



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**GOVERNANCE OF AUSTRALIAN  
GOVERNMENT SUPERANNUATION  
SCHEMES BILL 2010**

**COMSUPER BILL 2010**

**SUPERANNUATION LEGISLATION  
(CONSEQUENTIAL AMENDMENTS AND  
TRANSITIONAL PROVISIONS) BILL 2010**

**Second Reading**

**SPEECH**

**Wednesday, 2 June 2010**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Wednesday, 2 June 2010  
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**Questioner**  
**Speaker** Robert, Stuart, MP

**Source** House  
**Proof** Yes  
**Responder**  
**Question No.**

**Mr ROBERT** (Fadden) (1.15 pm)—I rise to speak on the Governance of Australian Government Superannuation Schemes Bill 2010, which is being debated cognately with the ComSuper Bill 2010 and the Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2010, and to not lend my support to the bill. These bills seek to establish a single trustee board responsible for the bulk of government superannuation schemes. The new entity will be called the Commonwealth Superannuation Corporation, the CSC. It will assume, under this legislation, responsibility for the following schemes: the 1922 scheme established under the Superannuation Act; the Commonwealth Superannuation Scheme, the CSS; the Public Sector Superannuation Scheme, the PSS; the Public Sector Superannuation Accumulation Plan, the PSSap; the scheme provided for under the Papua New Guinea (Staffing Assistance) Act; the Military Superannuation and Benefits Scheme, the MSBS; the Defence Force Retirement and Death Benefits Scheme, the DFRDBS; and the Defence Force Retirement Benefits Scheme, the DFRBS. The ComSuper Bill establishes ComSuper as a prescribed agency under the Financial Management and Accountability Act and as a statutory agency under the Public Service Act 1999.

The core of the issue is the amalgamation of all Commonwealth civilian and military superannuation boards. The government would have us believe that the merger is intended to provide administrative efficiencies as well as secure financial gains through the amalgamation of all investment funds. On the surface it sounds fine, perhaps even laudable. The government says, although without any supporting documentation, that an additional \$10 million per annum will be earned by the funds due to the type and size of the amalgamated investments. The total amount of investment is approximately \$19 billion. This includes approximately \$16 billion from the Australian Reward Investment Alliance, the trustee for CSS, PSS and PSSap, and \$3 billion in funds managed by MSBS. The DFRDB, DFRB, 1922 and PNG schemes are essentially not funded and are paid out of consolidated revenue.

I contend that there are two fundamental issues that will stop this bill being supported. Firstly, this is not about efficiency but about control, notably ACTU control. Secondly, this will not assist military

members. There is nothing in this bill that will substantiate the assistance to military members and veterans. In relation to the first issue, that of control, the bill contains certain regulations relating to the constitution of the CSC Board. These regulations are unacceptable. There is a 10-person board, plus a chair, consisting of five directors appointed by the Minister for Finance and Deregulation, three appointed by the ACTU—odd, since military members are not allowed to be part of a union—and only two appointed by the Chief of the Defence Force. We believe strongly that the composition of this board will not advantage military members. Only 20 per cent of the board, excluding the chairman, are actually representatives of the military, and 33 per cent of the board come from the Australian Council of Trade Unions. It is worth noting that the veteran community believe, for the most part, that the CSC Board should include a suitably qualified representative from the ex-service community, and this recommendation from the veterans community has merit.

In addition to the above, under clause 16(5), any of the three directors appointed by the President of the ACTU cannot be dismissed by the minister for finance unless the President of the ACTU agrees. I never thought I would see the day where the minister for finance would emasculate himself by not being allowed to dismiss members of the board but having to go with a begging bowl to the President of the ACTU and say, ‘Please, sir, may I have some more?’ to dismiss incompetent directors, noting there are reasons whereby the President of the ACTU cannot disagree. One has to ask about the legitimacy of the legal advice the minister for finance has got, because there are specifications in the Corporations Act 2001 which govern the removal of directors and there are areas under the act where directors would have to be removed that are not reflected in clause 16(5). There may well be areas where a director has become bankrupt or insolvent or there may be some other area where the Corporations Act may require their dismissal, but clause 16(5) does not actually allow that. The minister for finance would have to go begging to the union master to say, ‘Please, sir, could we have them removed?’ I note that similar provisions apply to directors who are appointed by the CDF under clause 16(6). The issue is that five members of the board cannot be removed by the minister for finance unless he gets permission for the removal of three of them from

the President of the ACTU and for two of them from the CDF.

The coalition believes that the amalgamation of civilian and military Commonwealth superannuation boards will not have a positive effect on the future administration of military superannuation schemes. The Defence Force Welfare Association and the vast majority of those members of the Defence Force and the veteran community who I have spoken to share that view. The DFWA has said, 'Unique service requires unique solutions, not ones which further blur the distinction between the uniqueness of military service and civilian norms.' It is true that military life is a unique life. It is a unique form of service. Bundling all of their superannuation and some of the unique requirements of that into all of Commonwealth government superannuation does not reflect that at all. I would have thought that the Rudd Labor government, under their 2007 election manifesto, would have got this. They said that they would 'maintain a generous military superannuation system, in recognition of the importance of the ADF and the immense responsibility placed on personnel in securing and defending Australia'. I fail to see how lumping them in with every other public servant maintains something and recognises that importance and immense responsibility. I can only suggest from this bill and looking at the 2007 budget manifesto that the Labor Party got its verbs confused.

I believe the member for Paterson, on behalf of the coalition and on behalf of many in the veteran community, met with the Minister for Finance and Deregulation regarding these bills. I believe what resulted was a commitment by the government to ensure that the amended legislation contains strengthened provisions for consultation. I am led to believe that the proposed consultation outlined in that discussion includes the requirements for the CDF to consult with relevant organisations on the appointment, for the minister for finance to consult with the defence minister on appointing the five employer representatives and for the minister for finance to consult with the defence minister on the appointment of the ComSuper CEO. Quorums on matters relating to the interests of military members are to include one CDF nominated director and decisions made by the board are to include one CDF appointed director when the issue relates to interests of military members.

There seems to be no mention at all there of the composition of the board—no mention of the three ACTU appointed directors. There is no mention of how only the President of the ACTU can dismiss an ACTU appointed director. There is no mention of any other issues the member for Paterson raised with the minister for finance.

In light of the intransigence of the finance minister to address the composition of the board, his inability to dismiss members of the board other than by begging the ACTU to remove them and the failure of the government to identify how military members will benefit from the amalgamation, I cannot possibly lend support to these bills.