

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The objects of this Bill are as follows:

(a) to amend the *Superannuation Act 1916* which establishes the State Superannuation Scheme, to permit members of that scheme to have compulsory employee contributions paid by employers on a salary sacrifice basis,

(b) to amend the *Superannuation Administration Act 1996* to require Ministerial approval for the indemnification of certain officers,

(c) to make other minor and consequential amendments to those Acts and the *State Authorities Superannuation Act 1987* and the *State Authorities Non-contributory Superannuation Act 1987*.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent.

Clause 3 is a formal provision that gives effect to the amendments to the *State Authorities Non-contributory Superannuation Act 1987* set out in Schedule 1.

Clause 4 is a formal provision that gives effect to the amendments to the *State Authorities Superannuation Act 1987* set out in Schedule 2.

Clause 5 is a formal provision that gives effect to the amendments to the *Superannuation Act 1916* set out in Schedule 3.

Clause 6 is a formal provision that gives effect to the amendments to the *Superannuation Administration Act 1996* set out in Schedule 4.

Clause 7 provides for the repeal of the proposed Act after the proposed Act commences. Once the amendments have commenced the proposed Act will be spent and section 30 of the *Interpretation Act 1987* provides that the repeal of an amending Act does not affect the amendments made by that Act.

Schedule 1 Amendment of State Authorities

Non-contributory Superannuation Act 1987

Schedule 1 [1] and [2] amend sections 4 and 4A of the *State Authorities Non-contributory Superannuation Act 1987* (the **SANCS Act**) to make it clear that, in calculating the superable salary of an employee, the cost of any salary sacrifice contributions under relevant State public sector superannuation schemes is to be included. **Schedule 1 [3]** makes a consequential amendment.

Schedule 1 [4] amends Schedule 5 to the SANCS Act to enable regulations containing savings and transitional provisions to be made as a consequence of the enactment of the proposed Act.

Schedule 2 Amendment of State Authorities

Superannuation Act 1987

Salary sacrifice contributions

Schedule 2 [2] and [3] amend sections 4 and 4A of the *State Authorities Superannuation Act 1987* (the **SASS Act**) to make it clear that, in calculating the superable salary of a contributor to the State Authorities Superannuation Scheme, the cost of any salary sacrifice contributions is to be included. **Schedule 2 [4]** makes a consequential amendment.

Schedule 2 [5] amends sections 12 and 19B of the SASS Act to make those provisions consistent with proposed amendments to be made to other Acts by the proposed Act.

Schedule 2 [6] substitutes section 19A of the SASS Act to make the section consistent with proposed amendments to be made to other Acts and to make it clear that salary sacrifice contributions paid by employers for the purposes of contributors' contributions to superannuation under that Act are to be treated in the same way as

employee contributions for the purposes of that Act and that benefits financed by such contributions are to be treated as contributor-financed benefits. **Schedule 2 [1]** makes a consequential amendment.

Other amendments

Schedule 2 [7] and [8] amend section 30A of the SASS Act to make it clear that the deferred benefit of a contributor who is an executive officer, and who elects not to continue to contribute to the State Authorities Superannuation Scheme and to have his or her deferred benefit paid to the First State Superannuation Fund, another complying superannuation fund, a complying approved deposit fund or a retirement savings account, is to be paid as soon as practicable after the election is made.

Schedule 2 [9] amends Schedule 6 to the SASS Act to enable regulations containing savings and transitional provisions to be made as a consequence of the enactment of the proposed Act.

Schedule 3 Amendment of Superannuation Act 1916

Salary sacrifice contributions

Schedule 3 [4] inserts proposed section 10U into the *Superannuation Act 1916* (the **SSS Act**). The proposed section enables a contributor to the State Superannuation Scheme to enter into an agreement with the contributor's employer to sacrifice remuneration to pay all or part of the compulsory employee contributions to that scheme. The remuneration is foregone and the contributions are paid by the employer to the Scheme instead of being paid by the employee from his or her salary after payment of tax. The contributor is also required to pay an amount to meet the cost of any tax payable in respect of a salary sacrifice contribution. The proposed section also makes it clear that such salary sacrifice contributions are to be treated in the same way as employee contributions for the purposes of the SSS Act. **Schedule 3 [1]** makes a consequential amendment.

Schedule 3 [2] and [3] amend sections 3AA and 3A of the SSS Act to make it clear that, in calculating the superable salary of a contributor, the cost of any salary sacrifice contributions is to be included.

Other amendments

Schedule 3 [5] and [6] amend section 20AB of the SSS Act to make it clear that the deferred benefit of a contributor who is an executive officer, and who elects not to continue to contribute to the State Superannuation Scheme and to have his or her deferred benefit paid to the First State Superannuation Fund, another complying superannuation fund, a complying approved deposit fund or a retirement savings account, is to be paid as soon as practicable after the election is made. **Schedule 3 [7]** makes a consequential amendment.

Schedule 3 [8] amends Schedule 25 to the SSS Act to enable regulations containing savings and transitional provisions to be made as a consequence of the enactment of the proposed Act.

Schedule 4 Amendment of Superannuation

Administration Act 1996

Indemnification of members of STC Board and chief executive officer

Schedule 4 [1] inserts proposed section 80A into the *Superannuation Administration Act 1996* (the **SAA Act**). The proposed section requires SAS Trustee Corporation (**STC**), the trustee for certain State public sector superannuation schemes, to obtain Ministerial approval before indemnifying a former or current member of the STC Board or the chief executive officer of STC, or entering into an indemnity agreement.

Other amendments

Schedule 4 [3] inserts a savings provision in Schedule 3 to the SAA Act so that the insertion of proposed section 80A does not prevent STC from providing indemnities without the approval of the Minister if the indemnity is provided pursuant to a deed or other written agreement entered into by STC before the commencement of the amendment.

Schedule 4 [2] amends Schedule 3 to the SAA Act to enable regulations containing savings and transitional provisions to be made as a consequence of the enactment of the proposed Act.