Superannuation Amendment Bill 1988

Date Introduced: 19 October 1988
House: House of Representatives
Presented by: Hon. Clyde Holding, M.P., Minister for the Arts and Territories

Digest of Bill

Purpose
To allow government business enterprises (GBEs) to determine their own superannuation arrangements provided they comply with the occupational superannuation guidelines.

Background
GBEs play a significant role in the Australian economy. GBEs contribute directly to employment and GDP, and form a large proportion of the basic infrastructure necessary for other bodies to operate. For example, communications in Australia are dominated by GBEs, such as Telecom, OTC, AUSSAT and Australia Post. The position of such GBEs means that their efficiency is important to the economy and that any efficiency gain should be reflected in the entire economy. The extent of direct government intervention in GBEs has been under review for some years. The general thrust of the government's moves in this area has been to reduce interference in managerial decisions while maintaining control over the general direction of the body and its financial position.

Draft operational standards for superannuation funds were released for comment by the Treasurer and the Minister for Employment and Industrial Relations in December 1985. Following comments from interested groups, the proposed standards were released by the Treasurer in a press release dated 11 June 1986. The proposed guidelines were contained in an attachment to the press release and concentrated on vesting, preservation, the composition of trustee boards and investment standards. The Occupational Superannuation Standards Act 1987 contains provisions for regulations to be made to govern the operating standards of superannuation funds and approved deposit funds. The areas that the regulations may cover reflect the proposed guidelines issued by the Treasurer.1

The future direction of government policy on public sector superannuation for GBEs was outlined on 25 May this year in the Government's statement on transport and communication GBEs. Under the policy, GBEs will be free to establish their own superannuation schemes, subject to the approval of the Minister for Finance. Qantas, Australian Airlines, Australian National Line and AUSSAT, already have their own private schemes. All such schemes are to be
consistent with guidelines to be set by the Ministers for Finance and Transport and Communications and these guidelines must, in turn, be consistent with the occupational superannuation guidelines.2

Main Provisions
Clause 4 will insert a new Part XA into the Superannuation Act 1976 (the Principal Act).

'Relevant body' is defined to include Commonwealth owned companies or funded bodies; and a company, body, or an authority declared by the Minister to be a relevant body.

'Eligible body' is defined in proposed sub-section 155AA (1) to be a 'relevant body' that is declared by the Minister to be an eligible body.

There will be three situations in which superannuation benefits can be provided: first, where the scheme satisfies the guidelines laid down under proposed section 153AC (see below); secondly, where a law expressly provides for the payment of superannuation benefits to such employees; and, finally, where a law provides that a body may provide superannuation benefits and the Minister has approved the provision of those benefits. Superannuation benefits payable under schemes in force on 23 April 1978, or in force before the body became a relevant body, will continue to be payable.

Proposed section 153AC deals with the provision of superannuation benefits in accordance with Ministerial guidelines. The proposed section provides that the Minister may issue guidelines for the provision of superannuation benefits and approve aspects of schemes that go outside the guidelines. However, the guidelines, and any permission granted to exceed the guidelines, must be consistent with the occupational superannuation standard guidelines issued under the Occupational Superannuation Act 1987.

After having regard to the possible effects on individuals of a scheme being declared void, the Minister may validate all or part of a scheme that is void. Such a validation may be conditional and will be subject to disallowance by either House of the Parliament (proposed section 153AD).

References
For further information, if required, contact the Economics and Commerce Group.

22 November 1988

Bills Digest Service
Legislative Research Service

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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