



Government Gazette

OF

WESTERN AUSTRALIA

(Published by Authority at 3.45 pm)

No. 20]

PERTH: FRIDAY, 27 FEBRUARY

[1987

WESTERN AUSTRALIA

DETERMINATION

OF THE

SALARIES AND ALLOWANCES TRIBUNAL

PURSUANT TO

SECTION 6A OF THE

SALARIES AND ALLOWANCES ACT 1975 (AS AMENDED)

(PARLIAMENTARY SUPERANNUATION)

25 FEBRUARY 1987

Hon. D. R. WilleseeCHAIRMAN
L. K. J. BrushMEMBER

WESTERN AUSTRALIA
SALARIES AND ALLOWANCES ACT 1975 (AS AMENDED)

DETERMINATION
of the
SALARIES AND ALLOWANCES TRIBUNAL
PURSUANT TO SECTION 6A
PARLIAMENTARY SUPERANNUATION
(25 February 1987)

1. INTRODUCTION

The Acts Amendment (Parliamentary Superannuation) Act 1986 assented to on 26 November 1986 to take effect from 25 December 1986 amended the Parliamentary Superannuation Act and the Salaries and Allowances Act. Under the latter Act the Tribunal is now required to inquire into and determine for the purposes of the Parliamentary Superannuation Act 1970:

- (a) The basis to be used for calculating the amount that, under section 11 (1) of that Act, is to be deducted, by way of contributions to the Fund, from each instalment of salary.
- (b) The specified basic percentage, the further specified percentage, and the specified maximum number of periods referred to in section 13 (1) of that Act for calculating the "basic pension" under that provision.
- (c) The basis to be used for calculating the higher rate of pension to which a person may be entitled under section 14 (3a) of that Act.
- (d) The specified age referred to in section 16 (2) of that Act for calculating the amount of the lump sum payment to which a person is entitled upon converting his pension entitlement, or a portion thereof, under section 16 (1) of that Act.

The Salaries and Allowances Act empowers the Tribunal to inform itself in such manner as it sees fit. It may receive written or oral statements, is not required to conduct any proceedings in a formal manner and is not bound by the rules of evidence.

The Tribunal did not specifically invite any oral or written submissions from Members and ex Members and no unsolicited submissions were received. However, in the Premier's Second Reading Speech, mention was made that members were not fettered in any way from making individual submissions to the Tribunal in respect of superannuation.

Also in the Second Reading Speech, the Premier said he would advise the Tribunal to adopt a conservative approach in its review and further suggested that the new rates should be very close to the average applicable in other Australian parliamentary funds.

We have been mindful of these remarks in conducting this review.

An analysis of the parliamentary superannuation schemes throughout Australia generally reveals that in those areas now under the Tribunal's jurisdiction, Western Australian members' entitlements have been well behind those of their counterparts elsewhere in Australia for many years.

2. MINIMUM BASIC PENSION

Since 1970 the amount of minimum basic pension payable to a member in this State has been expressed in terms of a percentage of the basic salary.

Minimum basic pensions payable in other States and the Commonwealth range from 41.2 per centum to 50 per centum. The Tribunal has found that the current WA level of 38.8 per centum after seven years contributory service is unfavourable compared with standards in other States and the Commonwealth. Therefore the Tribunal determines that the rate of 46 per centum should apply. Increasing the rate to this level still leaves Western Australia behind the Commonwealth, New South Wales and Victoria but is comparable with the Australian average.

3. MAXIMUM BASIC PENSION

The current maximum basic pension payable after 20 years' contributory service is 70 per centum of basic salary. This is achieved by an accrual of 1.2 per centum for each completed six month period of contributory service in excess of seven years. The maximum number of periods being 26.

Maximum basic pensions in other States and the Commonwealth range from 70 to 80 per centum of basic salary. The Tribunal has decided that the maximum basic pension should be 75 per centum of the basic salary after a period of 20 years' contributory service. This is to be achieved by accrual at the rate of .185 9 per centum for each completed month in excess of seven years that the member has contributed to the Fund, up to a maximum of 156 monthly periods.

