

# Superannuation Schemes (Accident Compensation) Bill

## EXPLANATORY MEMORANDUM

### PART 1—PRELIMINARY

*Clause 1* states the purposes of the Act.

*Clause 2* is the usual provision for proclamation.

### PART 2—AMENDMENT OF THE *SUPERANNUATION ACT 1958*

*Clause 3* contains amendments to limit pensions payable from the State Superannuation Fund so that with payments of WorkCare weekly benefits the total benefit does not exceed the equivalent of the salary at the date WorkCare payments commenced. The Consolidated Fund liability for the superannuation benefit is reduced in proportion to the superannuation benefit payable.

*Clause 4* contains administrative amendments to the Act. The sub-clauses are as set out below—

(a) inserts additional definitions and repeals redundant sections.

“Officer” is extended to ensure that existing officers who join the staff of post-secondary education institutions may remain members of the Fund although other new employees are not eligible (because they become members of the Superannuation Scheme for Australian Universities).

“Recognised service” eliminates technical obstacles to all years of service being recognised for early retirement benefit calculations.

(b) ensures that existing officers employed in post-secondary education institutions may continue to be members of the Fund.

(c) clarifies the method of calculation of prospective service for part-time officers.

(d) changes the disability benefit for a service benefits contributor from a lump sum to a pension reflecting completed years of service.

(e) substitutes a pension for a lump sum benefit for a limited benefits contributor disabled in the early years of service, and improves the pension for those disabled after 20 or more years of service.

(f) repeals a section replaced by (d) and (e) above.

(g) corrects terminology.

(h) recognises that State Transport Authority superannuation costs are now met by the Consolidated Fund.

(i) corrects terminology.

(j) extends the definition of “Employed in the Service of the Crown” to cover public sector bodies that are not statutory authorities.

(k) is a statute law revision item.

(l) recognises that the Consolidated Fund share of benefits may exceed five-sevenths.

(m) corrects terminology.

(n) corrects terminology.

- (o) repeals section as provisions in Clause (x) will provide for payment of interest on lump sums.
- (p) ensures that a person who has received a lump sum on disability can rejoin the State Superannuation Fund but without having prior service recognized.
- (q), (r) correct terminology.
- (s) clarifies provisions for review of pensions.
- (t) deletes a section that is no longer used.
- (u) extends the powers of the Board to delegate authority to any person, for example a professional investment manager, approved by the Treasurer for the purposes of the *Borrowing and Investment Powers Act 1987*.
- (v) corrects terminology.
- (w) sets up a mechanism for the establishment of the equivalent of an approved deposit fund within the Fund. Where payment of a lump sum is not made within 21 days interest is accrued.
- (x) repeals a redundant section.
- (y) enables the Board to pay a pension to a person on WorkCare benefits, subject to the person continuing to pay contributions to maintain benefits.

### **PART 3—AMENDMENT OF THE *LOCAL AUTHORITIES SUPERANNUATION ACT 1958***

*Clause 5* contains amendments to limit the amounts payable from the Local Authorities Superannuation Fund when a person is also receiving WorkCare weekly benefits. The sub-clauses are set out below—

- (a) defines current equivalent of salary and restricts the amount payable from the lump sum portion of the Fund when a person is receiving WorkCare weekly benefits.
- (b) eliminates the present lump sum disability benefits for certain limited benefits contributors when WorkCare weekly benefits are payable.
- (c) eliminates the present lump sum disability benefits for service benefits contributors when WorkCare weekly benefits are also payable.
- (d) establishes disability pensions, rather than lump sums, for service benefits contributors and certain limited benefits contributors when WorkCare weekly benefits are payable.
- (e) restricts the amounts payable under WorkCare and superannuation to not more than the current equivalent of salary on retirement, and provides for continuation of contributors when a person is receiving both superannuation and WorkCare benefits and for payment of appropriate benefits when WorkCare benefits cease.

*Clause 6* contains the administrative amendments to the *Local Authorities Superannuation Act 1958*. The sub-clauses are set out below—

- (a) is a statute law revision item.
- (b) corrects terminology.
- (c) is a clarifying cross reference.

- (d) removes the term Chairman and replaces it with President and provides for the Governor in Council to make the appointment. The present Chairman is to become the first President.
- (e) extends the powers of the Board to delegate authority to any person approved by the Treasurer for the purposes of the *Borrowing and Investment Powers Act* 1987.
- (f) enables the Board to select its own Chief Executive and Secretary, instead of sharing officers with the Municipal Association of Victoria.

