

**UNCLAIMED MONEY (SUPERANNUATION AND RSA PROVIDERS)
AMENDMENT AND EXPIRY BILL 2012**

Second Reading

Resumed from an earlier stage of the sitting.

MR C.J. TALLENTIRE (Gosnells) [2.45 pm]: Before the lunchbreak, I was discussing the importance of the ethical investment sector and ethical investing through superannuation schemes. I pointed out that this is indeed one of the fastest growing sectors of superannuation. At the moment, companies like Australian Ethical have invested around \$700 million and continue to apply —

The SPEAKER: Members, there are a lot of discussions going on in this place, and I am going to make the presumption that some of them are not about the bill before us at the moment. If you wish to discuss other issues, give the member on his feet at this point an opportunity to express his point of view and take your conversation elsewhere.

Mr C.J. TALLENTIRE: The funds invested by ethical investment superannuation firms are often screened. I was discussing how companies use a negative screening test. They also use a positive screening test, so they look for companies that are bringing into place positive contributions to our society, and obviously companies that are involved in renewable energy projects rate very highly in that screening process. They also look at the level of corporate engagement, and this is where companies are open to discussions with the community in general, and also with the fund managers to show how they are meeting the aspirations or the hopes of people who are investing in them, so the process is transparent.

I will talk about one of the companies involved in what would rate very highly on the positive screening test—an American company. I know Australian Ethical—I have already declared that I have a portion of my superannuation funding with that company—has money invested in an American company called First Solar. It is interesting to note that First Solar is the company behind the Greenough River Solar Farm project—a 10-megawatt photovoltaic solar project. It is interesting that our superannuation contributions may sometimes be invested in overseas companies, but the benefit of the technology that this particular company—First Solar—has is that it comes back to us in Western Australia and, indeed, the Greenough River area. It is a tremendous project that has received some support from the state government. It has received about \$10 million from the royalties for regions initiative, \$10 million from the WA Treasury, and the lion's share of the project funding has come from private investment through GE financial services and Verve Energy. This project is estimated to have a 15-year payback. It is a well-located project—I gather it is near the Mungarra power station—making it strategically well located to that part of the south west interconnected system. It has easy access to powerlines, there is a 22-kilovolt cable to the power station, and the actual Mungarra power station is a 132-kilowatt power substation; all of which leads to an example of how an investment in an ethical superannuation fund can bring about some real positives for Western Australia. There are many other examples in which the nature of the investments that companies have and where we direct our superannuation funding can bring about improvements, and that is a good thing. Ethical investment superannuation moneys often go towards the infrastructure sector. Publicly available information shows quite often that these companies invest in telecommunications, recycling and waste management, water technologies, efficient transport systems, and the healthcare sector—a fast-growing sector in our society where we have medical technologies. One only has to think of cochlear implants and investments that have occurred through ethical investment. There is a whole range of opportunities for investment and I think that explains why this sector has actually done quite well compared with those other superannuation funds, the vast bulk of the superannuation sector, in which funds are applied simply to companies that will give an anticipated high level of return on investment. However, when it comes to ethical investment, other criteria are applied by the funds to determine whether the investment is justified. I notice that another very worthy sector invested in by Australian Ethical is the knowledge sector. It has a whole sector of organisations, some of them are Montessori and Steiner schools—quite small businesses. A growing range of companies are involved in the education sector, and they too have been found to be worthy of investment by ethical investors. It is important to note that with this legislation we would see people exercise their right to choose to move between superannuation funds without the risk of those funds being lost. The fear that we all have is that somehow in this very fluid job market we have to change employers. Indeed, as members of this place there is always that degree of uncertainty of what our futures may hold following the forthcoming election; we may be back looking at other employment opportunities. There is that need to be able to move around from employer to employer, and with that comes the need to change superannuation funds quite often. We have to make sure that people can keep track of their funds and that it is easy for people to shift funds and group money that they have had into one fund and swing it over into another. That has to be a system that is very easy to use and I think many people would complain that it has not been as easy as possible. I think that the super funds have let themselves down at times

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by not making it easy for us to keep track of money. There are things like the SuperTrace funds but, unfortunately, when people move house and change their address, there is a tendency for people to lose track of where their funds are. Having these provisions for unclaimed money will go some way to correcting that, so that is a positive thing. I conclude my remarks by saying that I support the legislation and see it as a positive step forward to making our superannuation system in Australia far more robust.

MS R. SAFFIOTI (West Swan) [2.53 pm]: I, too, rise to support the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012 and want to make some brief comments about unclaimed super. I think some of these issues will be pursued by some of my colleagues later in consideration in detail. We particularly support this bill if it means Western Australians get to claim money that is rightfully theirs, but we do have some questions. For example, it has been stated that some effort has been made to try to match super with Western Australians, and I suppose the question is: what effort has been made? I know that in the course of our work as members of Parliament we are often approached by Western Australian residents who are unaware of government or council announcements, and is one of the key issues that need to be looked at more specifically. For example, putting a notice in the public notice section of the newspaper, to me, is not making a real effort to contact people. Currently, a lot of legislation prescribes that the effort needed to be made by government agencies is to advertise in one newspaper on one certain day and possibly in another local newspaper on a certain day. I think that is a real problem. The scenario in *The Hitchhiker’s Guide to the Galaxy* is a classic example of when things are advertised and not seen, with poor Arthur Dent not realising that his house was going to be demolished.

Ms J.M. Freeman: His whole world is!

Ms R. SAFFIOTI: Plus the whole world!

I think that is one of those issues of public policy for which we need to make a better effort. I am not talking specifically just about this area, but more generally. I have a lot of issues in my electorate with people whose houses are going to be demolished—similar to the situation in *The Hitchhiker’s Guide to the Galaxy*, but not quite as funny—and playing fields are to be put on the site, or when changes are made to planning or other sorts of rules and regulations, and there is not enough contact. The typical answer is that we are legislatively required, or council by-law 21 requires us, to advertise in one paper on one certain day in a particular section. Often, people are not aware of what is happening. I think the member for Nollamara will pursue this issue in a little more detail, but what effort has been made to try to match this money?

The issue of superannuation is of course a huge one as our population ages and governments try to ensure that Australians and Western Australians have sufficient funding to continue to live an appropriate lifestyle once they have retired. I saw a news story the other night that said people need about \$1 million in superannuation to be able to live comfortably in retirement. That scared all of us.

Mr A.P. O’Gorman: It is none of us!

Ms R. SAFFIOTI: It is none of us, but it scared —

Mr M.P. Whitely: The member for Pilbara will have two comfortable retirements!

Ms R. SAFFIOTI: I am not talking about us as politicians, I am talking about us as Western Australians and the need nowadays, particularly with the ageing population and the increasing pressure on both state and federal budgets, to have sufficient money to allow people to live an appropriate lifestyle in their later years, in particular, as we live longer—hopefully that will be most of us—but retire at around the same age.

Another area of public policy that demands attention is a better transition from work to retirement. I believe that there are enormous opportunities across sectors to encourage older people to continue to make paid contributions to the workforce. I believe that there needs to be far more flexibility, far more looking at particular employment areas in which there are significant shortages and areas in which modern families require further assistance. We need to look at child care and aged care—areas for which 50 years ago the demand was not as high because the structure of our families and our family support were very different. Nowadays, given the structure of our families, with a lot of people moving, living interstate or living overseas from each other, the support families need to look after their older people and their children is immense compared with, say, 50 years ago. I think that is another area in which we should be doing far more to tackle that transition from work to retirement. I have been disappointed. A significant analysis was done about five years ago, which I think was done under then federal Treasurer Peter Costello, which delivered a massive report about the ageing population. I think it missed the mark, and that there has not been enough response to tackle this area.

As I said, superannuation is a growing area of government policy. There is growing discourse and growing speculation on issues to do with returns—with funds on the stock market and that rate of return—the balance between investing in stocks and shares, other equities and property. This is a growing area and there is growing

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discourse about whether the structure is right at this time to ensure that there are sufficient funds for the ageing population. On this side of the house we support this bill.

