

Second Reading

The Hon. PENNY SHARPE (Parliamentary Secretary) [6.24 p.m.], on behalf of the Hon. John Hatzistergos: I move:

That this bill be now read a second time.

The purpose of the Superannuation Administration Authority Corporatisation Amendment Bill 2010 is to expand the functions of Pillar Administration. Pillar Administration, in one form or another, has existed for some 100 years, providing administration services for the management of retirement savings. It was initially tasked to administer these funds accumulated by public sector employees. However, following the passage of the Superannuation Administration Authority Corporatisation Act 1999, Pillar Administration expanded its market to include private sector clients. The Act set out the principal functions of Pillar Administration as "the development, promotion and conduct of its business of providing superannuation scheme administration and related services". Pillar currently provides such services to the trustees of superannuation funds.

Since that time Pillar's reputation as a capable and reliable administration services provider has grown. It is now the industry's third largest provider of superannuation services, administering just under two million accounts. The purpose of the bill I bring to the House today is to build on this strong and sound business by allowing it to expand its administration functions to include other financial services besides superannuation. These are services that Pillar Administration is well placed to provide and indeed are very similar to those it already offers to the superannuation industry. The expansion of service functions proposed by this bill will also bring Pillar Administration into line with its major competitors, which offer a much broader range of services than superannuation administration.

This expansion will provide significant benefits to both New South Wales taxpayers and the Illawarra region, where Pillar Administration is based. The Superannuation Administration Authority Corporatisation Amendment Bill 2010 seeks to amend the Act to enable Pillar to provide administration and related services to financial services providers. These services include, but are not limited to, the following: collecting payments on behalf of financial service providers; providing information and advice to clients of financial services providers; keeping and maintaining client records; preparing financial statements on behalf of financial service providers; and processing claims and other transaction on behalf of financial service providers. The bill also provides for Pillar to have such other functions as may be prescribed by the regulations.

I would like to make it clear that Pillar Administration is not responsible for the investment of superannuation funds, and this bill does not include any amendments that would make this possible. The bill simply builds on those administration functions that Pillar Administration does so well in the superannuation industry by allowing it to provide similar products to other financial service providers, such as life insurance companies. In doing so, Pillar Administration will be able to offer a similar range of services provided by other industry players, enabling it to compete on a level playing field. The financial services industry is currently Australia's largest industry, employing some 400,000 people. With its expanded statutory functions Pillar Administration will be well positioned to attract an increased share of this market to Wollongong. This will grow jobs in the Illawarra region while providing increased dividends to New South Wales taxpayers and ensure that Pillar can continue to compete in this highly competitive, high-volume, low-margin industry. I commend the bill to the House.