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1980-81

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Parliamentary Contributory Superannuation Amendment
Bill 1981

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister representing
the Minister for Finance the Honourable John Howard, M.P.)

OUTLINE

The purpose of this Bill is to amend the Parliamentary Contributory Superannuation Act 1948 to rectify anomalies and inequities and to make certain other changes.

The Bill amends the Act:-

- (a) in relation to the additional retiring allowance entitlement for service as a Minister or an office-holder;
- (b) in relation to commutation of a parliamentary retiring allowance;
- (c) in relation to members transferring between the Commonwealth Parliament and the Northern Territory Legislative Assembly; and
- (d) to provide a power to modify the Act by regulation in its application to persons who serve in a State Parliament.

A number of formal and minor amendments are also included.

DETAILED DESCRIPTION OF THE BILL

CLAUSE 3

This clause inserts a new definition of "retiring allowance" consequential on the inclusion in the Act, by clause 6, of provision for additional retiring allowance.

CLAUSE 4

Clause 4 repeals and remakes the existing provision in the Principal Act providing for the delegation of powers by the Parliamentary Retiring Allowances Trust. This is a minor amendment to overcome a possible deficiency in the drafting of the existing provision.

CLAUSE 5

Clause 5 amends section 13 of the Principal Act to provide that, where an office holder attains the maximum additional retiring allowance - see clause 6 - contributions deducted from his office holder salary will reduce from 11½% to 5 ¾% of salary while that maximum applies.

CLAUSE 6

This clause repeals the existing formula for the calculation of retiring allowances payable to Ministers and office holders and substitutes new provisions under which an additional retiring allowance is payable in respect of service in each office held. The additional retiring allowance is 6.25% of the salary payable from time to time in respect of each office for each year of service in that office. The maximum entitlement under this provision is 75% of the salary payable from time to time for the highest office held.

CLAUSE 7

This clause provides that members who have had previous service in the Northern Territory Legislative Assembly taken into account for the purposes of the Act, and who subsequently retire by reason of ill-health with less than 8 years service are, in the circumstances specified in sub-section 18A(5) of the Act, deemed to have had 8 years service.

CLAUSE 8

Clause 8 amends the existing provisions of the Principal Act relating to the commutation of retiring allowances.

Sub-clause (a) extends the period in which members may elect to commute their retiring allowances to a lump sum to include the period of three months prior to becoming entitled to that retiring allowance.

Sub-clause (b) adds new sub-sections to section 18B giving the Parliamentary Retiring Allowances Trust power to defer a member's election to commute if it considers the member is likely to re-enter the Parliament within 12 months and specifies the conditions to apply in such cases.

CLAUSE 9

Section 20(3A) presently provides that where a person who has commuted the whole or a part of his retiring allowance again becomes a member, the retiring allowance payable on his subsequent retirement is reduced by one-tenth of the amount by which the total benefits previously received by him exceed the benefits that would have been received had he not elected to commute. The Bill alters this provision so that the retiring allowance is reduced by the amount or amounts of retiring allowance previously commuted.

CLAUSE 10

Section 20A of the Principal Act provides that any previous service in a State Parliament may, in certain circumstances, be taken into account for the purposes of the Act.

Clause 10(1) inserts two new sub-sections which provide that service in the Northern Territory Legislative Assembly which attracts a retirement benefit, will be treated in the same way as service in a State Parliament.

Clause 10(2), consequential upon the inclusion in clause 12 of a power to modify the Act by regulation in relation to persons to whom the existing section applies, repeals existing section 20A from a date to be proclaimed.

CLAUSE 11

Clause 11(1) amends section 21 of the Principal Act to provide that where a person entitled to a retiring allowance or annuity becomes entitled to receive salary or pension by reason of service in the Northern Territory Legislative Assembly, the rate of retiring allowance or annuity payable is reduced by the rate of the salary or pension as the case may be.

Clause 11(2), consequential on the inclusion in clause 12 of a power to modify the Act by regulation in relation to persons who become members of a State Parliament, omits existing sub-sections 21(1), 21(1A) and 21(2) from a date to be proclaimed.

CLAUSE 12

This clause inserts a power to modify the Act by regulation in relation to persons who have been, or become, members of a State Parliament or of the NT Legislative Assembly. The provision is to take effect from a date to be proclaimed.

CLAUSE 13

Consequential on the new provision in clause 6 of the Bill for payment of additional retiring allowance, this clause provides for a notional rate of salary to be determined in respect of any office for which salary is not payable at a particular time.

CLAUSE 15

Clause 15(1) makes special provision to safeguard the existing entitlements of members who have already retired from the Parliament and to whom the new additional retiring allowance provisions apply. Without this safeguard the entitlements of some members would be less under the new provisions.

Clause 15(2) provides a similar safeguard for members who are members of the Parliament at the date of Royal Assent.

CLAUSE 16

This clause permits a member retiring on or after 1 July 1980 and on or before the next expiration or dissolution of the House of Representatives, to commute without any restriction as to age.