

SUPERANNUATION ADMINISTRATION AMENDMENT (CHIEF EXECUTIVE) BILL 2008

Bill introduced on motion by Mr Joseph Tripodi.

Agreement in Principle

Mr JOSEPH TRIPODI (Fairfield—Minister for Finance, Minister for Infrastructure, Minister for Regulatory Reform, and Minister for Ports and Waterways) [5.13 p.m.]: I move:

That this bill be now agreed to in principle.

The bill amends the Superannuation Administration Act and the Public Sector Employment and Management Act 2002 to remove the position of the chief executive officer of State Super from the Chief Executive Service. Current arrangements for State Super under part 3.1 of the Public Sector Employment and Management Act 2002 are inflexible and operate to the financial disadvantage of the State. State Super has been attempting to recruit, unsuccessfully, a new chief executive officer for more than 12 months. In the current investment environment the State requires the best investment advice available. Current legislation restricts the Government's ability to competitively recruit a suitably qualified chief executive officer for State Super, which is the largest superannuation fund in Australia.

At 30 June 2008 the investment portfolio of State Super was \$34.2 billion, of which \$10.7 billion is member funds, and the remainder, \$23.5 billion, represents the State's employer contributions. The investment performance of State Super materially impacts the value of State sector net financial liabilities. In particular, unfunded superannuation liabilities and the State's ability to meet the fiscal target of fully funding superannuation liabilities by 2030 is the primary long-term focus of State Super's investment performance. Further, if State Super does not meet long-term investment earnings targets additional funding will be required from the budget to meet superannuation liabilities. For example, if the future investment earnings of STC are 0.1 per cent less than the target rate of return the cash contribution by the budget towards superannuation liabilities would need to be increased by approximately \$800 million over the period to 2030. Within the above context it is critical that State Super be in a position to recruit a suitable chief executive with the ability to manage the State's largest portfolio of financial assets. I commend the bill to the House.