I want to finish by quickly referring to a comment that the member for Jandakot made today in relation to bringing family into the public discourse. Today we heard about the issue he has, that we have heard on a number of occasions, with a current member of United Voice. He tries to pretend that he has never brought families into public discourse, and we all know what he did when my daughter was six weeks old —

The ACTING SPEAKER (Ms A.R. Mitchell): Member for West Swan, I ask you to stay on track with a debate on the legislation, thank you.

Ms R. SAFFIOTI: Sure. I am talking about the unclaimed moneys bill and the fact that the Labor Party supports it. However, as a member of the Labor Party I just want to put on the record that that member has brought my family into public debate and he did it at a very, very difficult time. I think the hypocrisy shown by that member every time he stands on his feet is absolutely deplorable. Never, ever have I raised that in this house. But if that member continues to do that on these sorts of matters —

The ACTING SPEAKER: Member, I have asked you to stay in line with the debate. If you have wanted to make a point, you have made a point.

Mr T.R. Buswell: You can’t just turn away! Turning away doesn’t make any difference! That’s what my boy used to do, “It wasn’t me!”

Ms R. SAFFIOTI: I am talking to my colleagues. It is in relation to the unclaimed money bill and the Labor Party’s stance on that bill. I want to make one more quick comment. The hypocrisy that was shown by that member, and the attack that he made on my family and my daughter at that time, was disgraceful. For him to now come into this place and pretend that he has never done it is an absolute disgrace.

The ACTING SPEAKER: Member for Swan Hills!

Ms R. SAFFIOTI: Thank you, Madam Acting Speaker; that concludes my comments.

MR A.P. O’GORMAN (Joondalup) [3.00 pm]: I want to make a short contribution to the debate on the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012 and on some matters pertaining to the Government Employees Superannuation Board. The current government is proposing to move some of the administration of GESB to the private sector. It is also allowing—well, not allowing; it is only reasonable—any person employed by government to choose the superannuation fund to which they want to contribute. But one thing that the government is not doing is allowing people from outside the public sector to contribute to GESB. I had particular experience of that when I had my business in Osborne Park. I hired a former government worker. This gentleman had only ever worked for the government, and all his superannuation contributions up until that time had been paid to GESB. However, I found that I was not able to make a superannuation payment on his behalf to GESB; it proved to be impossible. So I had to set him up with a fund at Westscheme, now AustralianSuper, and pay his superannuation to that organisation, because it could not be paid to GESB. The problem is that GESB will probably lose a lot of its base—superannuation funds work on a large base of money—because if a lot of our public sector workers elect to move to another superannuation fund it will leave a bit of a hole, particularly when that cannot be backfilled with contributions from people employed outside of the public sector. This gentleman did not stay in my employment for long, because, as I have said, he was a former public servant, and he was very well qualified, and his reason for working for me was just to get a bit of downtime before he moved on to his next job. But he will probably never think about that small amount of \$300 or \$400 that went to AustralianSuper on his behalf; it is money that has gone.

Another point that needs to be made is that in the industry in which I was involved, a lot of the people who are hired, particularly on a casual basis, are young people, and the ruling is that once these young people earn over \$450 in a month, contributions have to be made for them into a superannuation scheme. Many 18 or 19-year-olds who come into a small business are not sure about superannuation. It is a new word for them. Those of us who come from the baby boomer generation are probably the first large group of people who have latched onto superannuation and have been contributors to superannuation either through the compulsory employer scheme or through salary sacrifice. So we probably understand superannuation a lot better than young people who are coming into employment. I found that young people might come and work for us for a few months at a time, particularly during the busy Christmas period, and they might knock up a couple of thousand dollars in wages and a few hundred dollars in super, but when we ask them to nominate their superannuation fund, most of them look at us open-mouthed and just do not know. Again, they do not pay much attention to where that money goes. It is not money that they see in their pay packet. If it went first into their bank account and was then transferred to their super fund, they would probably pay attention to it. But it is money that comes from their employer and is lodged in an imaginary account, as such, to them, because they do not actually get to see it. All they get to see

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is a small line that is printed on their pay slip, and then, if everything is working all right, the superannuation fund will send them an annual disclosure to say that this amount of money has been contributed by their employer on their behalf to the fund. So there can be times when large amounts of money simply disappear into superannuation funds and are never claimed. I know that there are many organisations that promote themselves as being able to find a person’s lost super. But that sometimes involves a fee, and sometimes it is not worth paying that fee if only a small amount of money is involved.

I now want to talk about another issue that has been raised with me, through my office, and that I have taken up with the relevant ministers, both federal and state. It goes to superannuation. I will not mention any particular name, because I had not told this particular gentleman that I would be doing this, because I had not contemplated doing it in the debate on this bill. But some 20-odd years ago, this gentleman had a motorcycle accident, and after all the court proceedings and all those sorts of things, he was awarded an amount of \$1.5 million. An amount of \$300 000 or \$400 000 was then taken out of that money, through the insurance agencies, to pay for the medical and other bills that he had accumulated at the time, and that left him with about \$1.2 million or \$1.3 million that he could use to look after himself for the rest of his life. At that time, he was deemed to have an anticipated life expectancy of 22 years, and that is how they worked out the amount of money that he was entitled to be paid. This gentleman has now gone on to live for another 25 or 26 years, and he has no inclination to drop off the face of this earth for some time to come, but the money is starting to run thin. So, instead of going through the regular providers that would have to pay people to care for him, he has decided to directly employ carers himself. He thought that he would need to pay superannuation for those carers. However, because of the vagaries of the superannuation and employment acts, these people are deemed to be a medical expense rather than an employee. These are good people in our community who are carers for people with a disability, but because they are not deemed to be employees, they are not eligible to be paid superannuation. This problem pertains not only to the carers for this particular gentleman but to all the people who are carers. Our superannuation fund is what we will have to rely upon to live out the rest of our lives once we have retired. Many carers get a carer’s pension. But that is only a small amount of money. It is not possible to take nine per cent, 10 per cent or 12 per cent of that money—as is done for us in this place—and put it into a superannuation fund so that when these carers hit retirement age they will not need to rely on the government to look after them.

It is excellent that under this bill, any unclaimed superannuation contributions will be transferred to the Australian Taxation Office. We would expect that with the power of the ATO to collect tax file numbers, and with all the other methods that it has to collect information on people, it would be able to find just about anybody in this state or this country and say to them, “We have got the \$200 or \$300 in superannuation money that you earned when you were working for O’Gorman when he had his little business in Osborne Park”. But we need to start thinking more about those people who do not have access to sufficient superannuation because they are carers, quite often for relatives, and are deemed to be a medical expense rather than an employee. So that is one issue that I hope the minister will pick up on and think about when future bills are brought into this place. In respect to being able to find superannuation money that belongs to people, I commend this bill to the house, and I think we will be supporting it well and truly.

MR T.R. BUSWELL (Vasse — Treasurer) [3.10 pm] — in reply: Firstly, I thank all members who have participated in the second reading debate on the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012. Fifteen or 16 members have spoken in the debate that has spanned a significant number of months. It is one of those bills that got up a head of steam and then had a spell before getting up another head of steam and having another spell. I did not have carriage of the bill for the totality of its passage through Parliament.

Mr M.P. Whitely: How many Treasurers were there?

Mr T.R. BUSWELL: I think we have had one more Treasurer than the opposition has had shadow Treasurers.

Ms R. Saffioti: Was it two?

Mr T.R. BUSWELL: I think that is about right.

An opposition member interjected.

Mr T.R. BUSWELL: We have had three.

Mr P. Papalia: Colin has had it twice, hasn’t he?

Mr T.R. BUSWELL: We do not double up. Anyway, I want to finish this.

There is broad support for the legislation because it is good legislation. I will not go through the technical details of it other than to say it deals with what is perhaps a small matter monetarily but an important matter for a person who holds unclaimed superannuation. It effectively transfers responsibility for the holding and administration of

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unpaid super held by the state in either the consolidated account or the Government Employees Superannuation Board to the commonwealth, which is entirely appropriate. Many members opposite gave interesting and wide-ranging speeches around superannuation by highlighting the benefits of superannuation to a range of people in the community. A number of superannuation policy issues were raised. I will not canvass those in my response simply because not only are they not, strictly speaking, in line with the bill, but also from a policy point of view they are federal matters that perhaps can be canvassed in other forums. Nonetheless, they are important issues.

