

CHAPTER 1: INTRODUCTION

1.1 On 4 May 1992 the Senate resolved:

- That the provisions of the *Superannuation Guarantee (Administration) Bill 1992*, the *Superannuation Guarantee Charge Bill 1992* and the *Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 1992* be referred to the Senate Select Committee on Superannuation for inquiry and report by 17 June 1992.
- That when these Bills are introduced into the Senate, they stand referred to the Senate Select Committee on Superannuation for inquiry and report by 17 June 1992.

1.2 On 6 May 1992 the Senate further resolved:

- That the provisions of the *Superannuation Guarantee (Consequential Amendments) Bill 1992* be referred to the Select Committee on Superannuation for inquiry and report by 17 June 1992.
- That when the Bill is introduced to the Senate, it stands referred, after the moving of the motion for the second reading, to the Select Committee on Superannuation for inquiry and report by 17 June 1992.

1.3 The Superannuation Guarantee Bills are commonly referred to as the SGL Bills. The term 'SGL' stands for 'superannuation guarantee levy', which was the expression originally used by the Government to refer to its forthcoming legislation. As that legislation now stands, however, the term 'levy' has been replaced by the term 'charge'. Since the term 'SGL' still seems to be commonly used to describe the legislation, the Committee has chosen to use it in this report as a convenient short-hand reference to the Superannuation Guarantee Bills.

1.4 At the first public hearing on the Bills (6 May 1992) the Parliamentary Secretary to the Treasurer and Manager of Government Business in the Senate, Senator the Hon Bob McMullan, tabled Government amendments to the legislation as agreed in the House of Representatives. The Committee received the amendments (applying to the *Superannuation Guarantee (Administration) Bill 1992* and determined that they be incorporated in *Hansard*.

1.5 The referral of the Superannuation Guarantee Bills to the Select Committee was unusual in several respects. First, the Bills were referred to a select committee already in existence rather than to a standing committee. Second, the Bills were referred on the motion of the Australian Democrats – and at the initiative of the Committee rather than through the Selection of Bills Committee. Third, the Bills were not before the Senate at the time the above resolutions were passed; hence use of the expression 'that the provisions' of the Bills be referred to the Select Committee (pending the actual introduction of the Bills into the Senate).

Conduct of the Inquiry

1.6 At a private meeting of the Committee on 4 May 1992 members discussed the list of witnesses to be called to give evidence on the Superannuation Guarantee Bills. In considering which witnesses to hear, members took into account the fact that the Committee had already heard over 200 witnesses in the course of its inquiry into superannuation issues as set out in the Senate's resolution of 5 June 1991. That resolution established the Select Committee on Superannuation; a copy of its terms of reference and procedures is at Appendix A.

1.7 Members acknowledged the great value of the evidence already taken by the Committee in passing the following motion (moved by Senator Kernot) at the first SGL public hearing:

The Committee wishes to record in the *Hansard* of this evening's proceedings the fact that it has heard evidence in previous hearings on a number of matters which are relevant to the growth of superannuation and its impact on macro and micro-economic performance in the economy.

In particular, in this regard, the Committee acknowledges the evidence given by representatives of the Industry Research and Development Board on matters relating to the use of superannuation funds to further the development of Australian industry.

1.8 The Committee conducted public hearings on 6 May, 8 May, 11 May and 3 June 1992. A list of witnesses appearing before the Committee is at Appendix B and a list of submissions (and other relevant written evidence) is at Appendix C.

1.9 This Report is more detailed than the standard report of a committee on the referral of a bill because it addresses four of the seventeen terms of reference of this Committee's on-going inquiry into superannuation. The four terms of reference are:

... to inquire into and report upon the following matters:

- (l) the appropriate means of providing adequate superannuation for part-time and casual employees and the feasibility of providing superannuation for people outside the workforce;
- (m) the rate of employer non-compliance with superannuation awards;
- (o) the feasibility of providing improved benefits to superannuation arrangements in lieu of increased contributions under superannuation awards in appropriate circumstances; and
- (p) the need for an appropriate target and timetable for the achievement of adequate levels of superannuation.

