

Responses to the Report's recommendations

Recommendation 1 – Agreed in-principle

The Government appreciates the importance of providing information to members of the Public Sector Superannuation Scheme (PSS) and the Commonwealth Superannuation Scheme (CSS) who are considering reducing their member contributions or leaving the PSS.

ARIA will continue to provide information and advice to members in accordance with the terms of its Australian Financial Service Licence. This licence permits ARIA to provide general advice, but not personal advice, to members.

However, the *Superannuation Industry (Supervision) Act 1993* does not permit the Government to instruct the trustee of a superannuation scheme in its decision making. For this reason, the Government is unable to agree to the exact wording of the recommendation.

Recommendation 2 – Agreed in-principle

The Government acknowledges the need to effectively promote the pension restoration changes. As the Report notes, this process has already begun. Arrangements have been made with the Department of Families, Community Services and Indigenous Affairs and other relevant entities (such as the Superannuated Commonwealth Officers Association) to include appropriate information about pension restoration in their newsletters.

As with recommendation 1, however, the *Superannuation Industry (Supervision) Act 1993* does not permit the Government to instruct the trustee of a superannuation scheme in its decision making. Therefore, the Government is unable to agree to the exact wording of the recommendation.

Recommendations 3 and 4 – Not agreed

The Government acknowledges the desirability of individuals not being financially disadvantaged by the commencement provisions of these changes and notes that the Committee's proposals are designed to achieve this outcome. However, the Government is concerned that the retrospective effect of these recommendations may have detrimental impacts on individuals. For example, the additional income an individual receives in relation to a prior year as a result of the proposed backdating may be sufficient to reduce or remove eligibility for other benefits, such as the social welfare pension and the health care card.

Should individuals be found to have been overpaid such benefits due to an increase in their income, it may result in a debt being owed to the Commonwealth.

Therefore, while the Government agrees to the Committee's intention in making these recommendations, it is of the view that the same outcome can be achieved effectively through mechanisms, such as act of grace payments, under the *Financial Management and Accountability Act 1997*.

Recommendation 5 – Agreed

The Government agrees to the recommendation that the Senate pass the Bill.