One issue I will touch on that a number of members talked about is the gender inequality that the superannuation system has embedded in it and the impact it has. That is a very valid point. The member for Maylands referred to comments made by Elizabeth Broderick, who is the federal Sex Discrimination Commissioner. She is a very interesting lady. I had the good fortune to sit next to her when Kay Goldsworthy was invested—I am not sure whether that is the correct term—or became the first female Anglican bishop in WA.

Mr I.C. Blayney: Enthroned.

Mr T.R. BUSWELL: Enthroned? Anyway, she got the tap on the shoulder. It was a great ceremony and a fantastic celebration of her career. I was pleased that the member for Maylands reflected on some of Elizabeth Broderick's comments. My mother is an example of that gender discrimination. My mother was a member of the then missos and worked for a long time as a teachers' assistant. As she got closer to retirement it concerned me that there was no way she would enjoy any quality of life in retirement based on the superannuation coming to her. Like a lot of women, my mother worked through some challenges throughout her life. Perhaps some would say that bringing me up as a child was more of a challenge than most people deserved, but she did it with love. Perhaps 10 years before she would have retired she worked in our business and we were able to pay her a little more and, far more importantly, make much more flexible superannuation provisions for her. She is in New Zealand as we speak enjoying the fruits of her years of labour. She is not a wealthy woman but I will give members a tip: her superannuation provisions and arrangements are much better than they would have been if she had stayed as a teachers' assistant within the pretty tightly held bounds of the state system. Having seen that firsthand and understanding the impact it has on a person's quality of life post one's working life, I think the points made by members opposite were very valid indeed.

The member for Balcatta asked a number of technical questions about the bill, one of which was about the number of private Western Australian registered super funds this bill deals with. I do not have that precise information but I understand that the number is quite low. We are looking at fewer than 20. We may have some more information now but the advice I have received is that it is about that many.

Ms J.M. Freeman: I was going to ask that question in consideration in detail.

Mr T.R. BUSWELL: The advice I have is it is fewer than 20. It is not a significant number and relates to an amount of about only \$200 000. I might be able to give members some examples of the types of funds that includes. We can assume that it is a small number of funds with a small number of members.

Questions were asked about the changes that will occur following, effectively, the suspension of GESB Wealth Management. GESB Wealth Management is no longer accepting new clients, although some services are still being offered to existing clients. The member for Balcatta's principal question about that was whether people had paid up-front for services that will not be delivered. I am advised that that is not the case. The member for Balcatta also asked what role GESB would play in providing advice to its members who have got financial advice from GESB Wealth Management but who will now have to seek alternate financial advice. That is a difficult area for the government to get involved in. A lot of GESB members seek advice about retirement planning in particular from a range of private operators. A range of those types of operators have built up expertise in providing advice to government employees, particularly those in the old West State Super scheme. Some of us here who are in West State Super would know that its taxation treatments are non-taxed schemes. Its taxation treatment is different from most accumulation schemes and certainly is different from the current GESB Super scheme. People need to be careful about the advice they get as they exit that scheme. A number of people approached me when we looked to close GESB informing me that people had made it their business to build up a skill set in that area, and I am sure that people will find those operators in the market.

It was a good and wide-ranging debate on the bill, and I am very pleased that we have support across the chamber for this legislation. In my view—this has been echoed by many members who have spoken—the bill places the issue of unclaimed moneys where it should belong, which is effectively with the Australian Taxation Office under the appropriate commonwealth jurisdiction and associated structures. I am pleased to have the support of the house.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clause 1: Short title —

Ms J.M. FREEMAN: The short title of the bill is the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012. During the second reading debate, the Treasurer talked about the prescribed period after which moneys become unclaimed. I want clarification on what the prescribed period is and whether it differs from the commonwealth prescribed period.

The ACTING SPEAKER (Ms A.R. Mitchell): Clause 1 is about the title of the bill.

Ms J.M. FREEMAN: Yes. The name of the bill is —

The ACTING SPEAKER: Member for Nollamara, I was speaking with you. Would you mind just waiting? You have brought up a general topic and then gone into some other detail. We are talking about the title of the bill, not the detail about the terms of the bill.

Ms J.M. FREEMAN: I understand. I am talking about the title. Money becomes unclaimed after a prescribed period. What is the prescribed period after which money becomes unclaimed? Is that prescribed period the same as the commonwealth’s?

Mr T.R. BUSWELL: The advice I have is yes. I will read this out to the member —

‘general’ unclaimed superannuation money, being superannuation money held by a superannuation provider which belongs to a member who has turned 65 years of age, has made no contributions for two years and has not been contactable by the fund for five years;

This is all related to the commonwealth Superannuation (Unclaimed Money and Lost Members) Act 1999—SUMLMA. There are three kinds of unclaimed moneys. There is the one I just described; unclaimed superannuation of former temporary residents; and lost member accounts—that is, small accounts of lost members and inactive accounts of unidentifiable members. That does not have a time line on it. Those accounts have to be below \$200.

Ms J.M. Freeman: All that is in the explanatory memorandum. I am asking for the prescribed period for the lost super members, not so much the unclaimed money members.

Mr T.R. BUSWELL: I will have to get back to the member on that.

Ms J.M. FREEMAN: That would be good, and also whether it is the same as the commonwealth.

I want to clarify whether this bill and its short title, “Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Act 2012”, were as a result of the Whithear review.

Mr T.R. BUSWELL: I do not believe that it was. This outcome has been achieved as a result of some agreements that the state has entered into with the commonwealth over the past few years. I had carriage of the Whithear review for a while, but not for its totality. I cannot recall whether it dealt with this issue. Without trying to go off on a tangent, the Whithear review made a number of observations on small balances in GESB that are still very pertinent. I cannot remember off the top of my head.

Mr B.S. Wyatt: What did he say?

Mr T.R. BUSWELL: There is a really interesting issue, and the union brought this up with me a number of times. We had a very positive dialogue with the union. I cannot remember who we spoke to, but they had some significant concerns about the mutualisation program. One of the issues is that of the however many members within GESB, there is a fair number of quite small accounts. According to the Whithear review—I think this is right in a lot of superannuation—because of the cap on fees for very small accounts, we get a cross-subsidisation effect; the larger accounts cover the cost of administering accounts that are not cost recoverable. There is not much we can do about it—it is one of the good things about the one-way choice model—other than to give people the opportunity and make it their choice. For example, small account holders may well have large accounts somewhere else and worked somewhere for a few months and then were gone. As the member for Joondalup outlined, previously people could not move their superannuation anywhere—not in or out. At least now people are being given the information to know when to move that money out. That will help to reduce that internal cross-subsidisation effect.

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Nollamara, before you make any comment, I will reiterate that we are on clause 1 of the bill, which refers to the words in the title of the bill, not the general

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conditions and debate about the bill. We are talking only about clause 1 and the words that are in the title of the bill and nothing to do with the other dimensions of the bill.

Ms J.M. FREEMAN: I have a good understanding of the title of the bill and unclaimed money. These questions go to the issue of unclaimed money.

The ACTING SPEAKER: No. Member for Nollamara, you are not listening. We are not talking about the unclaimed money; we are talking about the title of the bill.

Point of Order

Mr B.S. WYATT: Madam Acting Speaker, I am not canvassing your ruling. Generally, clause 1, the short title, provides some flexibility for some discussion around the nature of the bill. Certainly that has been the practice for the past six years or however long I have been in this place. I do not think that the member for Nollamara is wandering from the legislation at all. I do not anticipate that the member for Nollamara has many questions, but I think the Treasurer is happy to perhaps deal with those. That way we can simply get this done and move on.

Dr K.D. HAMES: When we are debating the title, as you say, it is about the name. On occasion, depending on who is in the chair, there has been flexibility. There will be other opportunities, member, particularly when we get to the definitions, to talk about unclaimed money. From my point of view, it does not matter that much, but that would be the technical thing that would normally be done in support of the Chair.

The ACTING SPEAKER: That is also my decision; there are opportunities and this is becoming a very general debate on clause 1.

