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PARLIAMENTARY CONTRIBUTORY SUPERANNUATION
AMENDMENT BILL 1981.

Date Introduced: 9 April 1981
House: House of Representatives
Presented by: Hon. J.W. Howard, Treasurer.

Short Digest of Bill

Purpose

To amend the Parliamentary Contributory Superannuation Act 1948 as it applies to:

- the additional retiring allowance entitlement for service as a Minister or an officer-holder;
- commutation of a parliamentary retiring allowance;
- members transferring between the Commonwealth Parliament and the Northern Territory Legislative Assembly; and

and to provide a power to modify the Act by regulation in its application to persons who serve in a State Parliament.

Background

A superannuation benefits scheme for Members of Parliament was first introduced by the Parliamentary Retiring Allowances Act 1948. Under the scheme benefits are paid to former contributors, their widows, widowers and orphans. Parliamentary retiring allowance schemes are administered by the Department of Finance under the direction of the Parliamentary Retiring Allowances Trust which consists of five Trustees - the Minister for Finance, two Senators and two Members of the House of Representatives.

Under the existing scheme the formula for calculating the retiring allowance payable to Ministers and office holders has been found to have the effect that some members' superannuation entitlements are decreasing the longer they remain in office. The Bill overcomes this anomaly by providing a new formula under which contributions and benefits are expressed as a percentage of the salary payable for each office held.
Main Provisions

Clause 4 of the Bill provides a power of delegation by the Parliamentary Retiring Allowances Trust. In the explanatory memorandum accompanying the Bill it is advised that there is a possible deficiency in the drafting of the existing Section 8A relating to delegation.

Clause 6 of the Bill inserts new sub-sections 18(9) and (10) which provide that an additional retiring allowance is payable in respect of service in each office held. The additional retiring allowance is 6.25% of the salary payable from time to time in respect of each office for each year of service in that office. The maximum entitlement under this provision is 75% of the salary payable from time to time for the highest office held.

The rates of contributions of members of the scheme as prescribed by Section 13 are amended by clause 5 which provides that where an office holder qualifies for the maximum additional retiring allowance under sub-section 18(9) contributions deducted from his salary will reduce from 11 1/2% to 5 3/4% of salary while that maximum applies.

Amendments of the provisions relating to commutation of retiring allowances are contained in clauses 8 and 9. Clause 8 amends Section 18B by extending the period in which members may elect to commute their retiring allowances to include the period of three months prior to their becoming entitled to that allowance, and by giving the Parliamentary Retiring Allowances Trust the power to defer a member's election to commute if it considers that the member is likely to re-enter the Parliament within 12 months. The conditions applicable to such deferment are provided by new sub-sections (10) to (14) inclusive.

Clause 9 amends Section 20 which relates to the re-election to the Parliament of persons who have previously elected to commute a retiring allowance payable under the Act. The clause provides that any subsequent allowance will be reduced by the amount or amounts of retiring allowance previously commuted.

The provisions recognising periods of service as a member of a State Parliament contained in Section 20A are extended to service in the Northern Territory Legislative Assembly by clause 10(1). However, clause 12 inserts a new Section 21A into the Principal Act conferring a power to modify and adapt the provisions of the Act by regulation insofar as they relate to members of a State Parliament or of the Legislative Assembly of the Northern Territory and, consequently upon this, clause 10(2) repeals the existing Section 20A from a date to be proclaimed.
Clause 15 is a transitional provision designed to safeguard the existing entitlements of members who have already retired from the Parliament and to whom the new additional retiring allowance provisions apply. The explanatory memorandum accompanying the Bill advises that without this safeguard the entitlements of some members would be less under the new provisions. A similar protection is provided for members who are members of the Parliament as at the date of Royal Assent to the Bill by clause 15(2).

Special provision in respect of members retiring between 1 July 1980 and the next expiration or dissolution of the House of Representatives is made by clause 16. The effect of this clause is that these members will be able to commute their retiring allowance without any restriction as to age.

For further information, if required, contact:

24 April 1981

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