



## NSW Legislative Assembly Hansard

### Coal and Oil Shale Mine Workers (Superannuation) Amendment Bill

Extract from NSW Legislative Assembly Hansard and Papers Tuesday 23 May 2006.

#### Second Reading

**Mr KERRY HICKEY** (Cessnock—Minister for Local Government) [10.18 p.m.]: I move:

That this bill be now read a second time.

Many coal mine workers in our State are disadvantaged in two vital areas of employment. The bill brings equity for our coal mine workers by amending the Coal and Oil Shale Mine Workers (Superannuation) Act 1941 to abolish compulsory retirement at age 60 and ensure that they receive employer superannuation contributions of at least the community standard paid to other workers. The Coal and Oil Shale Mine Workers (Superannuation) Act 1941 implemented key recommendations of the 1940-1941 Royal Commission of Inquiry into Mine Safety. Accordingly, retirement was made compulsory at age 60 and a retirement pension scheme was established for coal mine workers and their widows. Compulsory age retirement still affects most coal mine workers. The Act requires them to cease employment in the New South Wales coal industry when they reach 60 years of age. Because of the broad definition of a mineworker under the Act, this requirement affects industry employees in transport and ancillary operations, as well as those engaged directly in the extraction of coal.

For example, a truck driver must, on turning 60, end a longstanding employment with a coal operator and seek employment elsewhere, perhaps in another town or State. He may find similar employment as a truck driver, but not in the coal industry, not in New South Wales. Abolition of compulsory retirement at age 60 will provide coal mine workers in New South Wales with similar options to the rest of the community. They may still retire at or before reaching 60, but they will also be able to choose to continue working past the age of 60 so that their skills and experience are retained by the New South Wales coal industry. The change is consistent with both State and Commonwealth Government policy for the elimination of age discrimination and encouragement for older employees to remain in the work force. It is anticipated that the initial impact of the change will not necessitate increased premiums to the Coal Mines Insurance Scheme covering these workers.

I now turn to the proposed changes to employer superannuation contributions for coal mine workers. The original statutory pension scheme for coal mine workers was closed to new members in 1978 and amalgamated with later lump sum schemes. In 1995, at the request of the industry parties, the contribution arrangements were retained in the Act while the scheme rules were largely transferred to a trust deed. The scheme now mainly operates under Federal superannuation regulation, with a corporate trustee comprising employer and employee representatives. Over recent times the industry parties have sought to address the scheme's funding liabilities. Various industry agreements have prescribed contribution arrangements, which have in turn been incorporated into the Act. The required contribution under the Act is a complex combination of a fixed amount plus prescribed percentages of a reference rate determined by the corporate trustee, and payments stipulated in the scheme's trust deed.

Unlike most current superannuation payments made on behalf of employees, the resulting contributions do not reflect or fluctuate with the coal mine worker's individual salary. They produce a standard flat weekly contribution amount of about \$126 per week, which, for many coal mine workers, is below the community standard of 9 per cent of their weekly ordinary time earnings. For many years the provision of superannuation for Australian workers was piecemeal and largely voluntary on the part of employers. In 1992, the Hawke-Keating Labor Government established a universal superannuation system through the Federal superannuation guarantee. Since its inception, the rate of contributions has increased and most employers now make contributions at the rate of 9 per cent of the employee's salary, generally the employee's ordinary time earnings. This is the community standard.

Superannuation for coal mine workers has not kept pace with that of other workers. Many coal mine workers in New South Wales receive employer superannuation contributions below the community standard. They receive less than 9 per cent of their ordinary time earnings. Often, we are advised, they are missing out on superannuation contributions of \$30 or more each week, a significant loss to their retirement savings. To bring equity to New South Wales' coal mine workers, a statutory safety net is to be placed in the contribution arrangements of the Act equal to the community standard. From 1 July 2006, no coal mine worker in New South Wales is to receive contributions that are less than the safety net of 9 per cent of their ordinary time earnings. Payments required under the Act to finance defined benefit liabilities and pension indexation are not to be included in, or affected by, the safety net.

The safety net is a practical solution to coal mine workers' concerns about their retirement savings and follows extensive consultation with mine owners and the Construction, Forestry, Mining and Energy Union. I thank these

bodies for their input and support. The last amendment moves the timing of contribution payments to the fund to a monthly basis. At the request of the corporate trustee, employers will be required to make remittances to the fund no later than 21 days after the end of the month for which the mineworker was employed. I commend the bill to the House.