

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

*See Replacement E.M.*

COMMONWEALTH FUNDS MANAGEMENT LIMITED BILL 1990

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Finance, the  
Hon Ralph Willis, MP)

THIS MEMORANDUM TAKES ACCOUNT OF THE AMENDMENT MADE BY  
THE HOUSE OF REPRESENTATIVES TO THE BILL AS INTRODUCED



## COMMONWEALTH FUNDS MANAGEMENT LIMITED BILL 1990

### GENERAL OUTLINE

The purpose of this Bill is to:

- . provide for the conversion of the Superannuation Fund Investment Trust (SFIT), which is established as a statutory corporation under the Superannuation Act 1976, into a wholly Commonwealth owned public company to be known as Commonwealth Funds Management Limited; and
- . transfer SFIT's trustee function in respect of the Commonwealth Superannuation Fund, established under the Superannuation Act 1976, to a joint employer/employee board of trustees to be known as the Commonwealth Superannuation Board of Trustees No. 2.

#### Establishment as a Public Company

The legislation will establish Commonwealth Funds Management Limited as a company by providing for SFIT to be registered as a company incorporated in the Australian Capital Territory under the Companies Act 1981 on a date to be proclaimed. It is expected that the commencing day of the company (ie the transition day) will be 1 July 1991.

The Bill provides for the conversion to occur in three stages. The first stage involves the creation of the share capital and the issue of shares to the Commonwealth or its nominees, the application by SFIT to be registered as a company and other preparatory steps necessary for transition. These provisions come into effect on a date to be proclaimed which is to be not later than 1 March 1991. SFIT will then be a statutory authority with a share capital.

The second stage is the transition of SFIT to a company. When suitable memorandum and articles of association are finalised, Part 3 and related provisions of the Bill will be proclaimed and Commonwealth Funds Management Limited will be taken to be registered under the Companies Act 1981. These provisions come into effect on a date to be proclaimed which will be not later than 1 July 1991.

The operations of Commonwealth Funds Management Limited will then be governed by its memorandum and articles of association and any guidelines issued to directors.

The Bill provides that Commonwealth Funds Management Limited shares cannot be transferred to non-Commonwealth interests.

The final stage is automatic and ensures that SFIT's corporate entity is maintained at all times. This stage involves the repeal of those provisions of the Superannuation Act 1976 relating to the establishment of SFIT and its operations as a statutory authority and will take effect immediately after Commonwealth Funds Management Limited is registered as a company. Legally continuity of the corporate entity dispenses with the need to transfer assets and liabilities from SFIT to a new body corporate. This means that all contracts, agreements and arrangements entered into by or on behalf of SFIT and which are in force immediately before transition in respect of most of the assets and liabilities will apply to the new company. However, because of the need for some financial adjustments to be made between SFIT and the Board of Trustees, provision has been made for the transfer of certain assets and liabilities of a non-trading nature. In addition, the assets and liabilities held by SFIT in its capacity as manager of the Commonwealth Superannuation Fund will be transferred to the Board of Trustees.

The Bill provides for SFIT employees to be given continuity of employment with Commonwealth Funds Management Limited on transition. There are provisions enabling current employees' accumulated entitlements, rights under Part IV of the Public Service Act 1922 and rights of entry into the Australian Public Service to be maintained.

#### Transfer of Trustee Function

The legislation provides for SFIT's trustee function in respect of the Commonwealth Superannuation Fund to be transferred to the Commonwealth Superannuation Board comprising joint employer/employee members, established under the Superannuation Act 1976, which will be renamed as the Commonwealth Superannuation Board of Trustees No. 2. This change is consistent with the Occupational Superannuation Standards Act 1987.

Consistent with this shift in responsibilities, the Bill provides as mentioned above for the transfer to the Board of Trustees of the assets and liabilities held immediately before the transition by SFIT as manager of the Commonwealth Superannuation Fund.

