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

Second Reading

Resumed from 11 September.

MR D.A. TEMPLEMAN (Mandurah) [2.54 pm]: The bill before us —

The SPEAKER: I have given the call to the member for Mandurah. I want to hear him, and I am sure that other members in this place want to hear him.

Mr D.A. TEMPLEMAN: I will be very brief; I, of course, am not the opposition lead speaker on this bill. The opposition has indicated that it will support this bill. The member for Victoria Park has a range of questions that may be able to be answered during debate, and that may determine whether we go into great detail during the consideration in detail stage. It is my understanding that this bill tidies up a range of outstanding matters related to unclaimed moneys. The bill seeks to ensure greater transparency with what happens to moneys that remain unclaimed. The member for Maylands will make some very pertinent points about this bill. When I spoke to her yesterday evening about the bill, she alluded to a number of issues about women and superannuation. The member for Cockburn during his contribution yesterday highlighted the gross difference between what the average Australian man holds in superannuation and what the average Australian woman holds in superannuation; it is more than half as much. Indeed, women hold only 30 per cent compared with men. I am interested in this debate. I will listen carefully to my colleagues' contributions, particularly that of the member for Maylands who I understand is about to begin her contribution in this place.

MS L.L. BAKER (Maylands) [2.56 pm]: I have a few comments about the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012. In my working life I have had a range of different positions. Some were low-paid positions and some were well-paid positions, such as this one. My experience relates to remembering where I put my superannuation and of moving in and out of superannuation as I changed jobs. I make mention of the fact that I spent several years working for the United Nations. I have spent time in and out of the Australian workforce. As a result, I lost track of some of my superannuation on occasion, which is pretty representative —

Mr T.R. Buswell: I will find it for you if we go halves!

Ms L.L. BAKER: It might not be worth it, minister—but thanks for the offer.

Mr T.R. Buswell: It depends on what currency it is in.

Ms L.L. BAKER: It is in Geneva, so it is probably pretty good. When I started work for the United Nations, I was quite young—30-odd—and I took on the position of chief technical adviser or international expert on hotel tourism and income-generating projects in the hotel and tourism industry. I was given the full-time job of team leader in Katmandu for three years. While there, I made a significant amount of money in superannuation—money that was tucked away by my employer. At the age of 30, I was pretty oblivious to the fact that I might need to retire one day and have superannuation behind me. I was probably still too young and green to understand the need for income security in my later years. When I left full-time employment at the UN, I cashed in my super. Many women do that not only when they change jobs but also for family reasons. Women's careers change, ebb and flow according to family commitments. Very often a woman will decide to take time out from the workforce to have children, and often her superannuation suffers accordingly. If she takes three or four years out, or even five to seven years out, she may find upon her return to the workforce that not only did her super not accumulate while she was out of the workforce, but also that she is on a lower level and is treated differently from the employee she was when she left her job. There is a lot of catch-up to do.

I refer to Elizabeth Broderick, the Sex Discrimination Commissioner, who wrote a paper in 2009 entitled "Accumulating poverty? Women's experiences of inequality over the lifecycle". I will refer to some of the quotes in her paper. The first quote pretty much surmises what I just said, but from another woman's experience. It reads —

> I'm a mother who has been out of the paid workforce for two years and will probably be for the next 4 years, until my children are ready for pre-school. My return to work will probably be on a part-time basis and I will probably have to re-start my career after so many years out so I don't expect that I will earn very much. I never thought this would be the case—I studied for many years, earned a higher degree, worked overseas and then started my family ... I can't see how, after this time out of the workforce, my earnings will ever come close to my partner's. I dread to think of how I will ever manage if I have to rely upon my meagre superannuation contributions in retirement.

That is a very good example from another woman of her experience with superannuation. Of course, I remind members that I am talking about the income gap and the gender gap, and inequality in wages and superannuation, because they relate directly to this bill, which looks at what happens when super is not collected and is scattered to the winds. There would be a fair swing towards the number of women who find themselves in that position. I would like to see whether the minister has any figures to show whether women are more likely to be the gender searching for their superannuation. It would be quite an interesting piece of research to go along with the gender gap and pay equity. I know that work is being done in the Treasurer's government on pay equity, and it would be a good thing for that to be looked at.

