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retention on the notice-paper could easily be an impediment to the debating of matters which honorable members might like to raise.

Question resolved in the affirmative.

WOMEN'S SERVICES AUXILIARIES.

Notice of motion No. 4, in the name of Mr. FORDE, for leave to bring in a bill relating to women's services auxiliary to the Defence Force—*by leave—with-drawn.*

SUPERANNUATION BILL 1942.

Motion (by Mr. CHIFLEY) agreed to—

That leave be given to bring in a bill for an act to amend the Superannuation Act 1922-1937, and for other purposes.

Bill presented, and read a first time.

SECOND READING.

Mr. CHIFLEY (Macquarie—Treasurer) [11.18].—*by leave—I move—*

That the bill be now read a second time.

This bill provides for the extension of superannuation rights to three groups of persons in the service of the Commonwealth. They are long-term temporary employees, persons employed by certain semi-governmental bodies, and persons appointed for a term of years to statutory offices. It also includes several amendments of the principal act recommended by the Superannuation Board. The Government took the opportunity to refer all these matters for the consideration of the parliamentary committee which was appointed to report on the Repatriation Act, and the provisions of the bill are based on that committee's recommendations, with the exception of one item on which the committee's decision was not unanimous.

I shall deal first with the grant of superannuation rights to temporary employees. In 1937, employees of the Repatriation Commission, War Service Homes Commission, Council for Scientific and Industrial Research, and the High Commissioner's Office, London, were given security of tenure and brought under the Superannuation Act for the first time. It was considered that these employees were, in effect, holding permanent positions in the service of the Commonwealth. The Government of the day

was not prepared at that stage to include other groups of employees, but the Minister in charge of the bill said in his second-reading speech, that if a case could be made out for similar treatment in respect of any other classes of persons, who were in substance permanent employees, sympathetic consideration would be given to it. This Government considers that the superannuation scheme should be extended to those persons who are for all practical purposes, although not in name, permanent employees of the Commonwealth. Investigation has disclosed that about 5,000 employees, who are classed as temporary, are employed full time, and are occupying positions, the duties of which are of a permanent character. Furthermore, their positions are necessary for the carrying on of the work of the departments. Whilst many of these persons have been employed for short periods only, others have had long continuous service. As evidence of the permanent nature of the work on which many temporary employees are engaged, it may be of interest to honorable members to know that there are approximately 2,600 employees who have been continuously employed by the Commonwealth for five years and upwards and whose services the departments require indefinitely. Of that number about 320 have had from 20 to 40 years' service; more than 1,000 have had from ten to nineteen years' service, and about 1,250 have had from five to nine years' service. There is no doubt, therefore, that these employees are occupying positions of a permanent character. It is now proposed in this bill that temporary employees shall be eligible for superannuation benefits subject to the following conditions:—

- (a) that the employee shall be subject to medical examination as required by the act,
- (b) that he be required to give his whole time to his duties,
- (c) that he has had not less than five years' continuous service,
- (d) that he has not attained the age of 65 years—the maximum age for retirement laid down in the Superannuation Act, and

pared at that stage to include classes of employees, but the Minister of the bill said in his second speech, that if a case could be met with similar treatment in respect of certain classes of persons, who were permanent employees, consideration would be given to the Government considers that the proposed scheme should be extended to those persons who are for all purposes, although not in name, employees of the Commonwealth, who are classed as permanent employees, who are employed full time, and in positions, the duties of which are of a permanent character. Whilst many of these persons have been employed for short periods, others have had long continuous service. As evidence of the nature of the work on which many employees are engaged, interest to honorable members that there are approximately 320 employees who have been employed by the Commonwealth departments for five years and upwards and require superannuation benefits. Of that number about 200 have had from ten to twenty years' service, and about 1,250 have had from five to nine years' service. It is now proposed that temporary employees occupying positions of a permanent character shall be eligible for superannuation benefits on the following conditions:—

(a) an employee shall be subject to a medical examination as required by the act, and shall be required to give his full time to his duties, and shall have had not less than five years' continuous service, and shall have not attained the age of 45 years—the maximum age for retirement laid down in the Superannuation Act, and

(c) that the Chief Officer of the department certifies that the employee's services are likely to be retained for an indefinite period.