The Board of Trustees will be responsible for the management and investment of the Commonwealth Superannuation Fund which will be known as Commonwealth Superannuation Fund No. 2. The Bill provides that Commonwealth Funds Management Limited will be retained as the investment manager of the Fund, and the Fund of the new Public Sector Superannuation Scheme, until 30 June 1995.

**FINANCIAL IMPACT**

The Bill does not involve additional expenditure by the Commonwealth. It does, however, provide that Commonwealth Funds Management Limited be given a Commonwealth guarantee on initial borrowings of up to \$20,000,000 borrowed prior to 30 June 1995 for working capital purposes. As a wholly Commonwealth owned public company, Commonwealth Funds Management Limited will be required to pay dividends to the Commonwealth.

The Bill provides for exemptions from Commonwealth, State and Territory taxes on the transition to a company and transfer of assets, recognising that there has been no change in the Commonwealth's beneficial ownership.

## NOTES ON CLAUSES

## PART 1 - PRELIMINARY

Clause 1 - Short title

1. This clause provides for the Act to be cited as the Commonwealth Funds Management Limited Act 1990.

Clause 2 - Commencement

2. Subclause 2(1) provides for the Act, other than those provisions referred to in subclauses 2(2), 2(4) and 2(6), to come into operation on Royal Assent.

3. Subclause 2(2) provides for the proposed parts of the Act dealing with the creation of the capital structure and other preparatory steps prior to its conversion of the Superannuation Fund Investment Trust (SFIT) into a public company to come into effect on a date to be proclaimed. Subclause 2(3) provides for subclause 2(2) to take effect not later than 1 March 1991.

4. Subclause 2(4) provides for the proposed provisions of the Act relating to the transition of SFIT into a public company, the transfer of the trustee function to the Commonwealth Board of Trustees No. 2 and the appointment of the new Company as sole investment manager until 30 June 1995 for the purposes of the Superannuation Acts 1976 and 1990 to take effect on a date to be proclaimed. Subclause 2(5) provides that subclause 2(4) is to take effect not later than 1 July 1991.

5. Subclause 2(6) provides that the provisions of the Superannuation Act 1976 relating to the establishment of SFIT and its operations as a statutory corporation are not repealed by subclause 49(2) and clause 54 until SFIT is incorporated under the Companies Act 1981 as Commonwealth Funds Management Limited (CFM). This provision will ensure SFIT maintains its legal identity through the transition to a public company.

Clause 3 - Interpretation

6. This clause defines various terms used in the Bill including a definition of "Company" as the body corporate which is now the Superannuation Fund Investment Trust; "Company", therefore can mean SFIT, or the new company (CFM) depending on the context. The clause also provides that the question of whether a body corporate is a subsidiary is to be resolved in the same manner as under the Companies Act 1981.

#### Clause 4 - Operating under a name

7. For the purpose of protection of company and business names, this clause specifies circumstances which establish whether a body is operating under a particular name in a State or Territory (see also clauses 19 and 20).

#### Clause 5 - Operation of Act

8. This clause provides for the Act to operate within and outside Australia and for the Act to extend to all Australian external Territories.

#### Clause 6 - Modification of Act - references to Companies Act 1981

9. This clause provides for modifications to be made by regulations to the references and provisions of the Companies Act 1981 in this Act where the Companies Act 1981 ceases to operate because of another law coming into force which contains provisions that correspond to the provisions of the Companies Act 1981. This provision is necessary to provide a mechanism to complete the public company conversion in the event of the Companies Act 1981 being superseded before the transition takes place.

### **PART 2 - CREATION OF CAPITAL STRUCTURE AND OTHER STEPS PRIOR TO CONVERSION OF COMPANY INTO PUBLIC COMPANY**

10. Part 2 provides for transforming the Company (ie SFIT) into an entity which can be converted into a public company. This ensures that there is continuity of the corporate entity while SFIT conforms, as far as necessary, with the registration requirements of the Companies Act 1981.

#### Clause 7 - Share capital of Company

11. To facilitate the registration of the new Company under the Companies Act 1981, this clause provides for SFIT to have a share capital equal to the amount of capital to be paid to SFIT by the Commonwealth under clause 8 and divided into \$1 shares.