The aim of superannuation is to provide financial security in retirement. As I have said, the system does not serve women all that well, leaving a gender gap in their retirement income and raising concerns about poverty and financial hardship for women in retirement. The disadvantages for women come on two levels. Firstly, women commonly move in and out of the paid workforce due to caring responsibilities. Secondly, even when they are engaged in paid work, women generally earn less than men. This means that not only do they generally have lower levels of super cover over their life cycle, but also, when they engage in paid work, they make lower amounts of superannuation. Currently, super balances and payouts for women are approximately one-third of those for men. I have a few details about superannuation that I will put on the record in a minute. Future projections show that the gap is probably going to remain for the next few generations. This has serious implications, because it means that women are likely to end up relying on the age pension and therefore have acute vulnerability to poverty in retirement. So, instead of women accumulating wealth through retirement income systems such as superannuation, it ends up embedding inequality over a life cycle and in some ways making women far more susceptible to poverty. We heard previous speakers mention some of the reasons that that might happen. I know that one of the situations with which we are very familiar as members of this Parliament, as well as members of our own communities and members of Australian society, is the increasing incidence of divorce in our communities and the resultant impact that that has on the incomes of men and women.

Rather than drilling down further—because I cannot find the figures right now—I will talk about the average super balances and payouts. In 2009—the figures are a bit long in the tooth now, but they still demonstrate the problem—super balances were $35 520 for women compared with $69 050 for men. That was an increase, because previously it had been $23 900 for women compared with $56 400 for men. Although there was a small increase from 42 to 51 per cent at that time, we can still see that there was a significant gap. In 2006, the average retirement payout was $63 000 for women and $136 000 for men. Prior to that, in 2004, the average payout was $37 000 for women and $110 000 for men. As a proportion of the average payout for men, the average payout for women increased from 34 to 46 per cent. That is good news because it shows that we are at least trending the right way, but it also demonstrates pretty clearly that it will be a very long journey before we get there. The thing I am really concerned about, Treasurer, is whether pushing the responsibility for identifying the funds into a different jurisdiction will have any negative impact on women such as me and many others who have gone into and out of superannuation schemes over our lives and maybe lost track of them. Will the impact on us be any worse than it would be for men?

Another issue that I wanted to mention briefly is the way in which we structure superannuation. I know that this debate is not directly about how we structure superannuation; it is about how we find the bits that we have missed. However, I would like to put on the record a few issues that are relevant to the broader debate about superannuation. Many women who work at home in a full-time unpaid capacity clearly do not have any, or have a very limited, access to superannuation, so in some settings an employer could make contributions to a super fund on behalf of an employee's dependants and obtain a tax deduction for those contributions. However, that is conditional. Those receiving superannuation via a spouse's income have to be gainfully employed for at least 10 hours a week. A provision that was introduced recently allowed women to continue to contribute to their pre-existing scheme for up to seven years while on leave from the paid workforce. However, while having no income from which to make contributions, a woman's capacity to accumulate funds is pretty limited, and it is also significantly eroded by the charges and taxation levied along the way.

Unpaid work clearly has an extremely greater impact on women, because they are still the ones who do the majority of unpaid work at home. They are also the ones who are often involved in caring arrangements over a life cycle. This is not just for children. The woman is generally the person in the home who stays and looks after elderly parents or anyone who is dependent. Therefore, the impact is not likely to be just during childbearing years or just when the woman has babies in the house. When parents are being looked after, we are also likely to find women at home and out of the paid workforce. So there are a number of problems with superannuation, and women have borne the brunt of that over a long time. It would be a really positive thing to have the pay equity unit start to look at superannuation and perhaps pick up on some of the other work that has been done around Australia and internationally. I know that superannuation is a federal responsibility in many cases, but there are elements of it that we should look at from a state perspective, particularly around the pay gap and the gender inequality in that.

MR P.C. TINLEY (Willagee) [3.07 pm]: I would like to make a fairly short contribution, hopefully, to this bill, which will be more around the issue itself. As indicated by the shadow Treasurer, we support the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012, which is emblematic of a Federation that bumps and clumps along. Hopefully, this is the trailing edge of all those bits of housekeeping required to bring us into a more compact way of approaching the issue of superannuation. It is the twentieth year since superannuation was introduced in 1992 by the then Keating government, as we have heard from various members who have spoken on the issue. It was the Keating Labor government that introduced the compulsory superannuation guarantee system, obviously noting that superannuation had been alive in this country for some time prior to that, typically around the defined benefits–type schemes and things which were typically the preserve of the professional class and which now have been appropriately extended to everyone else. Also, it was noted, even back then, that it was in response to the age pension and the effect that the age pension was having on all of the western world's economies, and in fact we are now seeing a greater impact. It was going to be an unaffordable strain on the entire economy and we are still seeing that being played out now. Do not forget that the superannuation guarantee has three pillars in its approach to retirement income. The first is a safety net consisting of a means-tested government age pension system, which had been in existence and has been tinkered with since. The second is private savings generated through compulsory contributions superannuation. I note though that in a graph I saw in, I think, *The Australian Financial Review* as recently as last week, it was noted that Australia is at a 20-year high for household savings. Therefore, there is a genuine appetite for savings products, be they mortgage, superannuation, straight cash or other wealth creation. I would say that is thanks to, in no small part, the contribution made in 1992 by this legislation. Of course, the third pillar of the superannuation guarantee was voluntary savings through superannuation and other investments, so those additional steps that are put in.

