



Australian Government

Comcare

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Jurisdictional Policy Advice No. 2008/5

Safety, Rehabilitation and Compensation Act 1988

Notice of the rate effective 1 July 2008 applicable to “weekly interest on the lump sum” – subsection 21(5).

Background

1. Sections 21 and 21A of the *Safety, Rehabilitation and Compensation Act 1988* (the SRC Act) provide compensation for injuries resulting in incapacity where an employee is in receipt of or has had access to a superannuation lump sum benefit as a result of exiting employment.
2. Subsection (3) in each of these provisions provides the formula for calculation of weekly incapacity compensation benefits. An element of this formula applies to ‘weekly interest on the lump sum’.
3. Under the provisions of subsection 21(5) of the SRC Act, the Minister may by legislative instrument specify a rate that applies to the ‘weekly interest on the lump sum’ for a 12 month period commencing from 1 July in any year.
4. The specified rate is based on the ‘10-year Government bond rate’ obtained from the Reserve Bank of Australia as that rate conservatively reflects current interest rates on long term investments.
5. The current legislative instrument expires on 30 June 2008 and an instrument specifying the rate applicable from 1 July 2008 was signed by the Minister on 6 June 2008. A copy of the signed Ministerial Instrument is attached.

Policy Advice

6. The rate to apply from 1 July 2008 is 6.08%.
7. Determining authorities should have suitable processes and procedures in place to ensure that all calculations of entitlements under subsections 21(3) and 21A(3) use the rate specified by the Minister under subsection 21(5) from 1 July 2008.
8. These entitlements apply to all employees in receipt of incapacity compensation under sections 21 and 21(A) regardless of their date of exit.
9. For enquiries concerning this policy advice, please contact the SRC Policy Section by telephone on 1300 366 979, or by email at SRC.Policy@comcare.gov.au.

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