SUPERANNUATION ACTS AMENDMENT BILL 1978

Date Introduced: 9 March 1978
House: House of Representatives
Presented by: The Honourable Eric L. Robinson, M.P., Minister for Finance

Short Digest of Bill

Purpose

To rectify some shortcomings that have emerged in the new superannuation scheme for Commonwealth Government employees since it commenced operation on 1 July 1976.

Background

Under the Liberal-NCP Government in October 1971 the Treasury established a departmental committee to undertake full investigation of the superannuation arrangements existing at that time for Commonwealth public servants. The report of that Committee which was released in 1973, recommended adoption of a new scheme. The proposals for the new scheme were then considered by the Government and also by appointed independent actuaries. In December 1974 the then Labor Treasurer Mr Crean announced the details of the new scheme which was planned to begin operation on 1 July 1975. However legislation providing for the Crean scheme was not passed by the Senate and was laid aside in August 1975.

In March 1976 the Liberal-NCP Government introduced legislation providing for a revised scheme. The revised scheme was less generous and less costly. This scheme was passed by Parliament and came into operation on 1 July 1976.

The present scheme differs in three main ways to that proposed by the Labor Government. Under the present scheme the full age retirement pension is payable after 30 years contributory service at age 65 years, not age 60 years. Secondly, the additional pension for long contributory service is 0.25 per cent (rather than 0.5 per cent) of salary for each year of service beyond 30 years up to 40 years. Thirdly, under the present scheme that part of the member's benefit entitlement consisting of an additional pension purchased by the accumulated member contributions is not adjusted annually in line with price increases.
Main Provisions

The Bill amends the Superannuation Act 1922 (i.e. the Act governing the provision of benefits to those eligible for them in respect of employees who terminated service before 1 July 1976), the Superannuation Act 1976 (providing for the new scheme) and the Superannuation Amendment Act 1976 (i.e. the Act which effected certain consequential amendments to the Superannuation Act 1922, such as the extension of higher reversionary benefits, because of the new scheme).

The principal amendments to the Superannuation Act 1922 concern the reversionary benefits payable under the Act. These amendments correct certain anomalies and clarify circumstances regarding the payment of benefits to spouses or children of a contributor who died prior to 1 July 1976 (clause 6).

The amendments to the Superannuation Act 1976 also include provisions which remove certain anomalies and clarify the intentions of some particular provisions of the Act. Some minor amendments extend the provisions of the Act, e.g. in certain circumstances a contributor may now reverse an election made to take a lump sum in lieu of the contributor-financed pension (clause 64).

Further examples of the main amendments are given in the Minister's second reading speech.

Overall, most of the changes proposed in this Bill are minor changes; they do not vary the basic benefit structure of the scheme and they are not expected to significantly increase the cost of the scheme.

Finance, Industries, Trade
and Development Group

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