

1989-90-91

**AUSTRALIAN CAPITAL TERRITORY
LEGISLATIVE ASSEMBLY**

**SUPERANNUATION (LEGISLATIVE ASSEMBLY
MEMBERS) BILL 1991**

EXPLANATORY MEMORANDUM

**CIRCULATED BY THE AUTHORITY OF THE CHIEF
MINISTER AND TREASURER**

ROSEMARY FOLLETT, MLA

Superannuation (Legislative Assembly Members) Bill 1991

GENERAL OUTLINE.

The legislation establishes a superannuation scheme for Members of the Legislative Assembly.

The main features of the scheme are:

- administration by a Board;
- a contribution by Members of 5% of salary;
- a lump sum benefit equivalent to 29% of salary for each year in office;
- voluntary scheme membership for the first Legislative Assembly, obligatory thereafter;
- Members of the first Assembly may backdate scheme membership to date of taking office subject to payment of 5% of salary received since that date;
- ordinary benefits to be preserved until reaching age 55 and retiring from the workforce; and
- invalidity and death benefits to be calculated as if the Member had remained in office to age 60.

FINANCIAL IMPACT STATEMENT

Benefits are payable from the Consolidated Fund when a person ceases to be a Member of the Legislative Assembly, whether as a result of an election or other reason.

Most payments will occur in election years. The number of payments will depend on the number of Members who do not seek re-election or are not re-elected.

The amount of each payment will depend on the length of a Member's term of office and salary received.

PART I – PRELIMINARY

- Clause 1** Gives the title of the Bill.
- Clause 2** Provides for commencement provisions of the Bill.
- Clause 3** Provides for the interpretation of terms used in the Bill and generally follows equivalent superannuation legislation. An important definition is "invalidity". "Invalidity" as defined will enable the Legislative Assembly Members Superannuation Board to decide on eligibility for a further benefit (see clause 16). The definition "contributing member" provides that it is voluntary for members of the first Assembly to join the scheme. It will be obligatory for second Assembly members to join.

PART II – LEGISLATIVE ASSEMBLY MEMBERS SUPERANNUATION BOARD

- Clause 4** Gives authority for the establishment of the Board.
- Clause 5** Provides that the primary function of the Board is to be responsible for the administration of the legislation. Responsibilities include determining lump sum entitlements for each ex-Member and determining applications for retirement on the grounds of invalidity.
- Clause 6** Defines the powers of the Board.

Clause 7 Identifies the persons who will constitute the Board, and how they will be appointed.

Clause 8 Determines who will be the Chairperson of the Board.

Clause 9 Determines who will be the Secretary of the Board.

Clause 10 (Sub-clause 1) Specifies the circumstances under which a meeting of the Board will be convened.

(Sub-clause 2) Provides for formal notice that a meeting of the Board is proposed, together with notice of the matters to be considered at that meeting.

Clause 11 Provides details of the procedure at meetings of the Board.

PART III – ENTITLEMENTS OF MEMBERS

Clause 12 Confers on a Member the entitlement to a benefit from the day she/he ceases to be a contributing Member. See also clause 18 which provides for the benefit to be preserved by way of payment into an appropriate fund until reaching the age of 55 and retiring from the workforce.

Clause 13 (Sub-clause 1) Provides that Members shall contribute 5% of total salary, excluding allowances, to the Consolidated Revenue Fund.

(Sub-clause 2) Provides that Members of the first Assembly may elect to join the scheme from the date the Bill is enacted, at any later date of the first Assembly or from the date of first becoming a member of the Assembly.

(Sub-clause 3) Requires the payment of 5% of salary from the date of election to membership.

(Sub-clause 4) Requires that an election to become a contributing member must be in writing.

(Sub-clause 5) Provides that if a Member of the first Assembly does not elect to join the scheme within 30 days of its commencement, then the date of joining must be the day on which the election is made.

Clause 14 Provides for a lump sum benefit to a person who became an ex-Member prior to the gazettal of this legislation subject to payment to the Consolidated Revenue Fund by that person of an amount equivalent to 5% of salary received whilst in office.

Clause 15 Defines the method of calculation used to determine the lump sum payment to an ex-Member in respect of the total period of service. Provides for an annual base benefit accrual rate of 29% of basic salary and for office holders to have the basic rate increased by the ratio of an office holder's salary to basic salary.

Clause 16 Provides for a further benefit where death or invalidity resignation of a Member occurs below age 60. Specifies the further benefit is to be calculated by dividing the benefit accrued at the date of cessation by the number of days of office and multiplying this average accrual rate by the number of days the Member would have served to age 60. Provides that in invalidity cases the further benefit will only be paid where medical evidence is shown and the Board determines that a Member has become permanently disabled. Provides that the preservation provisions (see clause 18) do not apply to this clause.

Clause 17 Provides that when an eligible person dies before receiving a benefit, that benefit will be paid to the person's estate.

Clause 18 Provides that an ex-Member has the right to a benefit from the day of cessation. Reflects Commonwealth Occupational Superannuation Standards by requiring preservation of that benefit until both reaching the age of 55 and retiring from the workforce. Provides for the preservation provision to be waived if the recipient permanently departs from Australia.

PART IV – REVIEW OF DECISIONS

Clause 19 Enables a person affected by a decision of the Board to request the Board to review the decision.

Clause 20 Requires the Board to notify the result of an application under clause 19.

Clause 21 Provides that an application may be made to the Administrative Appeals Tribunal for a further review of a decision reviewed under clause 18.

PART V – MISCELLANEOUS

Clause 22 Requires the Board to prepare an annual report to the Legislative Assembly.

Clause 23 Authorises the Executive to make regulations as and when required.