

Agreement in Principle

Mr MICHAEL DALEY (Maroubra—Parliamentary Secretary) [10.50 a.m.]: I move:

That this bill be now agreed to in principle.

The First State Superannuation Amendment Bill 2008 introduces amendments to the First State Superannuation Act 1992. This Act governs superannuation arrangements for New South Wales public sector employees recruited since December 1992. Employers generally are required under the Act to make superannuation contributions of 9 per cent of salary to these employees. The bill will not affect most employees under the Act; their superannuation contributions will be paid by their employer just as before. The bill applies to some members of two groups of employees only if their employment is prescribed in the regulations. The first group is one-off short-term employees earning less than a specified amount in a particular month. The second group is employees over the age of 70. The bill addresses the concerns of these employees by allowing the payment of the 9 per cent amount to some of them as an additional part of salary, rather than as a contribution to superannuation.

With respect to one-off short-term employees, employers under the First State Superannuation Act generally are required to make superannuation contributions for every dollar earned by the employee. In contrast, the Commonwealth superannuation guarantee legislation requires that employers make superannuation contributions only for their employees earning \$450 or more in that month. The bill targets the concerns of some staff, such as those engaged on a one-off basis—for example, at State elections. Some staff have raised the issue of the undue red tape involved and the erosion of the small amount of superannuation received by fund fees and premiums. I am sure members will join me in acknowledging that we have one of the most efficient and transparent electoral systems in the world. I am sure members will join me also in acknowledging the enormous effort of some 19,000 paid polling day staff at the last State elections, many of whom were either retirees or students. Most of them received a superannuation contribution for that employment of about \$30.

The New South Wales Electoral Commission encountered significant administrative problems and costs in making these payments as superannuation contributions. Polling staff also suggested to the Government that it would be better if the 9 per cent amount was paid to them as salary. The bill therefore allows payment of the 9 per cent contribution amount as an additional amount of salary rather than as a contribution to superannuation, if the employment is prescribed in the regulations. The bill restricts such payments to where the employee's complete salary or wages for that employment, inclusive of the additional 9 per cent amount, is less than \$450 in that month. This is to ensure compatibility with the Commonwealth's superannuation guarantee legislation, which requires employers to make a superannuation contribution if the employee's salary or wages is \$450 or more in a month.

I now turn to arrangements for employees over the age of 70. Alternative payment arrangements are needed because Commonwealth superannuation regulation prevents superannuation funds from accepting employer contributions on behalf of employees over the age of 70, except in special circumstances. To maintain equity for employees aged over 70, the lemma Government has a longstanding policy requiring public service employers to pay the 9 per cent contribution amount as an additional part of salary.

The bill recognises the increasing number of workers over the age of 70—whom we want to, and will, look after. It allows the lemma Government to extend its policy to employees under the Act who are over the age of 70. A regulation may provide that they receive the 9 per cent amount as salary. This bill will not affect most employees under the Act. It allows payments to employees over the age of 70 on equity grounds. The bill provides a commonsense solution to the frustrations felt by some short-term staff and it will provide better value for these employees. First State Super, the default superannuation fund for these employees, also supports these cost-saving measures. For those reasons I commend the bill to the House.