

EXPLANATORY STATEMENT

ISSUED BY THE MINISTER FOR FINANCE AND DEREGULATION

SUPERANNUATION (PRODUCTIVITY BENEFIT) ACT 1988

DECLARATION UNDER SECTION 3D

SUPERANNUATION (PRODUCTIVITY BENEFIT) (2010-2011 CONTINUING CONTRIBUTIONS) DECLARATION 2010

The *Superannuation (Productivity Benefit) Act 1988* (the PB Act) provides superannuation arrangements, based on the minimum employer superannuation requirements in the *Superannuation Guarantee (Administration) Act 1992* (SGAA), for certain Australian Government employees, office holders and contractors (employees).

The superannuation arrangements under the PB Act were closed to new employees from 1 July 2006. However, they continue to apply to persons who were covered by the Act on 30 June 2006 until they cease relevant employment or become a member of an Australian Government superannuation scheme.

In accordance with section 3C of the PB Act, employer contributions under the Act (known as continuing contributions) are calculated by reference to amounts specified in a table in the Schedule to the Act. Contributions for employees earning more than a salary threshold specified in the table are limited to 9 per cent of the salary threshold. The threshold is based on the maximum contribution base in the SGAA. Employers are not required to provide superannuation on an employee's earnings above the maximum contribution base.

Section 3D of the Act provides that amounts specified in the table in the Schedule to the Act can be updated by declaration of the Minister in respect of future contributions.

The Declaration, made under section 3D of the PB Act and cited as the **Superannuation (Productivity Benefit) (2010-2011 Continuing Contributions) Declaration 2010**, substitutes new amounts in the table of continuing contributions in the Schedule to the Act in relation to the financial year commencing on 1 July 2010. These changes take account of the updated maximum contribution base in the SGAA for that year.

The changes to the amounts specified in the Schedule to the Act made by the Declaration:

- (a) increase the salary threshold specified in the Schedule from \$3,090.00 to \$3,247.69 per week;
- (b) specify that the contributions payable under the Act for employees with salaries exceeding the new salary threshold amount is a flat dollar amount of \$292.29 per week; and
- (c) specify that the contributions for employees on salaries between \$150.33 per week and \$3,247.69 per week is 9 per cent of the person's salary.

The flat rate superannuation contribution of \$13.53 per week (9 per cent of \$150.33 per week) is retained for lower paid wage earners whose weekly rate of salary is less than \$150.33.

The Declaration is a legislative instrument for the purposes of the *Legislative Instruments Act 2003* (LI Act).

No consultation was undertaken in relation to the Declaration. In accordance with paragraph 18(2)(a) of the LI Act, consultation was considered to be unnecessary because the instrument is of a minor or machinery nature.

The Declaration commences on 1 July 2010.