurance and financial advice sectors.

The Superannuation (State Public Sector) Act 1990 is to be amended to: retire the board of QSuper and provide for the superannuation scheme to be administered by a corporate trustee; provide for the scheme's trust deed, the Superannuation (State Public Sector) Deed 1990, which sets out the scheme's rules, to be moved out of legislation through its conversion to a non-statutory instrument in keeping with the new status of the trustee as a proprietary company; ensure the merged superannuation entity continues to be based in Queensland; maintain public sector employees' defined benefit protections within legislation; and retain a statutory framework for state public sector employees' superannuation contribution arrangements.

The government's agreement to facilitate the necessary amendments to the superannuation act was subject to the following conditions being met: the merger is in the best interests of members; there be appropriate governance and protection to preserve members' benefits and manage the government's liabilities in relation to the defined benefit scheme; the continued representation of the Queensland government as an employer/sponsor on the merged fund's board; the continued delivery of certain administration functions for the government; the continued delivery of community service activities, particularly those supporting Queenslanders facing challenges accessing their superannuation; and consultation and satisfactory outcomes with relevant stakeholders.

On their part, QSuper and Sunsuper have stated that there will be no change to the benefit design for existing defined benefit members or the manner in which defined benefit assets are invested by the merged fund's trustee as a result of the proposed merger. They intend to deliver reduced fees as a result of anticipated operating cost benefits and material efficiencies, and they expect to be able to offer new product and service opportunities that will be in the best financial interests of the members. They are committed to providing employment security for the existing workforces, with all staff below senior management having been assured of their ongoing employment for at least two years.

The committee heard from a number of key stakeholders, including the Chamber of Commerce and Industry Queensland, CCIQ, which welcomed the bill's facilitation of the proposed merger. The CCIQ submitted that it 'will create a dynamic, innovative, and highly competitive financial entity, headquartered in Brisbane, that will drive better superannuation outcomes for members and seek to make superannuation easier to manage for business.' Acknowledging, too, the significant consolidation underway in the superannuation industry and the strong track record of the two funds, the CCIQ stated—

If the benefits of size and scale can be brought to life for Sunsuper and QSuper members as a result of the merger it will lead to lower fees and larger retirement balances for members.

...

… providing Queensland retirees with a greater standard of living in their retirement—with more income to spend in local economies which drives economic activity.

The LGIAsuper submission expressed support, specifically in relation to the bill's amendment to extend the time frame for an independent review of the default fund arrangements for state and local government employees from five years to 10 years. They also said that almost inevitably other merged partners would be located outside of Queensland, which would result in significant missed opportunities for the state.

The two funds affirm their strong support for the bill's proposed amendments and appropriately facilitating the merger as per the terms of its agreement. Of the merger, QSuper and Sunsuper submitted that the combination of QSuper's public sector heritage in Queensland and Sunsuper's national employment base would create a diversified and resilient organisation of world-class capability. The funds asserted that they expected that the merged fund would have access to expanded investment opportunities and partnerships because of its scale, which, coupled with trading and cost efficiencies, would assist in enhancing returns; it would have a strengthened national footprint with its Queensland headquarters supported by a strong presence in all states and more regions beyond what would be the case as separate funds; it would have a greater ability to build new and innovative services and products that will flow through to better retirement outcomes for members; and it would have a more balanced membership demographic, contributing to greater long-term sustainability for the merged fund. I commend the bill to the House.