

Chronology of superannuation and retirement income in Australia

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Introduction

Retirement income and superannuation have been significant themes for the Commonwealth Government since Federation. In common with other countries Australia's retirement income system has three component parts or pillars as they are known. The social security Age Pension is its foundation. The compulsory superannuation contributions under the Superannuation Guarantee regime is its second pillar. The third pillar is additional savings, often made through additional superannuation contributions. The following chronology notes some of the significant dates in the development of the current retirement income system.

Year/Date	Measure	Comment or Reference
1900	New South Wales introduced a means tested age pension of £26 a year, funded out of general revenue. Victoria and Queensland followed suit.	
1901	The Constitution gave the Commonwealth explicit power to legislate for provision of old age and invalid pensions.	S. 51(xxiii) <i>Commonwealth of Australia Constitution Act 1901</i>
10 June 1908	<i>Invalid and Old Age Pensions Act 1908</i> passed by the Deakin Government. Rate £26 per year (10/- a week). Eligibility limited according to character, race, age, residency and means. Paid to eligible men and women at 65. Commenced 15 April 1909.	
1910	Pension age for eligible women reduced to 60.	
1912	1908 Act amended to completely remove the family home from the means test.	
1915	<i>Income Tax Assessment Act 1915</i> provided for tax deductibility of employer contributions made on behalf of employees, and for the exemption of superannuation fund earnings from taxation.	
1923	Bruce Government established a Royal Commission to examine the possibility of having a comprehensive national insurance scheme for retirement, sickness or disability.	<i>Royal Commission on National Insurance</i> (7 Sept 1923-5 Oct 1927).
1928	<i>National Insurance Bill</i> introduced. It lapsed in 1929 when the Government was defeated.	
1938	<i>National Health and Pensions Bill</i> passed, but its introduction was delayed, then abandoned because of World War 2.	
1945	Chifley Government introduced an additional levy on personal income tax which, along with a payroll tax from employers, was credited to the National Welfare Fund. There was, however, no direct link between contributions and benefits and the pension. The National Welfare Fund, whilst set up as a means of establishing a base from which a national superannuation fund could be operated, was in practice merely an accounting device until its abolition in 1985.	
1961	Superannuation funds exempt from tax if they held required amounts of Commonwealth Bonds. Commonwealth control of superannuation funds by use of taxation power firmly established.	<i>Income Tax and Social Services Contribution Assessment Act 1961</i>
1965	High Court upholds Commonwealth's ability to control superannuation fund investment by use of taxation	Fairfax v Commissioner of Taxation 114 CLR 1

	power.	
By late 1960s	Means assessed on basis of income plus a proportion of countable assets except for the family home (which has always been assets-test-exempt.) About 70% of people qualifying on grounds of age received the pension.	
1972	Only 32% of workers covered by superannuation.	
1973	Whitlam Labor Government established the <i>National Superannuation Committee of Inquiry</i> . Chairman Keith Hancock.	
1973	Means test for pensioners 75 years of age and over abolished.	
1974	Australian Bureau of Statistics conducted the first national survey of superannuation coverage. 32% of the workforce was covered by superannuation – 36% male; 15% females. 24% of people in the private sector had super cover compared with 58% in the public sector.	Year Book Australia 1974
1975	Means test removed for persons aged 70 to 74 inclusive.	Social Services Act 1975, no. 34
1975	Pensions linked to 25% of average weekly earnings, to be indexed annually.	Social Services Act (no 3) 1975, no. 110
1976	Pensions became subject to automatic increases twice yearly. Age pension assets test abolished.	Social Services Amendment Act (No 3) 1976, no. 111
1976	The Hancock Inquiry recommended a partially contributory, universal pension system with an earnings-related supplement. A minority recommendation suggested a non-contributory flat rate universal pension, a means tested supplement, and encouragement of voluntary savings through expanding occupational superannuation.	<i>National Superannuation Committee of Inquiry. Final Report. Parts 1 (1976) and 2 (1977)</i>
1978	Pension increases to be adjusted only once a year (in November). Future increases in the Age Pension for those aged 70 or over made subject to an income test.	Social Services Amendment Act 1978, no. 128
1979	Fraser Government rejected the recommendations of the Hancock Inquiry. Pension increases subject to twice yearly increases, in May and November.	Social Services Amendment Act 1979, no. 121
May 1983	Base pension for those aged 70 and over subject to an incomes test.	Social Security and Repatriation Legislation Amendment Act 1983, no. 36
1983	The <i>Statement of Accord (Prices and Incomes Accord)</i> between the ALP and the ACTU was endorsed in February, shortly before the federal election. Claims for wage increases were to be restricted to movements in the CPI.	
1983	Hawke Labor Government expressed support for the principles of employee superannuation. The May Economic Statement began the process of reform of the taxation of superannuation. For lump sums at age 55 or later, the first \$50,000 would be taxed at 15%; the remainder at 30%. Lump sums taken below age 55 would be taxed at 30%. These thresholds indexed to AWOTE.	Economy – Ministerial statement , P. Keating, 19 May 1983..
1984	CBUSS - Superannuation for the building industry created, from an idea shared by building union leaders and ACTU officials. Regarded as a world first.	ACTU website

