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## CHAPTER 1 : INTRODUCTION

1.1 On 5 June 1991, the Senate established a Select Committee on Superannuation to inquire into, and report on, a set of terms of reference (See Appendix A) which was one of the most detailed and comprehensive ever given to a Senate Committee.

1.2 Since its appointment, the Committee has reported on its 17 terms of reference according to four themes:

- the regulation of superannuation which was addressed in the Committee's first report, *Safeguarding Super*;
- the depth and breadth of superannuation coverage which was covered in the second report, *Super Guarantee Bills*, and a background paper titled *Super System Survey*;
- the impact of superannuation on the financial sector was covered in the Committee's third report, *Super and the Financial System*, which also addressed the problem of unfunded liabilities in public sector superannuation; and
- fees, charges and commissions relating to the provision of superannuation. This matter has been addressed in a number of reports and issues papers and is expected to be reported on in early 1993.

1.3 Table 1.1 lists the Committee's reports and papers against the relevant terms of reference.

**Table 1.1** List of Committee Reports and Papers

The Committee has presented the following papers and reports to the Senate:

Title	Date	Term of Reference
<i>Super System Survey</i> – A Background Paper on Retirement Income Arrangements in Twenty-one Countries	December 1991	(q)
Papers relating to the Byrnwood Ltd, WA Superannuation Scheme	March 1992	(c) and (e)
Interim Report on Fees, Charges and Commissions in the Life Insurance Industry	June 1992	(g) and (h)
First Report of the Senate Select Committee on Superannuation – <i>Safeguarding Super</i> – The Regulation of Superannuation	June 1992	(a), (c), (d), (e), (f), (h), (i), and (j)
Second Report of the Senate Select Committee on Superannuation – <i>Super Guarantee Bills</i>	June 1992	(l), (m), (o) and (p)
<i>Super Charges</i> – An Issues Paper on Fees, Commissions, Charges and Disclosure in the Superannuation Industry	August 1992	(g) and (h)
Third Report of the Senate Select Committee on Superannuation – <i>Super and the Financial System</i>	October 1992	(d)
Fourth Report of the Senate Select Committee on Superannuation – <i>Super – Fiscal and Social Links</i>	December 1992	(k), (b) and (n)

1.4 This report, *Super – Fiscal and Social Links*, the fourth report of the Committee, addresses the taxation of superannuation, its interaction with the social security system, simplification, vesting and preservation in the context of two pieces of legislation referred by the Senate to the Committee on 12 November 1992.

1.5 The Bills, **Taxation Laws Amendment (Superannuation) Bill 1992** and **Social Security Legislation Amendment Bill (No 3) 1992 Divisions 16-19 (inclusive)**, were introduced in the Parliament by the Government following the *Security in Retirement* statement of 30 June 1992. They contain a number of changes which are intended to both simplify superannuation arrangements and to encourage Australians to make greater self provision for their retirement.

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## Conduct of the Inquiry

1.6 Having taken over 4 000 pages of evidence during more than 25 days of public hearings on these and other matters, the Committee is well placed to comment on the provisions of the two Bills. In view of the fact that the Bills did not exist when the Committee held its initial round of public hearings and, having regard to the complexity of superannuation tax law, the Committee agreed to convene an additional public hearing on Thursday, 26 November 1992 before finalising this report.

1.7 A list of witnesses appearing before the Committee is at Appendices B, C and G and a list of submissions (and other relevant evidence) is at Appendices D and E.

1.8 This report is more detailed than the standard report of a Committee on the referral of a Bill because it addresses three of the 17 terms of reference on the Committee's on-going inquiry. The terms of reference addressed by this report are:

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

- (b) the taxation arrangements which apply to superannuation;
- (k) the rules applying to contributions and the vesting and preservation of benefits; and
- (n) the possibilities for simplifying superannuation.

1.9 In order to facilitate community discussion, the Committee agreed that, unless otherwise ordered, written submissions would be published 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.

1.10 In order to clarify whether a particular reference is to the Committee's on-going inquiry into superannuation or to the specific inquiry into these Bills (Taxation and Social Security), the following practice has been adopted:

- written submissions to the on-going inquiry are referred to as 'Sub no xx' (the list of submissions to the on-going inquiry is at Appendix E);
- written submissions to the Bills inquiry are referred to as 'Sub no ST xx';
- oral evidence to the general inquiry as recorded in the uncorrected *Hansard* proof appears as 'Evidence, p xx.'; and

- ♦ oral evidence to the inquiry into the Bills as recorded in the uncorrected *Hansard* proof appears as 'ST Bills evidence, p xx.'

## **Amendments Received by the Committee**

1.11 During the course of the inquiry the Committee received a number of amendments or suggestions for amendments. Details of these are at Chapter 9.

## **Appreciation**

1.12 The Committee records its appreciation of the written submissions and oral evidence tendered to both its inquiries. The Committee also acknowledges the cooperation of the Parliamentary Secretary to the Treasurer, Senator the Hon Bob McMullan, departmental officers and other witnesses for attending and answering questions during the public hearings. The Committee also records its appreciation of the advice given by Treasury and Australian Taxation Office officials relating to the sections of this report which outline current superannuation taxation arrangements.

1.13 The Committee wishes to express its appreciation of the work performed in the secretariat by seconded officers from The Treasury, Ms Lynne Curran, and the Australian Taxation Office, Mr Gary Bauer.

## **Minority Reports**

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