

Superannuation (State Public Sector) Amendment Notice 2022

Explanatory notes for SL 2022 No. 8

made under the

Superannuation (State Public Sector) Act 1990

General Outline

Short title

Superannuation (State Public Sector) Amendment Notice 2022

Authorising law

Sections 4 and 10 of the *Superannuation (State Public Sector) Act 1990*

Policy objectives and the reasons for them

QSuper was originally established by the Queensland Government to provide superannuation benefits for Queensland's State public sector employees and is established under the *Superannuation (State Public Sector) Act 1990* (Superannuation Act).

The *Superannuation (State Public Sector Deed) 1990* (QSuper Deed) and the *Superannuation (State Public Sector) Notice 2021* (Notice) are subordinate legislation to the Superannuation Act. The QSuper Deed provides for the rules of QSuper and its membership categories, which includes the Accumulation category and closed defined benefit categories. The Notice provides for the eligible QSuper membership categories and other conditions of membership for employees of units of the State public sector, as approved by the Treasurer under the Superannuation Act.

A unit of the State public sector is defined under the Superannuation Act and includes government entities such as departments, entities established under a Queensland Act and bodies corporate wholly owned by the State. The Superannuation Act provides that the Minister may, by written notice, declare an entity to be a unit of the State public sector, which is mainly intended to be used for those entities that do not fit within the standard definition but have a link to the Queensland Government, or for some entities, to guarantee the continuation of superannuation arrangements for employees transferring from an existing unit of the State public sector.

Changes to existing entries in the Notice

Central Queensland University (CQU), a unit of the State public sector in the Notice, requested a change to its prescribed arrangements to align them with their current employment practices and, from 1 July 2022, remove compulsory membership of QSuper (whose rules are to continue under the Government Division of the merged fund, as discussed below). Further, the entry in Schedule 2 of the Notice for Gold Coast 2018 Commonwealth Games Corporation is removed as this employer is no longer in operation and therefore no longer has staff with entitlements under the Notice.

Other changes to the Notice

The *Superannuation (State Public Sector)(Scheme Administration) Amendment Act 2021* (Amendment Act), assented to on 28 October 2021, amends the Superannuation Act to support the merger of QSuper and Sunsuper.

The amendments to the Superannuation Act to support the merger are to commence, by proclamation, on 28 February 2022 and will repeal the QSuper Deed, with the provisions of the repealed QSuper Deed to be continued under the merged fund's trust deed (Trust Deed).

The Trust Deed will provide for a Government Division (open to current QSuper members and new State public sector employees, their spouses and children under the age of 25 going forward) and the Public Offer Division (current Sunsuper members and new members going forward, except those who are members of the Government division).

The Superannuation Act, as amended by the Amendment Act, will continue the provisions of the Superannuation Act for the Treasurer to declare a unit of the State public sector and to approve the membership categories and other conditions of membership for employees of a unit of the State public sector, with the membership categories limited to those in the Government Division Rules of the Trust Deed (i.e. current QSuper membership categories).

The changes to the Superannuation Act, and the repeal of the QSuper Deed, require changes to the Notice as this instrument refers to specific provisions in the Superannuation Act and the QSuper Deed.

Achievement of policy objectives

The *Superannuation (State Public Sector) Amendment Notice 2022* (Amendment Notice) achieves the above policy objectives by making changes to the Notice to reflect the changes requested by CQU, remove of the Gold Coast 2018 Commonwealth Games Corporation and update current references to the Superannuation Act and the Superannuation Deed to the relevant provisions of the Act and Trust Deed following the merger between QSuper and Sunsuper.

Consistency with policy objectives of authorising law

The Amendment Notice is consistent with the policy objectives of the Superannuation Act in that the Minister may, by written notice, declare membership arrangements for an employee of a unit of the State public sector.

Inconsistency with policy objectives of other legislation

The Amendment Notice is consistent with the policy objectives of other legislation.

Benefits and costs of implementation

The commencement of the Amendment Act will support the implementation of the merger. While the merger has transaction costs associated with integration of the operations of the funds, the boards of QSuper and Sunsuper have determined the benefits significantly exceed these costs. The merger is expected to reduce costs for members of both funds, with reductions expected in administration fees and investment fees over time.

It is not expected that the implementation of the Amendment Notice will result in significant costs, as the amendments either are machinery in nature (consequential changes to references), or in the case of changes to employer entries, reflect current employers' policies.

Consistency with fundamental legislative principles

The Amendment Notice does not raise any fundamental legislative principles.

Consultation

The Amendment Notice meets category (c), Regulatory proposals for the internal management of the public sector or statutory authority and category (g) Regulatory proposals that are of a machinery nature, agency-assessed exclusion categories under the Queensland Government Guide to Better Regulation and accordingly the Amendment Notice does not require consultation with the Queensland Office of Best Practice Regulation.

The QSuper Board and the board of Sunsuper Pty Ltd were extensively consulted on the development of the Amendment Act and changes to subordinate legislation. Both boards support the Amendment Act and the consequential amendments. Consultation has occurred with CQU.