#### Clause 8 - Issue of shares in Company

12. This clause provides for the Commonwealth to pay to SFIT an amount equal to the minimum share capital (defined to be the minimum amount permissible under the Companies Act 1981 as the share capital of a public company limited by shares) and for SFIT to issue fully

paid up shares equal to its share capital, in accordance with the Minister's direction, to the Commonwealth or a nominee of the Commonwealth. The clause also ensures that a person who holds shares as a nominee for the Commonwealth is not thereby a member of the Company (ie SFIT) before transition.

#### Clause 9 - New name of Company

13. This clause provides for SFIT's name to be changed to "Commonwealth Funds Management Limited" on the day before transition as if the change of name was effected under the Companies Act 1981. This is to facilitate its registration as a company.

#### Clause 10 - Company to apply to be registered as company etc.

14. This clause requires SFIT to apply to the National Companies and Securities Commission for registration as a company limited by shares and to provide supporting documentation, including the proposed memorandum and articles of association.

### **PART 3 - CONVERSION OF COMPANY INTO A PUBLIC COMPANY**

15. This part deals with the mechanics of registering SFIT (now called Commonwealth Funds Management Limited) as a company in a manner which preserves the business entity.

#### Clause 11 - Effect of Part - summary

16. This clause sets out CFM's status under the Companies Act 1981 on transition.

#### Clause 12 - Company taken to be registered under Companies Act

17. This clause provides for CFM to be converted into a public company limited by shares with the name Commonwealth Funds Management Limited by deeming the National Companies and Securities Commission to have been required to grant CFM's application for registration as a company under the Companies Act 1981, and for such registration to have been effected on transition, ie the commencement of Part 3 of the Bill.

#### Clause 13 - Memorandum and Articles of Company

18. This clause provides for the proposed memorandum and articles of association that are to be lodged with the National Companies and Securities Commission prior to transition, to be the memorandum and articles of the

Company and to apply from transition as if they had been registered under the Companies Act 1981.

#### Clause 14 - Membership of Company

19. This clause provides for the members and acting members of SFIT to cease to be members and acting members and for persons holding shares in the Company on transition to become members of CFM after the transition and to be subject to the new Company's memorandum and articles of association.

#### Clause 15 - Application of certain provisions of Companies Act

20. This clause provides that where the Commonwealth holds all the shares in CFM, certain provisions of the Companies Act 1981 shall not apply and others shall apply. The major effect of the clause is that, while the Commonwealth is the sole shareholder of the Company, the requirement that there must be at least 5 shareholders does not apply.

#### Clause 16 - Accounting records

21. This clause provides for the accounts and records kept by SFIT under section 44 of the Superannuation Act 1976 to be deemed to be the accounting records of CFM for the purposes of the Companies Act 1981.

#### Clause 17 - Accounts

22. This clause provides that the reports and financial statements prepared and furnished by SFIT under sections 161 and 162 of the Superannuation Act 1976 and any report and financial statements prepared under proposed section 44 of the Bill are deemed to be profit and loss accounts of CFM for the purposes of the Companies Act 1981.

#### Clause 18 - Operation of section 25B of Acts Interpretation Act

23. This clause provides that nothing in this Act or in the Companies Act 1981, affects, or is affected by, section 25B of the Acts Interpretation Act 1901 concerning the continued existence of a body the name or constitution of which, is altered by an Act of Parliament, as it applies in relation to SFIT.

### PART 4 - USE OF CERTAIN NAMES

24. This part deals with the mechanics of protecting business and company names.



Clause 19 - Protected body may operate under protected company name and clause 20 - Protected body may operate under protected business name

25. Clauses 19 and 20 together with the definitions of "protected body", "group company", "protected company name" and "protected business name" in clause 3, will provide that CFM's, or a CFM wholly owned subsidiary's, company or business name may be used in a State and Territory, even if that name is not registered in that State or Territory.

