

**Recommendations agreed by Cabinet from the “Review of Public Sector Superannuation Arrangements for the Western Australian State Government”.**

1. Reverse the decision to mutualise GESB;
2. Retain GESB as a Statutory Authority responsible for oversight of State superannuation schemes and funds under the *State Superannuation Act 2000*;
3. Retain the (untaxed) West State Super scheme in its current form;
4. Implement ‘One-Way’ Choice of Fund for public sector employees through amendments to the *State Superannuation Act 2000* and the *State Superannuation Regulations 2001* at (the) earliest opportunity;
5. Recommence the communications campaign to inform employees and employer agencies about Choice to ensure readiness for implementation of Choice of Fund;
6. Implement streamlined process for current or former public sector employees to transfer small superannuation holdings to other superannuation funds with a target of at least a 70% reduction in accounts with account balances under \$10,000;
7. Seek the agreement of the GESB Board to reallocate the advertising budget originally planned to advertise GESB superannuation and financial planning services to the broad community to a communications campaign to individually contact members and provide them with mechanisms to consolidate their superannuation holdings outside GESB;
8. Reflect the primacy of the allocation of GES Fund assets to provide for Fund liabilities in the governance framework for State superannuation;
9. Adopt the principle that Reserves will be only allocated from assets created through employer and member contributions to the GES Fund where these are surplus to those required to meet liabilities;
10. Provide for GESB to consult with the State Government in identifying the purpose of and setting the quantum of Reserves and for the Treasurer to have a right of veto over the setting of those reserves;
11. Revise the State superannuation governance framework to provide for agreement of the Treasurer in determining contribution and recoupment rates for the State and its Departments and agencies;
12. Meet superannuation management and administration costs through the recoupment and contribution rates already determined for State Departments and agencies;
13. Arrange for the procurement of superannuation administration services for all State superannuation schemes from a commercial service provider;
14. Assess the market for the provision a new ‘default fund’ for public sector employee superannuation in parallel with the transaction to procure administration services;
15. Arrange for GESB Mutual (*Ltd*) and GESB Superannuation (*Pty Ltd*) to be wound up;
16. Arrange for GESB Wealth Management (*Pty Ltd*, *GESB’s financial advice subsidiary company*) to be wound up as GESB is able to continue providing simple superannuation advice to its members without the need for a subsidiary organisation;
17. Arrange for GESB Funds Management (*Pty Ltd*) to be wound up;
18. Seek the agreement of the GESB Board to alter the reserves set for the GES Fund to:
  - Reset the West State Super Minimum Guarantee to \$44 million;
  - Reset the West State Super General Reserve from \$76 million to zero;
  - Reset the Government Services Reserve from \$40 million to zero;
  - Reset the Operational Risk Reserve from \$73 million to zero;
  - Reset the Strategic Development / Prudential Reserve from \$39 million to zero;
  - Reset the estimated Expense Reserves from \$111.4 million (GSS) and \$23.2 million (Pension) to zero;
  - Eliminate the Investment Fluctuation Reserve and record all future earnings for the Defined Benefit sub-fund as contributions towards meeting the State’s \$4.7 billion unfunded superannuation liability;Resulting in a \$339 million reduction in the \$393 million deficit recorded against funded liabilities of the GES Fund