

4 August 2003

Mr Stephen Frappell
Secretary
Senate Select Committee on Superannuation
Parliament House
CANBERRA ACT 2600



Dear Mr Frappell

Inquiry into portability of superannuation

On behalf of the Queensland Local Government Superannuation Board, I would like to thank the Senate Select Committee on Superannuation for the opportunity granted to myself and the Board's Manager Operations to appear before the Committee at its public hearing meeting held in Sydney on Thursday 31 July 2003.

At that hearing, the Chairman drew our attention to the fact that late on Wednesday 30 July 2003 the Government had introduced further amendments to Division 6.5 of the *Superannuation Industry (Supervision) Regulations* – Compulsory rollover of superannuation benefits (commonly known as portability). We understand these draft regulations were also declared as law on this date. Because of these late amendments to the regulations, the Chairman invited the making of a supplementary submission to the Committee.

Having now had the opportunity to research the 30 July 2003 amendments to the regulations, I am of the opinion that these changes do not make any material difference to the substance of the Board's submission on this matter.

I remind you that the Queensland Local Government Superannuation Board seeks to have the active Accumulation Benefits section of the Local Government Superannuation Scheme (as well as any other fund with similar circumstances) excluded from the operation of the compulsory rollover regulations on the basis that:

- ongoing compulsory membership of the Scheme for this group is prescribed by State legislation (the *Local Government Act 1993 Queensland*) and
- the Government had previously agreed to exclude this category of fund from the proposed choice-of-fund initiative.

The Board considers that this exclusion would most effectively be achieved by amending the categories of fund prescribed under regulation 6.30 (2) (i.e. funds to which the Division does not apply) to include:

- (e) to a superannuation interest in a superannuation fund to the extent that the interest comprises contributions that are prescribed to be made to that fund under a law of the Commonwealth, of a State, or of a Territory.

The Committee's consideration and support for this request to amend these regulations will be appreciated.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter J Smith', with a stylized flourish at the end.

Peter J Smith
Executive Officer