
CHAPTER 1**INTRODUCTION****Terms of Reference**

1.1 On 5 June 1991 the Senate established a Select Committee on Superannuation to inquire into, and report on, the following matters:

- (a) the constitutional arrangements governing superannuation;
- (b) the taxation arrangements which apply to superannuation;
- (c) the adequacy of prudential control arrangements applying to superannuation funds;
- (d) the implications for the financial system of the expected growth in superannuation fund assets;
- (e) the investment of moneys by superannuation funds;
- (f) the ownership of surpluses in defined benefit superannuation funds;
- (g) the level and structure of fees and commissions charged in relation to superannuation fund membership and asset management;
- (h) the information available to members of superannuation funds;
- (i) the representation of fund members in trustee structures of superannuation funds;
- (j) the dispute resolution mechanisms available to members of superannuation funds;
- (k) the rules applying to contributions and the vesting and preservation of benefits;
- (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;
- (n) the possibilities for simplifying superannuation;
- (o) the feasibility of providing improved benefits to superannuation arrangements in lieu of increased contributions under superannuation awards in appropriate circumstances;
- (p) the need for an appropriate target and timetable for the achievement of adequate levels of superannuation; and
- (q) any other relevant matters, including superannuation arrangements existing in other countries.

Conduct of the Inquiry

1.2 The Committee commenced its inquiry by placing advertisements in daily newspapers in each capital city calling for written submissions. In addition, the Committee made contact with the major industry organisations associated with superannuation inviting their participation. Letters were written to each of the State premiers and Territory chief ministers and relevant Commonwealth ministers seeking their participation.

1.3 During the period August 1991 – May 1992, over 200 written submissions (listed in Appendix 1) totalling more than 3 000 pages of evidence were received. With the exception of a very small number which contained possibly adverse or irrelevant evidence, the Committee published all submissions on receipt. This approach assisted in keeping its work at the forefront of public debate and allowed witnesses to have the benefit of access to the views of other witnesses prior to appearing at the inquiry.

1.4 The Committee made a decision not to hear any oral evidence until it had received almost all of its written submissions and had had the opportunity to consider in private sittings some of the complex issues which underpin retirement incomes policy. Consequently, during October-November 1991 a series of technical briefing sessions were convened which were addressed by senior public servants, members of key professional bodies associated with superannuation and Committee secretariat staff. This aspect of the inquiry greatly assisted Committee members in understanding and appreciating many of the issues which arose in both oral and written evidence.

1.5 Public hearings, on 24 separate occasions, were conducted in Canberra, Sydney, Melbourne, Brisbane, Perth, Adelaide and Hobart during the period 10 February 1992 to 3 June 1992. The transcript of evidence for these hearings includes oral submissions from over 200 witnesses drawn from the public and private sectors, professional bodies, community and welfare groups as well as individuals (listed in Appendix 2). Over 2 500 pages of oral evidence was recorded by *Hansard*. Again, in keeping with the Committee's stance of releasing evidence to promote public debate, uncorrected *Hansard* transcripts were circulated with the proviso that any re-publication be accompanied by an acknowledgment of their status as uncorrected proofs.

1.6 In conducting its inquiry, the Committee did not set out to pursue individuals or organisations with the intention of finding instances of maladministration, misappropriation or fraud. Instead, where pursued, such lines of inquiry were embarked upon with a view to making recommendations to improve the regulatory infrastructure which governs the administration and investment of superannuation funds.

1.7 The resolution establishing the Committee required that it report to the Senate on or before the last day of sitting in May 1992 but that it have leave to report from time to time on its proceedings and evidence taken, along with making any such interim recommendations as it may deem fit. In this regard, on 9 December 1991, the Committee Chair tabled in the Senate a background paper entitled *Super System Survey – A Background Paper on Retirement Income Arrangements in Twenty-One Countries*, which principally addressed term of reference (q), and briefly reported on the progress of the inquiry.

1.8 On 25 March 1992, following the public hearings convened in Perth, the Chair tabled a letter to the Treasurer and relevant transcripts of proceedings which expressed the Committee's concerns about the affairs of the Byrnwood Superannuation Fund. The Chair also took the opportunity to give another brief report on the progress of the inquiry.

1.9 The volume and complexity of evidence under consideration by the Committee presented it with considerable difficulties in meeting its reporting deadline. This problem was compounded when, on 4 May 1992, the Senate referred to the Committee, with another tight reporting deadline, the Superannuation Guarantee Bills. It was with these considerations in mind that the Committee sought the agreement of the Senate to extend its time of reporting.

1.10 With the Senate's concurrence, the Committee's reporting schedule is as follows:

Reporting Strategy

- (i) present a report on regulatory issues which addresses terms of reference (a), (c), (d), (e), (f), (h), (i) and (j) to be tabled before the Senate concludes its 1992 Autumn sittings;
- (ii) present a report on or before 17 June 1992 on the Superannuation Guarantee Bills which addresses terms of reference (l), (m), (o) and (p); and
- (iii) present a report on or before 10 September 1992 which addresses those terms of reference and other relevant matters not covered in previous reports, that is, terms of reference (b), (g), (k), (n) and (q). This report will focus on consumer issues, simplification of superannuation, the interaction between superannuation and the social security system and other matters not addressed in earlier reports.

1.11 The Committee acknowledges and records its thanks to those individuals and organisations who assisted the inquiry by making written and/or oral submissions. The Committee also acknowledges its use of material contained in a previous Senate report on retirement incomes entitled *Income Support for the Retired and the Aged - An Agenda for Reform* which was tabled by the Standing Committee on Community Affairs in August 1988.

Notation Used in this Report

1.12 This report refers to written and oral evidence taken at both the Committee's on-going inquiry into superannuation issues and its specific inquiry into the Superannuation Guarantee Bills. In order to clarify which inquiry is being referred to, the Committee adopted the following practice:

- written submissions to the on-going (or general) inquiry are referred to as 'Sub No. xx';

- written submissions to the inquiry into the Superannuation Guarantee Bills are referred to as 'SG Sub No. xx' (SG standing for 'superannuation guarantee');
- 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 Superannuation Guarantee Bills (recorded in the uncorrected proof copy of *Hansard*) appears as 'SG Evidence, p xx'.