



COMCARE NEWS

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CHANGES TO THE *Safety Rehabilitation and Compensation Act 1988 (SRC ACT)* EFFECTIVE FROM APRIL 2007

On 13 April 2007 a number of changes to the SRC Act came into effect.

The key changes to the SRC Act are:

- The definition of 'disease' has been amended;
- The definition of 'injury' has been amended;
- Coverage for injuries sustained on journeys between home and work has been removed;
- Coverage for injuries sustained during ordinary recess breaks (including lunch break) away from the workplace has been removed;
- Potential earnings from suitable employment can be taken into account in determining weekly benefits for employees not currently employed by the Commonwealth or a licensee;
- Increase to the amount paid in funeral benefits;
- Changes to incapacity benefits for retired employees include:
 - more beneficial treatment of the earning capacity from superannuation lump sums for retirees;
 - new formulas set a standard compensation subtraction of 5% from normal weekly earnings (new retirees only); and
 - amendment to the definition of superannuation scheme to include retirement savings account to which the employer has also made contributions (new retirees only).

POSSIBLE IMPACT ON EX-EMPLOYEES Employment

A change to the definition of 'suitable employment' allows Comcare to take into account a terminated employee's ability to work (either actual or potential) with the Commonwealth or any other type of employment when calculating their

incapacity benefit. This means that an employee's weekly compensation benefit can be reduced by the amount per week that the employee is potentially *able to earn* as well as the amount actually earned in suitable employment – regardless of the circumstances of their separation from employment.

If this amendment affects you, Comcare will write to advise you. It may not be in the next few weeks. It is something that Comcare can take into consideration when managing your claim.

Comcare would consider:

- age, experience, training, language and other skills;
- suitability for rehabilitation or vocational retraining;
- where employment is available in a place that would require you to change your place of residence, whether it is reasonable to expect you to move; and
- any other relevant matter.

If Comcare takes into account potential earnings from suitable employment in your case, you will be advised in advance and will have the opportunity to seek a review of the decision.

Any decision which takes into account potential earning from suitable employment will not be made retrospectively.

SUPERANNUATION CHANGES

For all employees who retire on or after **27 April 2007**, the amount of notional superannuation contribution taken into account in calculating their incapacity benefit will now be 5% of normal weekly earnings, rather than the amount of superannuation contributions the employee would have been required to pay as previously. This portion of your incapacity payment calculation will be unaffected if you retired prior to 27 April 2007.

If you received a lump sum superannuation benefit and had retired from Australian Government employment after 1 December 1988, the weekly superannuation amount taken into account in determining your weekly incapacity payment



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will now be calculated by applying the 10-year Government bond rate for the previous 12 months to your lump sum amount. This rate is lower than the 10% deeming rate which previously applied, so you may have received an increase in your fortnightly amount in the first pay period after 27 April 2007. The rate to be applied will be reviewed on 1 July each year.

Further information on the changes to the SRC Act can be found on the Comcare website – www.comcare.gov.au.

If you have any questions about how the changes to the Act will affect you please contact your Customer Service Officer by phone on 1300 366 979 or by e-mail to claims.help@comcare.gov.au.

ARE YOU A FORMER EMPLOYEE UNDER THE *Safety, Rehabilitation and Compensation Act 1988*?

You are, if **all three** of the following apply to you:

- You were injured at work before 1 December 1988 and
- you retired before 1 December 1988 and
- you were receiving incapacity payments from Comcare on 1 December 1988.

Section 134 of the Act states that where a former employee turns 65 a formula shall be applied at that date, which effectively reduces the weekly amount of compensation payable by 5% for each year, or part year, from the commencing date i.e. 1 December 1988.

This means that the reduction to incapacity payments for former employees turning 65 on or after 1 December 2007 will be 100% and their incapacity payments will reduce to zero from the date they turn 65. This will bring those former employees into line with the majority of other ex-employees, whose injury occurred after the commencement of the current Act, whose entitlement to incapacity payments ceases at age 65.

This reduction only relates to payments for incapacity for work and has no impact on other compensation benefits such as for medical expenses etc.

It is suggested that you approach Centrelink 6-8 weeks before your 65th birthday to assess your eligibility for Centrelink benefits.

If you have turned 65, receive incapacity payments and your benefits have reduced, you will not be affected by this circumstance and will continue to receive your weekly payments as long as your injury is still related to your employment.

DO YOU RECEIVE FORTNIGHTLY PAYMENTS FROM COMCARE?

NORMAL WEEKLY EARNINGS INCREASE

- Are you no longer employed by the Australian or ACT Government?
- Are you under 65 years of age?
- Does Comcare pay you each fortnight?

If you answered yes to all three of these questions then the normal weekly earnings amount Comcare uses to calculate your payments increases from 1 July 2007 and this may result in an increase in your weekly incapacity payments. The increase is based on the Australian Bureau of Statistics *Labour Price Index* which this year is 4.0%. The increase, if applicable to you, will be reflected in your pay due on 12 July 2007.

SUPERANNUATION PENSION ADVICE

Comsuper usually has two superannuation pension increases per year, one in June and one in December. Comsuper has advised Comcare that there will be no superannuation pension increase in June this year.

Please note, if you have any queries about changes to your superannuation benefits and rates, you need to contact Comsuper on **1300 000 177**.