Debate Resumed

Ms J.M. FREEMAN: “Unclaimed money” is not an apt title for this bill, because unclaimed moneys are moneys that have not been claimed for someone who is over 65 years of age; in fact, this bill goes to unclaimed moneys and lost superannuation. Therefore, would it not be better for this title to include the words “unclaimed money and lost superannuation”? I wanted to ask about the lost superannuation in the first instance on the basis of the Treasurer’s discussion of the Whithear report and the low amounts that are in GESB funds. Can the Treasurer again clarify whether the lost super that will go across to the Australian Taxation Office from, primarily, the private funds that came in under the previous act—the Unclaimed Money (Superannuation and RSA Providers) Act 2003, which then went through to 30 June 2007, until such time that was no longer an issue—includes some of those small funds that the Treasurer referred to when he talked about the Whithear review? To clarify what I think the Treasurer said in a previous statement, are only accounts of \$200 or less considered to be lost super?

Mr T.R. BUSWELL: The advice I have is that this bill deals with unclaimed super. “Lost super” is a different term. My understanding is that moneys may become lost super on the way to becoming unclaimed moneys. I am not sure of the exact reason we have to hop from term to term, but apparently that is the way it works. There is no intention here to transfer all the small balances out of GESB to the ATO, because they would not necessarily meet the definition of unclaimed super. The Whithear review dealt with a far bigger issue than unclaimed super.

Ms J.M. Freeman: That is really what I wanted to find out. So going from lost super to becoming unclaimed—I understand the process—did the minister say that the balances were \$200 and less?

Mr T.R. BUSWELL: Balances under \$200 are one category of balances that may be defined as lost, which may then subsequently become unclaimed, but it is not the totality of it, if that makes sense. Those other reasons in the explanatory memorandum are added on. This is not using a backdoor mechanism to address the issue of small account balances. That is a whole separate issue. GESB is doing some work around that now. One of the ways is to let members know that they can now move some of those small balances out of GESB. A lot of the reasons that people left them there is they could not do anything with them. They were literally stuck in GESB.

The member for Balcatta would have seen it in his ministerial office. From time to time, a person will be employed who is not there for long. This is what happens in all government agencies. People, especially in an administrative role, come in, do a little work and leave. That may be one of the groups of people who have small balances. I am assuming that a lot of those people may well have other larger balances that they want to aggregate them into. Ultimately, that is their choice.

Mr J.C. Kobelke: Just by interjection, you also have a larger number of casual employees, like public examination and supervision. Some agencies take people on. They only work for 10 hours or something and that is all they do in a year.

Mr T.R. BUSWELL: Election day—they have a job every four years. In fact, I have probably got some because I work on election day.

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Mr J.C. KOBELKE: Just on a procedural matter, I asked the minister three questions that he said he was going to answer. I just wanted guidance to the appropriate clause, because the one with respect to the state private funds is not specifically mentioned, but the bill goes to it because it is in the second reading speech. I am looking for guidance within standing orders to know whether we can do it here or what is the appropriate clause to provide answers to those questions.

Mr T.R. BUSWELL: By way of background information, the member for Balcatta asked a number of questions, and one of them referred to the part of the bill that deals with the sum of \$200 000 held in a consolidated account under the Unclaimed Money Act—that is the first bit.

Mr J.C. Kobelke: It was tied to private Western Australian registered —

Mr T.R. BUSWELL: The advice I have is that there are 10. There are actually 17 registered. Of those 17, 10 have moneys related to them.

Mr B.S. Wyatt: That added up to \$200 000.

Mr T.R. BUSWELL: And that relates to 148 claimants. So 148 into 200 000 is whatever it is.

Mr J.C. Kobelke: Just over \$1 000 each.

Ms J.M. FREEMAN: With respect to the unclaimed money that is in the title and those lost funds of just over \$100 000 for each of the 10 funds and the 148 claimants, was that the original amount that came into the Unclaimed Money (Superannuation RSA Providers) Act 2003? In particular, that \$200 000 that is now going over, is that the amount that would have come across from those 10 funds for the 148 claimants that make up unclaimed moneys for this particular act, or has that amount been dispersed and made less by the fact that Treasury has taken fees for the administration of that money?

Mr T.R. BUSWELL: The advice I have is that that balance used to be a lot higher but people claimed their money, so that is the reason it has come down. The advice I have is that there has been no gouging, if I can use the term, of the balance. The balance is just simply a fund that sits in the consolidated account. None of the people whose money is held is disadvantaged in any way by having their balances reduced to cover any of the costs of administering the fund.

Clause put and passed.

Clauses 2 and 3 put and passed.

Clause 4: Section 4 amended —

Ms J.M. FREEMAN: Clause 4(1) states —

In section 4 delete the definition of *unclaimed money*.

Given that the stated definition in section 5 of the act is that “*unclaimed money* has the meaning given by sections 12 and 14 of the Commonwealth Act”, what is the purpose of deleting this? What is the necessity of deleting that particular clause given that it is a definition given by other sections? It is an important definition given what we have already established that this is not a way of eliminating GESB’s small holdings?

Mr T.R. BUSWELL: Clause 4(1) deletes the definition of unclaimed money. Clause 4(2) inserts a new definition of unclaimed money. I do not have in front of me the definition that is being deleted.

Ms J.M. Freeman: I’m sorry.

Mr T.R. BUSWELL: That is all right. My understanding is that there were what we term “style inconsistencies”. I suspect there might be a word wrong or something.

Mr B.S. Wyatt: So the commonwealth definition of “unclaimed money” is being broader or narrower already. It is basically the same definition.

Mr T.R. BUSWELL: Yes, so it is all lining up. It is a cosmetic change.

Mr J.C. Kobelke: Is it potentially because by cloning the commonwealth act, now we are going to a commonwealth scheme, if there was a change to the commonwealth definition in a technical way, we would not have to come back and make a further change because we are locked into it?

Mr T.R. BUSWELL: Probably not. My understanding is that when we have completed the transfer, the act basically ceases to operate. That is my understanding. It is really a moot point. I think we have just taken the opportunity to tidy up a minor issue. I do not know what the term “style inconsistency” means, but I am assuming that it is a minor change to some wording to deliver that consistency.

Clause put and passed.

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Clause 5: Sections 27 and 28 inserted —

Ms J.M. FREEMAN: As I understand it, the intention is in effect to make obsolete the Unclaimed Money (Superannuation RSA Providers) Act after the provisions of this bill go through, because this money will get transferred across to the Australian Taxation Office. Clause 5 inserts sections 27 and 28, which wind up this particular act. My question is: is it section 3 that actually refers to the unclaimed money going across to the commonwealth under section 17 and sections 18AA? I am just trying to get clear in my head the mechanisms in the act that transfer the money and getting clear in my mind the intention of the Unclaimed Money (Superannuation RSA Providers) Act, which will no longer operate and no-one will be able to deposit money after this bill has passed through the houses.

Mr T.R. BUSWELL: The answer is yes. On a technical point, I understand that no moneys have been deposited in this account since 2007 because of new mechanisms with the commonwealth.

Mr B.S. Wyatt: And will continue.

Mr T.R. BUSWELL: Yes. All private funds then went to the commonwealth. So there is no probability under this bill of money flowing into the account because any private fund that used to provide money into this account will now provide it to the Australian Taxation Office. In the five-year period from 2007 to now those funds have flowed to the ATO, just like every other fund except for the Government Employees Superannuation Board funds. Basically, these winding-up provisions provide that when that money is transferred, the balance will be zero and there will be no money to administer in the fund and there will be no capacity for anyone ever to pay any more money into it. It will have no reason to exist. It will be almost as momentous as getting rid of the Hairdressers Registration Board. It is hard being a reformer!

Ms J.M. Freeman: Just by way of interjection —

Mr B.S. Wyatt: I tell you; I have been getting complaints about that.

Mr T.R. BUSWELL: You have not, have you?

Mr B.S. Wyatt: From my barber.

Mr T.R. BUSWELL: From your father?

Mr B.S. Wyatt: My barber. He would be happier with it.

Mr T.R. BUSWELL: What has happened? Has there been more competition?

Mr B.S. Wyatt: I think that's it.

The ACTING SPEAKER: Members!

