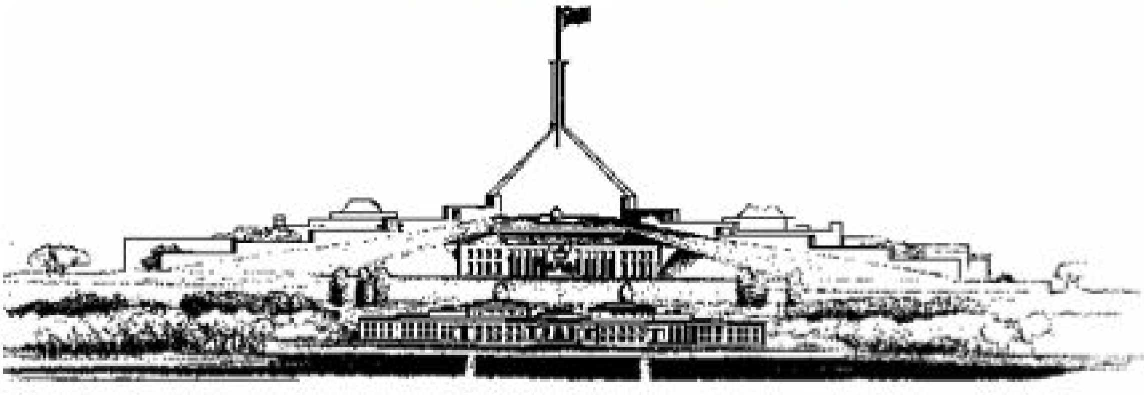
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018

Second Reading

SPEECH

Thursday, 28 June 2018

SPEECH

Date	Thursday, 28 June 2018	**Source**	House
Page	29	**Proof**	Yes
Questioner		**Responder**	
Speaker	O'Brien, Ted, MP	**Question No.**	

Mr TED O'BRIEN (Fairfax) (11:56): The member for Kingsford Smith has done what Labor do so well: he has said that he is sympathetic to this bill that protects people's hard-earned money, their superannuation. The Labor Party are sympathetic, but what are they going to do? They're going to kick the can down that time-honoured road of analysis paralysis. There they stand, saying: 'We, like the government, believe in protecting super, and you know what we're going to do? We're going to analyse it even further, because there might be unintended consequences, and the Labor Party don't like springing surprises and don't like governing at speed.'

This is at a time when the Leader of the Opposition has surprised everybody, including his own caucus and front bench, with a complete reversal of tax policy. Now they're going after small and medium businesses. This is not just a denial of a tax cut to small businesses; these tax cuts have already been legislated for recently. This is an attempt by the Labor Party to collapse confidence in our economy. It is an attempt by the Labor Party to tax one of the values that this side of the House drives: aspiration. It is a clear tax on aspiration, and the Labor Party has the hide to stand in this chamber and hold back this bill, claiming that it wishes to have further analysis.

The only other bill the member opposite tried to attack was legislation debated in this House last week on providing an amnesty to employers over a 12-month period to pay superannuation that was due but not paid. This is an opportunity for 50,000 Australians to recoup the money they have earned. Did the Labor Party support that? No, they did not. An opportunity for employers to voluntarily fess up, the ones the government isn't already onto, and for over $200 million to go back to the workers—did the Labor Party support that? No, they did not. They want to kick the can again down the road and not deliver. We on this side of the House, the coalition, are different. We stand for many good and noble values firmly planted in the liberal tradition of free enterprise, personal freedom and the rule of law—not least among them is the right to aspire to be the very best you can be.

Key to any society that truly values and promotes such aspiration is one essential ingredient, and that ingredient is confidence—the very thing those opposite are trying to collapse in our economy. We share confidence in a strong Australian economy, an economy now in its 27th year of consecutive growth. It is an economy that creates jobs, thousands and thousands of new jobs, under this government. Last year we averaged more than 1,100 jobs every single day. Now, over one million jobs have been created since the coalition came to government less than five years ago.

Then there's another level of confidence: confidence in good governance, confidence in fairness and confidence in that notion of the Australian fair go. It's this level of confidence deep within the economy, at the level of institutions and individuals, that motivates Australians to have a go, to have a crack, to work hard, to invest, and to better leverage their means to expand their enterprises and themselves. This is where the jobs and the growth ultimately come from, and it's something that the Labor Party never seems to understand.