An employee who complies with the first four conditions, but in respect of whom the Chief Officer does not certify that his services will be retained indefinitely, will have the right of appeal to the Treasurer. The names of persons who are to be regarded as employees for superannuation purposes will be published in the *Gazette* by the Treasurer. If an employee cannot pass the doctor but complies with the other conditions, he will not be eligible to contribute for a pension, but will be entitled to contribute to what is called the provident account. He will contribute 5 per cent. of his salary to which will be added 3 per cent. compound interest, and on retirement he will also be entitled to an equivalent amount from the Commonwealth. Where an employee is over 45 years of age and his fortnightly contribution for a pension of £52 per annum exceeds 5 per cent. of his salary, he may elect to contribute to the provident account instead of for a pension. In fixing the minimum period of service at five years, the present system of recruiting temporary employees was taken into consideration. These employees are taken from a list of applicants in the order of application. If a temporary employee were allowed to contribute for a pension after a shorter period of service than five years, the whole position in regard to the method of recruiting temporary staff would have to be reviewed. When it is remembered that permanent employees are required to serve a probationary period of from six months to twelve months before becoming contributors, it will be agreed that employees who have not qualified in the usual manner for permanency, cannot be regarded as having earned the right to contribute for a pension until after a fairly lengthy period of service.

The second group of persons to whom superannuation benefits are being extended, comprises the full-time employees of semi-governmental authorities. These persons are not directly employed by the Commonwealth, but are employees of authorities created by the Commonwealth,

and their employment is authorized by act or ordinance. The Government is aware that there are distinctions between the functions of the different authorities and it is therefore proposed that officers of the Australian Broadcasting Commission, the Canberra University College Council, and the Canberra Community Hospital Board who are employed on a permanent basis shall be given superannuation rights, and that other semi-governmental authorities shall have the option of deciding whether or not their employees shall be brought under the Superannuation Act. When a pension becomes payable to or in respect of any of these employees, the Commonwealth will pay its proportion of the benefit to the superannuation fund in the usual manner, and will be reimbursed periodically by the authorities concerned. As practically all the present employees have at some time during their service been required to submit themselves to a medical test, it is proposed that the usual medical examination on entry shall be waived in those cases where the authority concerned accepts the full liability for any invalidity or widow's pension that may become payable to or in respect of its present employees within three years after the commencement of contributions. Persons who become employees in the future will be required to submit to the prescribed medical examination before becoming contributors. The names of persons who are to be deemed to be employees within the meaning of the Superannuation Act will be gazetted by the Minister.

The third group to whom it is proposed to extend superannuation, consists of persons who are or have been appointed for a term of years to statutory offices and who are required to devote all their time to the duties of their office. As I stated earlier, superannuation rights were granted in 1937 to employees of the Repatriation Commission and of other statutory authorities, but the members of the authorities themselves were not included. There is a further anomaly that whilst a few persons holding statutory offices are contributors to the superannuation fund by virtue of their status as permanent Commonwealth employees, their colleagues are excluded. The bill

will also rectify this. The number of persons involved is about twenty, and the names will be gazetted by the Treasurer. Under the act, if the services of a person holding a statutory office be terminated after a period of less than ten years and before he has attained the age for retirement, he will be entitled only to a refund of his contributions. If, however, he has served for ten years or longer, and has not attained the retiring age, the pension payable will represent the amount of his contributions plus an equal amount from the Commonwealth. If his services are terminated on account of invalidity or having reached the age for retirement, he will receive the full pension for which he contributed. Persons holding statutory offices, who are not required to give their whole time to their duties and who may engage in outside employment, will not become contributors.

The bill also provides for an amendment as the result of the actuarial investigation of the superannuation fund as at the 31st December, 1939. The actuaries' report and recommendation, together with the Superannuation Board's recommendations thereon, have already been tabled.

The actuaries report a deficiency in the fund of £309,000. In their valuation they assumed an interest rate of 3½ per cent., and they draw attention to the high rate of retirement upon invalidity pension, and the comparatively low rate of mortality amongst pensioners. In their report they state—

The original rates of contribution were calculated on the assumption that the fund would earn interest at the rate of 4 per cent. per annum. At the present time, it would not be reasonable to assume that so high a rate will be earned on the investment of contributions received in respect of future units. Since the inception of the fund, there has been a general decrease in rates of mortality. As a result, not only do pensioners on the average live to draw pension over a longer period, but, also, larger proportions of contributors survive to become pensioners. Further, certain additional benefits not allowed under the original scheme have been granted. These further benefits comprised the abolition of the seven years' probationary period, the refund of contributions upon the death of single men and widowers without children and the granting of double pensions to children who have lost both parents. The combined effect of these factors is that the original rates of contribution—which have remained unaltered

Mr. Chifley.

throughout—are not sufficient to support the present scale of benefits. Every new unit effected at these rates entails a financial strain on the fund and so increases the deficiency.