Mr J.C. KOBELKE: I was waiting for the next clause but I think my question directly flows on from what the Treasurer just said, so it is appropriate to deal with it now. The second question I asked the Treasurer during the second reading debate related to the management of GESB now being contracted out. The Treasurer's comment a moment ago related to the fact that when this bill goes through Parliament, the money will be passed over to the ATO and, if I understood the Treasurer correctly, there will no longer be any money held in state funds that could be designated as unclaimed funds.

Mr T.R. Buswell: No. The comment I made was in relation to the state unclaimed money bill, which really was the repository for privately registered superannuation funds in WA.

Mr J.C. KOBELKE: As I have started, perhaps I can put the question and sit down, as I do not want to delay the house. My question was: given the contracting-out, what consideration has been given or needs to be given to ensure unclaimed moneys as part of that contracting-out will still be dealt with and will pass through these procedures? Maybe it is not necessary but if it is, I just want to know that consideration has been given to it and it will flow through as part of that contracting-out arrangement.

Mr T.R. BUSWELL: That is a fair question. Firstly, the member is right: there is a market investigation or market sounding or market engagement activity currently happening basically around the administration of GESB member services. That is not unusual in the evolution of super funds over time. Ultimately, though, GESB has not determined a landing in relation to that yet. The briefing I had the other week is that it will work through that engagement, understand where it ends up and compare the offerings that come back from whoever may offer that service with what it is currently doing. Clearly GESB has an interest in doing it but that is yet to be formalised, as that process has not concluded. In answer to the question, there will still be a GESB board and GESB will still have responsibilities to its members, especially around the prudential system within which it operates. One of those responsibilities, which are commonwealth responsibilities, will relate to a regular auditing

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process, I suppose, and a remittance of moneys around unclaimed super. I am not sure whether that will therefore be a function delivered by the organisation that manages member services or by GESB itself. I cannot give the member that advice, but GESB has that responsibility and it will have to do the reporting every six months. Because it is under the criteria, the funds become unclaimed as time passes, so at each period it will have to run its processes to determine who now qualifies as having unclaimed super and then remit those funds —

Ms J.M. Freeman: Lost in the first instance.

Mr T.R. BUSWELL: Yes, lost and then unclaimed, and then remit them to the ATO. I am absolutely sure that the commonwealth will have very stringent reporting requirements around that, so who will actually do that, I am not sure. But it is definitely a responsibility of GESB and it will have to deliver that.

Mr J.C. Kobelke: Thank you for that. I just wanted to get it on the record so that it does not get missed.

Mr T.R. BUSWELL: Yes.

Ms J.M. FREEMAN: One of my questions was about the actual mechanics of passing over the money. Proposed section 27(3) refers to the mechanics as they happen on the first unclaimed money day. We have just passed clause 4(2), which states —

unclaimed money day has the meaning given by the Commonwealth Act section 15A;

What then will become of the unclaimed money? Does it mean there will be a specific 21-day period after passing this bill? When will the cheque be signed and transferred across to the ATO for this particular amount of money that will go there on the first unclaimed money day?

Mr T.R. BUSWELL: I am not sure. It is an interesting question. It would be a good day to hold up the stagecoach at the border! My understanding is that remittance day to the commonwealth is twice a year. It sounds unusual, but that is what I have been advised. Therefore, on the next one of those days after this bill passes, just as every other superannuation fund will have to remit its moneys, the cheque or electronic transfer will happen. So whenever the next unclaimed money day is, that will be the day that the account will be cleared out. The advice I have just received is that on the balance of probabilities it is 31 March next year—12 days after my birthday, in case the member wanted to know!

Ms J.M. FREEMAN: So, from between now and, let us say, the first unclaimed money day of 31 March, if one of those 148 claimants that we are talking about for the \$200 000 in the 10 funds comes to Treasury looking for that money, will they be able to claim that money?

Mr T.R. Buswell: Yes.

Ms J.M. FREEMAN: Or will they have to wait until 31 March when it is passed over to the ATO?

Mr T.R. Buswell: No. My advice is that they will be able to reclaim that money.

Ms J.M. FREEMAN: Okay. While I am on my feet, I note that proposed section 27(4) states that all ancillary records, documents and information in the Treasurer's possession or under the Treasurer's control will go across to the ATO as well. Can I confirm that those documents will include the names, the last addresses and the contact details of those 148 claimants, and any other documentation such as tax file numbers or any of that sort of stuff that can assist the ATO to identify those 148 claimants? A thousand dollars might not sound like much to the Treasurer or me, but to some people it is a significant amount in their superannuation account, especially if they are quite young.

Mr T.R. BUSWELL: I imagine that would be the case. Basically the desired outcome here is that the ATO can perhaps do a better job—I am sure it would be better equipped to do a better job—to find the people. The money will be out of our hands. Again, all the advice I have is that all relevant records and documentation will be provided to the ATO. I am not sure whether those will be the records the ATO requires or whether it will be everything we have got, but we will provide as much information as the ATO needs to help it do its job to the best of its capacity. If that is all the information the member has asked about, I am sure that will be provided. There is no reason for us not to provide as much information as we possibly can. Everyone wants this money to go to its rightful owner.

Ms J.M. Freeman: Are you able to tell me that names are attached to the 148 claims? If you can identify 148 claimants, I'm assuming that there are names attached and some sort of contact address.

Mr T.R. BUSWELL: I really do not know. I assume there would be a name. I cannot imagine a circumstance in which superannuation would not be attached to a name. I think that would be covered. I am not sure whether the Australian Taxation Office would require a last known address. If that is available and required, then it would be

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provided. If a tax file number has been provided, I am sure it will be passed across as well. We will pass across whatever we have got to help it do its job.

Mr B.S. Wyatt: Is there any likelihood that a percentage of these people are dead? Is there a process for relaying information when a person dies?

Mr T.R. BUSWELL: The advice is that there are processes to deal with that, but there is no guarantee.

Clause put and passed.

Clause 6: Act amended —

Mr J.C. KOBELKE: Clause 6 deals with the State Superannuation Act. It is appropriate to seek an answer to the third question I asked the minister, which was slightly more elaborate. I refer to the issue of the Government Employees Superannuation Board closing down its financial advice service, which was a service that members had to pay for. Will there be transitional arrangements for those who have already paid a fee? What form of ongoing service will be available to them? Secondly, will those who have yet to contract into GESB’s financial services be given advice as to which service providers in the market they can potentially go to given that GESB, as a state-based scheme, has certain peculiarities? People who give financial advice to superannuants and pensioner beneficiaries of different super funds may not be familiar with all the tax and legal implications of a state-based fund.

Mr T.R. BUSWELL: I have been advised that there are two issues that relate to the ceasing of GESB Wealth Management. The first is the public policy issue of whether GESB should effectively have its own financial advice business. Second, financial viability was questioned by the Whithear report. GESB is expanding this service to provide retirement option services. It is a much lower level of retirement advice for GESB members who are approaching retirement.

Mr J.C. Kobelke: Is it a free service for members or are we talking about a service that members contract into?

Mr T.R. BUSWELL: It is my understanding that it is an in-house members-only service that is provided as part of a person’s membership of GESB. People will not be misled. There will be no overstating or overplaying the role it will play. It will not be there to replace a GESB wealth management-type level of advice.

Mr J.C. Kobelke: So it won’t be a financial advice-type service.

Mr T.R. BUSWELL: No, it will not. It is an important step. It is an interesting issue. One of the questions the member for Balcatta asked was: given that GESB Wealth Management will no longer exist, what role will GESB play in effectively vetting the broader financial advice industry or producing a list of recommended or preferred? I am not sure whether I have any advice for the member about that. I am not sure whether there was any intent to do that at all. However, I point out—I made this point when I closed the second reading debate—that my recollection of the discussions I had with the industry a couple of years ago is that some people in the financial advice industry have, over time, specialised in providing advice to people in GESB because of its unique nature. Predominantly, there is the unique nature of the defined benefits scheme—although defined benefits is quite straightforward for a lot of people, unless they have a lump sum to invest—but in particular with the handling of super that people in the accumulated superannuation scheme known as West State Super—which is me and probably any member who came to this place before 2007 when West State Super, with its unique set of benefits stopped and became GESB Super—have. The member for Balcatta would know that West State is unique because of its non-taxed contributions. Its non-tax status makes it quite unique. Another interesting thing I discovered the other day is that because of its non-tax status, a lot of the controls and limits that sit over members’ ability to salary sacrifice still sit with members of West State Super. Of course, that is not the member for Balcatta because I assume—I am pleased for him—he is on the defined benefits scheme.

