PARLIAMENTARY CONTRIBUTORY SUPERANNUATION AMENDMENT BILL 1978

Date Introduced: 1 June 1978
House: House of Representatives
Presented by: Hon. J.W. Howard, M.P., Treasurer

Short Digest of Bill

Purpose

To provide for additional contributory retirement benefits for Ministers and Office Holders of the Parliament and to improve the benefit conditions for Senators and Members in various ways.

Background

The Parliamentary Retiring Allowances Act 1948 provides for a contributory retirement benefits scheme under which benefits are paid to former contributors, their widows, widowers and orphans. At present the Act also provides a non-contributory scheme under which additional benefits are paid to former Prime Ministers and their widows or widowers. However, the provisions of this Bill will discontinue the existing Prime Ministerial Retiring Allowances scheme.

The retiring allowances 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.

The main changes to the scheme are summarised below. Some of these changes e.g. the provision of additional retirement benefits to Ministers or office holders and the provision for partial commutation of retiring allowances into lump sum payments, align the provisions of the Commonwealth scheme more closely with current provisions in State Parliamentary superannuation schemes. A full explanation of the scheme, as amended by this Bill, may be found in the Parliamentary Retiring Allowances Handbook issued by the Retirement Benefits Branch of the Department of Finance.

Main Provisions

In addition to the 11½ per cent of monthly parliamentary
allowances which any member or senator is currently required to contribute, a Prime Minister, Minister or Office-Holder in the Parliament will, after the date of Royal Assent to this Bill, be required to contribute 11½ per cent of his additional salary or allowance payable in respect of that office (Clause 6).

Increased retiring allowances will then become payable to Prime Ministers, Ministers or Office Holders in accordance with a formula to be included in new subsection (9) of section 18 of the Principal Act. In broad terms the retiring allowance otherwise payable will be increased by the ratio that the parliamentary allowance plus additional salary received bears to the parliamentary allowance payable during the whole of the parliamentary service.

A Minister or Office Holder may have service prior to the date of Royal Assent to this Bill recognised provided he or she specifically elects to do so under the new section 14 of the Principal Act and also undertakes to make certain prescribed payments in respect of that election (Clause 7).

Under the previous scheme a Senator or Member who retiring voluntarily was eligible for a retiring allowance if he or she was over 45 years of age and had completed 12 years service. This provision has been amended to delete the age 45 requirement and to include a "4 occasions rule" such that eligibility will now be dependent upon either 12 years service, or when a member has, on 4 occasions, ceased to be a member upon the dissolution or expiration of the House of which he/she was then a member or upon expiration of his/her term of office. (Paragraph 9(1)(a)).

The existing scale of rates of retiring allowance according to years of service has been amended so that the maximum rate of retiring allowance (75% of parliamentary allowance) will be achieved after 18 years service rather than 20 years. (Paragraph 9(1)(d)). In addition, paragraph 9(1)(d) also provides for a pro-rata increase in the percentage retiring allowance entitlement which will take account of the number of months in any incomplete years of service between 8 and 18 years.

Senators or Members may now elect to convert up to 50% of their retiring allowance to a lump sum payment. The lump sum payable will be calculated by multiplying the amount of the annual rate of retiring allowance forgone by 10 where the retiring member is not over 66 years, or of by 10 - x, where x is the number of months by which the retiring members’ age exceeds 65 (Clause 10).

The Bill also amends the principal Act to provide that annuities payable to widows and widowers will not cease if they re-marry after the date of Royal Assent to this Bill (Clause 11).
New provisions also extend the categories of orphan children who are entitled to be benefits under the scheme, (Clause 12).

Finally, the Bill includes a new provision which reduces by half (from 11½ pc to 5 3/4 pc) the percentage contribution payable by any Senator or member after completion of 18 years of Parliamentary service (Clause 6).

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