ARTHUR ROBINSON & HEDDERWICKS
LIBRARY

State Insurance Office (Sale) Bill

EXPLANATORY MEMORANDUM

PART 1—PRELIMINARY

Clause 1 states the purpose of the Act.

Clause 2 is the provision for proclamation.

PART 2—AMENDMENT OF STATE INSURANCE OFFICE ACT 1984

Clause 3 defines the Principal Act.

Clause 4 is a consequence of the new sections to be inserted in the Principal Act by clause 5.

Clause 5 allows SIO to transfer the whole or part of its businesses and assets to, and to vest its liabilities in, named wholly owned subsidiary companies or to other bodies approved by the Treasurer. This provision facilitates the splitting of the total business of SIO so that parts can be sold to different purchasers.

The sale of any shares in the subsidiary companies, or of business assets transferred to those companies, will require the consent of the Treasurer.

The new section 20B (2) authorises the sale, with the approval of the Treasurer, of SIO businesses and assets without the sale of a corresponding subsidiary company.

The new Section 20B (4) requires a report on the sale(s) of any SIO business including material details similar to the Corporations Law provisions for tabling before the Parliament.

The new section 20E authorises the Treasurer to give any indemnity required to facilitate the sale of SIO and appropriates the Consolidated Fund for any payment becoming due under an indemnity.

Clause 6 authorises transfers from the State Insurance Fund in order to facilitate a transfer of businesses and assets of SIO to wholly owned subsidiaries or other bodies approved by the Treasurer.

Clause 7 extends the present Government guarantee of policies to any policies which may be issued by subsidiary companies.

The new section 22 (1A) continues the guarantee of policies issued by SIO, or its wholly owned subsidiaries, for the duration of policies after the sale of SIO, or a subsidiary or any part of the SIO business.

Clause 8 limits indemnities given by the Treasurer under the new Section 20E.

Clause 9 allows all dividends to be paid to the Victorian Debt Retirement Fund, but requires dividends other than those paid out of normal operating profits to be applied to the Victorian Debt Retirement Fund.

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PART 3—STAFF OF SIO

Clause 10 provides that when an SIO subsidiary or business is acquired by a purchaser the staff members engaged in the acquired business will become employees of the purchaser but will retain rights—

(*a*) between 3 and 24 months after purchase to give notice to return to the public service.

(*b*) to apply for public service positions, or appeal against provisional promotions to transfers to such positions for 2 years.

(*c*) to remain members of the State Superannuation Fund for 2 years.

The purchaser may also give notice to transfer staff members to the public service in the period set out in paragraph (*a*) above. The terms and conditions of employment will be determined by the Minister to be no less favourable than those before the acquisition of the subsidiary or business. When an officer returns to the public service the period of employment by the purchaser will rank as continuous employment in the public service for all purposes.

Unless an employee is at least 42 years of age and has completed at least 12 years of service he/she will be obliged at the end of 2 years to elect to receive a deferred benefit from the State Superannuation Fund or to transfer his/her equity in the State Superannuation Fund to another superannuation fund.

PART 5—AMENDMENT OF TRANSPORT ACCIDENT ACT 1986

Clause 11 adds new provisions to the Transport Accident Act preventing the Transport Accident Commission acquiring an interest in the SIO, an SIO company or in any business purchasing SIO business. The provisions are based on provisions in the Corporations Law.

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