The actuaries recommend that the position of the fund should be improved either by increasing the rates of contributions by employees in respect of units of pension taken out in the future, or by increasing the proportion of pensions payable by the Commonwealth, combined with a corresponding smaller increase of the employees' contributions. The Superannuation Board and the Parliamentary Committee recommend that the rates of contribution for units of pension effected in the future should be those recommended by the actuaries without raising the Commonwealth's proportion of pensions. Provision is included in the bill accordingly. Opportunity is also taken to effect a number of further amendments to the act recommended by the board and also by the parliamentary committee to overcome anomalies and to promote the smoother working of the scheme. These amendments have been discussed by the Superannuation Board with representatives of the Public Service Associations. Section 13 of the Principal Act provides that on appointment employees must contribute for units of pension according to their salary groups, with a minimum of two units (£52 per annum). Those on lower salaries may, however, elect to take additional units to make up a total of four units (£104 per annum). Frequently, employees who have failed to elect for the extra units wish to do so at a later date, but are ineligible because the time allowed has expired. It is now proposed in clause 6a that in future all employees under 30 years of age on appointment shall be required to contribute for a minimum of four units instead of two units as at present. This amendment will ensure that employees contribute for the first four units at the lowest possible rates. Clause 6c provides that, where an employee over 40 years of age becomes eligible to contribute for additional units, he shall be required to do so unless, within a period of six months, he elects to the contrary. This will ensure that all such employees shall contribute for units of pension as they become available and that no employee will miss the opportunity owing to lack

is not sufficient to support the of benefits. Every new unit rates entails a financial strain and so increases the deficiency. We recommend that the position should be improved by raising the rates of contributions for employees in respect of units taken out in the future, or by a proportion of pensions to the Commonwealth, combined with a corresponding smaller increase of contributions. The Superannuation Board and the Parliamentary Commission commend that the rates of contributions for units of pension effected should be those recommended by the actuaries without raising the Commonwealth's proportion of pension which is included in the bill. Opportunity is also taken to propose a number of further amendments recommended by the board and the parliamentary committee to remove anomalies and to promote the better working of the scheme. Amendments have been discussed with the Superannuation Board with representatives of the Public Service Association. Clause 13 of the Principal Act provides for appointment of employees for units of pension for their salary groups, with a maximum of two units (£52 per annum). For higher salaries may, however, be granted additional units to make up to four units (£104 per annum). Employees who have failed to contribute extra units wish to do so, but are ineligible because their contribution period has expired. It is now proposed in clause 6a that in future employees under 30 years of age on appointment shall be required to contribute a minimum of four units instead of two as at present. This amendment ensures that employees contribute the first four units at the lowest rates. Clause 6c provides that an employee over 40 years of age is eligible to contribute for units, he shall be required to do so, within a period of six months, unless to the contrary. This amendment provides that all such employees shall contribute units of pension as they are able and that no employee shall have an opportunity owing to lack

of knowledge, as is often the case under the present provision. Where an employee elects not to contribute for the extra unit, any amount that has been deducted from his salary in respect thereof will be refunded to him. Under this clause also, an employee who has not contributed for additional units as they become available to him and who desires to pick them up at a later stage, will not be able to do so unless he satisfies the board's requirements as to health. The principal act provides that employees must decide within a period of six months from their appointment whether they will contribute for a pension on retirement at 60 years of age or at 65. It is now proposed that, subject to the necessary adjustment of contributions, an employee under 60 years of age may elect at any time to contribute for a pension on retirement at 60 years of age instead of at 65 years. Also an employee over 60 years of age who desires to retire before reaching 65, may pay the necessary lump sum to entitle him to the full pension on retirement at the earlier age. Under the invalidity provisions of the act an employee whose invalidity is due to "his own fault" is entitled only to a very small pension representing his own contributions. The words "his own fault" are considered to be too wide in their application. Clause 11 therefore provides that an employee shall, on retirement through invalidity, be entitled to a full pension unless the disability has been "deliberately and wilfully caused for the purpose of obtaining a pension", in which case only a refund of contributions will be made. Under this clause also, should a retired female employee, who has been granted an invalidity pension, marry and subsequently become restored to health, her pension will be cancelled. By her marriage the pensioner renders herself ineligible for re-appointment to the service in the event of her health being restored. This amendment will bring these pensions more into line with widows' pensions which are cancelled on re-marriage. Under the principal act, if a widower dies and leaves children over 16 years of age, his estate receives a refund of his contributions. If, however, he leaves a child under 16 years of age, the only benefit payable is the child's