4. ADDITIONAL PENSION FOR HIGHER OFFICE

The Parliamentary Superannuation Act contains a provision which increases the basic pension payable to members who have held an Office of Parliament or Ministerial portfolio during their Parliamentary careers.

The increase is effectively an allowance in recognition of the responsibilities attached to the Higher Office held. It is made by multiplying the basic pension by the ratio of total salary received over basic salary received during the period of the members' contributory service.

Experience has shown that members who are entitled to such increase and who continue in the Parliament after completing 20 years, may find that their pensions on retirement, expressed as a percentage of basic salary, are less than they would have been if retirement had occurred at an earlier date.

Members affected are those who do not hold Higher Office again before retiring.

The Tribunal is of the view that the situation outlined above is anomalous and has decided to modify slightly the present method used to calculate the Higher Office allowance in order that this undesirable feature be eliminated.

5. AGE OF COMMENCEMENT OF REDUCED COMMUTATION

The current Act provides that the commutation factor for lump sum conversion of pension entitlements commences to reduce from the age of 66 years. The Tribunal considers this to be appropriate and no change is recommended.

6. CONTRIBUTIONS

Contribution rates are based upon a percentage of the members' gross salary before any deductions have been made therefrom. The rate of contribution paid to the Fund by members is currently 11.5 per centum of salary. This rate was set in 1980 and replaced the rate of 10 per centum which was fixed under the 1970 enabling legislation.

The contribution rates in other States and the Commonwealth range from 11.5 to 12.5 per centum.

It is felt that the extent of the increased benefits granted by this determination warrant an appropriate increased contribution from members. In view of this, it is determined that members contributions will increase to 12.5 per centum of their gross salary before any deductions are made therefrom.

7. DETERMINATION

The attached determination shall take effect from the date of publication in the *Government Gazette*.

Dated at Perth this 25th day of February 1987.

D. R. WILLESEE,
Chairman.

L. K. J. BRUSH,
Member.
Salaries and Allowances Tribunal.

DETERMINATION

Pursuant to the provisions of section 6A of the Salaries and Allowances Act, the Salaries and Allowances Tribunal determines the following for the purposes of the Parliamentary Superannuation Act.

Section 1—Contributions

The basis to be used for calculating the amount that, under section 11 (1) of that Act, is to be deducted, by way of contributions to the Fund, from each instalment of salary.

- (a) The rate of contribution shall be equal to 12.5 per centum of the gross amount of the salary instalment before any deductions have been made therefrom.

Section 2—Basic Percentages and Accrual Rate

The specified basic percentage, the further specified percentage, the specified maximum number of periods referred to in section 13 (1) of that Act for calculating the "basic pension" under that provision.

- (a) The specified basic percentage shall be 46 per centum.
- (b) The further specified percentage shall be .185 9 per centum.
- (c) The specified maximum number shall be 156.

Section 3—Higher Office Allowance

The basis to be used for calculating the higher rate of pension to which a person may be entitled under section 14 (3a) of that Act.

- (a) The rate per annum of pension payable to a person entitled to a pension shall be calculated in accordance with section 14 (4) of that Act provided that, where the person has contributed to the Fund for not less than 20 years, the ratio of actual salary to basic salary used for calculating the higher rate of pension shall be the highest ratio attained between the date of contributing to the Fund for 20 years and the date of that person's retirement.

Section 4—Commutation Age Limit

The specified age referred to in section 16 (2) of that Act for calculating the amount of the lump sum payment to which a person is entitled upon converting his pension entitlement, or a portion thereof, under section 16 (1) of that Act.

- (a) The specified age shall be 65 years.

Dated at Perth this 25th day of February, 1987.

D. R. WILLESEE,
Chairman.

L. K. J. BRUSH,
Member.
Salaries and Allowances Tribunal.