

**Superannuation (Productivity Benefit) (2001-2002 Continuing Contributions)
Declaration 2001 2001 No. 166**

EXPLANATORY STATEMENT

STATUTORY RULES 2001 No. 166

SUPERANNUATION (PRODUCTIVITY BENEFIT) ACT 1988

ISSUED BY THE AUTHORITY OF THE MINISTER FOR FINANCE AND ADMINISTRATION

DECLARATION UNDER SECTION 3D

SUPERANNUATION (PRODUCTIVITY BENEFIT) (2001–2002 CONTINUING CONTRIBUTIONS) DECLARATION 2001

The *Superannuation (Productivity Benefit) Act 1988* (the PB Act) provides the mechanism by which the Superannuation Guarantee (SG) minimum superannuation contribution is made for Commonwealth Government employees (and certain other employees) who have no other employer-sponsored superannuation cover. Prior to 1 July 1992, the PB Act provided productivity superannuation to these employees.

Since 1 July 1990, the designated employers of employees covered by the PB Act arrangements have been required to pay periodic contributions based on the salary of the employee to a superannuation fund nominated or approved by the Minister for Finance and Administration. Where the employee is eligible, contributions may be paid to another regulated superannuation fund as defined by the Superannuation Industry Supervision legislation.

The amount to be contributed by an employer is determined from the table in the Schedule to the PB Act. The table is structured so that a proportionately greater benefit is provided to lower paid wage earners. The amount to be contributed is adjusted where the employee is not employed full-time.

This Declaration, made under section 3D of the PB Act and cited as the **Superannuation (Productivity Benefit) (2001-2002 Continuing Contributions) Declaration 2001** substitutes a new table in the Schedule to the PB Act in relation to the financial year commencing on 1 July 2001.

The benefits provided under the PB Act comply with the minimum level of employer superannuation support envisaged in the SG legislation. This Declaration ensures that the table of contribution rates for the PB Act takes into account the increase in the threshold above which no additional superannuation contributions are required to satisfy the SG requirements.

Two groups of employees covered by the PB Act do not receive a flat rate superannuation contribution equivalent to 8 per cent of their salaries. These are:

- lower paid wage earners whose weekly rate of salary is less than \$169.13, and for whom 8 per cent of weekly salary would be less than their current weekly contribution of \$13.53 (these persons will continue to receive their current contribution); and
- employees on salaries in excess of \$110,040 per annum who will receive a flat contribution equivalent to 8 per cent of \$110,040 (ie \$169.29 per week), as required by the SG legislation.

Historically, contribution rates under the PB Act are skewed so that low income earners receive more than the SG minimum rate and higher income earners receive less.

The Declaration commences on gazettal.