
CHAPTER 2:

THE SIS BILLS: AN OVERVIEW

2.1 The package of SIS Bills is designed to increase significantly the prudential control and protection of the superannuation industry and substantially strengthen the security of superannuation savings. The Bills provide for a number of significant changes which will affect the consumers of superannuation products and services. Under the SIS legislation consumers will have access to a low cost dispute resolution mechanism and have benefits automatically rolled-over when they transfer or leave employment.

2.2 The Bills represent the culmination of an intensive and prolonged examination of the regulation of superannuation by a number of government agencies, the Australian Law Reform Commission and the Senate Select Committee on Superannuation during the past two years. To a large extent the changes proposed in the Bills are the result of Government initiatives to implement compulsory superannuation coverage and an increasing recognition within the community that superannuation savings should be subjected to tighter prudential and supervisory controls.

2.3 In its first report, *Safeguarding Super*, the Committee recommended far reaching change in the superannuation industry designed to safeguard retirement income savings. Whilst the Committee acknowledged there had only been a small number of fund failures, it stated that it was conscious that increases in superannuation savings will inevitably attract operators who will seek to use superannuation moneys for their own use. Accordingly, the Committee called on the Government to implement measures to minimise the risk of fraud, misappropriation and bad management practices.

2.4 In a number of its reports the Senate Select Committee on Superannuation has affirmed its belief that the Insurance and Superannuation Commission (ISC) should be given increased regulatory powers and assume the status of prime regulator of all superannuation-related personal and collective investments. The Bills provide for the ISC to have this enhanced regulatory power over the \$169 billion national stock of superannuation assets.

Superannuation Industry (Supervision) Bill 1993

2.5 This Bill is the most important of these seven SIS Bills and is designed to:

- increase the level of prudential protection provided to the superannuation industry;
- increase the security of superannuation savings; and
- increase the protection and rights of superannuation fund members.

2.6 This Bill was the subject of the overwhelming majority of the 95 written submissions received by the Committee. In Chapters 4 to 12 the Committee examines in detail the key issues which arose during the inquiry in connection with the Bill.

2.7 *The Committee recommends that this Bill be passed subject to the amendments in Chapters 4 to 12.*

Superannuation Industry (Resolution of Complaints) Bill 1993

2.8 This Bill will establish arrangements for the resolution of complaints made by members and beneficiaries of superannuation and approved deposit funds regarding the decisions of trustees. It provides for a low-cost dispute resolution mechanism for the superannuation industry.

2.9 The Committee received evidence on this Bill from industry, consumer and government sources and has made recommendations and observations which appear in Chapters 14 to 18.

2.10 *The Committee recommends that the Bill be passed subject to the amendment in Chapter 18.*

Superannuation Industry (Supervision) Consequential Amendments Bill 1993

2.11 This Bill makes amendments to the *Income Tax Assessment Act 1936* and other Acts arising from the repeal of OSSA. Another feature of this Bill is that it amends the *Bankruptcy Act 1966* to specify the extent to which superannuation and life insurance moneys are protected in the event of bankruptcy. Chapter 13 examines the submissions on this proposal.

2.12 *The Committee recommends that this Bill be passed subject to the amendment in Chapter 13.*

Occupational Superannuation Standards Amendment Bill 1993

2.13 This Bill repeals the provisions of the *Occupational Superannuation Standards Act 1987* (OSSA) which have been replaced by the prudential compliance standards of the Superannuation Industry (Supervision) Bill 1993. Also, it provides for new arrangements to collect levies to operate the scheme to protect funds affected by fraud and to administer the rolled-over benefits funds. Further, the Bill changes the title of OSSA to the *Superannuation Entities (Taxation) Act 1993*.

2.14 *The Committee recommends that this Bill be passed without amendment.*

Superannuation (Financial Assistance Funding) Levy Bill 1993

2.15 This Bill provides for a levy on superannuation funds and approved deposit funds to provide financial assistance to any funds that suffer loss as a result of fraud or theft.

2.16 *The Committee recommends that this Bill be passed without amendment.*

Superannuation Supervisory Levy Amendment Bill 1993

2.17 This Bill amends the Superannuation Supervisory Levy Act 1991 as a result of amendments to certain sections of OSSA.

2.18 *The Committee recommends that this Bill be passed without amendment.*

Superannuation (Rolled-Over Benefits) Levy Bill 1993

2.19 This Bill provides for the imposition of levies on certain superannuation funds for the purposes of recouping the cost of maintenance by the ISC of a register of certain rolled-over benefits.

2.20 *The Committee recommends that this Bill be passed without amendment.*