Mr J.C. Kobelke: I’m fortunate to be in three different GESB schemes.

Mr T.R. BUSWELL: Interestingly, the member for Bassendean and I have whipped up a quick series of amendments to this legislation that next week will see all members returning to being defined benefit superannuants if they are in the lower house! No, it will apply to members of both houses. That will slip through. We will sit late a couple of days next week.

A government member interjected.

Mr T.R. BUSWELL: That is the one we are saving up for midnight on the night of the media guild.

Dr K.D. Hames: Get on with it!

Mr T.R. BUSWELL: Sorry?

Dr K.D. Hames: Get on with it!

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Mr T.R. BUSWELL: That coming from a person renowned for his brevity, although perhaps not in this place!

My understanding is that they will not be providing that list.

Mr J.C. Kobelke: I understand that, minister, but the questions I had were quite specific if we can come to them. You indicated that there are practitioners out there giving financial advice who have some expertise. The point is how does a member of the scheme locate those people?

Mr T.R. BUSWELL: I suspect that those people will make themselves known to members of the scheme through the operation —

Mr J.C. Kobelke: Without any vetting from you?

Mr T.R. BUSWELL: It is a different policy issue. The member is talking about the government playing a role in advising people which financial advisor they should or should not go to when financial advisors are effectively regulated by the commonwealth. I can get more advice from GESB about that. I do not have it here.

Mr J.C. KOBELKE: I thank the minister. I am not coming down that they should or should not. I see both sides of it. I do remember, before the minister’s time, when a government agency gave bad advice to people that should not have been given, which resulted in a scandal. Governments have to be careful when they do this. Clearly with so many thousands of members of GESB, there must be a means by which they can vet financial advice service before they buy it. I would like the minister to quickly respond to that. The other question that he has not answered is whether there is any obligation to people who have contracted into GESB Wealth Management. Is there any ongoing obligation?

Mr T.R. BUSWELL: Without being disrespectful, I did try to canvass those answers in my second reading response. The short answer is that vetting will not occur. It will be the responsibility of individual members to make arrangements with appropriately qualified financial advisors because there is a whole regulatory framework, thankfully, that sits around them.

In relation to people who effectively are customers in one way, shape or form of GESB Wealth Management, interestingly—and this forms part of an answer to a question asked by the shadow Treasurer —

Mr B.S. Wyatt: I haven’t got it back yet.

Mr T.R. BUSWELL: I thought I had signed it. I have part of the answer here, which is that 3 128 GESB members have paid for financial services. The advice I have received is that they are not paying upfront in some sort of contractual arrangement for a flowing series of services. It is basically a discrete fee-for-service-at-time-of-service-type product. There will not be an issue with “I paid for three months at the gym and it shut after a month”—type scenario. People will pay when they get the service at the time they get the service. It would be fair to say that there have been some complaints from members about the withdrawal of GESB Wealth Management services. GESB has exercised its best endeavours to let people know. Some people have complained, and the complaint has been their perception that not enough notification has been provided. GESB has tried to address that through additional information to members, but certainly there has been no hiding from it. I understand that some people would not have been as aware as others about the changes. The complaints have not been around the issue of prepaid services, because that did not happen; they have just been about the notification period.

Mr B.S. WYATT: I will be brief. In respect of those 3 128 complaints, I have a long letter from a police officer in Albany about this issue—I think it has been taken up by the Police Union with the government as well. He paid a \$3 700 fee that was duly deducted from his West State Super scheme. He finishes off his letter by making this point —

In closing, I have paid for financial advice that I need not have received had I have been told the truth of the matter that GESB would be relinquishing that aspect of their Services and had I wish to receive financial advice from another source I would be free to do so at a later time. Had I have known this at that time I would have elected to have not gone ahead with that advice and waited until the free market applied. I believe I have been duped into paying for a service that was not necessary to be provided at that time.

He goes on to say that he has consulted with the Police Union and is taking it further. Is the minister saying that, with this gentleman, it was more an issue of him not being notified, rather than paying for something that he was then unable to get?

Mr T.R. Buswell: I am not aware of the details.

Mr B.S. WYATT: And I have not given the details.

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Mr T.R. Buswell: I have been advised that if he paid the money, it would have been for a service that was delivered. I do not know the circumstances, and I am not aware of the engagement that he had with GESB, but if that is one complaint, he may not be happy with the bang he got for his buck. The advice I have had is that it is not, effectively, a payment for an ongoing stream of service delivery; it is a discrete payment for a discrete service at a point in time —

Mr B.S. WYATT: And that is my question. He suggests in this letter that he was under the impression that he was paying for an ongoing service, and the minister is saying that that service was never provided by —

Mr T.R. Buswell: What I am saying is that if he had received more advice as he moved forward, he would have had to pay more money. However, I accept that he may have formed the view that he was happy to have that ongoing relationship with GESB Wealth Management, knowing that he would have to keep paying, and now he is going to have to take what they have given him, which I assume is some sort of retirement plan—which for \$3 700 would want to be half-decent—and get someone else to action it. I understand how people would be disappointed with that, but the advice I have been given is that he has not prepaid, with that \$3 700, for an ongoing flow of advice or service delivery by GESB Wealth Management. I am happy to get GESB to look at that case—it is probably already aware of it if the matter is with the union. If that is the case, there would be a lot of letters from those 3 128 people.

Mr B.S. WYATT: I would have thought so; it is a higher number than I was expecting it to be.

Ms J.M. FREEMAN: Clause 6 relates to amendments to the State Superannuation Act 2000. When we amended, in part 2, the Unclaimed Money (Superannuation and RSA Providers) Act 2003, we put in a definition for “unclaimed money” and gave it the meaning under sections 12 and 14 of the commonwealth act—we actually changed it by deleting an old definition, and we tidied it up. I have two questions: is there a definition of “unclaimed money” in the State Superannuation Act 2000; and, is that definition consistent with our amendments in part 2? Are we including in the State Superannuation Act provisions for “unclaimed money day”, or are they already there?

Mr T.R. BUSWELL: Unfortunately, I do not have a copy of the State Superannuation Act 2000 with me—I have got one at home; I just did not bring it in.

Ms J.M. Freeman: Does your adviser not have a copy?

Mr T.R. BUSWELL: No. I cannot give the member an answer because I do not have the act. However, my advice is that if it is in the act, the definition would be consistent with the SUMLMA, or whatever it is.

Clause put and passed.

Clause 7: Section 38 amended —

Ms J.M. FREEMAN: I am intrigued. I thank the minister’s adviser for meeting with us some time ago to discuss parts of this bill. One of the problems is that when we start looking at the legislation in more detail in the house, we have more questions. Why does the amendment in clause 7(1)(b) mention a reduction of a member’s benefit, when we are talking about unclaimed superannuation? It then refers to an amount of unclaimed money that would otherwise be payable to the member. My concern is that it divides the member’s benefit and reduces it. I would have thought that if a member has unclaimed super, that it is a total amount of unclaimed super; it is not an amount of unclaimed money that would have otherwise been payable to the member. We are not reducing the benefit; we are taking that member’s benefit and transferring it to the ATO so that that member can continue to hopefully benefit in the future from that money. I want to get on record why this clause was constructed in such a manner. It is not clear what this clause is trying to achieve, which I understood was to transfer the benefit of someone who is over 65 and who has not claimed it. There would be few of those because most people over 65 would have benefited from the defined benefits scheme, and I understand this does not go to that scheme. I understood also that this clause would transfer the benefit of someone who has a balance of less than \$200 or a balance in those other areas that were mentioned in the explanatory memorandum, such as the unclaimed superannuation of a former temporary resident or lost member accounts—that is, small accounts of lost members and inactive accounts of unidentifiable members. I am interested to know why clause 7 has been constructed in this manner that seems to have an issue around members’ benefits.