#### **PART 4—AMENDMENT OF THE *HOSPITALS SUPERANNUATION ACT* 1965**

*Clause 7* contains the amendments to limit the amounts payable from the Hospitals Superannuation Fund when a person is also receiving WorkCare weekly benefits. The sub-clauses are set out below—

- (a) defines current equivalent of salary on retirement.
- (b) requires contributions to be paid when a person is receiving superannuation benefits and WorkCare weekly benefits.
- (c) preserves the present disability benefit for a limited benefits contributor when WorkCare is not also payable.
- (d) preserves the present disability benefit for a service benefits contributor when WorkCare is not also payable.
- (e) defines the disability pension for a limited or service benefits contributor when WorkCare is payable.
- (f) restricts the benefits payable when WorkCare is payable, includes all years of payment of contributions as years of service and defines the benefits payable when WorkCare ceases.

*Clause 8* contains administrative amendments to the *Hospital Superannuation Act* 1965. The sub-clauses are set out below—

- (a) redefines contributory service to ensure correct treatment of part-time service and periods for which disability benefits have been paid.
- (b) enables the Governor in Council to appoint a President other than the Government Actuary, and enables the Board to delegate authority to any other person approved by the Treasurer for the purposes of the *Borrowing and Investment Powers Act* 1987.
- (c) clarifies existing Section 28.
- (d) repeals a section which is replaced by Clause 8 (k) of this Bill.
- (e) clarifies drafting.
- (f) eliminates conflict between Sections 35FA (1) to (4) and the latter sub-sections of 35FA.
- (g) makes deferred benefits upon resignation generally available.
- (h) provides options for contributors who elect to transfer to “approved superannuation schemes”.
- (i) clarifies drafting.
- (j) corrects the method of calculating retrenchment benefits after leave of absence has been taken.

(k) sets up a provision similar to Clause (4) (x) for the State Superannuation Fund.  
Clause 9 is a transitional provision to ensure continuity of the Board.

#### **PART 5—AMENDMENT OF THE STATE EMPLOYEES RETIREMENT BENEFITS ACT 1979**

Clause 10 contains the amendments to limit the amount payable from the State Employees Retirement Benefits Fund so that with WorkCare weekly benefits the total does not exceed the current equivalent of salary on retirement. The sub-clauses are as set out below—

- (a) limits pensions, provides for contributions to continue and extends the definition of “employed in the service of the Crown”.
- (b) limits payments in respect of lump sums, and defines the benefits payable when WorkCare weekly payments cease.

Clause 11 contains the administrative amendments to the *State Employees Retirement Benefits Act 1979*. The sub-clauses are as set out below—

- (1) (a) extends membership to certain public sector employees now excluded.
- (1) (b) is a clause similar to 4 (v) above.
- (1) (c) extends the standard qualifying period of twelve months to all eligible employees.
- (1) (d) & (e) are consequential changes.
- (1) (f) sets a minimum employer contribution of 6% of salaries.
- (1) (g) clarifies the procedure when a member of the Fund becomes eligible for membership of the State Superannuation Fund.
- (1) (h) repeals the section dealing with interest on overdue benefits as provision is made under Clause 11 (1) (n).
- (1) (i) extends deferred benefits upon resignation to all contributors and clarifies the conditions under which deferred benefits are payable.
- (1) (j) ensures that a person who makes contributions while on WorkCare has that service counted as contributory service.
- (1) (k) allows greater flexibility in the commutation of pensions.
- (1) (l) extends the powers of the Board to request relevant information.
- (1) (m) a consequence of (l).
- (1) (n) makes similar provisions for the Fund as Clause 4 (x) does for the State Superannuation Fund.
- (2) is a transitional clause to maintain membership for certain employees.

#### **PART 6—AMENDMENT OF THE SUPERANNUATION BENEFITS ACT 1977**

Clause 12 contains the amendments to limit the amount payable from other statutory superannuation schemes so that with WorkCare weekly benefits the total benefits do not exceed the current equivalent of salary on retirement. It also provides for a person who receives such benefits to continue to contribute for superannuation.

**PART 7—AMENDMENT OF THE *SUPERANNUATION SCHEMES AMENDMENT ACT 1985***

*Clause 13* contains amendments to the *Superannuation Schemes Amendment Act 1985*. The sub-clauses are as set out below—

- (a) corrects a cross reference.
- (b) is a statute law revision item.
- (c) replaces an automatic right of conversion of pension to lump sum with a discretionary provision.
- (d) extends the definition of adjusted final salary to both lump sum and pension benefits.
- (e) corrects the provisions for calculation of benefits upon retrenchment.

