

## **EXPLANATORY STATEMENT**

### ***Safety, Rehabilitation and Compensation Act 1988***

Issued by the Minister for Employment and Workplace Relations

### **Notice of a Disallowable Instrument**

#### **Safety, Rehabilitation and Compensation (Weekly Interest on the Lump Sum) Notice 2012 (1)**

The purpose of this instrument is to invite the Minister to specify the rate of weekly interest deemed to accrue on superannuation lump sums of retired employees in receipt of compensation. That rate is then used in a legislated formula to calculate the incapacity benefits payable under sections 21 or 21A of the *Safety, Rehabilitation and Compensation Act 1988* (the SRC Act).

Section 21 of the SRC Act applies when the injured employee has received a superannuation lump sum benefit. Section 21A of the SRC Act applies when the injured employee has received both a superannuation lump sum benefit and superannuation pension. In both cases, the weekly amount of the incapacity benefit is reduced by the 'weekly interest on the lump sum'. That weekly interest is calculated by multiplying the value of the superannuation lump sum benefit by the rate specified by the Minister and dividing the result by 52.

The instrument is a legislative instrument subject to the *Legislative Instruments Act 2003*.

This rate is derived by obtaining the daily 10 year Government Bond rates from the Reserve Bank of Australia, averaging those rates for the period 1 April 2011 to 31 March 2012 and rounding to two decimal places.

The instrument specifies a rate of 4.48% (rounded from 4.48452%) for the period 1 July 2012 to 30 June 2013.

The rate specified for the period 1 July 2011 to 30 June 2012 was 5.35%.

The Legislative Instrument gives effect to an existing mechanism to update an interest rate in accordance with a prescribed statutory formula. As the mechanism has not changed, no consultation was undertaken. Comcare does advise the Department of Veterans' Affairs of the proposed new rate so the Department is aware of the likely budgetary impact.

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

### **Bill Shorten**

**Minister for Employment and Workplace Relations**