	(funds owned and controlled by a board comprising equal numbers of employer and employee or union representatives.) A number of other similar funds established in the following years- These funds are called 'Industry' Funds.	
1984	Age pension assets test reintroduced. Family home excluded.	Social Security and Repatriation (Budget Measures and Assets Test) Act 1984, no. 93
1985	Renegotiation of the Accord identified superannuation as a key issue.	
1986	Labor joined with the ACTU in seeking a universal 3% superannuation contribution by employers to be paid into an industry fund, in lieu of a wage rise.	National Wage Case June 1986
1986	Accord Mk II between the Government and the unions stipulated that compensation to employees should be 6% (to keep pace with inflation). This was to be 3% employer superannuation contribution, a 2% wage rise, and tax cuts. Agreement endorsed by the Conciliation and Arbitration Commission February 1986.	
1986	Employer groups, including the Confederation of Australian Industry, challenged the Commission's decision in the High Court, claiming that superannuation was not an industrial matter within s.51 (xxxv) of the Constitution.	
15 May 1986	High Court ruled in favour of the Conciliation and Arbitration Commission.	160CLR 341 (15 May 1986)
June 1986	National Wage Case established guidelines to require new industry superannuation schemes to conform to Commonwealth operational standards.	National Wage Case 1986 – Reason for Decision
1987	Insurance and Superannuation Commission (ISC) was established as an industry regulator.	
1987	Superannuation funds total assets \$41.1bn. [1]	ISC Annual Report 1988–89
21 December 1987	The Government introduced the <i>Occupational Superannuation Standards Act 1987</i> (OSSA). Operating standards were prescribed for the vesting of benefits from employer and employee contribution; preservation of benefits until age 55; more member involvement in the control of superannuation funds; security of members' benefits.	Occupational Superannuation Standards Act 1987
May 1988	Hawke Government statement <i>Reform of the Taxation of Superannuation</i> contained measures to bring forward payment of superannuation taxation liabilities by introducing a tax on contributions and reducing tax on benefits. Reasonable Benefits Limits introduced.	<i>The Reform of the Taxation of Superannuation</i> , Office of the Treasurer, 1988
June 1988	51.3% employed persons covered by Superannuation	Australian Social Trends 1995 ABS Cat 4102.8
1989	The Government's 1989 retirement income policy statement established a policy in Australia based on the "twin pillars" of the age pension and private superannuation, specifically rejecting the option of a National Superannuation Scheme.	<i>Better Incomes: Retirement Income Policy into the Next Century</i> (Howe, 1989)
December 1989	Superannuation funds total assets \$119bn	ISC Annual Report 1989–90
December 1990	Superannuation fund assets \$123bn, 64% of all employees had superannuation coverage.	ISC Annual Report 1990–91
1991	In the Budget, Treasurer John Kerin announced that from 1 July 1992, under a new system to be known as the Superannuation Guarantee (SG), employers	Budget speech, 20 August 1991