It also never hurts to continue to be reminded that this was only able to be delivered in 1992 on the basis of a tripartite arrangement between the trade union movement, the government and employers themselves. It shows that if we really want to have a true conversation in this country, a true public debate, about productivity, we cannot just be drawn into the old corners and settings of just straight wage growth versus wage productivity versus labour productivity; we have to have a broader debate and a broader understanding before we can actually really deliver true productivity outcomes in this country. Certainly this state is not immune from having those conversations. Productivity is not only a federal issue. The 1992 agreement between the government and employers, which included a foregone three per cent fixed wage increase for the purpose of establishing a superannuation fund, is a really good example of how we can have a negotiated arrangement about productivity; and really, the debate on productivity needs to move on from its old shibboleth of just straight wage growth versus product output. We need get to a point where we really start to understand and unpack multifactor aspects of productivity and certainly capital efficiency as no small part of that conversation. Of course when the policy was introduced, employer superannuation contributions were set to increase over time to 12 per cent; that was fairly modest. In July 2002 the minimum contribution was set at nine per cent and it was payable only on ordinary time earnings and not on overtime earnings, but it is applicable to other forms of remuneration. It took nearly 15 years before some institutions, for the purposes of a benefit, actually looked at the remuneration component as a method for calculation of exit for defined benefits particularly. Now we generally have widespread support from all sides of politics for compulsory superannuation, because we all know that the juggernaut that approaches us is the growing number of people on the age pension and certainly the growing number of people moving into retirement years.

In fact, the policy never really had an easy start to life. It was resisted at every turn. It was certainly resisted by the then Liberal opposition, it was resisted by business and it was resisted by all and sundry that had a perceived belief that it would destroy the economy of the western world. It is funny how those echoes are continually heard around all these sorts of debates. The goods and services tax was going to bring Armageddon. Even non-economic stuff like Y2K was going to bring down all civilisation, and a carbon tax was going to send us into the greatest and grandest abyss of all our known memory. It is instructive when we think about and look at every time some of the governments of either persuasion have undertaken bigger reforms that the level of public debate has been a bit shrill. In fact, Keating himself criticised the Howard government for not increasing the rate of contributions to 15 per cent by 1996 or not having a commitment to do so. He estimated that had that increase happened in 1996, superannuation assets in Australia would approach $2 trillion, which is almost double the current level of $1.4 trillion. I think he is on the low side. If we had had that level of contribution, I believe it would have been well in excess of $2 trillion when we look at the growth of economies. Australia has the fourth largest amount of superannuation funds, at $1.4 trillion dollars, and for a country ranked fourteenth in the

OECD, that is an amazing outcome and it shows what can happen when economic reform is genuinely front and centre of federal and state government policy.

Australia now has more money invested in managed funds per capita than any other country in the world. That makes us, and has driven us, to what can only be described as a shareholders' society. We have transitioned ourselves into a shareholders' society. That has its strengths and weaknesses. One of its weaknesses is that people are prone to a sense of fear—they are spooked. In my belief the sentiment of fear pervades people who are too focused on the markets and not enough on the underlying economic strengths that create those markets. In fact, a graph I saw, again, last week, presented by Craig James from the Commonwealth Bank of Australia at the Association of Mining and Exploration Companies conference was really instructive. Whilst we had all these trend lines going up on every subsequent and previous graph that this economist was putting up, there was one that showed the worst. He had just finished showing the 20-year high in household savings and the next graph he presented showed a 20-year low of consumer sentiment. Consumer sentiment in Australia is at its lowest ebb in 20 years.

