

**PUBLIC SECTOR EXECUTIVES SUPERANNUATION
(AMENDMENT) BILL 1989**

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

This Bill is cognate with the Superannuation Administration (Amendment) Bill 1989.

The object of this Bill is to amend the Public Sector Executives Superannuation Act 1989 so as:

- (a) to redefine the expression "salary" for the purposes of that Act;
- (b) to confer on members of the Public Sector Executives Superannuation Scheme ("the Scheme") a right to treat only a proportion of their employment benefits (excluding superannuation) as salary for the purposes of that Act;
- (c) to repeal a provision which restricts the power of the Public Sector Executives Superannuation Board ("the Board") to enter into a contract or arrangement under section 49 (1) of that Act (which relates to the determination of benefit entitlements);
- (d) to remove age limitations on the entitlements of members of the Scheme to obtain additional benefits under that Act;
- (e) to require employers to pay their contributions at the same time as members of the Scheme; and
- (f) to enable members of the Scheme, or the spouses or personal representatives of members who have died, to require the Board to purchase annuities or some other form of pension for the benefit of those members or their spouses or the beneficiaries of their estates.

The Bill also provides for ancillary and consequential matters.

Public Sector Executives Superannuation (Amendment) 1989

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides that the proposed Act is to be taken to have commenced on 1 October 1989.

Clause 3 gives effect to Schedule 1, which contains amendments to the Public Sector Executives Superannuation Act 1989.

Schedule 1 (1) amends section 3 of the Principal Act (Definitions). A definition of "prescribed employment benefit" is being inserted in section 3 (1). Among the benefits available are the right to the use of a motor vehicle and the right of return to the "public sector" conferred by section 42R of the Public Sector Management Act 1988.

The definition of "salary" is to be replaced by a definition which is intended to make it clear that a member of the Scheme can elect to have either none of the cost to his or her employer of providing employment benefits (other than superannuation) treated as salary for superannuation purposes or only a specified proportion of that cost. A member of the Scheme will be able to elect to reduce that proportion but will be able to increase it only to the extent that the percentage increase in salary for superannuation purposes does not exceed the percentage by which his or her remuneration package is increased.

Schedule 1 (2) will omit section 10 (2) of the Principal Act, which prevents the Board from entering into a contract or arrangement for a person to carry out the Board's functions under section 49 (1) of the Principal Act. (Section 49 (1) provides for the determination of an entitlement to a benefit where a member is totally and permanently incapacitated.)

Schedule 1 (3) amends section 37 of the Principal Act (Who may apply to be covered for an additional benefit?) by removing the restriction that an employee (as defined by the Principal Act) may make an application to the Board to be covered for an additional benefit only if the employee is under the early retirement age of 55 years.

Schedule 1 (4) replaces section 44 of the Principal Act (Liability of employer to contribute). Members of the Scheme are required to pay their contributions to the Board within 7 days of the end of each contribution period (as determined under the Principal Act). The substituted section 44 will require employers of members to pay their contributions to the Board on a similar basis.

Schedule 1 (5), (6) and (7) respectively amend sections 47, 48 and 49 of the Principal Act, all of which relate to the provision of benefits. The amendments are consequential on the amendment to section 37 of the Principal Act effected by Schedule 1 (3).

Schedule 1 (8) inserts into the Principal Act a proposed new section 52A, which will enable a member of the Scheme or, if the member has died, the member's spouse or personal representatives to require the Board to purchase for the member or the member's spouse or the beneficiaries of the member's estate an annuity or other form of pension.