

STATE SUPERANNUATION AMENDMENT BILL 2023

Introduction and First Reading

Bill introduced, on motion by **Ms R. Saffioti (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

Second Reading

MS R. SAFFIOTI (West Swan — Treasurer) [12.07 pm]: I move —

That the bill be now read a second time.

I am pleased to introduce the State Superannuation Amendment Bill 2023. The overriding intention of this bill is to amend the State Superannuation Act 2000 to enable the WA public sector and the Government Employees Superannuation Board to participate in the commonwealth's Your Future, Your Super reforms for the benefit of WA's public sector workers and GESB's members through the GESB One Fund initiative. The bill will also implement longstanding and relatively minor administrative, governance and compliance updates, along with measures to increase efficiency in managing state superannuation.

The commonwealth's Your Future, Your Super changes came into effect in 2021 and apply to superannuation funds regulated by the Australian Prudential Regulation Authority. These changes were subsequently adopted by state-regulated superannuation funds in other jurisdictions. The principal change, and the main subject of this bill, is the "stapling" of members' super accounts. An employee's super account will be figuratively stapled to them, which means that the account will follow them when they change employment. Stapling eliminates the creation of an account with another fund, which would incur duplicate fees and insurance premiums. The changes will mean that if an employee does not choose a superannuation fund when starting a job, the employer will be required to locate the employee's stapled account through the Australian Taxation Office's online portal and direct contributions to that account. Only when a fund choice is not made by the employee and a stapled account does not exist will the employer direct contributions to a default fund, which for most WA public sector employers is GESB.

The bill provides for two types of stapling: Firstly, stapling for new employees who join the WA public sector and, secondly, stapling for members of GESB who leave the state public sector or commence concurrent, non-public sector employment. Clause 8 of the bill provides for the first type. It prescribes the processes that state government employers must follow for new employees to ensure that contributions are directed to the employee's stapled fund—if one exists—unless the employee chooses otherwise.

The second type of stapling is largely provided for in clause 17 of the bill. These provisions will enable the GESB Super scheme to receive non-government employer contributions made on behalf of GESB members. This will allow GESB members who are employed outside the state public sector to continue to maintain their superannuation with GESB and not be required to open an account with another fund, by allowing GESB to accept superannuation contributions made by their non-government employer to their GESB Super account, either as their chosen fund or as their stapled fund.

Currently, when a GESB member ceases employment in the WA public sector, they are unable to direct their superannuation guarantee payments from their new employer to their GESB account and they need to set up a super account with another fund. This restriction also impacts existing WA public sector employees who concurrently work in the private sector, such as teachers and nurses, despite member demand to keep their super consolidated with GESB. GESB members frequently request to be able to contribute to their GESB account when they leave the public sector or when they also work in the private sector. In the 2022 calendar year alone, 885 private sector employers attempted to pay a contribution to GESB. Apart from the impact this restriction has on GESB members and the increase in duplicate accounts for members who leave the public sector, the changes will also ensure that GESB retains currency with the broader superannuation industry and will continue to be well positioned to deliver high-quality, competitive outcomes for its members into the future.

The bill will enable the GESB One Fund initiative to address stapling and provide GESB members with the option to direct non-public sector employer superannuation guarantee contributions to the GESB Super scheme, irrespective of whether they remain in, or are solely employed by, the WA public sector. It will also mean that their GESB Super scheme account is stapled and, therefore, will follow them if they leave the WA public sector or commence secondary, non-public sector employment.

Stapling will only apply to the GESB Super scheme. GESB's closed legacy schemes—including West State Super, Gold State Super and pension schemes—cannot accept contributions from non-WA state government employers without potentially jeopardising their constitutionally protected status. However, the GESB One Fund initiative will enable members of these legacy schemes, whether they are current or former WA public sector employees, to contribute to a GESB Super account and participate in the commonwealth's stapling regime while maintaining

their benefits in the constitutionally protected schemes. Although stapled GESB members in the closed GESB schemes will have two accounts with GESB, they will still benefit from maintaining their superannuation and associated insurance within GESB as a single fund provider.

After the bill is passed, the parts of the amending legislation that require WA public sector employers, when onboarding new employees, to contribute to a new employee's stapled fund—if no other fund is chosen—will be proclaimed separately and at a later date from the legislation's other provisions. This is to allow time for state government employers' systems and processes to be updated and to ensure efficient interaction with the Australian Taxation Office's online portal.

GESB will work with WA public sector agencies to ensure a smooth transition to the new requirements and the timely provision of relevant information to new employees about the option to join GESB when they commence employment. Information on fees, performance and insurance coverage will be provided as part of this process.

The bill will also make some additional amendments to the State Superannuation Act that are longstanding. Principal among these is to enable GESB more flexibility in complying with, or adopting, national superannuation standards in situations in which these are in members' best interests; fixing maximum terms for GESB directors; and providing for casual director appointments to cover extended absences. Other changes include minor updates and general housekeeping, such as deleting obsolete references and removing gendered language from the State Superannuation Act. I commend the bill to the house.

Debate adjourned, on motion by **Ms M.J. Davies**.