What did the super industry create? It created a huge path of jobs and it created a huge piece in the Australian economy for the skilled services sector. All those kids who ended up going to uni to do financial advisory courses, economics or commerce now all work in the superannuation industry. I have not got a number and I would love an interjection if anyone has any information worthy of a number about how the superannuation industry employs, trains and skills people and makes us truly part of the global economy.

The whole thing is not a bad reform, but it has been challenged. Our superannuation system does have challenges and it still gets challenged to this day. That is probably rightly so because it is only through challenging it that we debate it and work out what is most efficient. In fact it has probably been one of more directly tinkered-with pieces of economic reform over 20 years than many others, except for maybe the tax system itself. As recently as 2010 there was a constitutional challenge in the High Court made by Roy Morgan Research against the Superannuation Guarantee (Administration) Act. The fact that the High Court was even prepared to entertain the challenge alone sent enough of a shockwave around the industry. It was reported that if that challenge had been successful and employers were no longer required to deduct income from employees to pay the money into the superannuation fund, it would have potentially devastated the financial sector, not to mention that it would have completely shipwrecked our key plank for retirement funding in this country. As I said, the challenge was mounted by Roy Morgan Research and it was interesting because it raised one those issues that do require debate, assistance and direction. It had been interpreted that the interviewers for the Roy Morgan Research company were contractors and were required to provide for their own superannuation. Unfortunately, the Australian Taxation Office did not see it that way and it made a retrospective ruling. Under the 10 per cent rule, the retrospective ruling meant that the employer had to pay the backdated contributions but the employees never had to pay back the offsets they got. Roy Morgan Research took the case to the High Court but did not win. Roy Morgan Research was doubly slugged by an interpretation from the ATO. Much of our super system is about interpretation and application. The bill before us this afternoon is part of the application process to make sure that our super system is as efficient as it can be. Despite the nominal dollar amount that is attached to this bill, its processes are very important.

As I said, superannuation funding in Australia has gone through many changes since its inception in 1992. Some of those changes are good and others are debatable. In 1996, do not forget, John Howard introduced the superannuation surcharge for the express purpose of raising additional revenue. That was scrapped in the 2005–06 budget and abolished in July 2005, which is when it was always intended to be abolished. As Prime Minister in 1987, John Howard changed the arrangements for the preservation age so that by 2025, workers wishing to access their super would have to be at least 60 years of age. The areas around age, retirement and access to preserved benefits are out of step, in my view, with the way the modern economy is shaping, particularly the mobility of the labour force. When I say "mobility", I am talking about age participation. The reasonable benefit limits were abolished in July 2007. Superannuation taxation itself also has been shifted, gifted and moved around. Superannuation taxes account for $6 billion in federal government revenue annually. There have been many other changes to superannuation. I believe that the superannuation co-contribution scheme was a very good component. It started out at $1 500 for low-income earners and is now back to $1 000 and will be rolled back even further.

Ms J.M. Freeman: It is going higher.

Mr P.C. TINLEY: Is it? Okay.

Another thing that was built into the system over time was the flexibility to move between funds. By July 2005, employees were able to choose the fund into which their future superannuation guarantee contributions were paid. Again, that is great. However, it is other things that have made it a little more slick, such as equal contributions. They might sound like they are small things, but they are no less important. One of those other things is super clearing houses. I could not tell members how many times I sat up late at night as a small business owner writing 15 or 20 cheques to individual super funds. It was a laborious task. Through digitisation, certainly, but even before that, I could write one cheque, or in this case make an EFT payment to the clearing house and then the clearing house on-forwarded the payment. That brings me to the point of unclaimed super. That can only come about by the eligible role of funds existing and allowing all those things to be rounded out and for people to be able to discover their unclaimed super.

However, that is not the biggest challenge. In my view, our biggest challenge is what is coming down the line—our capacity to fund our retirees. The ageing population is one of the greatest demographic shifts we will see in our lifetime and it involves challenges and opportunities. The challenges are quite social and the productivity opportunities are also quite good. What I had to reach for in order to understand it was a report by the Actuaries Institute titled "Australia's Longevity Tsunami—What Should We Do?" The Actuaries Institute is not a place where I hang out too much, but it was very helpful in unpacking the idea of what will happen to society as our ageing baby boomers move into retirement. The report states —

> Australia is experiencing a major demographic and societal transformation … by 2050, almost a quarter of the population will be aged over 65 compared to 14% now.
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> …
>
> Australians are already **one of the longest lived populations on the planet**, and our longevity is steadily improving.