	would be required to make superannuation contributions on behalf of their employees.	
March 1992	Superannuation Assets estimated to be \$148bn.	ISC Annual Report 1991–1992.
June 1992	Senate Select Committee on Superannuation presents its first report. This Senate Committee, in various forms, reviewed and issued reports on various superannuation issues up to the end of the 40 th Parliament (2004). Many of these reports led to significant changes in the superannuation system.	<i>Safeguarding Super – The Regulation of Superannuation</i>
1992	Labor Government implemented the Superannuation Guarantee (SG), which extended retirement savings to 72 % of workers. Employers were required to make prescribed contributions on behalf of their employees to a complying superannuation fund. Super contributions were to be progressively increased between 1992-2002, from 3% to 9%.	<u>Superannuation Guarantee (Administration) Act 1992, no. 111</u>
1993	Labor Government overhauls regulation of superannuation with introduction of the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act). The OSSA continues in force but many of its provisions are repealed and transferred to the SIS Act.	<u>Superannuation Industry (Supervision) Act 1993, no.78.</u>
1993	World Bank endorses Australia’s three pillar system for the provision of retirement income as world’s best practice.	<u>Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth</u>
June 1993	Superannuation assets reaches \$169bn	ISC Annual Report 1992–93.
June 1993	FitzGerald report advocates increasing household savings via superannuation, but recommends that national savings be increased by increasing public sector savings. Superannuation’s role in increasing national savings no longer seen as important. This is a significant change in the policy rationale for superannuation system.	Dr Vince FitzGerald - <i>National Savings: A Report to the Treasurer</i>
November 1993	80% of employed persons either made superannuation contributions or had them made on their behalf.	<u>Superannuation Australia, ABS Cat 6319.0, November 1995</u>
1994	Pension age for eligible women to be raised to 65, in a phased process.	<u>Social Security Legislation Amendment Act (no.2) 1994, No. 109</u>
June 1994	Superannuation assets \$183bn	ISC Annual Report 1993–94
1995	In the 1995 budget speech Treasurer Ralph Willis outlined plans to pay previously announced tax cuts into employee’s superannuation funds. Government to make matching contributions. The principal of matching government superannuation co-contributions established.	<u>Budget Speech 9 May 1995</u> and accompanying statement – <i>Saving For Our Future</i>
1995	Shadow Treasurer Peter Costello called for employee choice and for funds to “compete for business”	Address to ASFA (Australian Superannuation Funds Association), 2 Nov 1995.
March 1995	Superannuation Assets \$187bn.	ISC Annual Report 1994–95
June 1995	80.5 % employed persons covered by superannuation	<u>Australian Social Trends 1995 ABS Cat 4102.8</u>
June 1996	Superannuation assets \$245.3bn, 37.9% of GDP	<u>APRA Insight 2007</u>
20 August 1996	Superannuation Surcharge introduced by Treasurer Peter Costello in the Howard Government’s first budget.	<u>Budget speech 20 August 1996</u>
1997	Wallis Financial System Inquiry, established by	<u>Wallis Financial System Inquiry</u>

	Treasurer Costello in May 1996, advocated superannuation choice and other changes to the superannuation system.	
1997	Age pension to be formally maintained at 25% AWOTE. Retirement savings accounts (RSA) established. Superannuation surcharge implemented. Maximum age for SG contributions increased from 65 to 70.	Social Security and Veterans' Affairs Legislation Amendment (Male Total Average Weekly Earnings Benchmark) Act 1997, no.175. Retirement Savings Accounts Act 1997, no. 61
1997	Limited access to superannuation possible on compassionate grounds.	SIS Reg 19A
1997	Employers no longer required to make Superannuation Guarantee payments for employees earning less than \$450 per month. Those with income between \$450 and 900 per month could choose to take the equivalent of SG payments in extra salary.	
June 1997	Superannuation assets \$321.0bn, 47.7% of GDP, 81% were covered by superannuation.	APRA Insight 2007, ABS Cat 6319.0
9 December 1997	Limited access to superannuation possible if member is in severe financial hardship. This is defined as being in receipt of commonwealth income support for a continuous period of 26 weeks or a cumulative period of 39 weeks.	SIS Reg 6.01
1998	Age pension means test for retirement income streams revised. Pension Bonus scheme introduced. A person could accrue a pension bonus payment by deferring claiming the pension while still working.	Social Security and Veterans' Affairs Legislation Amendment (Pension Bonus Scheme) Act 1998, No. 67
1998	Reforms to business taxation, including proposals to reduce the CGT rate for super funds to 10%	
1998	Australian Prudential Regulation Authority established on 1 July 1998 . APRA is the lead superannuation regulator. The Australian Securities and Investments Commission also took a significant role in the regulation of superannuation. The Australian Taxation Office continued to carry out some regulatory functions and administer the superannuation taxation legislation. The Insurance and Superannuation Commission ceases to operate on the same date. These changes were in response to the recommendations of the Wallis Inquiry.	Australian Prudential Regulation Authority Act 1998, no 50.
June 1998	Superannuation assets \$360.3bn, 51.2% of GDP	APRA Insight 2007
1999	In 1999, the SIS Act was amended to establish a new category of small superannuation fund, the Self Managed Superannuation Fund to be regulated by the Australian Taxation Office.	Superannuation Legislation Amendment Act (No. 3) 1999, no. 38 (SLAA3)
June 1999	Superannuation assets \$411.4bn, 55.6% of GDP	APRA Insight 2007
8 October 1999	Australian Taxation Office took administrative responsibility for Self Managed Superannuation Funds (SMSF).	
June 2000	Superannuation assets \$484.2bn, 63.0% of GDP, 87% of employed persons (both part and full time workers) covered by superannuation.	APRA Insight 2007, Superannuation Coverage and financial characteristics ABS Cat 6360.0
2001	Financial Services Reform Act is designed to be a single licensing and disclosure approach for all financial services, including superannuation. Commenced in March 2002.	Financial Services Reform Act 2001, no. 146

