

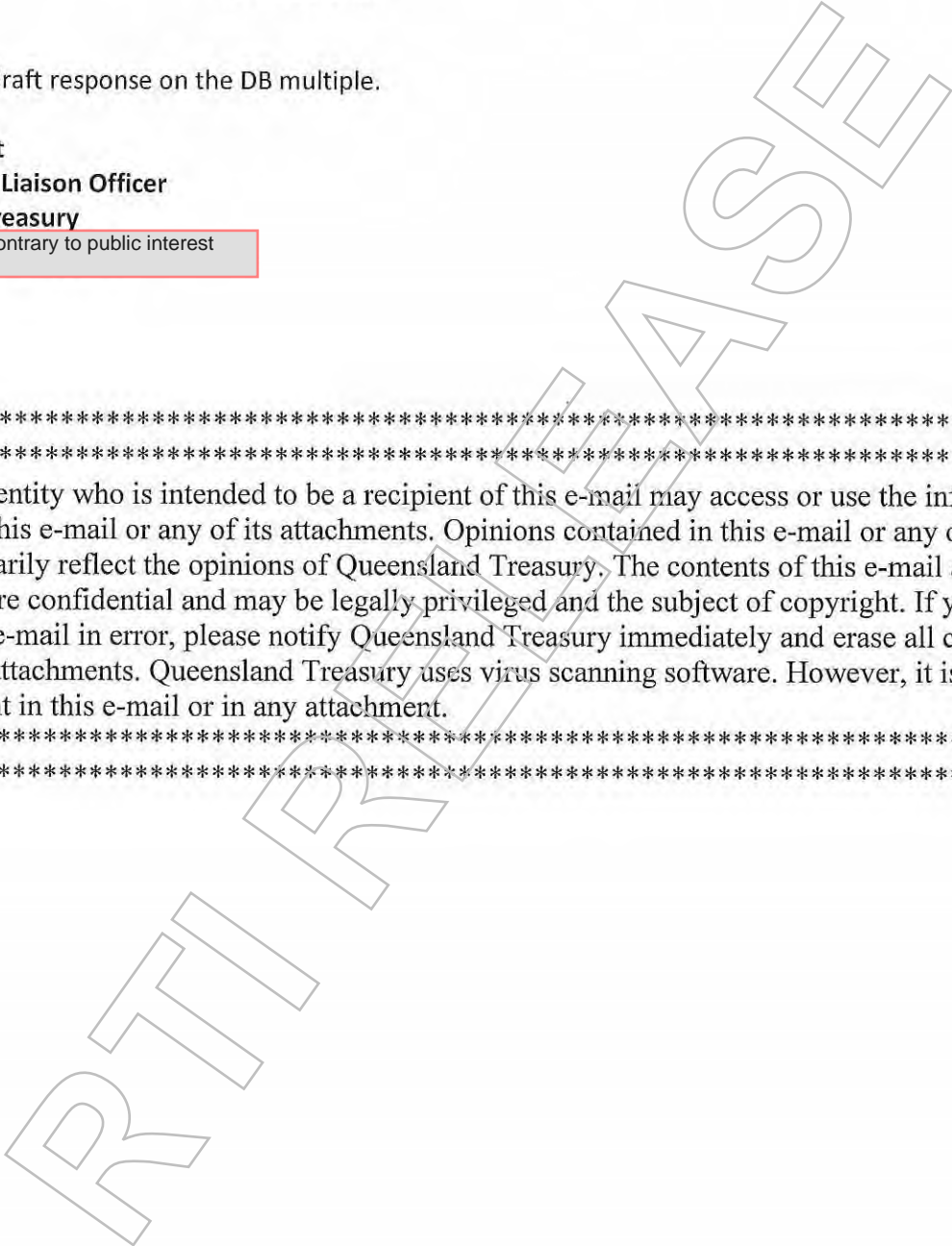
Jason Humphreys

From: Jonathan Scott [REDACTED]
Sent: Wednesday, 24 August 2016 5:16 PM
To: Khiraan Kumar
Cc: Jason Humphreys; Lachlan Smith; Lindsay Marshall; Scott Forbes; Katherine Iddles
Subject: FW: Draft super letter
Attachments: image001.png; ATT00001.htm; 03079-2016 Simon Evans re DB multiple v1.1.doc; ATT00002.htm

See attached draft response on the DB multiple.

Jonathan Scott
Departmental Liaison Officer
Queensland Treasury
30353505 or [REDACTED] Contrary to public interest

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Our Ref: Contrary to public interest

Contrary to public interest

Dear Contrary to public interest

Defined benefit changes

I refer to your letter of Contrary to public interest to the Honourable Curtis Pitt MP, Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships, Minister for Sport regarding changes to your defined benefit. I have been asked to respond on the Treasurer's behalf.

I note that there has been discussion in the media recently about the recent introduction into Parliament of a proposed power to allow the Treasurer of the day to adjust defined benefit multiples in situations where employees experience a "windfall" gain. It is disappointing that there has been misinformation in the media about this change that has caused you concern.

Defined benefit entitlements are calculated using a multiple times an employee's superannuable salary. The superannuable salary is defined as an employee's permanent salary plus certain approved allowances. The allowances, to be approved, must also be permanent in nature. The State Actuary uses this information when assessing the defined benefit liabilities.

In rare circumstances, allowances that an employee is already receiving, but which are not approved to form part of permanent salary, are rolled into that employee's salary for superannuation purposes. This results in an immediate windfall increase in the employee's benefit which can create an unfunded liability within the defined benefit scheme. It is this issue that the proposed legislation introduced by the Treasurer shall address.

It is important to note that existing superannuable salaries, that may include more than 50 approved allowances, will continue to be eligible as part of the defined benefit scheme. There is no change in this regard, nor is there any impact on salary growth consistent with normal salary or promotional increases. Further, there is no impact on accumulation or pension accounts as a result of this proposed change.

Please be assured that there is no impact on an employee's accrued benefits. Should a multiple adjustment be required, the benefit accrued to that point in time is not reduced, and in fact is protected by Commonwealth superannuation law. The result of the adjustment is that the employee's accrued benefit is the same as it was before the windfall gain occurred, and then their benefit continues to grow as normal from that point onwards.

I wish to confirm that the Treasurer has ensured that appropriate processes were followed when introducing this proposed legislation to Parliament. In particular, he made reference to this issue as part of his explanatory speech when the Bill containing the relevant provisions was introduced on 16 June 2016. Also, the proposed legislative provisions were addressed as part of the Parliamentary Committee process, at a public hearing held between 21 and 22 July 2016.

I trust this information addresses any concerns you may have about this issue, and I thank you for taking the time to write to the Treasurer.

Yours sincerely

Jason Humphreys
Chief of Staff

RTI RELEASE