This is our biggest issue and it really is important that we face it. This sort of thinking started with the intergenerational report commissioned by then Treasurer Peter Costello, which was based on the best figures that were available at the time. The idea was conceived then that the budget would be put into permanent deficit simply through demographic change by 2029–30. The word "permanent" has a big impact. The cost of health is one of the principal things that would drive that. By the middle of the century, 27.1 per cent of gross domestic product will be dedicated to the cost of ageing and health. That is nearly one-third of our GDP, which is a massive amount.

[Member's time extended.]

Mr P.C. TINLEY: The heart of this case is made on the basis that a 2010 ABS report forecasts that a man born in 2010 is expected to live to 79.5 years of age and a woman born in that year is expected to live to 84 years of age. The report goes on to say that a man born in 2050 would live to 87 years of age and a woman to 95 years of age. What if those assumptions are wrong? The Actuaries Institute believes they are. I will not go into the factors it uses to reach that conclusion, but members will have to accept that they are the range of things that would normally inform the debate. The institute forecasts that a man born in 2010 could expect to live to 92.4 years of age and woman to 93.9 years of age. The Actuaries Institute uses a lot of historical data and also inputs around health and so on. It is also important to talk about medical advances and its contribution to longevity. Medical advances themselves, according to the Actuaries Institute, create plausible scenarios under which a person currently aged 65 could expect to live past 100. I would rather not, but I can imagine it. The age pension is the single biggest welfare payment made by the commonwealth and will be $37 billion this year alone.

There is a range of policy responses, challenges and opportunities. One of the challenges is to keep shifting the retirement age to be reflective and responsive to the demographic change. More important are the social changes that will need to happen. How can we keep older people in the workforce longer or create workplace practices that allow them the flexibility to come and go and still have opportunities in the workforce? I do not pretend to provide any answers to that; I am just defining some of the problems. Superannuation boosts can be provided as an incentive for people to continue to work and we can introduce all sorts of tax offsets for people who continue to work. However, there is a general resistance to employ older workers. I cite my own brother, Mark, as an example. He is 53 years old and had a business. For most of his adult life he has worked in and built up his own business and family businesses. He has done well, but when he decided that it was time to sell, he sold. His business supplied oil and gas companies with fittings, hoses, pipes and other big stuff. He has been looking for employment for the past year. He just wants to be a business development manager or general manager for a company and never have to worry about his capacity to support the business and never have to worry about losing the family home, but he cannot. He is highly qualified and highly capable. Most often in the interviews he goes to people across the desk from him are a lot younger than he is. I wonder whether there is not a little bit of fear by them about employing someone who is a bit older. It might be ageist, but there it is. If it exists as an attitude, we need to tackle it. That is something that we can make a massive contribution to at the state level if we get our culture right when we employ, retain and engage all our workforce, and obviously remunerate them correctly as part of all that, in time or cash and kind. Certainly time is one of the key components they are looking for.

A point raised by, I think, the member for Maylands was the differential between men and women. I was alerted to this by the member for Nollamara and it is important to put it on the record—please interject if I have this wrong—that the average superannuation payout for men is $110 000 and for women $37 000.

Ms J.M. Freeman: It is $33 000.

Mr P.C. TINLEY: Thank you. It is $33 000, just under a third of $110 000. That is a great shame on all of us.

Ms J.M. Freeman: Sorry you're right, it's $37 000.

Mr P.C. TINLEY: I am always right, but I never want to disagree with the member. It is $37 000 versus $110 000. There are differences of age, gender and social issues that this state can address to create a more flexible and better approach to employment and a retirement income for our people, no matter where they are. Thank you for your time.

MR A.J. WADDELL (Forrestfield) [3.37 pm]: I too want to talk on this Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill. Clearly, the key element of this bill is to ensure that unclaimed money in the state funds can be transferred to the appropriate commonwealth agency, the Australian Tax Office, so that we continue to be part of the national scheme. It is quite critical that we begin to look at ways of reuniting people with their lost superannuation. I was doing a bit of research while reading this bill and learnt that the average amount of superannuation somebody in a suburb of Perth has lost is about $3 100 and the equivalent amount in Maida Vale, a suburb of my electorate, is $2 820. That raises the interesting question of what accounts for that additional $300 that someone in the city of Perth has lost compared with what someone in Maidavale has lost. In reflecting on that I was pondering whether it meant that the people in my electorate were somehow more diligent and more able to keep track of their finances or were better at claiming lost superannuation. Perhaps they were in more steady employment so did not change superannuation providers as often. If we reflect on it, I think it probably demonstrates that the average amount of superannuation held by people in my area is correspondingly lower than that of people in the city of Perth.

