Revenue and Other Legislation Amendment Bill 2016

Explanatory Notes for Amendments to be Moved During Consideration in Detail by the Honourable Curtis Pitt MP

Title of the Bill

Revenue and Other Legislation Amendment Bill 2016.

Objectives of the Amendments

On 16 June 2016 the Revenue and Other Legislation Amendment Bill 2016 (Bill) was introduced into Parliament. The Bill was referred to the Infrastructure, Planning and Natural Resources Committee (Committee).

On 19 August 2016 the Committee tabled its report (No. 30) on the Bill which included one recommended amendment.

The objectives of the amendments to be moved during consideration in detail are to:

- require a review of the default fund arrangements applying to QSuper and LGIAsuper, after those arrangements have been in operation for a period of five years;
- add governance measures to new section 28A of the *Superannuation (State Public Sector) Act 1990*, which allows for the adjustment of a QSuper standard defined benefit multiple; and
- confirm that passage of the Bill will not impact the current default fund superannuation arrangements of employees of existing government owned corporations.

Achievement of the Objectives

The objectives are achieved by amending the Bill.

Alternative Ways of Achieving Policy Objectives

The policy objectives can only be achieved by amending the Bill.

Consistency with Fundamental Legislative Principles

During drafting of the Bill, new section 28A of the *Superannuation (State Public Sector) Act 1990* was raised as potentially being inconsistent with fundamental legislative principles. The Explanatory Notes accompanying the Bill explains reasons to support new section 28A being consistent with fundamental legislative principles. The additional provisions to be included in section 28A do not change the reasons that support section 28A being consistent with fundamental legislative principles.

The proposed new section 34A of the *Superannuation (State Public Sector) Act 1990* may be inconsistent with fundamental legislative principles as it may affect the future rights of existing government owned corporations. The provision confirms the Bill will have no impact on the current default fund arrangements of existing government owned corporations. The provision is considered appropriate having regard to the relationship between the Queensland Government and government owned corporations and because it will provide certainty to employees of existing government owned corporations that passage of the Bill will not affect their current default fund superannuation arrangements. Further, the new section does not stop employees of existing government owned corporations from choosing to make contributions to a QSuper account, as in those situations the contributions will not be paid under a default fund arrangement. The provision will not affect government owned corporations that are created following the commencement of the provision. Other amendments will require a review of the default fund arrangements applying to QSuper and LGIAsuper after 5 years of operation.

Consultation

Consultation has been undertaken with a number of the stakeholders that raised concerns with new section 28A of the *Superannuation (State Public Sector) Act 1990* and that made submissions to the Committee about the Bill. The new provisions have also been discussed with QSuper and LGIAsuper.

Notes on Provisions

New clause 62A

An amendment, to be moved during consideration in detail, will insert a new clause 62A into the Bill which will insert a new subsection into section 15J of the *Superannuation (State Public Sector) Act 1990.* Section 15J describes the functions of the Government Superannuation Officer. The new subsection will make a review of the default fund arrangements applying to QSuper and LGIAsuper a function of the Government Superannuation Officer. This review will take place after the provisions have been operating for a period of five years, with the results of the review being provided to the Minister.

Clause 68 inserts new section 28A

Clause 68 of the Bill inserts new section 28A into the *Superannuation (State Public Sector) Act 1990* to allow the Treasurer to adjust the multiple of a QSuper standard defined benefit to negate the impact of a specific type of salary increase. The Committee was satisfied that clause 68 was appropriate. However, stakeholders have questioned whether the Treasurer, as a member of Government, is the appropriate officer to make a decision about public servants' superannuation entitlements. Further, it has been suggested that the QSuper Board should be made aware of a consideration to adjust a defined benefit multiple.

The amendment to clause 68, to be moved during consideration in detail, will allow the Government Superannuation Officer, rather than the Treasurer, to adjust the multiple of a QSuper standard defined benefit to negate the impact of a specific type of salary increase. The Government Superannuation Officer is an existing statutory position. The amendment will also add a provision that requires the Government Superannuation Officer to consult with the QSuper Board and the Under Treasurer before making a decision to adjust a standard defined benefit multiple.

Clause 71 replaces existing transitional provisions

Clause 71 of the Bill replaces a number of transitional provisions of the *Superannuation (State Public Sector) Act 1990* with new transitional provisions confirming that the change to the board is in name only and that all entitlements of current members are unaffected by the amendments.

An amendment to clause 71, to be moved during consideration in detail, will insert a new section 34A into the *Superannuation (State Public Sector) Act 1990,* which confirms that passage of the Bill will have no impact on the current default fund superannuation arrangements of existing government owned corporations. The new section also ensures QSuper will not become the default fund for any employees of existing government owned corporations, where that is not already the case. The new section does not stop employees of existing government owned corporations from choosing to make contributions to a QSuper account, as in those situations the contributions will not be paid under a default fund arrangement.