pension. The amount of pension payable may be, and in some cases is, very small, whilst the amount of contributions may have been considerable. This anomaly has caused a lot of friction. It is accordingly proposed in clause 13 that, where a contributor who is a widower dies and leaves children under 16 years of age, a sum equal to the difference between the amount required to pay the children's pensions and the contributions paid by the employee shall be payable to his estate. The clause will be made retrospective. Honorable members are aware that if a Commonwealth public servant wishes to contest a parliamentary election, he must first resign from the service. If he is not elected and rejoins the service, he must contribute at a higher rate as a new employee. Clause 18 of the bill will preserve such an employee's superannuation rights in the event of his not being elected and returning to the service within a period of two months from the declaration of the poll. It will also preserve his rights from the date of his resignation to the date of his re-appointment in the same manner as if he were on leave without pay. Under the present act, where a maximum-age pensioner or a widow pensioner is employed or re-employed by the Commonwealth, the Commonwealth's proportion of the pension is cancelled during employment. This provision acts harshly in the case of a few widows who take temporary employment with the Commonwealth to augment their small pensions. Under clause 21, a widow pensioner will be allowed to be employed temporarily by the Commonwealth without her pension being affected. The clause will be made retrospective to cover a few cases of hardship. It will also permit a maximum-age pensioner to be re-employed for 28 days in any year without his pension being reduced. Section 73 of the act provides that the board's staff shall include an actuary. Clause 37 of the bill will delete this provision, which is not required. The Commonwealth Actuary, whose office is in Canberra, is the actuarial member of the Superannuation Board, and is in constant touch with actuarial matters affecting the fund. Clause 41 provides that, if a pension

becomes payable as the result of a contributor's participation in war service, the Superannuation Fund shall be charged only with that proportion of the pension which represents the contributions paid by the contributor up to the date of his retirement or death. The difference will be paid by the Commonwealth. This clause also protects the rights of an employee who is on active service by providing that, if he becomes eligible to contribute for additional units, he shall be covered in respect of such additional units, unless within a prescribed time he notifies the board that he does not wish to contribute for them. These are the principal amendments, and I commend the bill to the House.

Debate (on motion by Mr. FADDEN) adjourned.

Motion (by Mr. CHIFLEY) proposed—

That the resumption of the debate be made an order of the day for the next sitting.

Mr. CALWELL (Melbourne) [11.37].—When is the debate to be resumed? This is a particularly involved and complicated measure. Usually, when superannuation bills are introduced in the State parliaments, consideration of them occupies a period of several weeks. This is one of the most important sessions I have attended, and there is so much vital business before the House that it will be difficult to give proper consideration to all of it. I hope that we shall be given ample time to consider the bill.

Mr. CHIFLEY.—The honorable member will have until next week.

Mr. BECK (Denison) [11.39].—I, too, hope that there will be plenty of time for consideration of this bill. I have had a great deal of experience of municipal insurance funds, and I know that they give rise to all sorts of complications. This measure should be given thorough consideration, and every honorable member should have an opportunity to consider it fully before the debate is resumed.

Question resolved in the affirmative.

PAY-ROLL TAX ASSESSMENT BILL 1942.

Motion (by Mr. CHIFLEY) agreed to—

That leave be given to bring in a bill for an act to amend the Pay-roll Tax Assessment Act 1941.

Bill presented, and read a first time.

SECOND READING.

Mr. CHIFLEY (Macquarie—Treasurer) [11.40].—by leave—I move—

That the bill be now read a second time.

The pay-roll tax legislation is a comparatively recent addition to the statute law of the Commonwealth. It has been in operation for little more than one year. During that time, its operation has been closely watched with a view to determining whether any improvements are possible by way of simplifying the procedure to be followed by taxpayers, and also in the direction of relieving administrative problems. The law has, in general, operated very satisfactorily, and there is no intention to depart from the general principles upon which the pay-roll tax is based. It has been found possible, however, to devise means of alleviating difficulties encountered by certain taxpayers in the furnishing of their returns, and that is the principal purpose of this bill. As the law stands at present, every person who pays wages at a rate in excess of £20 a week is required to register as an employer for the purposes of the Pay-roll Tax Assessment Act, and to furnish monthly returns of wages paid. From the wages specified in each monthly return, an exemption calculated at the rate of £20 a week is deductible. Persons who are employers for a full year, and who pay less than £1,040 in wages during the year, are entitled at the end of the year to a refund or credit of any tax paid by them during the year, i.e., the tax in respect of months in which they paid wages at a rate in excess of £20 a week. Experience has shown that the calculation of the statutory exemption on a weekly basis does not operate evenly over the whole field of taxpayers. There is no difficulty in those cases where the monthly pay-roll regularly exceeds £20 a week. In those cases the deduction at the rate of £20 a week is regularly taken, and in the course of a year, the total exemption so allowed would be slightly over £1,040. The position is different, however, in those cases in which the pay-roll falls below an amount calculated at the rate of £20 a week in one or more months during the year. In such cases, the exemption for each