Superannuation Benefit (Interim Arrangement) Bill 1988

Date Introduced: 14 April 1988
House: House of Representatives

Digest of Bill

Purpose

To provide an interim superannuation benefit for Commonwealth employees and employees of Commonwealth authorities and bodies who are eligible employees under the Superannuation Act 1976. The provisions may also be adopted, as an interim measure, by employers, including those in the private sector, required to make contributions but not having an established fund into which to pay them.

Background

The National Wage Case decision of March 1987 held:

Agreements may be certified or consent awards made providing for employer contributions to approved superannuation schemes for employees covered by such agreements or consent awards provided those agreements or consent awards;

(i) operate from a date determined or approved by the Commission; and

(ii) do not involve the equivalent of a wage increase in excess of 3% of ordinary time earnings of employees.

In a case which the Commission determines that a claim or part thereof should be granted, it would award no more than 1.5% of ordinary time earnings to operate no earlier than 1 January 1988 and no more than a further 1.5% to operate no earlier than 1 January 1989.

At a meeting on 14 December 1987, between the ACTU and the Minister for Industrial Relations, Ralph Willis, final proposals were promulgated with respect to the basic structure of the Government's proposal for an interim superannuation benefit scheme.¹
The interim benefit would operate from 1 January with 1.5% of the final 3% being paid from that date. The balance is to be paid no later than 1 January 1989. The scheme is an unfunded arrangement. Employers will be required to pay benefits as they fall due, rather than contributing on an on-going basis. The basis for the calculation of the benefits would simulate the benefits that would have accrued had the employer made a contribution to an invested accumulation fund earning interest. The interest rate to be attributed to members notional equity will be the long-term bond rate.

A three month period of employment would be the prerequisite to gaining benefits in the scheme, but once this period had passed, benefits would apply back to the date of commencement of employment or 1 January 1988, whichever is the most recent. The contributions are to be paid according to a scale. The scale ranges from a minimum contribution of $299 for employees earning less than $19,934, and a maximum contribution of 1% of salary for employees earning more than $46,801. Contribution rates would be adjusted annually by indexing them to wage movements.

Main Provisions

For a detailed analysis of the Clauses of the Bill refer to the Explanatory Memorandum.

This Bill will take effect from 1 January 1988 (Clause 2).

Clause 3 defines the terms used in the Bill and specifies how such terms and other Clauses of the Bill should be interpreted.

Sub-clause 3(1) defines the terms used in the Bill, the more important of which are explained below.

**Annual rate of salary.** This definition provides that the annual rate of salary, in relation to an eligible person, in relation to a particular day, means the rate that would be the person's final annual rate of salary for the purposes of the Superannuation Act 1976 if the person had ceased to be an eligible employee on that day. Where a person is not an eligible employee under the Superannuation Act 1976, the annual rate of salary is calculated as if the person were an eligible employee.

**Annual rate of contribution.** This definition specifies the 1988 annual rate of contribution according to the annual rate of salary. Paragraph (b) of the definition provides that for each subsequent year, the rate of contribution will be set by regulation.
(a) the notice has been withdrawn;
(b) the regulation is deemed to have been disallowed through 15 sitting days having elapsed since notice was given, and it has neither been dealt with or withdrawn;
(c) the motion has been withdrawn or otherwise disposed of;
(d) sub-section 48(5A) has applied to the regulation — that is, if a House of the Parliament is dissolved, the regulation is deemed to have been retabled when the House next sits.

Proposed sub-section 48B(2) provides for a prohibition of the kind proposed sub-section 48B(1) imposes on the remaking of regulations, where proposed sub-section 48(5A) operated in respect of regulations and notice of a motion of disallowance was moved within 15 sitting days of the date of tabling.

Proposed sub-section 48(3) provides that regulations made in contravention of proposed sub-section 48B(1) and (2) have no effect.

Proposed sub-section 48B(4) provides that the provisions of proposed section 48A, and the prohibition in proposed section 49 on the re-making of a regulation for six months after disallowance, are not affected by proposed section 48B.

Clause 8 makes consequential amendments to the Acts set out in the Schedule. Each of these Acts apply the tabling and disallowance provisions of the Principal Act. The proposed amendments insert proposed sections 48A and 48B of the Principal Act.

Clause 8 also amends the Seat of Government (Administration) Act 1910, the Environment Protection (Protection of Proposals) Act 1974, and seven other Acts relating to the external Territories. Most of these Acts authorise the making of Ordinances, and provide for the tabling, and possible disallowance of those ordinances. In each case the proposed amendments insert provisions equivalent to proposed Sections 48A and 48B of the Principal Act.

References

1. Acts Interpretation Act 1901, Section 48(1)(c).
2. Ibid., Section 48(3).
3. Ibid., Section 48(4).
4. Ibid., Section 48(5A).
6. Ibid., pp.21–2.
For further information, if required, contact the Law and Government Group.

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This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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