Mr T.R. BUSWELL: I am advised that that is a very good question, because the member is right. The outcome would be that if it is an unclaimed amount of money and the totality of the unclaimed amount is being transferred, there is nothing left. I understand what the member is saying in that if the bill is read in one way, it is sort of saying there might be something left over. My question was: could there be a situation in which there could be some unclaimed moneys as part of the member’s benefit getting transferred and then there is some left over? The answer is no, because otherwise it is all in. If a person ceased activity with the fund at a certain time,

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they would qualify, so that line of inquiry did not help me. The advice I have is that it is included. Again, I am not sure whether there is a need to have technical link between the definition of “benefit” and “reduction in benefit” versus the transfer of the amount of unclaimed money, but all the advice I have received is that it is required to make sure that we can send the totality of the balance across to the commonwealth and subsequently administratively acknowledge the fact that that transfer of the balance is effectively a removal of the benefit. I can offer no further advice.

Ms J.M. Freeman: We have been talking about the fact that if you are with West State Super, you have non-taxable contributions. That is one of the benefits. The benefit of your scheme is that if you’re in West State your contributions are not taxed on the way in. So, if you are not to reduce the benefit and you are talking about unclaimed funds, this is where I get a bit concerned about the way that this is framed. If I was someone who had unclaimed funds in West State and that was a non-taxed fund, and you sent it over in its totality and I said that you were not supposed to reduce my benefit, one of those benefits being that it was an untaxed fund, it has now been sent to the Australian Taxation Office, where clearly the ATO will take some tax out of it, because once it gets transferred into another fund, and once I find it, tax will be taken out of it, and I have had my benefit reduced. So, my comment is that that is a really poor construction. I think it is not made clear that a person’s benefit will be reduced, because they will lose the untaxed aspect of that fund.

Mr T.R. BUSWELL: That is a good question, which I cannot answer today. I will not even pretend to try to answer it. I will make sure that we get some advice for the member and for our colleagues in the other place so that if that advice is not clear—I am sure it will be, but if it is not—it is a matter that can be canvassed further in the other place. I will not even pretend to try to answer it. I think it is a valid area of concern. I am a West State Super holder with the small benefits that that provides, and I would like to know the answer to that query myself. Therefore, I will not even try to provide the member with an answer; I will provide an undertaking that we will get back to the member and our colleagues in other place with that information.

Ms J.M. FREEMAN: In the previous discussion on part 2 of the legislation, the minister was able to tell us that there was \$200 000 going across and 148 claimants. These regulations will provide for the reduction of members’ benefits, as I understand, in West State Super, Government Employees Superannuation Board and the retirement account. Is the minister able to tell me how much it will be in total, for example, on 31 March? There must be a pool of funds that is ready to go across at this point in time. How much will it be in total and how will that be allocated to West State, GESB and the retirement account? It is not in the explanatory memorandum, or at least I did not see it.

Mr T.R. BUSWELL: I do not have any information on the number, but the advice I have is that the transfer amount of unclaimed super from the government employees superannuation fund, which is what we are talking about in respect of the prescribed schemes, is expected to be around \$1.3 million in initial transfer of accumulated unclaimed superannuation. Of course, after that there will be amounts because there will be this biannual remittance. It is \$1.3 million, although I am not sure of the number.

Ms J.M. Freeman: You don’t know how many claimants?

Mr T.R. BUSWELL: No, I do not, but I suspect that there is probably some commonality in the size of unclaimed funds. Again, we can provide some more information on the number of account balances, but I suspect it would be a relatively simple proportional increase relative to what we were talking about before, although I could be completely wrong; we can find that out.

Ms J.M. Freeman: Are you able to show how much of that is because people were over 65 and their funds unclaimed, and how many of those were lost because of periods of time that people have not been able to do that?

Mr T.R. BUSWELL: We will try to get that information. I cannot give an undertaking because I just do not know.

Ms J.M. Freeman: I suppose my need to know if that breakdown between West State, GESB and the retirement account is quite important, because my prior question related to the fact that one of the benefits of West State is that I am in a non-taxed contribution scheme, therefore it is quite important to know in terms of West State. As a clarification to that —

Mr T.R. BUSWELL: I do not have the numbers, but given that there are a lot more people in West State than are currently in GESB, I suspect that a lot more of the unclaimed \$1.3 million will come out of West State than out of GESB, which probably reinforces the value of the member’s earlier inquiry.

Ms J.M. Freeman: Relating to my earlier inquiry, if you go from West State Super and you are over the age of 65, which will take you to the other area, you would have gone into the retirement account? When you go into

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the retirement account at that time, because you are still under GESB, do you pay tax on that transfer or would you only pay tax at the time you take your benefit? Really, did that non-taxable benefit transfer to the retirement account for those unclaimed super funds?

Mr T.R. BUSWELL: The advice I have is that the fact someone rolls over means that they roll out of an untaxed scheme into a taxed scheme, which is what the member was asking —

Ms J.M. Freeman: When they roll into the retirement account, do they pay tax at that point in time?

Mr T.R. BUSWELL: Yes.

Ms J.M. Freeman: So you do not have that same problem for those retirement funds.

Mr T.R. BUSWELL: No; that is right.

Ms J.M. FREEMAN: That is what I wanted to know. I refer to proposed section 38(6A) and I am again interested in its construction. Under proposed subsection (6A) there is provision for the board to give any statement, to make any payment and to do any other thing. Why would we not be writing what we said in the previous provisions which referred to —

Mr T.R. Buswell: Sorry to interrupt. Which clause are you referring to?

Ms J.M. FREEMAN: I am referring to clause 7(4) and proposed section 38(6A), which states —

Regulations may provide for the Board, in relation to any scheme that is prescribed for the purposes of the *Superannuation (Unclaimed Money and Lost Members) Act 1999* (Commonwealth) ...

Mr T.R. Buswell: That is clause 7(4) and the insertion of proposed section 38(6A)?

Ms J.M. FREEMAN: Sorry.

Mr T.R. Buswell: I wasn’t trying to be smart; I was just trying to work out —

Ms J.M. FREEMAN: The minister is good; it is me not reading the bill properly. I am really talking about lines 27 and 28 on page 5, and line 1 on page 6 of the bill. I am looking at the construction of that particular proposed section. When we look at the construction of what we previously did in part 2 of bill there was reference to the giving of all ancillary records, documents and information in the Treasurer’s possession or under the Treasurer’s control. But in this proposed section there is reference to give any statement, make any payment and do any other thing. Why are we not talking about giving all statements, making all payments and doing all other things as necessary? I am interested in why it has been constructed in this way. The word “any” could be as broad or as restrictive as we determine it to be. Does the word “any” mean past statements or does it mean all statements? I am interested in the Treasurer putting on the record the purpose of the word “any”, when a previous proposed section talks about “all”.

Mr T.R. BUSWELL: Yes—who knows? But it delivers the same outcome.

Ms J.M. Freeman: Does it? If it delivers the same outcome, why not use the same terminology throughout the bill?

Mr T.R. BUSWELL: Fair question. We are dealing with two different acts. I think we have to retreat to intent.

Ms J.M. Freeman: Yes, and that is what I want put on the record. What is the intent?

Mr T.R. BUSWELL: In retreating to intent, the intent is to make sure that the opportunity for individuals to access their unclaimed moneys as a result of the transfer of these moneys to the Australian Taxation Office is maximised. I am assuming that the inclusion of the words “to do any other thing contemplated by that act” would empower GESB, via regulation, to provide any information that is required by the commonwealth—that is, the ATO—to give the ATO every opportunity to help that money find a home.

Ms J.M. Freeman: Does that mean all? That is what I want to know.

Mr T.R. BUSWELL: Yes, I believe so.

Dr K.D. Hames: I have seen this drafting mechanism used before in other bills. They use that to mean “any means”—that is, whatever you need.

Ms J.M. Freeman: It is not a very clear statement, is it?

Mr T.R. BUSWELL: Can I just say that there will be a set of regulations that will pop out of the back of this process, and, in the normal way, members of Parliament as a collective will be able to review and peruse those regulations.

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Dr K.D. Hames: And you can make sure that the regulations ensure that it is all things, which is what GESB wants to see.

