EXPLANATORY STATEMENT

Defence Force (Superannuation) (Productivity Benefit) Determination 2010 (N0.1)

ISSUED BY THE AUTHORITY OF THE MINISTER FOR DEFENCE PERSONNEL,
MATERIEL AND SCIENCE

Section 52 of the Defence Act 1903 empowers the Minister to make determinations providing a superannuation productivity benefit in respect of continuous full time service by members of the Defence Force who are contributors to the Defence Force Retirement and Death Benefits (DFRDB) Scheme.

The Defence Force (Superannuation) (Productivity Benefit) Determination (the Principal Determination), made under section 52, makes provision for a 3% productivity benefit in line with the Conciliation and Arbitration Commission's June 1986 National Wage decision. The Principal Determination was amended in February 1993 to provide a top-up to DFRDB Benefits to bring them in line with Superannuation Guarantee (SG) requirements.

The 10 year Treasury Bond yield has been sourced from the Reserve Bank of Australia’s website.

Factor used in the calculation of interest

The Principal Determination credits notional interest on the 3% productivity contribution and SG top-up in accordance with factors set out in the schedule to the Principal Determination. It is necessary to amend the Principal Determination to add the factor concerned in the calculation of interest applicable in respect of the period 1 January 2010 to 31 December 2010. The factor taken into account is the 10 year Treasury Bond yield, declared on 31 December 2009 by the Reserve Bank of Australia.

Individual amendments

1. Amendment

This clause is formal.

2. Commencement

This clause provides for the amendments to have effect from 1 January 2010. No person, other than the Commonwealth, has been disadvantaged by this retrospective commencement.

3. Schedule (Factors Concerned in the Calculation of Interest Applicable in respect of Certain Calendar Years)

This clause amends the Principal Determination by adding the factor concerned in the calculation of interest applicable in respect of the period 1 January 2010 to 31 December 2010.