

Agreement in Principle

Dr ANDREW McDONALD (Macquarie Fields—Parliamentary Secretary) [10.20 a.m.] I move:

That this bill be now agreed to in principle.

The Superannuation Legislation Amendment Bill 2010 provides for miscellaneous amendments to the New South Wales public sector employees' defined benefit superannuation schemes that are now closed to new members. The bill amends the Police Regulation (Superannuation) Act 1906, the State Authorities Superannuation Act 1987, the State Authorities Superannuation Non-contributory Act 1987 and the Superannuation Act 1916. I begin with the amendments applying to all the closed New South public sector schemes: the Police Superannuation Scheme, State Authorities Superannuation Scheme, State Authorities Superannuation Non-contributory Scheme and State Superannuation Scheme. The trustee of the schemes, the SAS Trustee Corporation [STC], requested the amendment to address the tax levied by the Commonwealth on superannuation funds for members who have not supplied their tax file numbers.

The Commonwealth does not impose this tax on the individual member. The additional tax of 31.5 per cent is borne by the superannuation fund itself. The extra tax is levied on the employer contributions, including salary sacrifice contributions, made on behalf of the relevant member. The tax is on top of the usual 15 per cent levied on these contributions. While it is relatively straightforward for accumulation funds to deduct the additional tax from the accounts of members who have not supplied their tax file numbers, it is more complex for defined benefit schemes such as the closed New South Wales schemes in question. The proposed amendments have been developed in consultation with the STC. Consistent with the treatment of other taxes, the additional tax liability will be recovered by reducing the benefits of the relevant members.

While the measure enables the STC to better manage the tax, the major aim of the proposal is to provide an incentive to encourage members to submit their tax file numbers and, where permitted by the Commonwealth, mitigate the effect of this tax on their benefits. I turn now to the amendments related to the State Authorities Superannuation Scheme, commonly referred to as SASS, which was closed to new members in 1992. The first of these proposals applies to former members of SASS with deferred benefits in the scheme. Typically, these are benefits held in SASS when the member moves to private sector employment. Often, part or all of these benefits are not immediately accessible under Commonwealth superannuation legislation.

Currently deferred benefits must be paid out or transferred out of SASS when the former member reaches the retirement age of 58. The transfer is automatically to First State Super when the former member fails to nominate payment or transfer to another complying superannuation fund. Affected former members are unhappy with the current compulsory transfer. Under the proposed amendments they will no longer have to leave the fund with which they have a longstanding association. Former members will be able to elect to retain their deferred benefits in SASS past the age of 58. Alternatively, they may still voluntarily transfer their benefits to First State Super or another complying scheme of their choice. Members may also still elect payment of their SASS benefit subject to Commonwealth superannuation regulation. Previously transferred former members will not be able to return to SASS.

The last amendment, involving SASS only, facilitates death and disability award arrangements for New South Wales ambulance officers. The award was negotiated to provide benefits for ambulance officers in the event of death and incapacity. The SASS additional benefit cover arrangements predate the making of the award. Consistent with the award, the bill will enable the regulations to provide ambulance officers with an opportunity to elect to opt out of their SASS additional benefit cover. They will then become fully covered by the award arrangements in the event of death and total and permanent incapacity. Members will recall that similar amendments were passed for firefighters and police officers, who are members of SASS, in relation to death and disability arrangements in their award. I acknowledge the assistance of the STC and the Ambulance Service of New South Wales, and their support for the bill. I commend the bill to the House.