June 2001	Superannuation assets \$519.0bn, 66.2% of GDP	APRA Insight 2007
2002	Maximum age for superannuation contributions increased from 70 to 75 (for people working at least 10 hours a week).	
June 2002	Superannuation assets \$518.1bn, 63.7% of GDP	APRA Insight 2007
1 July 2002	Temporary residents permanently departing Australia may withdraw their accumulated superannuation benefits before their preservation age. This does not apply to New Zealand residents.	SIS Regs 6.20A, 6.20B & 6.24A
28 December 2002	Superannuation assets able to be divided between the parties in a marriage breakdown	Part VIIIIB <i>Family Law Act 1975</i>
2003	Superannuation surcharge reduced from 15% to 12.5%. Government co-contribution for low/middle income earners introduced.	
June 2003	Superannuation assets \$546.8bn, 65.2% of GDP, 90% of employed persons have employer provided superannuation.	APRA Insight 2007 , ABS Cat 6310
1 July 2003	Superannuation co-contributions policy takes effect in respect of personal (or undeducted) contributions made after this date.	Superannuation (Government co-contribution for Low Income Earners) Act 2003, no. 110
25 February 2004	On 25 February 2004, the Treasurer released <i>A more flexible and adaptable retirement income system</i> as part of 'Australia's Demographic Challenges' announcement. Amongst other things this report proposed to allow access to a person's superannuation, in the form of an income stream, before they had left the work force (i.e. transition to retirement pensions) and to scrap the work test for those under age 65.	A more flexible and adaptable retirement income system
2004	<i>Superannuation Safety Amendment Act 2004</i> enacted changes to regulation of superannuation. All superannuation trustees of large eligible funds have to be licensed from 1 July 2004. Trustees of SMSFs do not have to be licensed.	Superannuation Safety Amendment Act 2004, no. 53
2004	Superannuation regulations changed to allow the portability of money between different superannuation accounts.	SIS Regs 6.28 and 6.29
2004	Employee choice of fund passed Senate in June, to come into operation from 1 July 2005. Superannuation surcharge reduced from 12.5% to 10%.	Superannuation Legislation Amendment (Choice of Superannuation Funds) Act 2004, no. 102
2004	Tax free payment of superannuation benefits can be made to the surviving partner on an interdependent relationship. An interdependent relationship can encompass same sex couples, or a relationship where one person is financial dependent on another person. For example, were a son or daughter is financially supporting a parent.	SIS Reg 10(1) and 10A
June 2004	Superannuation assets \$643.0bn, 73.6% of GDP	APRA Insight 2007
1 July 2004	Work test governing contributions made under age 65 ceased to operate. Work test remains for contributions made above age 65.	
10 May 2005	Treasurer Costello announced in the Budget the abolition of the Superannuation Surcharge. Changes take effect from 1 July 2005	Treasurer's Budget speech 2005
June 2005	Superannuation assets \$762.9bn, 85.1% of GDP, 90% of employed persons have employer provided superannuation.	APRA Insight 2007 , ABS Cat 6310 .

1 July 2005	Transition to Retirement Pensions available. A member may commence to receive a transition to retirement pension without having to leave the workforce or retire. Choice of Superannuation Fund takes effect.	SIS Reg 6.01.
1 Jan 2006	Contributions Splitting took effect. A Member's SG and other contributions may be split with their spouse.	SIS Regs 6.40 – 6.46
9 May 2006	In the Budget, Treasurer Costello announced plans to simplify superannuation. "Simpler Super" includes: - exemption from tax on end benefits for Australians aged 60 or over from 1 July 2007; - no tax on a lump sum; - no tax on a superannuation pension; - reasonable benefit limits to be abolished; and - transferring super between funds made easier. Implementation date is 1 July 2007.	Treasurer's Budget speech 2006
June 2006	Superannuation assets \$912.0bn, 98.8% of GDP, 90% of all employed persons covered by superannuation.	APRA Insight 2007, ABS Cat 6310.0
June 2007	Superannuation assets \$1153.3bn (i.e. 1 trillion), 119% of GDP.	APRA Quarterly Superannuation Performance June 2007, ABS Cat 5206.0 .
1 July 2007	Most Simplified Superannuation amendments take effect. Bulk of operating superannuation tax law now in the <i>Income Tax Assessment Act 1997</i> . Prudential and operational aspects now largely in the SIS Act. Residual parts of superannuation law remain in <i>Income Tax Assessment Act 1936</i> .	Tax Laws Amendment (Simplified Superannuation) Act 2007, no. 112.
11 September 2007	Tax free benefits able to be paid to those with a terminal illness.	Minister for Finance and Assistant Treasurer Press Release, 'Australians with a terminal illness now able to draw their super tax free'
20 September 2007	Social Security assets test threshold raised from \$531,000 to \$839,500 (couple); from \$343,750 to \$529,250 (single); it is estimated that more than 300,000 extra people will be eligible for the age pension.	
31 December 2007	Employee's ability to recover unpaid superannuation amounts from employers that have ceased operating enhanced.	Sub paragraph 556(1)(e) <i>Corporations Act 2001</i> .

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