Clause 21 - Other persons not to use protected names and clause 22 - Exceptions for pre-existing rights

26. These clauses create an offence for other persons to use CFM's or its subsidiaries' protected names, except where the Company consents in writing, or where there are pre-existing rights to such use.

Clause 23 - Use of other names by protected bodies

27. This clause allows the use of names other than protected names by CFM and subsidiaries.

Clause 24 - Effect on State and Territory Laws

28. This clause allows CFM and subsidiaries to register names under State and Territory laws.

**PART 5 - TAXATION MATTERS**

29. This part provides for the exemption from certain taxes of various matters related to the conversion of SFIT into a company.

Clause 25 - Interpretation

30. This clause provides for the definition of certain terms used in Part 5.

Clause 26 - Exemptions relating to exempt matters

31. Clause 26 provides for the exemption from Commonwealth, State and Territory taxes of certain matters (defined in clause 25 as exempt matters) relating to the conversion of SFIT into a public company.

Clause 27 - Authorised person may certify in relation to exemptions

32. Clause 27 provides for certification by an authorised person (defined in clause 3 to be the Minister or an office holder in the Department nominated by the Minister) that a certain matter is an exempt matter or

specified transactions were made or instruments executed in relation to an exempt matter (defined in clause 25 and by virtue of clause 26 not subject to taxation).

Clause 28 - Company taken to have had share capital for purposes of Income Tax Assessment Act

33. This clause provides that for the purposes of the Income Tax Assessment Act 1936, the Company has had, at all times before the issuing of shares under subclause 8(4), a share capital, all the issued shares in which were beneficially owned by the Commonwealth. This ensures continuity of ownership for the application of the Income Tax Assessment Act 1936.

**PART 6 - STAFF MATTERS**

34. This part deals with the continuity of employment for existing staff.

Clause 29 - Employment of staff members continues after transition

35. This clause provides for the Chief Executive Officer, officers and employees of SFIT before the transition to be employed by the new company on the same terms and conditions on which they were employed immediately before the transition.

Clause 30 - Act not to affect certain matters relating to staff members

36. This clause provides that contracts of employment and periods of employment of staff members of SFIT are not broken by the operation of the Act, and accrued rights are not affected.

Clause 31 - Effect of sections 29 and 30

37. This is a procedural section clarifying that clauses 29 and 30 are inserted only for the avoidance of doubt and do not limit the provisions of the Companies Act 1981 relating to change of company name or continuation of rights and liabilities on registration.

Clause 32 - Variation of terms and conditions of employment

38. This clause confirms that terms and conditions of each staff member's employment after the transition may be varied in the same way as could be done immediately before the transition.

Clause 33 - Application of Part IV of the Public Service Act

39. This clause provides for staff members who have mobility rights under Part IV of the Public Service Act 1922 to continue to have those rights after the transition.

Clause 34 - Preservation of rights of entry of certain staff members into the Australian Public Service

40. This clause provides for staff members who do not have mobility rights under Part IV of the Public Service Act 1922 to continue after transition to have the same rights of entry into the Australian Public Service as they had before transition.

**PART 7 - TRANSFER OF ASSETS AND LIABILITIES**

41. This part deals with the transfer of certain assets and liabilities from SFIT to the new Board of Trustees and for financial adjustments in respect to certain assets and liabilities of a non-trading nature taken over by the new company.

Clause 35 - Interpretation

42. This clause provides for the definition of certain terms used in Part 7.

Clause 36 - Transfer of assets etc.

43. Subclauses 36(a) and 36(b) provide that non-trading assets (ie furniture, equipment, etc) held by SFIT immediately before transition, which were bought with moneys of the Commonwealth Superannuation Fund under subsection 29A(2)(d) of the Superannuation Act 1976, will transfer to the Company. Subclauses 36(c) and 36(d) provide for the transfer to the Board of Trustees of the assets and liabilities of the Commonwealth Superannuation Fund held immediately before the transition by SFIT as manager of the Fund.

