

# **Emergency Services Superannuation Bill**

## **EXPLANATORY MEMORANDUM**

### **PART 1—PRELIMINARY**

*Clause 1* states the purpose of the Act, to establish a Superannuation Board and Scheme and to provide superannuation benefits for persons employed in the emergency services.

*Clause 2* provides that the Act comes into operation on 1 January 1987.

*Clause 3* defines a number of terms used in the Act. In particular an employee is defined to include officers of the Victoria Police, Metropolitan Fire Brigades Board, Country Fire Authority or Ambulance Service—Victoria and fire protection officers of the Department of Conservation, Forests and Lands.

*Clause 4* sets out the conditions in which current employees are eligible to elect to contribute to the Scheme. Employees joining after the commencing date of the Act are required to contribute to the Scheme.

### **PART 2—EMERGENCY SERVICES SUPERANNUATION BOARD**

*Clause 5* establishes a body corporate called the Emergency Services Superannuation Board.

*Clause 6* sets out the objectives and duties of the Board.

*Clause 7* states the membership of the Board and the qualifications for members to be elected by contributors.

*Clause 8* states the circumstances in which membership of the Board ceases.

*Clause 9* provides for appointment of deputies for Board members.

*Clause 10* provides for removal or suspension of Board members.

*Clause 11* provides for remuneration of Board members.

*Clause 12* states procedures for Board meetings, including that decisions require a two-thirds majority vote.

*Clause 13* permits the Board to employ staff and engage an actuary.

*Clause 14* provides for delegation of Board powers.

### **PART 3—EMERGENCY SERVICES SUPERANNUATION SCHEME**

*Clause 15* establishes the Scheme.

*Clause 16* sets out borrowing powers of the Board, and provisions relating to Government guarantees.

*Clause 17* states the investment powers of the Board.

*Clause 18* requires the Board to keep a Management Account.

*Clause 19* requires the Board to keep proper accounts and exercise financial control. Board accounts are required to be audited by the Auditor-General. Actuarial investigations of the Scheme are required as at 30 June 1988 and at three-yearly intervals thereafter.

*Clause 20* provides for appropriation of the Consolidated Fund to meet benefits for Police and other specified classes of contributor.

#### **PART 4—TRANSFER FROM OTHER SUPERANNUATION FUNDS**

*Clause 21* provides for the transfer of assets when employees transfer to the Scheme from other superannuation funds.

*Clause 22* authorizes the Board to make arrangements for payment of pensions due from other funds.

#### **PART 5—REVIEW OF DECISIONS OF BOARD**

*Clause 23* provides for review of Board decisions, in the first instance by the Board, and then on application to the Administrative Appeals Tribunal.

#### **PART 6—GENERAL**

*Clause 24* provides for the Board to receive medical reports before determining questions of disability.

*Clause 25* provides for forfeiture of the right to benefits if a contributor becomes bankrupt.

*Clause 26* prohibits assignment of benefits.

*Clause 27* provides that the Board may recover money in any court.

*Clause 28* provides that a minor has the same capacity as a person of full age for purposes of the Act.

*Clause 29* provides for the Board to obtain returns and information it requires.

#### **PART 7—REGULATIONS**

*Clause 30* requires the Board to make regulations providing benefits from the Scheme, subject to three months notice of the making of the regulations and to any amendments not reducing or adversely affecting benefits accrued in respect of service before the date of amendment. A summary of the proposed regulations at the commencement of the Act is set out in the Appendix to this Memorandum.

*Clause 31* provides for the making of other regulations necessary for operation of the Scheme. The prescribed period for transfer is proposed to be twelve months from commencement of the Act.

*Clause 32* makes general provision in relation to regulations.

#### **PART 8—CONSEQUENTIAL AMENDMENTS TO OTHER ACTS**

*Clause 33* amends the *Superannuation Act 1958*. The amendment in relation to commutation ensures that any officers who retire in the period straddling the commencing date of this Act may elect to commute the whole of their pensions, so as to be in a position similar to those who transfer to the Scheme.

*Clause 34* amends the *Metropolitan Fire Brigades Superannuation Act 1976*.

*Clause 35* amends the *Hospitals Superannuation Act 1965*.

## APPENDIX—SUMMARY OF SCHEME OF BENEFITS AND CONTRIBUTIONS

1. Employees who become contributors will be entitled to elect to contribute at 3%, 5%, 6%, 7%, 8% or 9% of salary.

2. An election to contribute 3% of salary will be permitted only before the contributor is aged 30.

3. Operational staff will be permitted to contribute more than 7% of salary only when they have transferred from other funds, and when the higher contributions are necessary to achieve maximum benefits after a total of 30 years of contribution to the Scheme and to the other fund.

4. Employees who are not operational staff will be permitted to contribute more than 5% of salary only when higher contributions are necessary to ensure they do not suffer a diminution of entitlements on transfer.

5. Retirement benefits will be lump sums, calculated as percentages of final salary. The percentage which accrues each year will depend on the contribution paid in the year, as follows:

<i>Employee Contribution</i> (% of salary)	<i>Retirement Benefit</i> (% of final salary)
3	16
5	20
6	24
7	28
8	32
9	36

6. Accrued retirement benefits will be payable on retirement at any age from 50 onwards. The maximum benefit will be 8.4 times final salary which can be achieved after the following numbers of years:

<i>Employee Contribution</i> (% of salary)	<i>Years for Maximum Benefit</i>
5	42
6	35
7	30

As mentioned in 3 and 4 above higher contributions will be payable only in restricted circumstances to avoid accrual of maximum benefits over shorter periods of membership.

7. The maximum benefit corresponds to the notional lump sum value of maximum benefits under the State Superannuation Fund and Metropolitan Fire Brigades Superannuation Fund. In both Funds this maximum can be obtained over not less than 30 years of contributory membership.

8. Employee contributions will cease when the maximum benefit has accrued.

9. On death of a contributor leaving dependants the benefit payable will be a lump sum equal to the maximum benefit which could have been achieved by the contributor on retirement at age 60.

10. On retirement due to disability the benefit will be a pension equal to one-twelfth of the death benefit. When the death benefit is the maximum the disability pension will be 70% of final salary.

11. Disability pensions will be reduced, when necessary, to ensure that the total income payable to a person also entitled to weekly benefits under the *Accident Compensation Act 1985* does not exceed the current equivalent of 100% of pre-disability salary.

12. Cash resignation benefits will comprise all retirement benefits accrued more than 5 years before resignation plus an amount based on contributions in the last 5 years of membership of the Scheme. For transferred officers any improvement in benefits will not operate until 1 January 1988.

13. Deferred retirement benefits will be available, at the election of the contributor, instead of cash resignation benefits.

14. Retirement benefits for transferred officers in respect of years in other funds will depend on contributions to those other funds. Some examples of the extra multiples of final salary for persons transferring from the State Superannuation Fund are as follows:

<i>Age at Transfer</i>	<i>Age at Joining State Superannuation Fund</i>			
	20	22	25	30
20	—			
22	0.29			
25	0.73	0.45	—	—
30	1.49	1.22	0.79	—
35	2.31	2.04	1.68	0.90
40	3.51	3.34	3.05	2.40
45	4.81	4.64	4.42	3.90
50	6.11	6.00	5.81	5.43
55	7.71	7.60	7.41	7.03