



Superannuation Administration Amendment Bill.

SUPERANNUATION ADMINISTRATION AMENDMENT BILL

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Bill introduced and read a first time.

Second Reading

Miss CHERIE BURTON (Kogarah—Parliamentary Secretary) [5.13 p.m.], on behalf of Mr Craig Knowles: I move:

That this bill be now read a second time.

The bill will strengthen the prudential requirements and corporate governance of the New South Wales public sector superannuation schemes. It simply brings our public sector schemes further into line with other parts of industry, and as regulated by the Commonwealth's Superannuation Industry (Supervision) Act. The Superannuation Administration Act 1996 was reviewed in 2001-02 as part of the Government's ongoing program of reviewing legislation after five years. The proposed bill simply implements some of the recommendations of the five-yearly review of the Act, and increases the focus on prudential supervision more broadly on the SAS Trustee Corporation and the FSS Trustee Corporation. The SAS Trustee Corporation is responsible for the State's defined benefit super schemes, and the FSS Trustee Corporation covers the public sector's accumulation scheme.

The Government has a responsibility to ensure the trustees' investment and administrative activities are consistent with best practice. As a result, the Government is seeking to amend the Act to provide for increased monitoring of the superannuation trustees. The amendments make three key changes to the Act. They include facilitating prudential reviews of the two trustee corporations, giving the Minister the ability to request information from the trustees, and clarifying the voting requirements of the boards of the trustee corporations. The first of the proposed amendments will provide the Minister responsible for the Superannuation Administration Act with the power to initiate prudential investigations into the operations of the SAS Trustee Corporation and the FSS Trustee Corporation. This would include reviewing the operations of the outsourced scheme administrator. The power to initiate prudential investigations into the operations of superannuation funds brings New South Wales into line with the Commonwealth's Superannuation Industry (Supervision) Act.

The legislation will allow Australian Prudential Regulation Authority-style reviews to ensure that members' contributions and earnings are accurately recorded, that the trustees have investment plans and that they are implemented, that fraud controls are adequate, that systems are in place to minimise overpayments to members, and that the operations of the trustees and the administrator are efficient. The review does not review the appropriateness of the investment strategy. The proposed legislation will enable the Minister with administrative responsibility for a New South Wales public sector superannuation scheme to request information relating to that scheme from the relevant trustee. The information would be aggregated data relating to the fund's performance, not information about individuals. The bill also corrects an inconsistency in the Superannuation Administration Act concerning the voting requirements at a board meeting and when business is transacted otherwise than at ordinary meetings.

Under the proposed changes the quorum for a board meeting will be increased to six. Currently five of nine board members constitute a quorum. In addition, the legislation will make the number of votes that constitute a decision of the board consistent both at a board meeting and outside of ordinary meetings. The bill provides that a resolution of two-thirds of the majority of votes—that is, a minimum of six board members—will constitute a decision of the board. The proposed amendments to the Superannuation Administration Act will make the voting requirements consistent, and in line with the Commonwealth's Superannuation Industry (Supervision) Act. Existing provisions relating to the Local Government Superannuation Scheme and the Electricity Industry Superannuation Scheme, which were established in 1997, are ambiguous about trustee responsibility for disputes and appeals of former members.

The proposed amendments will make it clear that former members in dispute with STC or FTC before they were transferred to local government or electricity industry schemes will now have their issues resolved by the trustees of these latter funds. A number of amendments by way of statute law revision are also proposed to

update the Superannuation Administration Act. The superannuation arrangements supported by this bill allow the trustees to achieve efficiencies in their financial and administrative operations, and allow the Government to improve the prudential and corporate governance of the trustees. I commend the bill to the House.

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