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SUPERANNUATION LEGISLATION AMENDMENT BILL (NO. 2) 1986

Date introduced: 23 October 1986
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister Representing the Minister for Finance

DIGEST OF BILL

Purpose
To tighten the invalidity retirement provisions of the Superannuation Act 1976 (the Principal Act) and to make a large number of minor, administrative changes.

Background
A working party was established in 1985 to review the incidence of invalidity retirement from the Public Service and to report to the Minister for Finance. The review was called for due to the increasing cost of invalidity retirements which attract a higher rate than a comparable age pension. On 17 April 1986 the Minister for Finance issued a statement expressing concern at the disparities in invalidity retirements amongst various organisations and States. The Minister announced a random survey of invalid retirees to estimate the extent of extra earnings from employment. As well, the Minister announced a range of possible measures such as making re-employment much easier and increasing emphasis on occupational health and rehabilitation.

The study was conducted by the Australian Government Retirement Benefits Office and the Australian Bureau of Statistics. The study showed that during 1985 12.4 per cent of invalidity pensioners under 65 were employed at some stage and that average earnings were $4 540[1].
On 25 September 1986 the Prime Minister made a statement on reform of the Public Service. Amongst the measures announced were new reporting provisions for invalidity pensioners who earn money from employment and the adjustment of pensions where earning exceed prescribed limits[2].

Main Provisions

For a detailed analysis of the clauses of the Bill refer to the explanatory memorandum.

A new section 57A will be inserted into the Principal Act to allow people who would be entitled to an age pension if they had not retired on invalidity to be able to receive that age pension if they make an election under proposed section 76A (clause 20).

A new section 61A will be inserted into the Principal Act to provide similar rights to people who would otherwise have been entitled to an early retirement pension (clause 22).

Clause 24 will insert a new sub-section 66(2A) into the Principal Act to allow the Commissioner to form the opinion that a persons proposed retirement on invalidity has been contributed to by a cause listed in a benefits classification certificate before the person retires.

Proposed section 73A will provide for the reduction of invalidity benefits where there is additional earnings. A prescribed limit will be fixed by regulation and, where the sum of the persons pension and their annual earnings exceeds the prescribed limit, the annual rate of pension will be reduced by the amount of the excess or the amount of the earnings, whichever is the lower. The pension may be reduced to zero (clause 32).

Section 74 of the Principal Act will be amended to allow greater flexibility in the restoration of suspended pensions and, in particular, will allow people whose pension has been suspended to request that the suspension be reviewed (clause 33).

The Commissioner will be given power to cancel invalidity pensions that have been suspended for 12 months (clause 34 which will insert a new section 74A into the Principal Act).
Proposed section 76A will allow an invalidity retiree who would have been eligible for an early retirement benefit if they had not retired on invalidity to elect to take the retirement benefit (clause 35).

Clause 52 will amend section 112 of the Principal Act to make an administrative change to the method in which benefits are paid. In future all contributions will be transferred to the consolidated revenue fund and all payments will be made from that fund.

Section 39 will be amended to allow deferred pension rights to be taken from the minimum retiring age that would have applied if the person had continued in employment (clause 58).

Where a person is entitled to deferred pension rights and subsequently gains public employment and is eligible to join an eligible superannuation fund, the person may elect to have the deferred rights transferred to the new fund (clause 59 which will insert a new section 139A into the Principal Act).

Proposed section 163A will give the Commissioner power to require from a person, or another who is authorised to act for them, the production of documents and information where they are relevant to the operation of the superannuation Acts and relate to that person. It will be an offence to fail to comply with such a request (clause 69).

Where an offence requires a certain state of mind, it will be sufficient to show that a director, servant or agent had that state of mind when prosecuting a corporation (clause 72 which will insert a new section 167AA into the Principal Act).

Section 168 of the Principal Act will be amended to allow certain regulations to be made retrospective (clause 74).

Amendments to the Superannuation Act 1922

Section 4 of this Act will be amended to allow certain dependent student children aged between 21 and 24 to be eligible for the childrens benefit (clause 78).
Clause 86 will amend section 119W of this Act to allow deferred pensions to be taken at the earliest retiring age if they had continued in employment.

Proposed section 119WA will allow the Commissioner to require information or attendance at a medical examination and will allow the pension to be suspended where the pensioner fails to comply (clause 87).

Proposed section 119WB will allow pensions that have been suspended for 12 months to be cancelled (clause 87).

For further information, if required, contact the Economics and Commerce Group.

References

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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