

PARLIAMENTARY (CHOICE OF SUPERANNUATION) BILL 2003: First Reading

Mr ANDREN (Calare) (12.50 p.m.) — The Parliamentary (Choice of Superannuation) Bill 2003 follows my earlier bill from 2001, the Parliamentary (Choice of Superannuation) Bill 2001, providing for members of parliament to make their own retirement and pension arrangements in line with broader community standards.

This bill will provide for the funding of future superannuation accruals for new and existing members and senators who choose to join another complying superannuation fund or a retirement savings account. It will allow current members to have any superannuation benefit accrued under the parliamentary scheme rolled over into a complying fund of their choice. Members opting out will have contributions paid into their chosen fund or RSA by the Commonwealth, their employer. The superannuation guarantee contribution required of employers, currently nine per cent, will then also apply to those members who opt out of the parliamentary scheme. This is not radical. The Western Australian parliament closed off its scheme in 2000 and introduced freedom of choice for MPs' super, with the existing state fund one of the options—albeit with a 12½ per cent government contribution.

When I introduced the 2001 bill, it was referred by Senator Brown to the Senate Select Committee on Superannuation and Financial Services. That inquiry drew strong media interest, especially from *A Current Affair*, and attracted almost 3,000 submissions from a public bewildered and angry at the excessive generosity and double standards they saw in the parliamentary super scheme. The parliament reacted by passing amendments to forbid access to the scheme by new members until age 55, but the inherent generosity of the scheme remains untouched.

Any technical or other deficiencies identified by the Department of Finance and Administration in evidence to the 2001 inquiry have been addressed in this revised bill. These include the authorisation of contributions by the Commonwealth at the superannuation guarantee minimum rate, a revision of clauses to clarify that contributions are currently made to the Commonwealth and not directly to the trust and clarification of unintended consequences of the 2001 bill, namely the disentitlement of some members from a reversionary benefit. A new subclause, 18C(3), addresses the department's concern about the possible disentitling of members whose spouses are former members. The department also commented that the 2001 bill was:

Silent on the framework in which choice will be applied to senators and members.

This has been overcome by the insertion of a regulation power under 4G(7).

The committee also commented in 2001 that the bill did not appear to provide for same-sex couples. This was a rather pedantic point from a committee that ultimately recommended only that the issue of parliamentary superannuation be considered by the Remuneration Tribunal as part of a consolidated package comprising salaries, superannuation and allowances. This was a cop-out. Why should the Remuneration Tribunal, a creature of the government of the day, be charged with determining the adequacy of a pension or lump sum payout that is clearly outside the benefits accruing to pension schemes of our own constituents? Politicians invented this scheme; they should reform it. As for same-sex couples and superannuation entitlements, that matter needs to be addressed in separate legislation. It is not the job of this quite specific bill to outline a legislative answer to the same-sex superannuation issue.

As I said in my original second reading speech in 2001, the parliamentary scheme was born in an era when MPs were considered more likely to face job insecurity than the rest of the work force. In 2003 there is no such thing as job security or a job for life. The career ladder is now a job lattice, and a very rickety one at that for most people. For politicians to insulate themselves from the marketplace with their pension entitlements, topped up by a 69 per cent national employer contribution from the employer—the Commonwealth in this case and the state government in most state parliaments—is unconscionable.

It is all the more unconscionable when we look at the substantial losses sustained by our constituents and their super holdings over the past two years. Yet we enjoy an unfunded scheme with guaranteed payouts and indexed pensions, something those we allegedly represent can only dream of. The *Australian's* Janet Albrechtsen sums up the scheme thus:

It is excessive. It is guaranteed—no market risk. It rewards losers. And it is unfunded—like writing a blank cheque payable by the next generation.

I urge the government to put its money where its mouth is and apply its freedom of choice philosophy to this exclusive club. Opting out is the most basic of rights of any member. I commend the bill to the House, and table it with the very detailed explanatory memorandum.

Bill read a first time.

The SPEAKER —In accordance with standing order 104A, the second reading will be made an order of the day for the next sitting.