Clause 37 - Payment by Company

44. This clause provides for CFM to pay to the Board of Trustees as soon as practicable after transition an amount equal to the net value as determined by the Minister of the non-trading assets and liabilities that are to be taken over under subclauses 36(a) and 36(b). The money paid to the Board is to be dealt with by the Board as money standing to the credit of the Fund.

Clause 38 - Payment to Company - long service leave credits of staff members

45. This clause provides for the Minister to determine in writing the amount of the long service leave credits in respect to the staff of SFIT accrued immediately before the transition. The Board of Trustees will be required to pay to the Company the amount determined out of the money of the Fund. A determination made by the Minister will be a disallowable instrument for the purposes of section 46A of the Acts Interpretation Act 1901.

PART 8 - MISCELLANEOUS

Clause 39 - Company not a public authority etc.

46. This clause provides that, after the transition, CFM shall not be a Commonwealth authority or otherwise come under the shield of the Crown for the purposes of a law of the Commonwealth, or a State or Territory unless express provision is made to the contrary by a law of the Commonwealth, State or Territory.

Clause 40 - Judicial notice of Company's seal

47. This clause provides that judicial notice shall continue to be taken of the seal of SFIT applied in relation to any document prior to the transition.

Clause 41 - Compensation for acquisition of property

48. This clause provides for compensation to be paid if the operation of the Act results in acquisition of property other than on just terms.

Clause 42 - Lands Acquisition Act

49. This clause provides that the Lands Acquisition Act 1989 does not apply to the acquisition of land by CFM.

Clause 43 - Additional powers and functions under State or Territory laws

50. This clause provides subject to any regulations for CFM to have any additional powers and functions as conferred by State or Territory laws.

Clause 44 - Report relating to period immediately preceding transition

51. This clause is a transitional provision providing for the Company to complete the reporting obligations in respect to SFIT's functions under the Superannuation Act 1976 (including the submission of financial statements on

the management of the Fund) for the concluding period ie the period commencing on 1 July 1990 and ending immediately before the transition. The provision also provides for the audit of the financial statements by the Auditor-General and the submission of the relevant reports and financial statements to the Parliament.

#### Clause 45 - Annual return

52. This clause will provide that where the Company lodges an annual return in accordance with section 263 of the Companies Act 1981, or a corresponding provision of another law, the Company must give a copy to the Minister for tabling in the Parliament within 15 sitting days.

#### Clause 46 - Guarantee by the Commonwealth

53. This clause provides for a Commonwealth guarantee, to be limited to the first \$20,000,000 on money initially borrowed by CFM for working capital purposes during the period from transition to 1 July 1995.

#### Clause 46A - Shares of Company not to be transferred

54. This clause provides that a person's shareholding in the Company may not be transferred to a person other than the Commonwealth, a body corporate established by a law of the Commonwealth or a Minister. Clause 8 of the Bill provides for all of the share capital of CFM to be issued to the Commonwealth or its nominees.

#### Clause 47 - Regulations

55. This clause provides for the Governor-General to make regulations not inconsistent with the Act. The power provided for in clause 3 to prescribe additional protected names will only be available for 6 months after transition.

### **PART 9 - AMENDMENTS OF THE SUPERANNUATION ACT 1976**

56. This Part provides for the amendment or repeal of various provisions of the Superannuation Act 1976 as a consequence of the proposed transfer from SFIT of the trustee role in respect of the management and investment of the Commonwealth Superannuation Fund to a new Board of Trustees.

#### Clause 48 - Principal Act

57. This clause defines the "Principal Act" for the purposes of Part 9 of the Bill to be the Superannuation Act 1976.

#### Clause 49 - Interpretation

58. This clause will amend section 3 of the Principal Act by adding, amending or repealing certain definitions in the Principal Act.

#### Clause 50 - Heading to Part IIA and clause 51 - Establishment of Board

59. These clauses will provide for the Commonwealth Superannuation Board established under section 27A of the Principal Act to be renamed the "Commonwealth Superannuation Board of Trustees No. 2" reflecting the Board's newly assumed trustee role in respect of the Fund under the provisions of clause 52 of the Bill.