Mr T.R. Buswell: Who’s dealing with this bill? Do you want to take over the whole joint? It’s gone to your head!

Dr K.D. Hames: I am just trying to help!

Ms J.M. FREEMAN: By way of clarification, it states, “to do any other thing”. I am just wondering what other things are anticipated and contemplated in terms of that. That is particularly broad. Would “any other thing” entail compensating people for the loss of their untaxed contributions benefit?

Mr T.R. BUSWELL: No, it would not. I would need to get clarification on how that will be treated. I am assuming this relates to the transfer of information to the ATO. I do not know whether there will be that erosion of benefit—I am very keen to find out—but that is not what this particular part of the bill is about. This particular part of the bill is dealing with the provision of information to the ATO.

Ms J.M. FREEMAN: I come back to proposed section 38(4)(d). I have mentioned to the minister my concern about the loss of the member’s benefit of having an untaxed contributions scheme. I am interested to know how it is intended to deal with the insurance attached to the member’s benefit in the transfer of lost superannuation, given that insurance for death or disability often forms one of the largest parts of the unclaimed moneys. What often happens is that the amount payable for death or disability is greater than the amount of the lost super. So I am interested to know how that will be dealt with in terms of a member’s benefit.

Mr T.R. BUSWELL: The advice I have is that the insurance cover will cease one year after the last payment has been made into the fund; so, the insurance cover will cease before the money becomes unclaimed, and it is, therefore, a non-issue. I suppose there is some sense to that, because if a member is not making a contribution, the member loses his or her right to any insurance that may come with that payment. What we are dealing with here is not the insurance component; it is the balance in the superannuation fund.

Ms J.M. Freeman: So the minister can assure the house that if the money has been unclaimed for more than one year, no insurance premium will be taken out of that benefit after that period of time?

Mr T.R. BUSWELL: Yes.

Clause put and passed.

Title put and passed.

Leave granted to proceed forthwith to third reading.

Third Reading

MR T.R. BUSWELL (Vasse — Treasurer) [4.27 pm]: I move —

That the bill be now read a third time.

MR B.S. WYATT (Victoria Park) [4.27 pm]: I thank my colleagues for their lengthy contributions on the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012. The opposition supports this bill. I want to thank in particular the member for Nollamara, who has much more knowledge about superannuation than I have and is indeed, from listening to some of the contributions, perhaps the most learned in this place on superannuation. The Treasurer has answered in quite some detail the questions raised by the opposition. The impact of this bill on the consolidated account is barely within the margin of error, I dare say —

Mr T.R. Buswell: Dust!

Mr B.S. WYATT: Yes, it is about \$1.5 million. Hopefully as a result of this bill people who have lost superannuation moneys in accounts will find those moneys and those superannuation accounts will be reunited with their owners. The member for Nollamara and many members made the point that even \$1 000, \$2 000 or \$3 000, which in the big scheme of superannuation funds may be a tiny amount of money, may make a big difference for people. I hope that the Australian Taxation Office will be able, in a much more efficient manner, to find the owners of those superannuation accounts.

The member for Balcatta pursued at some length the issue of GESB Wealth Management and the Treasurer endeavoured to answer those questions during consideration in detail. I again refer to a letter I received from an Albany-based police officer, who starts his letter to me by writing —

In July 2010 a number of Police Officers based in Albany ... took the opportunity to seek advice from ... a Financial Advisor and an authorised representative of GESB Wealth Management Pty Ltd, trading

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as GESB Financial Advice. In my case ... the advice sought related to the financial implications and benefits of undertaking the transition to retirement in relation to funds held by me in GESB.

The letter is quite long and he certainly expresses his frustrations. He makes the point that he took that advice and \$3 700 was deducted from his superannuation scheme. He also makes the point —

I was not made aware at that time or anytime thereafter that GESB was in the process of closing the Financial Services arm of its operations and that that service would be subject to commercial operators at some point in time. Had that been made known to me ... it may have influenced my decision not to obtain that financial advice at that time but wait until a more competitive and cost effective Agent was appointed or I was in a position to deal with my finances as I saw appropriate.

He went on to set out his frustrations that I have put to the Treasurer.

Mr T.R. Buswell: GESB members were not forced to use the services of GESB Wealth Management. They may have formed a view that it was a logical extension. I am not trying to take away from the content of the letter but GESB Wealth Management operated in a competitive market, effectively. Although, some may argue that given their name and close association with the client and the super fund that —

Mr B.S. WYATT: That it may have been the only option available to them. I think that is probably right. However, the officer is expressing his frustration that he just did not know. Given the answers that the Treasurer has provided to my questions on notice, it appears that quite a few people perhaps did not know either. His letter is quite lengthy and he talks about the Whithear review et cetera. I will get back to him. The officer points out that the Western Australian Police Union of Workers has taken up this issue and will no doubt get an extensive response from the government. As I said, the opposition supports this legislation. It is good legislation that will hopefully resolve outstanding superannuation moneys for obviously a small number of people. Nevertheless, it is an important bill.

MS J.M. FREEMAN (Nollamara) [4.32 pm]: I rise briefly to speak on the third reading of the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012. One of the difficulties with superannuation legislation is that people believe superannuation is too complex and difficult to understand, yet it is their money and their entitlement. The construction and phrasing of some parts of this bill is very convoluted. When we do not use simple language, we run the risk of even members not being able to understand the intention of the clauses on the face of it. We then hide behind the argument that that is just how it is drafted. Superannuation is everyone's money. It is their entitlement and their retirement income. Members should ensure that whenever we look at superannuation legislation, the clauses in the bill are clear.

Some members may hold the view that I spent too much time drilling down into particular clauses. At the risk of being called a tsetse fly, I believe it is important to put on record the intent and purpose of the bill. It was good to hear the Treasurer put on the record that although the bill covers unclaimed money of someone who is over 65 years of age, small accounts and temporary residents, it is not part of the process of looking into the small account holders mentioned in the Whithear review. The government will undertake other strategies in its pursuit of those smallholders that it says are being cross-subsidised by the large superannuants in the Government Employees Superannuation Board to ensure that they transfer their money now that they have a choice. Obviously, that choice is one-way. I believe that people should have been able to bring their super from outside into the scheme.

It is a concern that one of those benefits is the untaxed aspect of the benefit. We need to recognise that that aspect was one of the great benefits. In fact, it was the last great benefit of being in a state public sector super fund. The previous one was the golden handcuffs of the defined benefits scheme. A reason that we see such a large flow in and out of super funds now is that people have lost that condition, which was a great benefit. We must ensure that we do not undermine the West State Super benefit also.

In closing, I took into account that the Treasurer would provide further information on how many people were in West State Super, GESB Super and GESB Super retirement access, and how much money was involved and how many claimants there were. Given what has been said today about small balances and the impact super has on women, I feel it is beholden on the Treasurer to take an interest in that. The money is to be transferred to the Australian Taxation Office on unclaimed money day. People think I know a lot about super, but I never knew about unclaimed money day. Before the money is transferred from GESB to the ATO, the Treasurer must ensure that GESB has explored every possible avenue to ensure that people are reunited with what is rightfully theirs. Although we say that the ATO is the best place to hold small amounts of unclaimed money and lost long-term members, it is better to find them when the money is still in a superannuation fund so that people can consolidate it. The ATO is a large, monolithic organisation. I have dealt with it when trying to pursue unpaid super rather than unclaimed super. I did not find the department particularly helpful when I was trying to get unpaid super

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paid. I hope that my experience will not translate to people who are looking for lost and unclaimed super. I commend the bill to the house and commend the Treasurer for his indulgence.

MR T.R. BUSWELL (Vasse — Treasurer) [4.38 pm] — in reply: Once again I thank all members for their contribution to the debate. Where we can, we will get answers to the valid questions the member for Nollamara raised. Hopefully we will get useful information back to her. Although my adviser has left the house, I thank Mr Boris Roden, who has made many a trip up the hill over the last few months to deal with this bill and is looking fitter by the day! This bill will now go to the upper house and hopefully we will get it passed as quickly as we can because it is a small but important reform to the structure of the state's superannuation system.

Question put and passed.

Bill read a third time and transmitted to the Council.