If we turn our mind to the very question of why people in Maida Vale or Forrestfield have lower superannuation, I think it is because these are the suburbs where, to some extent, the nuclear families still exist. There are an awful lot of stay-at-home parents and a lot of carers. A lot of people in the traditional workforce live in these areas and, correspondingly, those people do not have access to superannuation or certainly do not contribute any longer to their superannuation whilst they are out of the workforce. In reflecting on the member for Willagee's comments on how we deal with the great demographic shifts that I suppose the superannuation guarantee really was designed to deal with—to some extent we are almost at the end of the problem rather than at the beginning of the problem—when Paul Keating introduced compulsory superannuation, he was looking towards this very situation that we would find ourselves in today. He was very concerned with what would happen when the baby boomers reached retirement. My mother, who was born in 1945, right at the beginning of the baby boom, is possibly a classic baby boomer in that sense. She is now well and truly at that retirement age; not that she has retired in any formal sense of the word. She works in some of the prisons here providing training to inmates and teaching them some skills that they can use when they get out. She works a couple of days a week. In her circumstance she is very much still reliant on her superannuation income. My mother, again probably very typical of the baby boomer generation, was a stay-at-home mother for a period of her life raising my brothers and me. She certainly did not have the opportunity to earn superannuation at that time. My father, who is no longer with us, certainly was earning superannuation prior to the introduction of compulsory superannuation. As he was a member of what the member for Willagee termed the professional classes, he was able to access superannuation. I also reflect on the fact that some of my cynicism towards superannuation schemes comes from that because my father was very concerned with what happened to his superannuation. As he contributed to superannuation before the industry funds existed, he was required to use some of the big commercial providers. I suppose while growing up, the image I had of these great commercial providers of superannuation was of a mosquito buzzing around with a great proboscis dipping into that superannuation pool and sipping away incessantly and diminishing its value. I think that led to an element of cynicism I had about the value of superannuation funds. But I think the industry fund has certainly turned around that view. I have been a member of several industry funds through my employment that have been rock-solid investments. Naturally they track with the market as it ebbs and flows to some extent. But I have never felt that the superannuation fund was working against my interests, which I think was probably the sense that I characteristically got from the way my father's superannuation was treated.

To return to the lower amount of unclaimed superannuation in Maida Vale compared with that in Perth, the difficulty is with people who are not in the paid employment sector. That is not simply people who are stay-at-home parents or people who have some form of disability that means they can no longer work or even people who are currently unemployed; it covers other groups of people. Naturally I was not earning any superannuation when I was getting my own small business off the ground, which I ran for a number of years. It was a period in my financial history during which my savings for retirement flatlined. One allows that in the hope that, if the business is a success, the financial pay-offs will come further down the track and we will be able to make that provision. But of course, as we learn, a large number of small businesses do fail. Their owners have invested a great deal of their savings and energy, have not contributed in any way to their superannuation and have come out of it with very little to show. When they reach retirement age, that becomes an issue and the state has to provide them with an appropriate pension.

Probably those people I am concerned most about are in that group who chose to be carers for people with a disability, for the aged and for the infirm, and if it were not for these carers, the state would have to pick up a significant cost to support the people they care for. These carers are provided with a small government income in order to get by, but are living at a subsistence level. They do so for their own personal reasons, and they make personal sacrifices in doing that. However, that is a period during which they are outside the superannuation process. They dedicate a large portion of their life caring for others, and when they get to retirement age, they find themselves without significant superannuation savings and are reliant, again, upon government income to eke out an existence. That is a problem we need to address, because as those demographic shifts move through our system, as the member for Willagee indicated, the federal government's attitude towards pensions et cetera will change and we will get to a point at which it may not be possible any more to rely on an age pension being available to everyone or an age pension that will sufficiently meet the cost of living, medical costs et cetera as the federal government will assume there will be an element of personal savings that can supplement people's income. These carers who for all the right reasons are outside the superannuation system will miss out. We are at the point, as we see that baby boomer generation, that big demographic block, move into the post-retirement age, that the need for carers will increase, and as a society we need to turn our attention to that problem. We need to ask ourselves when we are paying out government support wages to carers whether there should be an element of investment into their superannuation schemes as well so that they are not entirely left behind.

