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SUPERANNUATION AND OTHER BENEFITS LEGISLATION
AMENDMENT BILL 1986

Date introduced: 17 September 1986
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P.,
Minister Assisting the Treasurer

DIGEST OF BILL

Purpose

To discount Commonwealth superannuation and defence force retirement benefits by 2 per cent.

Background

Pensions paid to former Commonwealth employees and members of the defence forces comprise the recipient's contributions and government contributions. The pensions are adjusted annually, in July, to compensate for movements in the Consumer Price Index (C.P.I.) in the previous 12 months. The last such increase occurred on 3 July 1986 when pensions were increased by 9.2%, the movement in the average six capital cities C.P.I. in the 12 months ending 31 March 1986.

In the June 1986 National Wage Case, an increase of 2.3% was awarded. This represented a 2% discount on the 4.3% movement in the C.P.I. in the period under consideration.

As part of the 1986-87 Budget, the Treasurer announced that the 9.2% increase in superannuation and defence force pensions awarded in June 1986 would be reduced by 2%, to 7.2%, from 10 October 1986.

In the second Reading Speech for this Bill it was announced that the proposed measures would save an estimated $12.6 million in 1986-87 and $17.3 million in 1987-88.

Main Provisions

The Bill will be deemed to operate from 10 October 1986 (clause 2).
Pensions under the Defence Forces Retirement and Death Benefits Act 1973 are increased from the beginning of a year where the degree of incapacity is reviewed and increased during the year. Clause 4 will amend section 98F of this Act, which deals with such increases, to ensure that the yearly increase in such a pension payable on or after 10 October 1986 will be 7.2% rather than the 9.2% previously calculated.

Clause 5 will set the yearly increase at 7.2% for pensions commuted on or after 10 October 1986.

Clause 6 will insert a new section 98GA into the Act which will make it clear that, notwithstanding any other provision in the Act, the increase of 9.2% will be read as a reference to 7.2%.

Clauses 8, 9 and 10 will amend the Defence Forces Retirement Benefits Act 1948 in the same way as clauses 4, 5 and 6 will amend the Defence Forces Retirement and Death Benefits Act 1973.

A new section 127 will be inserted into the Superannuation Act 1922 by clause 13 to make it clear that, notwithstanding any other provision of the Act, the yearly increase will be deemed to be 7.2% from 10 October 1986.

Clause 15 will insert a new section 153A into the Superannuation Act 1976 to achieve the same result as clause 13, while clause 17 will insert a new regulation III EA into the Papua New Guinea (Staffing Assistance) (Superannuation) Regulations, again to achieve the same result.

For further information, if required, contact the Education and Welfare Group.

Bills Digest Service

25 September 1986

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