

Superannuation (Salary) Regulations (Amendment) 1994 No. 273

EXPLANATORY STATEMENT

STATUTORY RULES 1994 No. 273

Issued by the authority of the Minister for Finance

Superannuation Act 1976

Superannuation (Salary) Regulations (Amendment)

The *Superannuation Act 1976* (the Act) makes provision for and in relation to an occupational superannuation scheme (known as the CSS) for certain Commonwealth employees and other persons. Members of the CSS are referred to in the Act as eligible employees.

Section 168 of the Act provides that the Governor-General may make regulations for the purposes of the Act.

Section 5 of the Act provides that the regulations may prescribe an annual rate of salary for certain eligible employees. Regulations for the purposes of section 5 are contained in the Superannuation (Salary) Regulations (the Principal Regulations).

Some CSS members are employed on flexible remuneration arrangements which enable them to receive part of their remuneration as non-cash benefits. Under such arrangements some members may be entitled to a top-up arrangement which allows them to sacrifice a portion of their cash salary in favour of employer superannuation contributions to an alternative superannuation scheme in addition to contributions made to the CSS.

Part 2E of the Principal Regulations prescribes an annual rate of salary for certain persons employed on flexible remuneration packages. The proposed Regulations would amend the Principal Regulations to make it clear that a flexible remuneration package may include a top-up arrangement.

The details of the Regulations are explained in the attachment.

The Regulations commence on gazettal.

ATTACHMENT

SUPERANNUATION (SALARY) REGULATIONS (AMENDMENT)

The details of the amending Regulations are as follows

Clause 1

This provides that the Superannuation (Salary) Regulations (the Principal Regulations) are amended by these Regulations.

Clause 2

This amends regulation 8P which is the interpretation provision for Part 2E of the Principal Regulations.

Subclause 2.1 amends the definition of "relevant agreement" in subregulation 8P(1) to make it clear that it may include an agreement which includes a top-up arrangement.

Subclause 2.2 inserts a definition of "top-up arrangement" which provides that the term has the meaning given by subregulation 8P(2) of the Principal Regulations (as inserted by subclause 2.3)

Subclause 2.3 inserts new subregulations 8P(2) and (3) in the Principal Regulations.

Subregulation 8P(2) defines a "top-up arrangement" as an arrangement between the person and the person who pays his or her remuneration for employer superannuation contributions to be paid in respect of the person to a superannuation scheme.

Subregulation 8P(3) provides that an arrangement is not a top-up arrangement unless the employer superannuation contributions referred to in subregulation 8P(2) are part of the person's overall remuneration and would not increase that remuneration. Also, the person must be a member of the CSS in respect of the employment to which the arrangement relates.

Subregulation 8P(4) further qualifies the reference to superannuation scheme in subregulation 8P(2) as a scheme which applies only in respect of the payee referred to in the subregulation and that such a scheme is not the CSS.