As I said earlier, this is possibly the time that Paul Keating was thinking about when he brought in the superannuation guarantee. I was speaking to somebody the other day. They were being rather cynical about politics and saying that the problem with politicians is that we all fluff around from day to day not worrying about the long-term vision or anything other than the evening's headline. I brought up the superannuation scheme as perhaps one of the better examples of a government that had a very long-term vision and had stood up and taken a lot of slings and arrows at the time for it because the Henny Pennys were certainly out there—the sky was going to fall if the Labor government introduced compulsory superannuation; it was going to destroy the Australian financial system and cause all sorts of problems. But the federal Labor government stuck to its guns and I think that today we are a far stronger economy and society for it. As I pointed out to this particular constituent, that was one of the reasons I chose the side of politics I did: it is the Labor Party that has these long-term visions. It is in our very nature to re-engineer society to bring in these sorts of schemes. If members think about some of the big changes in the last 50 years in our society, and if they were to rattle them off, they would include things such as superannuation and Medicare, which is another strong Labor scheme. I asked the person to name one thing that the other side had brought in. After scratching our heads, the only thing we could come up with was the goods and services tax. Whilst the Labor Party was bringing in things such as superannuation to deal with the long-term financial viability of our economy and of our elderly as time went by, and introduced universal health care and made sure that everybody was in a good place to get the medical care they needed, the other side of politics brought in a tax!

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Forrestfield, I think you need to come back to the subject.

Mr A.J. WADDELL: I will certainly bring it back to the point.

Superannuation has been one of the cornerstones of the policy shifts in our society that led me to this side of politics. History will see Paul Keating as possibly one of our greatest Prime Ministers, simply because of the vision he delivered to this nation in bringing in compulsory superannuation. Today, as earlier speakers commented, nobody would dare attack the principle of compulsory superannuation, although I did note the Institute of Public Affairs, that right-wing think tank, is constantly throwing up questions about whether it has served its purpose, whether we need to rethink it and whether it artificially keeps people in poverty—the usual right-wing think tank ideas. In the mainstream political body, it would be extraordinary now for anybody to reverse that particular direction.

This bill will again further strengthen that policy. It will possibly enable people to be a little more ease at finding lost superannuation. My first superannuation scheme was, in fact, GESB and I have been in a number of others since then. I am back in GESB again, obviously through my time in this place. Superannuation, of course, is always a sore point in Parliament as there is still a differential between members in this place. I see at least one member in the chamber on the old scheme!

Mr T.G. Stephens: Don't mention the war!

Mr A.J. WADDELL: I see the time is rapidly approaching when equity will be achieved. I commend the bill to the house.

MR T.G. STEPHENS (Pilbara) [3.47 pm]: The explanatory memorandum to the Unclaimed Money (Superannuation and RSA Providers) Amendment and Expiry Bill 2012 well outlines the simple purposes that are contained within the provisions of this legislation before the house. As previous speakers from the opposition have indicated, it has the support of members on this side of the chamber. It provides us with the opportunity to think about the context in which this bill emerges and the context that has shaped a bill that is needed to respond to circumstances that have arisen around superannuation. I was very impressed by the contribution of the member for Forrestfield, who has just resumed his seat, and the observation he has made about the particular significance that superannuation now has in the social fabric of the Australian community and how significant a legacy it is as it becomes more universal in the common experience of so very many Australians. I am reminded that I grew up in a family in which my father had a view that he very loudly expressed to me, perhaps as the youngest. He would say that he came of a generation that knew we came into the world with nothing and that he knew that he would go out of this world with nothing. He had a disdain for possessions. He had a disdain for assets and the accumulation of wealth. He believed in simply working to live, and working so that his family could live—very comfortably—through his hard work and the hard work of my mother. The thought of superannuation would have been the furthest thought from his mind, as it was from many people of the generations that have preceded the current movement of a large section of our population, the baby boomers, from working life into retirement.

Anyone who tries to have a conversation with young people, either in their electorate or more widely in the community or their own families, will see how hard it is to focus the attention of youngsters on the need in a modern world to tackle superannuation early in life and to really get on top of it. We could almost think at times when we talk to young people about superannuation that we are talking a foreign language, a language that is not understood, as they look at something that will have no impact upon them, if they are 20, for some 40-plus years. It is a challenge to get young people focused on superannuation, as it is for many age groups. This bill responds in part to the fact that there are people in the community who are a bit untidy in reference to their superannuation arrangements. It is not only their own untidiness. For a range of reasons, lost member accounts or "lost members" reflect that there are a small number of inactive accounts of what are described by the industry as "unidentifiable members". That can be due to people's untidiness when signing up to superannuation schemes without giving all the necessary details or connecting their names to all their contact details to ensure that the superannuation accounts can be closely identified with those individuals all the way through their lives. However, it could also reflect an untidiness on the part of industry when signing up people without extracting and securing the necessary reference points that would keep people firmly connected with their accounts all the way through their lives. If that had been done, there would not be this situation in which that category of lost member accounts, even though small, would need to tidied up in the way provided for under the provisions of this bill.

