

Chapter 1

Introduction

Background

1.1 The Superannuation Legislation Amendment Bill 2007 (the bill) was introduced into the House of Representatives on 21 June 2007 by the Special Minister of State, the Hon. Gary Nairn MP.¹

1.2 On 21 June 2007, the Senate adopted the Selection of Bills Committee Report No. 11 of 2007 and referred the provisions of the bill to the Senate Standing Committee on Finance and Public Administration (the committee) for inquiry and report by 27 July 2007.²

Purpose of the bill

1.3 The purpose of the bill is to amend the law relating to civilian and military superannuation schemes and in particular to align certain superannuation arrangements for Commonwealth employees with those of the broader community.

1.4 The bill proposes amendments to the following legislation:

- *Superannuation Act 1922* (1922 Act);
- *Superannuation Act 1976* (CSS Act);
- *Superannuation Act 1990* (PSS Act);
- *Superannuation Act 2005* (PSSAP Act);
- *Defence Force Retirement and Death Benefits Act 1973* (DFRDB Act); and
- *Defence Force Retirement Benefits Act 1948* (DFRB Act).

Civilian superannuation

1.5 If passed by Parliament, the bill will:

- remove, from 1 July 2008, the mandatory requirement for members of the Commonwealth Superannuation Scheme (CSS) to make member contributions to the scheme;
- allow, from 1 July 2008, for Public Sector Superannuation Scheme (PSS) members to cease membership of the scheme and choose to make contributions to another scheme;
- enable, from 1 January 2008, CSS members to obtain early release of their accumulated funds on severe financial hardship and compassionate grounds as defined under the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations);
- provide, from 1 January 2008, for the prospective restoration of pensions for persons who have previously had their spouse pensions cancelled upon remarriage; and

1 *Votes and Proceedings*, No. 182, 21 June 2007, p. 1997.

2 *Journals of the Senate*, No. 152, 21 June 2007, p. 4033.

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- make a number of consequential and technical amendments arising from the Government's *Better Super* reforms.

1.6 In some instances, changes to the PSS similar to those proposed for the CSS, will not be made in the bill, but instead will be made by a PSS Amending Deed.³

Military superannuation

1.7 If passed by Parliament, the bill will:

- provide, from 1 January 2008, for the prospective restoration of pensions for persons who have previously had their spouse pensions cancelled after remarriage; and
- amend the DFRDB Act in relation to post retirement marriages.⁴

1.8 In some instances, changes to the Military Superannuation Benefit Scheme (MSBS) similar to those proposed for the DFRDB Act, will not be made in the bill, but instead will be made by amendment to the MSBS Trust Deed and Rules.⁵

Conduct of the inquiry

1.9 The committee advertised its inquiry in *The Australian* on 27 June 2007 and details of the inquiry, the bill and associated documents were placed on the committee's website. In addition, the committee contacted a number of organisations in writing alerting them to the inquiry and inviting them to make a submission. A list of submissions can be found at appendix 1.

1.10 The committee held a public hearing in Melbourne on 5 July 2007. A list of witnesses who attended the hearing can be found at appendix 2. The Hansard transcript is available at: <http://www.aph.gov.au/hansard/senate/commtee/S10400.pdf>.

Report structure

1.11 The remainder of this report will explore the provisions of the bill and issues raised during the committee's inquiry. Chapter 2 will address issues pertaining to civilian superannuation; chapter 3 will explore military superannuation; and chapter 4 will make certain conclusions and recommendations.

1.12 References to committee Hansard are to the proof Hansard: page numbers may vary between the proof and the official Hansard transcript.

Acknowledgement

1.13 The committee wishes to thank all those that assisted with the inquiry.

3 Explanatory Memorandum, p. 2; and the Hon. Gary Nairn MP, Special Minister of State, *House of Representatives Hansard*, 21 June 2007, p. 8.

4 Explanatory Memorandum, p. 2; and the Hon. Gary Nairn MP, Special Minister of State, *House of Representatives Hansard*, 21 June 2007, p. 8.

5 Explanatory Memorandum, p. 5.