#### Clause 52 - Functions

60. This clause provides for the transfer from SFIT on transition of the trustee role in respect of the management and investment of the Fund to the Board of Trustees. The clause also specifies the duties to be undertaken by the Board in relation to the exercise of its functions in that trustee role.

61. Subclause 52(a) provides for the insertion of a new paragraph (aa) in section 27C of the Superannuation Act 1976 which has the effect of transferring responsibility for investment and management of the Fund from SFIT to the Board of Trustees. At the same time the Board is required to have regard to:

- the need to make provision for payments out of the Fund under the Act;
- the need to ensure equity among eligible employees; and
- the need to exercise reasonable care and prudence in order to maintain the integrity of the Fund.

62. Subclause 52(b) provides for the proposed addition of several new subsections to section 27C of the Superannuation Act 1976 dealing with the duties of the Board of Trustees, viz:

(i) The proposed new subsection 27C(2) will set out the duties of the Board. It will require the Board to operate so as to fulfil its functions, to establish investment policies and strategies to this end and to provide information on the management and investment of the Fund both to eligible employees and relevant industrial organisations;

(ii) proposed new subsection 27C(3) will require the Board to develop plans and procedures to implement the policies and strategies it has developed for the investment of the moneys of the Fund in accordance with the duty expressed in paragraph 27C(2)(a);

(iii) proposed new subsection 27C(4) will direct the Board to have regard to the need to protect commercially sensitive information in carrying out its duty to inform eligible employees and relevant industrial organisations about the management and investment of the Fund;

(iv) proposed new subsection 27C(5) will require the Board in carrying out its duty to inform eligible employees about the management and investment of the Fund, to publish and distribute to eligible employees a summary containing relevant information at least once each financial year;

(v) proposed new subsection 27C(6) will provide that the Minister may furnish to the Board (by way of the Chairperson) a statement of Government policy concerning any matter that is relevant to the performance of the functions of the Board. The independence of the Board is to be preserved by requiring that the Board consider any policy statement furnished by the Minister, but not requiring that the policy necessarily be observed;

(vi) proposed new subsection 27C(7) will require any statement of policy furnished to the Board by the Minister under proposed subsection 27C(6) to be laid before each House of the Parliament within 15 sitting days of it being furnished to the Chairman of the Board;

(vii) proposed new subsection 27C(8) will define a relevant industrial organisation for the purposes of proposed subsection 27C(2).

#### Clause 53 - Heading to Part III

63. This clause amends the heading to Part III of the Superannuation Act 1976.

#### Clause 54 - Repeal of certain provisions of Part III

64. This clause sets out the Divisions of Part III of the Superannuation Act 1976 which are to be repealed and omits appropriate headings of that Act. The Divisions to be repealed are those relating to the establishment of SFIT and its operations, which are no longer necessary once SFIT becomes a public company. The clause will come into effect immediately after the commencement of Part 3 of the Bill (under clause 2(6) of the Bill) so as to ensure the continuity of SFIT's corporate identity throughout the conversion process.

Clause 55 - Fund to be managed by Board

65. This clause provides for the amendment of section 41 of the Superannuation Act 1976 by omitting subsections 41(3) and 41(4) relating to borrowing restrictions concerning SFIT and the Fund and inserts a proposed new subsection 41(3) which restricts the Board to borrow money in accordance with the Occupational Superannuation Standards Act 1987. Additionally, the clause makes a minor amendment to subsection 41(8) of the Superannuation Act 1976 as a consequence of the proposed change in trustee responsibility.

Clause 56 - Investment of Fund

66. This clause provides for the amendment of section 42 of the Superannuation Act 1976 by inserting several proposed new subsections and amending existing subsections as follows:

\* under subclause 56(a):

- the proposed new subsection 42(3) provides for the Board to invest the moneys of the Fund only through an investment manager or managers;
- the proposed new subsection 42(4) provides for CFM to be the sole investment manager of the Fund until 30 June 1995; and
- the proposed new subsection 42(4A) provides that the Board is to ensure that CFM and any future investment manager operates within the Board's investment powers, strategy and policy and reports to the Board as required on the state of the Board's investments and the investment market.

