



Superannuation Administration Amendment Bill 2008

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Extract from NSW Legislative Assembly Hansard and Papers Wednesday 2 April 2008.

Agreement in Principle

Ms VIRGINIA JUDGE (Strathfield—Parliamentary Secretary) [11.12 a.m.]: I move:

That this bill be now agreed to in principle.

The Superannuation Administration Amendment Bill 2008 now before the House seeks to amend the Superannuation Administration Act 1996 to enable the SAS Trustee Corporation, known as STC, to return non-State sector surplus employer reserves to funding providers with the approval of the Treasurer; to enable STC, with the approval of the Treasurer, to transfer surpluses between State sector employers' reserve accounts within the pooled fund so that the State sector can record additional financial assets that are excess to individual State sector employer superannuation funding requirements on the State sector balance sheet; and to insert a time limit of two years within which a person aggrieved by a decision made by the STC can lodge a dispute against that decision with the STC Disputes Committee.

The bill also makes miscellaneous minor amendments to the Superannuation Administration Act 1996 that will correct references to other Acts that have become outdated or no longer are appropriate. Some local government council employers had surplus reserves as at 30 June 2007 that might be better used by those councils to provide local community services rather than to sit indefinitely in STC employer reserve accounts. At 30 June 2007 STC held \$699 million in financial assets for and on behalf of State sector employers that could not be recorded as assets on the State sector balance sheet—this is despite the State sector having contributed the funds to the pooled fund.

The bill will allow these funds to be transferred within the State sector, which will have the effect of allowing these financial assets to be recorded on the State sector balance sheet, with the result that net financial liabilities recorded on the State sector balance sheet will be lower. A surplus in excess of recovery available from schemes exists in an employer's superannuation reserve when the value of assets exceeds the combined value of current and future superannuation liabilities. The extent of the surplus currently unavailable to the State sector is determined actuarially in accordance with accounting standards. Under accounting standard AASB119 "Employee Benefits", that part of a surplus that cannot be returned to an employer, no longer is recorded as an asset in the employer's financial statements.

Employers are informed of the extent of the surplus on their superannuation position statements. These statements are prepared on an AASB119 basis by an actuary for STC at the end of every financial year. The Superannuation Administration Act 1996 already enables transfers of funds from one Crown-funded employer's reserve to another Crown-funded employer's reserve. Without this bill the permanent surplus funds held in some State sector employer reserves would be held indefinitely in the pooled fund, even after all liabilities have been paid out. Permanent surpluses currently cannot be applied to funding superannuation liabilities over and above the current and future superannuation liabilities for that employer. In relation to the proposed two-year dispute limitation period, it should be noted that currently there is no time limit within which to lodge a dispute against an STC decision with the STC Disputes Committee.

Amending the Superannuation Administration Act 1996 to insert a two-year time limit within which an aggrieved person can lodge a dispute against an STC decision will enable a fairer review of the original decision than a review that takes place many years thereafter. The Commonwealth regime has a limit of two years in which an aggrieved person can make a complaint about the trustee's decision to the Superannuation Complaints Tribunal. The State Pooled Fund schemes should have a two-year dispute lodgement period also. Allowing for a two-year period within which to lodge a dispute is consistent with Commonwealth superannuation law. Under current provisions there is a clear inconsistency between the provisions for STC and Commonwealth regulated superannuation funds.

The bill provides also for miscellaneous amendments to the Superannuation Administration Act 1996. The Act contains some references to FTC which, after the passage of the First State Legislation Amendment (Conversion) Act 2005, no longer are appropriate. The Superannuation Administration Act 1996 also contains references to the Public Sector Management Act 1998 that require updating to the Public Sector Employment and Management Act 2002. I commend the bill to the House.