The other category is unclaimed superannuation of former temporary residents. It is a category that quite clearly shows the challenges for industry when people come into the country for short periods of time. Increasingly large numbers of such people are coming in now—like the backpackers who are typically seen working from one end of Western Australia to the other. They have short periods of employment in very lucrative occupations with compulsory superannuation contributions, and yet these temporary residents head off back to their countries of origin quite regularly leaving behind funds in Australia that, at this stage, are left as windfall gains to the superannuation companies that have simply been able to accrue those funds. This bill tidies up those arrangements. In both sets of circumstances, the funds will flow through to the Australian Taxation Office. As I understand the explanatory memorandum to the bill that is before us, it refers to the general unclaimed superannuation money as being superannuation money held by a superannuation provider that belongs to a member as he turns 55 years of age and the member has made no contribution for two years and has not been contacted by the fund for five years.

Recently, I had representations from a woman who was the former de facto partner of a person who died tragically and suddenly. Very minimal resources were left to the surviving de facto partner and the children they had together other than the superannuation contributions that had accumulated over the young man's working life. As I looked at this set of circumstances, it became clear to me just how difficult it was going to be for this person, who was unskilled and without the necessary resources of literacy and personal advocacy to deal with a major superannuation company, to explain the de facto nature of the relationship and to wrestle with all the complexities that come from the death certificate that has been issued that makes no reference to the de facto's relationship to the surviving partner. Yet there is an asset that stays with the superannuation company and becomes unclaimed funds that can only be secured for the beneficiaries of that estate after a very tortuous process has been pursued. As a local member of Parliament, I am faced with a set of circumstances like this in which I can see that handing the constituent over to a lawyer would eat away at fairly meagre resources right from the very beginning, but for the superannuation company there is a lot of benefit in simply fending off the day whenever it might have to pass over these meagre resources. It seems that there is some benefit and, if you like, some conflict of interest when the superannuation companies' pecuniary interest is advantaged by simply delaying or frustrating—certainly not going out of their way—the connection of the beneficiaries of that estate to the distribution of these funds.

I think that the transfer of funds from the superannuation industry through to the Australian Taxation Office, as is provided for in this bill, makes a lot of sense and will ensure that people who are trying to make the most of their superannuation entitlements are aided and assisted by the taxation office, rather than having to fight their way through the complexities that might be thrown their way by what might be considered to be a vested interest—that is, the holder of those funds that might be construed as having a vested interest in not matching the beneficiaries with the accumulated funds. Having a neutral party in the middle, as will happen with the passage of this legislation, seems to be a welcome development.

The set of circumstances to which I refer highlights how the superannuation industry needs to keep taking every step possible to make sure that the widespread contribution to superannuation funds from people's own resources and their employers' resources is done in such a way that minimises, reduces and ideally eliminates lost funds into the superannuation world. People are increasingly going to need access to these assets for a range of reasons as they grow older and live longer. They will need the benefits that flow from these superannuation funds as a result of the policy initiatives, particularly those contributions of my Labor colleagues at a national level in securing universal superannuation support for workers across Australia.

Another thought in this process is that the Australian Taxation Office should be well placed to pursue all the databases that are available to a commonwealth public agency in connecting people around the country and, ideally, those former temporary residents, where any knowledge of them can be found. The Australian Taxation Office is better placed and perhaps better disposed to connect these funds, these orphaned superannuation accounts, small though the package may be, to their beneficiaries. The databases that the Australian Taxation Office can interrogate are many. Some of the ones that come to mind are, I would hope, being well deployed for a whole range of good reasons to connect the databases of Medicare accounts, social security entitlements of people and the electoral databases. There are other state-run databases to which the Australian Taxation Office clearly has access, including motor vehicle licences, drivers' licences and public housing lists of state government housing agencies. All of those databases should ideally be interrogated by the Australian Taxation Office, as it now becomes the holder of these orphaned superannuation accounts, to make sure that, wherever possible, the unclaimed funds in these orphaned superannuation accounts are connected to their rightful owners.

Debate interrupted, pursuant to standing orders.