

# STATE AUTHORITIES NON-CONTRIBUTORY SUPERANNUATION (AMENDMENT) BILL 1988

NEW SOUTH WALES



## EXPLANATORY NOTE

**(This Explanatory Note relates to this Bill as introduced into Parliament)**

This Bill is cognate with the Superannuation (Amendment) Bill 1988.

The object of this Bill is to amend the State Authorities Non-contributory Superannuation Act 1987 for the purposes of enabling benefits under that Act to be reduced so as—

- (a) to offset certain prospective tax liabilities that the State Authorities Superannuation Board may incur in respect of amounts paid to funds maintained under section 9 of that Act; and
- (b) to comply with certain Commonwealth standards with respect to occupational superannuation schemes.

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**Clause 1** specifies the short title of the proposed Act.

**Clause 2** provides for the proposed Act to commence on a day or days to be appointed by proclamation.

**Clause 3** is a formal provision that gives effect to the Schedule of amendments.

## SCHEDULE 1—AMENDMENTS

**Schedule 1 (1)** amends section 3 of the Principal Act (Definitions) by inserting in that section a definition of “Commonwealth taxation law”.

**Schedule 1 (2)** amends section 9 of the Principal Act (Funds etc.) by making it clear that the State Authorities Superannuation Board is required to pay from any fund established under that section the amounts necessary to satisfy any liability of the fund with respect to tax payable under a Commonwealth taxation law.

**Schedule 1 (3)** amends section 22 of the Principal Act (Basic benefit) so as to provide for the reduction of a benefit payable under that section where the Board has made a determination in respect of the benefit in accordance with proposed section 26A or 26B of that Act. (See Schedule 1 (4) and (5) below.)

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**Schedule 1 (4)** inserts into the Principal Act proposed section 26A. Proposed section 26A will enable the Board to make a determination reducing the amount of a benefit that is payable under the Principal Act to or in respect of an employee (as defined by section 3 of the Principal Act) or a former employee where—

- (a) the Board has paid or is liable to pay a Commonwealth tax in respect of employers' contributions to a fund maintained under section 9 of the Principal Act; and
- (b) a portion of that tax is referable to that benefit.

**Schedule 1 (5)** inserts into the Principal Act proposed section 26B. Proposed section 26B will enable the Board to make a determination reducing the amount of a benefit that is payable under the Principal Act to or in respect of an employee or former employee if that amount (together with any other superannuation or retirement benefits that have been paid or are payable to or in respect of the employee or former employee from any source) would exceed a level fixed by or in accordance with a law of the Commonwealth which fixes standards for occupational superannuation schemes. (Such a level is commonly known as "a reasonable benefit limit" or "RBL".)

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