

**TEMPORARY RESIDENTS' SUPERANNUATION LEGISLATION
AMENDMENT BILL 2008
SUPERANNUATION (DEPARTING AUSTRALIA SUPERANNUATION
PAYMENTS TAX) AMENDMENT BILL 2008
Second Reading**

Mr ROBERT (Fadden) (5.39 p.m.)—I rise to lend support to the [Temporary Residents' Superannuation Legislation Amendment Bill 2008](#) and the [Superannuation \(Departing Australia Superannuation Payments Tax\) Amendment Bill 2008](#) as they seek to put into effect the policy announced by the former coalition government in the 2007-08 Mid-Year Economic and Fiscal Outlook. They reflect how super is now part of the backbone of the Australian retirement financial system.

Prior to the super guarantee legislation, the old superannuation system that prevailed in the late 1980s and early 1990s was predominately a defined benefit system restricted to public sector employees and managerial employees of the private sector. By way of history, the proportion of employees covered by super under the old scheme was relatively low, especially for part-time workers. In 1974 only 32 per cent of workers were covered by super—24 per cent in the private sector and 58 per cent in the public sector.

In 1983 the reform of the taxation of super really began. I actually will commend the Labor government, especially under the leadership of the Rt Hon. Bob Hawke, for reforming super in 1983. It is noted that in 1984 the CBUSS, one of the first industry super funds, commenced. In 1987 there was \$41.1 billion in super funds according to the ISC annual report 1988-89. The super revolution within Australia had certainly begun.

Legislation was passed in 1987 and 1988 which included the Occupational Super Standards Act 1987 and the Hawke government statement titled *Reform of the taxation of super*. By 1988, 58 per cent of full-time employees, 19 per cent of part-time workers and only two per cent of persons not employed were covered by superannuation schemes and the number was clearly growing. By 1989 super funds under management had grown to \$119 billion, growing to \$123 billion in 1990 with 64 per cent of employees covered.

By 1 July 1992 the superannuation guarantee commenced at three per cent, rising to nine per cent by 2002. By 1993 super assets had reached \$169 billion and 80 per cent of people were covered. It was a fine start to the super revolution. From \$169 billion through the 11½ years of the Howard-Costello government super assets reached a staggering \$546 billion by 2003, with 90 per cent of Australians covered, and last year super assets were \$1.153 trillion, 119 per cent of GDP.

Through the Hawke-Keating and Howard governments, a superannuation revolution ensured that well over 90 per cent of Australians were covered by superannuation and an impressive \$1.1 trillion had been gathered. Whilst acknowledging the fine start that the Labor government of 1983 gave to the super revolution, I will also acknowledge the fine start that the Howard-Costello years gave, especially in removing any penalties for those over 60 to withdraw their superannuation funds.

The superannuation guarantee scheme was first conceived in 1986 and again I acknowledge the Labor Party and indeed the Australian Council of Trade Unions. Led by Keating and the ACTU secretary, Bill Kelty, a superannuation guarantee of three per cent was allegedly first proposed, though it appears the government's preferred position may have been for a total of 12 per cent comprising an ultimate nine per cent of salary and a three per cent contribution by employees. Regardless, the superannuation guarantee has

become a natural part of the fabric of the Australian way of life and three successive governments have ensured that Australians are becoming well and truly covered by super.

The key issue though, is that the superannuation guarantee was introduced to boost retirement savings, especially for those on lower incomes. It has also served the national interest, that of strengthening Australia's national saving performance. As part of the great super revolution these bills recognise that, within the super regime, there are people who simply do not claim their super. Indeed, as at May 2007, the ATO revealed that around \$9.7 billion in unclaimed super resides in Australian superannuation funds. As at last month the member for Flynn reports the number could well indeed be above \$12 billion. Considering the member for Flynn and I are old boys of the same school, Rockhampton Grammar School, how could I possibly disagree with the good member as to the current rate of unclaimed super?

Part of that amount of unclaimed super was accrued by workers who were in Australia on temporary visas of some sort. Despite having the ability to claim their superannuation, many temporary residents have failed to do so—and I am sure they will continue to fail to do so—for a range of reasons, including a hasty departure or, frankly, not giving the issue much thought at all. These bills are making amendments so that the unclaimed superannuation of previous temporary visa holders will be returned to the Commonwealth after at least six months have passed since the temporary visa ceased to be in effect and they have departed Australia. The person who accrued that super will still be able to claim the super, provided certain conditions are met, although the super being held by the Commonwealth will not accrue interest. The measures are seeking to reduce the number of lost accounts and the unclaimed money in the super system that can arise when temporary visa holders leave Australia without taking their benefits with them.

It is noted that these measures have the general support of industry. Although superannuation providers have raised concerns regarding compliance costs during the consultation period, it is unlikely that these measures will impose any undue compliance burden. It is also noted that the administrative costs of implementing the system will be borne by the ATO and DIAC. These measures move on what the coalition proposed in the 2007-08 Mid-Year Economic and Fiscal Outlook. They are sound in their implementation and they are sound in their design. They certainly enjoy my support.