

## **EXPLANATORY STATEMENT**

Issued by the Minister for Finance and Deregulation

*Superannuation Act 1976*

Declaration under paragraph (j) of the definition of “eligible employee” included in subsection 3(1)

The *Superannuation Act 1976* (the Act) makes provision for and in relation to the Commonwealth Superannuation Scheme (CSS) for Australian Government employees and for certain other persons.

Subsection 3(1) of the Act defines the term “eligible employee” that describes various classes of persons who may contribute to the CSS (that is, CSS members). Paragraph (j) of the definition provides that the Minister may declare a class of persons not to be CSS members.

The *Superannuation (CSS) (Eligible Employees — Exclusion) Declaration 2003* (the Principal Declaration) identifies the persons who are declared not to be CSS members under paragraph (j) of the definition of eligible employee.

The purpose of the *Superannuation (CSS) (Eligible Employees — Exclusion) Amendment Declaration 2011 (No. 1)* (the Declaration) is to amend the Principal Declaration to reflect that the Australian Reward Investment Alliance (ARIA) (formerly the PSS/CSS Board) is now known as the Commonwealth Superannuation Corporation (CSC) and that the Military Superannuation and Benefits Board of Trustees No. 1 (the MSB Board) has been abolished. The Declaration ensures that the circumstances in which CSS membership will cease for employees of CSC are consistent with those previously in place for ARIA employees.

The *Governance of Australian Government Superannuation Schemes Act 2011* (the Governance Act) established CSC as the single trustee responsible for managing the main Commonwealth civilian and military superannuation schemes. CSC was created by continuing in existence the body corporate that was formerly called ARIA and merging it with the MSB Board and the Defence Force Retirement and Death Benefits Authority.

ARIA and the MSB Board were consulted on the amendments contained in the Declaration.

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

The Declaration commences on the commencement of the Governance Act.

The details of the Declaration are explained in the Attachment.

## ATTACHMENT

## **SUPERANNUATION (CSS) (ELIGIBLE EMPLOYEES — EXCLUSION) AMENDMENT DECLARATION 2011 (NO. 1)**

### **Section 1 - Name of Declaration**

This section provides that the name of the Declaration is the *Superannuation (CSS) (Eligible Employees — Exclusion) Amendment Declaration 2011 (No. 1)*.

### **Section 2 - Commencement**

This section provides for the Declaration to commence on the commencement of the *Governance of Australian Government Superannuation Schemes Act 2011* (the Governance Act).

### **Section 3 - Amendment of *Superannuation (CSS) Eligible Employees — Exclusion) Declaration 2003***

This section provides that Schedule 1 of the Declaration amends the *Superannuation (CSS) Eligible Employees — Exclusion) Declaration 2003* (the Principal Declaration).

### **Schedule 1 - Amendments**

**Item 1** inserts a definition of CSC, short for Commonwealth Superannuation Corporation, for the purposes of the Principal Declaration. CSC is given the same meaning as in the Governance Act. Section 4 of the Governance Act defines CSC as the body corporate continued in existence by section 5 of the Governance Act. Section 5 of the Governance Act provides that the board formerly known as the Australian Reward Investment Alliance (ARIA), established under section 20 of the *Superannuation Act 1990*, will continue as the same body corporate under the new name of CSC.

**Item 2** omits the definition of CSS/PSS Board from the Principal Declaration. CSS/PSS Board was formerly defined as either or both of the CSS Board established under section 27A of *Superannuation Act 1976* (which has since been repealed) and the PSS Board established under section 20 of the *Superannuation Act 1990* (that is, ARIA). As the definition of CSC now covers the Board established under section 20 of the *Superannuation Act 1990*, the definition of CSS/PSS Board is no longer required.

**Item 3** omits a reference to the Board in item 1 of Schedule 1, and substitutes a reference to CSC. As CSC is the trustee of the CSS under the Governance Act, CSC will have the role of taking the notice referred to in this item.

**Item 4** substitutes a new item 22, which formerly set out when CSS membership ceased for employees of the CSS/PSS Board. The new item sets out when CSS membership ceases for:

- persons who, as employees of the CSS/PSS Board were provided CSS membership under paragraph 3A(1)(zd) of the *Continuing Contribution for Benefits Regulations 1981* as in force immediately before the commencement of the Principal Declaration on 1 July 2005; and
- employees of CSC who have CSS membership through paragraph 4(2)(l) of the *Superannuation (CSS) Eligible Employees — Inclusion) Declaration 2003* (the Inclusion Declaration). That paragraph formerly applied to employees of ARIA but now includes employees of CSC, who may have been employees of ARIA or the MSB Board before the commencement of the Governance Act.

Item 22 provides that membership will cease on the earliest of the following events:

- the end of the day when a relevant person ceases to be an employee of CSC; or
- the end of the day immediately before the day on which the person becomes a casual or temporary employee of CSC.

These are the same circumstances in which membership would have ceased for an employee of ARIA or the Military Superannuation and Benefits Board of Trustees No. 1 (MSB Board).

**Item 5** omits item 23, which applied to persons who were covered by paragraph 4(2)(o) of the Inclusion Declaration, being employees of the MSB Board. Paragraph 4(2)(o) of the Inclusion Declaration has been omitted because the MSB Board was abolished under the *Superannuation Legislation (Consequential Amendments and Transitional Provisions) Act 2011*. Therefore, item 23 is no longer required. Former employees of the MSB Board who become employees of CSC will have their membership cessation determined by item 22.