

2008

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

***SUPERANNUATION (LEGISLATIVE ASSEMBLY MEMBERS)
AMENDMENT BILL 2008***

EXPLANATORY STATEMENT

Presented by

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Treasurer**

SUPERANNUATION (LEGISLATIVE ASSEMBLY MEMBERS) AMENDMENT BILL 2008

The purpose of the Bill is to amend the *Superannuation (Legislative Assembly Members) Act 1991*, to allow for the superannuation scheme arrangements for existing members of the Legislative Assembly (MLA) and new members of the Legislative Assembly who commence on or after the October 2008 elections.

New members of the Legislative Assembly who commence on or after the October 2008 elections will be offered choice of fund into an accumulation benefit scheme, with an employer contribution of 14 per cent. Similar to the ACT Government public service, if a new MLA contributes at least 3 per cent towards their superannuation, an additional 1 per cent contribution will be made by the employer. If no choice of fund is elected, the contributions will be paid to the Territory's nominated default fund.

Existing members will be invited to elect to participate in the new arrangements by electing a choice of fund, whilst maintaining their current entitlements of an employer contribution rate of 24 per cent. Members will be able to make voluntary contributions (as opposed to the mandatory 5% contribution under the existing arrangement) and salary sacrificing could be used for additional contributions in accordance with the conditions of the Remuneration Tribunal Determinations made for members of the ACT Legislative Assembly

If an existing member elects to choose a fund, their entitlement would be calculated and once approved by the MLA Superannuation Board, a payment would be made to the nominated complying superannuation fund.

If an existing member elects to stay in the existing defined benefit scheme, then no changes will occur.

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Clauses 1 ‘Name of Act’ and 2 ‘Commencement’ are formal requirements. They deal with the short title of the Bill, and the commencement provisions.

Clause 3 ‘Legislation amended’ - amends the *Superannuation (Legislative Assembly Members) Act 1991*.

Clause 4 ‘Part 1 heading’ – substitutes the heading from ‘Part 1 Preliminary’ to ‘Chapter 1 Preliminary’.

Clause 5 ‘Section 1’ – substitutes the name of the Act from ‘*Superannuation (Legislative Assembly Members) Act 1991*’ to ‘*Legislative Assembly (Members) Superannuation) Act 1991*’.

Clause 6 ‘New section 3A’ – inserts a meaning for ‘discontinuance’ member in Chapter 1.

Clause 7 ‘Part 2 and division 2.1 headings’ – substitute the heading ‘Part 2 Legislative Assembly Members Superannuation Board’ to ‘Chapter 2 Defined benefits scheme’ and substitute the heading ‘Division 2.1 Establishment, functions and powers of board’ to ‘Part 2.1 Preliminary’. This chapter sets out the superannuation arrangements for an existing member elected before the 2008 general election and who is entitled to remain a member of the defined benefit superannuation scheme after the 2008 general election.

Clause 8 ‘Functions Section 5’ - substitutes ‘this Act’ with ‘this chapter’ to provide that the Legislative Assembly Members Superannuation Board only has responsibility for the defined benefit superannuation scheme.

Clause 9 ‘Division 2.2 Heading’ – substitutes the heading ‘Division 2.2 Constitution and meetings’ with ‘Division 2.2.2 Constitution and operation’.

Clause 10 ‘New Section 11A’- insert a new section in Division 2.2.2 ‘Annual Report by Board’ which requires the preparation of an Annual Report by the Board only in respect of the defined benefit superannuation scheme.

Clause 11 ‘Part 3 Heading’ – substitute the heading ‘Part 3 Entitlements of members’ to ‘Part 2.3 Entitlements of members’ to make this section part of Chapter 2 Defined benefits scheme.

Clause 12 ‘Sections 12 to 14’ – updates the definition of ‘Eligibility’ and ‘Members contributions’ for the defined benefit superannuation scheme and deletes obsolete provisions.

Clause 13 ‘Superannuation benefit New section 15 (5)’ – includes an additional definition of ‘office-holder’ to clarify the basis upon which a members defined benefit entitlement is calculated.

Clause 14 ‘Death or invalidity benefit Section 16 (2)’ – updated to clarify that the calculation basis for determining death or invalidity payments is based on the members relevant period of service.

Clause 15 ‘Payment to estate Section 17’ - substitutes ‘this Act’ with ‘this chapter’ as a payment to an estate is only relevant to the defined benefit superannuation scheme.

Clause 16 ‘Section 18’ – updated to clearly define the requirements in respect of preservation of benefits for members of the defined benefit scheme, and to provide for the option of an existing member of the defined benefit scheme to transfer to an accumulation choice of fund scheme.

Clause 17 ‘Part 4 Heading’ – substitutes the heading ‘Part 4 Review of decisions’ to ‘Part 2.4 Review of board’s decisions’.

Clause 18 ‘Part 5’ – substitutes ‘Part 5 Miscellaneous’ with ‘Chapter 3 Choice of fund schemes’, ‘Chapter 4 Miscellaneous’ and ‘Chapter 10 Transitional’. Chapter 3 sets out the new accumulation choice of fund scheme arrangements for a person who is elected as a member at or after the 2008 general election other than someone to whom chapter 2 (Defined benefit scheme) applies. These arrangements include: employer contributions; employee contributions; and superannuation fund of choice options. Chapter 4 provides regulation-making powers for the Act. Chapter 10 sets out the transitional regulations. The transitional regulations expire 1 year after the commencement of chapter 10.

Clause 19 ‘Dictionary’ – updates definitions.

Schedule 1 ‘Technical amendments’ – details the technical amendments that are being made.