

SUPERANNUATION LEGISLATION AMENDMENT BILL 2003

EXPLANATORY NOTES

FOR

AMENDMENTS TO BE MOVED IN COMMITTEE BY THE HONOURABLE TERRY MACKENROTH MP

Title of the Bill

Superannuation Legislation Amendment Bill 2003

Objectives of the Amendments

The objective of the amendment in committee is to amend the *Parliamentary Contributory Superannuation Act 1970* (the “Parliamentary Act”) to incorporate changes made to the maximum rate of superannuation contributions tax surcharge payable as provided for in the *Superannuation (Surcharge Rate Reduction) Amendment Act 2003 (Cwlth)*.

The *Superannuation Legislation Amendment Bill 2003* was introduced into Parliament on 11 November 2003 and contains amendments to the *Parliamentary Contributory Superannuation Act 1970*. As the *Superannuation (Surcharge Rate Reduction) Amendment Act 2003 (Cwlth)* did not receive royal assent until 12 November 2003, it is now necessary to have an amendment moved in committee to incorporate the Commonwealth changes into the Parliamentary Act.

Achievement of the Objectives

The amendment in committee amends section 25C(3) of the Parliamentary Act to reflect the new maximum surcharge rates.

Alternative Ways of Achieving Policy Objectives

There are no alternative methods for achieving the objectives.

Estimated Cost for Government Implementation

There are no financial considerations.

Consistency with Fundamental Legislative Principles

The amendment in committee is consistent with Fundamental Legislative Principles.

Consultation

Consultation has been carried out with the Department of Premier and Cabinet which is in agreement with the amendment in committee.

NOTES ON PROVISIONS

Clause 1 provides that new section 5A of the *Superannuation Legislation Amendment Bill 2003* commences on assent.

Clause 2 amends section 25C(3) of the Parliamentary Act to reduce the maximum rate of surcharge payable by members of the Parliamentary Scheme consistent with the Commonwealth Government's *Superannuation (Surcharge Rate Reduction) Amendment Act 2003*, which received assent on 12 November 2003.

Under the benefit design of the Parliamentary Fund, the surcharge likely payable at exit may exceed the maximum prescribed by Commonwealth Government legislation. Consistent with the new limits introduced by the Commonwealth Government, this proposed amendment will ensure that the surcharge applies:

- at a maximum rate of 15% of the State-financed portion of the benefit that accrued from commencement of the surcharge regime on 20 August 1996 to 30 June 2003;

- at a maximum rate of 14.5% of the State-financed portion of the benefit that accrued from 1 July 2003 to 30 June 2004;
- at a maximum rate of 13.5% of the State-financed portion of the benefit that accrued from 1 July 2004 to 30 June 2005;
- at a maximum rate of 12.5% of the State-financed portion of the benefit that accrued after 30 June 2005.