1.10 A significant number of the remaining terms of reference have already been addressed in the Committee's First Report entitled *Safeguarding Super: the Regulation of Superannuation*. This report was tabled in the Senate on 4 June 1992 and covers regulatory issues affecting superannuation. Those terms of reference not addressed in the First Report or in this report on the SGL will be covered in the Committee's third, and final, report due to be presented to the Senate by 10 September 1992.

Treatment of Evidence

1.11 Appendix C lists all the written material which the Committee authorised to be published in a supplementary volume of evidence to be tabled at the end of the Committee's general inquiry. The supplementary volume includes both formal submissions and other material relevant to the inquiry, such as a description of the Superannuation Guarantee Bills prepared by the Bills Digest Service of the Department of the Parliamentary Library. Also relevant are the responses of certain Government agencies to the Committee's request for supplementary information; the agencies are Treasury (material dated 1 May, 5 May, 6 May, 11 May and 29 May 1992), the Australian Taxation Office (ATO, material dated 4 May and 11 May 1992) and the Department of Industrial Relations (DIR, dated 1 May 1992).

1.12 In order to facilitate community discussion, the Committee adopted the stance of publishing all submissions on receipt. Likewise, the Committee circulated uncorrected *Hansard* transcripts as soon as they became available. References in the Report to oral testimony are to page numbers in these uncorrected *Hansard* transcripts.

1.13 In order to clarify whether a particular reference is to the Committee's on-going inquiry into superannuation or to the specific inquiry into the SGL, the following practice has been adopted:

- written submissions to the on-going inquiry are referred to as 'Sub no. xx' (a list of written submissions to the Committee's on-going inquiry into superannuation is at Appendix D);
- written submissions to the SGL inquiry are referred to as 'SG sub no. xx';
- oral evidence to the general inquiry (recorded in the uncorrected proof copy of *Hansard*) appears as 'Evidence, p xx'; and
- oral evidence to the inquiry into the SGL (recorded in the uncorrected proof copy of *Hansard*) appears as 'SG evidence, p xx'.

Appreciative Comments

1.14 The value of the Committee's work in both its general inquiry and its specific inquiry into the Superannuation Guarantee Bills was noted by several witnesses as shown by the following quotations:

We congratulate the Senate on undertaking this inquiry because it is a very important, critically important, issue to the business community...¹

I really think your Committee has contributed so much to the debate in this country...²

¹ Mr Ian Spicer, Chief Executive of the Confederation of Australian Industry, SG evidence, p 63.

² Mr Daryl Dixon, SG evidence, p 89.

I would like to congratulate this Committee for the work it has done in airing issues that have been deliberately buried by organisations...³. [and]

There has not been wide ranging and extensive consultation on these proposals and this Senate inquiry, to its credit, is the only public forum where we have had the ability to actually express our views⁴

I think this Committee's report will be an important contributor to getting together a comprehensive retirement incomes policy for Australians.⁵

1.15 The Committee records its appreciation of the submissions and oral evidence tendered to both of its inquiries. The Committee also acknowledges the cooperation of the Parliamentary Secretary to the Treasurer, Senator the Hon Bob McMullan, in attending and answering questions during the Committee's examination of matters relating to the Treasury, the Australian Taxation Office and the Insurance and Superannuation Commission.

Minority Reports

1.16 This report contains two minority reports. The first minority report is by Senators Alston and Watson, and the second is by Senator Kernot.

³ *ibid*, p 78.

⁴ Ms Jane Elix, Director, Australian Federation of Consumer Organisations, *ibid*, p 95.

⁵ Mr Laurie Eakin, Executive Director, Retailers Council of Australia, *ibid*, p 158.