

Second Reading

The Hon. HENRY TSANG (Parliamentary Secretary) [8.27 p.m.], on behalf of the Hon. Eric Roozendaal: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

This bill follows a joint industry submission to the Government from coal industry employer and employee representatives, to simplify the superannuation contribution arrangements for the some 13,000 New South Wales coal mine workers.

The bill amends the Coal and Oil Shale Mine Workers (Superannuation) Act 1941 to implement the request.

New South Wales coal mine workers will consequently receive superannuation contributions under the Commonwealth's Superannuation Guarantee legislation, like most other Australian workers.

This process of bringing superannuation contributions in line with the Commonwealth's community standard began with amendments passed by the Parliament in 2006.

This bill signifies the further progress of coal mine workers' superannuation arrangements to those of a modern mainstream industry superannuation scheme.

These arrangements began with the 1940-1941 Royal Commission of Inquiry into mine safety.

A pension scheme was established by the New South Wales Government under the original Act for coal mine workers and their widows.

Over time, the coal industry has taken greater responsibility for the scheme and sought to address the scheme's funding liabilities.

Various industry agreements prescribed superannuation contribution arrangements for this purpose.

Successive Governments have supported the industry where appropriate by legislating to reflect the agreements reached by the industry parties.

Under a 1988 Agreement, employers agreed to contribute \$14 per week for each eligible employee.

A 1991 Agreement increased this amount to \$31.20 per week.

Further changes were implemented through the 1992 Restructure, and Salary Sacrifice Agreements.

Contributions were required at prescribed percentages of a Reference Rate based on an award rate of pay.

Employees also undertook to make contributions on a salary sacrifice basis to the Fund.

In 1995, at the request of the industry parties, the scheme largely moved under Commonwealth superannuation regulation, with a Corporate Trustee comprising employer and employee representatives.

While the scheme rules were mainly transferred to a Trust Deed, the contribution arrangements were retained in the Act, again at the request of the industry.

In 2000, the contribution arrangements of the last industry agreement, the 1999 Superannuation Agreement, were incorporated into the Act.

These form the basis for the flat weekly rate formula currently in the Act.

It is a complex combination of variously allocated prescribed percentages of a Reference Rate determined by the Corporate Trustee.

An additional fixed amount is also required under the Fund's Trust Deed.

The resulting contribution does not reflect or fluctuate with the coal mine worker's individual salary.

It produces a flat weekly contribution of about \$120 per week. About \$45 of this is contributed on a salary sacrifice basis by employees.

Employers are also required to make payments for each mineworker to finance the Miners Pension Fund and Consumer Price Index pension adjustments.

By 2006 it became apparent that these arrangements had not kept pace with superannuation arrangements for other

Australian workers.

The Construction, Forestry, Mining and Energy Union, the industry's major employee representative, was concerned that employer superannuation contributions for coal mine workers in New South Wales were below the community standard.

They suggested that many coal mine workers received contributions less than the 9 per cent of their ordinary time earnings generally required under Commonwealth Superannuation Guarantee legislation.

In 2006, amendments placed a contribution "safety net" in the Act. This was to ensure that coal mine workers received contributions of at least the 9 per cent community standard.

The amendments retained the employer's obligation to calculate contributions using the existing flat weekly rate formula.

If, however, the resulting contribution amount was less than 9 per cent of the mine worker's ordinary time earnings, then employers were expected to make up the shortfall to the 9 per cent amount.

Since 2006, the industry parties have continued consultations to reform the contribution arrangements for coal mine workers.

A Memorandum of Understanding was negotiated by the parties to further simplify the contribution arrangements.

The Memorandum's aim is to move the industry fully to compliance with Commonwealth superannuation contribution requirements only.

This bill progresses the transition to community standard contribution arrangements initiated by the 2006 amendments.

To better implement the subsequent agreements reached by the industry parties, the bill is backdated to 1 July 2006, the date on which the 2006 amendments commenced.

The complex contribution provisions of the Act are removed under the bill.

Employers will instead defer to the Commonwealth Superannuation Guarantee legislation for their superannuation contribution obligations.

Mine workers will generally receive employer contributions of at least 9 per cent of their ordinary time earnings.

Most coal mine workers are already getting superannuation contributions at the 9 per cent rate.

Current employed mine workers, eligible for a higher contribution, will remain entitled to the higher contribution.

In keeping with agreements by the industry parties, the higher amount does not include Miners Pension Fund finance payments or salary sacrifice contributions.

The higher contribution entitlement continues if the mine worker later becomes engaged by another industry employer.

The requirement to make payments under the Act to finance Miners Pension Fund liabilities remains under the bill.

Payments to finance pension indexation adjustments will however cease as they are to be funded from another source.

I turn to the amendments related to the various industry agreements described earlier.

These previously prescribed the contribution arrangements for New South Wales coal mine workers. This task now becomes redundant.

The bill accordingly clarifies that the four industry agreements, made in 1988, 1991, 1992 and 1999, no longer have legal effect in relation to contributions.

A fifth agreement, the 1992 Salary Sacrifice Agreement, was also recently revoked for this purpose by Order of the Australian Industrial Relations Commission.

This bill represents a major overhaul of the superannuation contribution arrangements for New South Wales coal mine workers in line with industry agreements.

It will improve efficiencies for the industry and the Fund.

Superannuation will also become easier to understand for coal employers and employees alike.

The bill is the result of detailed negotiations between the industry parties.

It follows extensive consultation with the Construction, Forestry, Mining and Energy Union and the Minerals Council of New South Wales, on behalf of broader industry representative bodies, and with the Fund's administrator, AUSCOAL Services Propriety Limited.

This is another example of the lemma Government's commitment to reducing red tape.

I commend the bill to the House.