Labor thinks that if we have big taxes, big spending and big unions then everything will just fall miraculously into place and we'll arrive at some economic nirvana, where the iron laws of arithmetic are suspended and magic must just happen. In the real world, a strong economy doesn't just happen. It takes good government. And good government in this country empowers the efforts of all Australians through lower taxes and better protections for their wealth and their wellbeing.

The Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018 aims to do just that. You see, this bill is part of a wider suite of targeted reforms under this government—reforms that safeguard and sustain Australia's huge $2.6 trillion superannuation sector. The reforms introduced into this parliament will improve the governance, transparency and accountability of superannuation funds, while additional reforms will protect Australians' hard-earned savings by ensuring that all workers get their superannuation guarantee entitlements on time and in full. The Turnbull government—led most ably by the Minister for Revenue and Financial Services, who said she was not going to wait for the industry to do this—has taken resolute action to protect the superannuation savings of millions of Australians from undue erosion due to excessive fees, inappropriate insurance premiums and the inefficiencies of people having multiple accounts.

Firstly, I will look at excessive fees. This bill will prevent the trustees of superannuation funds from charging administration and investment fees that together exceed three per cent per annum of the balance for accounts under $6,000. Trustees will likewise be banned from charging exit fees on all super accounts. I'll say that again, because I love this part of the bill: trustees will be banned from charging exit fees on all superannuation accounts. The benefit of these measures is twofold: preventing low-balance superannuation accounts from being just eaten away by high fees, and, at the same time, removing a clear disincentive to account consolidation and rollovers. The benefit, which is expected to flow to approximately seven million hardworking Australians and is estimated to save them about $570 million in the first year alone, should be obvious to almost everyone—everyone except those opposite and, in particular, the Leader of the Opposition.

Back in 2013, when the Leader of the Opposition was the then superannuation minister, he deliberately removed protections for low-balance super accounts. These measures address the appalling consequences of the Leader of the Opposition's decision when he was the minister. And he didn't stop there, by the way. In addition to removing protections for low-balance accounts, the then minister, today's Leader of the Opposition, also required trustees to provide automatic insurance products on an opt-out basis, further eroding member account balances, with little or no real benefit in many cases. In so doing, he effectively ripped through the retirement savings of millions of Australians like a wrecking ball. Therefore, to make good on the hapless legacy of the Leader of the Opposition, this bill seeks to address issues associated with the current default insurance arrangements in superannuation accounts—more specifically those accounts held by younger Australians aged up to 25 years or members with account balances below $6,000 or whose accounts have been inactive for 13 months or more. In these cases, schedule 2 of the bill will require that insurance is only offered on an opt-in basis.

Voices within the industry, including the Financial Planning Association of Australia, have pointed to a potential underinsurance risk for young Australians and suggest that total and permanent disability cover—TPD, as it's typically referred to—coverage should remain as an opt-out policy to ensure adequate injury protection for young account holders. While this suggestion could be dismissed as self-interest, the government has carefully considered such advice and has designed the measure to ensure there is no disadvantage, so that any member can easily obtain or maintain insurance cover to suit their real needs and personal budgets. These changes have been estimated to give about five million Australians the option to save a total of up to $3 billion in unwanted insurance premiums annually.

Finally, schedule 3 of this bill will enable a more effective and timely mechanism whereby the ATO may proactively reunite and consolidate inactive accounts that are without insurance cover and have balances under $6,000. This measure in the first year is expected to reunite around $6 billion with the active accounts of about three million members. While the current system for recovering lost super will remain in operation, these new measures will significantly supplement and streamline those existing arrangements. Collectively, all the measures announced in this bill are specifically designed to restore protections lost under Labor—to protect the retirement savings of hardworking Australians against excessive account erosion and to prevent low-balance accounts from being eaten away to nothing by excessive fees, unwanted and inappropriate insurance and multiple accounts that compound inefficiencies and cost to account holders.

This government, the Turnbull government, believes strongly that the superannuation savings of Australians are their money—the Australians' money, the workers' money—and that money deserves to be protected and allowed to grow. For these reasons, I commend the bill to the House.