\* under subclauses 56(b) and 56(c):

- the proposed amendments to subsections 42(5) and 42(5A) of the Superannuation Act 1976 will ensure consistency with the Income Tax Assessment Act 1936 under which the income derived from the investment of the moneys of the Fund, the Board and the Fund are subject to taxation.

Clause 57 - Repeal of section 43

67. This clause will repeal section 43 of the Superannuation Act 1976 relating to certain tax exemptions afforded to SFIT's operations which are no longer appropriate once its trustee role is transferred to the Board.



**Clause 58 - Accounts and records**

68. This clause will amend section 44 of the Superannuation Act 1976 to require the Board to keep proper accounts in respect of the Fund.

**Clause 59 - Annual report of Board**

69. This clause provides for the amendment of section 161 of the Superannuation Act 1976 to ensure that the Board is required, as soon as practicable after each financial year, to give to the Minister a report on the performance of its functions during the year and financial statements in relation to its management of the Fund during the year in a form approved by the Minister. The clause also provides in subclause (2) that if the transition occurs on 1 July 1991, the Board will not be required to prepare financial statements in respect of the Fund for the financial year 1990/91 as the statements will be prepared by the Company under proposed section 44 of the Bill.

**Clause 60 - New section 161A**

**New section 161A - Annual report of Commissioner**

70. This clause provides for the repeal of section 161A of the Superannuation Act 1976, as a consequence of the amendments made to existing section 161 by clause 59, and inserts a proposed new section 161A requiring the Commissioner to report annually to the Minister on the general administration and operation of the Superannuation Act 1976 and the Superannuation Act 1922. The exception to this requirement is that the Commissioner is not required to report on those provisions of the Superannuation Act 1976 which reflect the functions of the Board (ie subsection 7(2), Part III, and Part IVA).

**Clause 61 - Annual reports etc. to be tabled in Parliament**

71. This clause provides for the amendment of section 162 of the Superannuation Act 1976 by omitting subsection 162(1) of that Act which will no longer be necessary as a consequence of the amendments made by clause 60 and for the amendment of subsection 161(2) to reflect the fact that under the provisions of the Bill the Minister will be furnished with a report under proposed section 161A by the Commissioner and with financial statements under proposed section 161 by the Board.

Clause 62 - Minister may request the supply of information

72. This clause amends the Superannuation Act 1976 by omitting section 163(2) of that Act which will no longer be necessary when the Board takes over from SFIT the trustee role for the Fund.

Clause 63 - Further amendments

73. This clause provides for each of the specified references to "Trust" (ie SFIT) in the Superannuation Act 1976 to become references to the "Board" as a consequence of the proposed incorporation of SFIT as a public company and assumption by the Board of the trustee role.

**PART 10 - AMENDMENTS OF THE SUPERANNUATION ACT 1990**

74. This Part provides for a number of amendments to the Superannuation Act 1990 that are consequential upon the proposed conversion of SFIT from a Commonwealth statutory corporation to a public company established under the Companies Act 1981.

Clause 64 - Principal Act

75. This clause defines the "Principal Act" for the purposes of Part 10 of the Bill to be the Superannuation Act 1990.

Clauses 65 - Interpretation

76. This clause provides for the amendment of section 3 of the Superannuation Act 1990 to omit the definition of "Trust" (ie SFIT).

Clause 66 - New section 3A

**New section 3A - Application of Act**

77. This clause inserts a new section in the Superannuation Act 1990 providing for the Act to operate within and outside Australia.

Clause 67 - Repeal of Part 8

78. This clause provides for the repeal of Part 8 of the Superannuation Act 1990 relating to SFIT's role as a Commonwealth statutory corporation.

Clause 68 - New section 33

**New section 33 - Investment manager**

79. This clause inserts a new section in the Superannuation Act 1990 providing for CFM to be the sole investment manager of the Fund established under that Act until 30 June 1995.