



New South Wales

Superannuation Legislation Amendment Bill 2020

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to amend certain superannuation legislation to prevent superannuation pensions and allowances being reduced because of a fall in consumer prices.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent to the proposed Act.

Schedule 1 Amendments

Each of the following provisions (the *general CPI provisions*) provide for the automatic adjustment of certain superannuation pensions and allowances each October by reference to changes in the consumer price index over 12 months—

- (a) Part 4A of the *New South Wales Retirement Benefits Act 1972*,
- (b) Part 4, Division 2 of the *Police Regulation (Superannuation) Act 1906*,
- (c) Part 5 of the *State Authorities Superannuation (Ex-Snowy Mountains Hydro-Electric Authority Superannuation Fund Transfer) Regulation 2003*,
- (d) Part 5 of the *State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Regulation 1990*,
- (e) Part 7 of the *State Authorities Superannuation (Transitional Provisions) Regulation 1988*,

- (f) Part 4, Division 6 of the *Superannuation Act 1916*,
- (g) Part 3A of the *Transport Employees Retirement Benefits Act 1967*.

The general CPI provisions provide that if the Consumer Price Index (All Groups Index) for Sydney (the *Index*) falls by less than 1%, then no adjustment will be made. However, if the fall is 1% or more, the amount of the pension or allowance must be reduced by that percentage. The impact of the COVID-19 pandemic on the Index is expected to result in a fall of slightly more than 1%.

However, Part 3D, Division 8 of the *Local Government and Other Authorities (Superannuation) Act 1927* and Schedule 6 to the *Public Authorities Superannuation Act 1985* (the *Local Government CPI provisions*) do not provide for the 1% threshold used in the general CPI provisions. Consequently, the pensions to which the Local Government CPI provisions apply must be reduced if there is any fall in the Index.

Schedule 1.2, 1.3 and 1.6–1.10 amend the general CPI provisions to provide for no adjustment (and, as a result, no reduction) to be made to the superannuation pensions or allowances to which the provisions apply if the fall in the Index is less than 1.1%. For Acts that are amended, a power is conferred to prescribe a different percentage by regulations. **Schedule 1.5** confirms that further amendments can be made to the Regulations that are amended by the proposed Act to increase or decrease the percentage.

Schedule 1.1 and 1.4 amend the Local Government CPI provisions to provide for no adjustment (and, as a result, no reduction) to be made to superannuation pensions to which the provisions apply if the fall in the Index is less than 1.1% or any other percentage prescribed by regulations. The amendment made to Schedule 6 to the *Public Authorities Superannuation Act 1985* providing for no adjustment will also extend to superannuation pensions that apply the CPI provisions of that Schedule. See the following—

- (a) clause 11 of Schedule 7 (Transitional provisions—New South Wales Retirement Fund) to the *Public Authorities Superannuation Act 1985*,
- (b) clause 12 of the *Public Authorities Superannuation (Transport Retirement Fund Closure) (Savings and Transitional) Regulation 1986*.



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New South Wales

Superannuation Legislation Amendment Bill 2020

No. , 2020

A Bill for

An Act to amend certain superannuation legislation to prevent superannuation pensions and allowances being reduced because of a fall in consumer prices.

The Legislature of New South Wales enacts—

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1 Name of Act

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This Act is the *Superannuation Legislation Amendment Act 2020*.

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2 Commencement

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This Act commences on the date of assent to this Act.

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Schedule 1	Amendments	1
1.1	Local Government and Other Authorities (Superannuation) Act 1927 No 35	2
	Section 15CM Calculation of adjustment percentage	3
	Insert after section 15CM(6)—	4
	(6A) There is taken to be no adjustment percentage for a year if—	5
	(a) the percentage calculated for the year in accordance with subsection (3)(d), (4)(b) or (5)(b) is less than 1.1% or any other percentage prescribed by the regulations, or	6
	(b) the Index number for the June quarter in that year is the same as the Index number for the immediately preceding June quarter.	7
	(6B) If there is taken to be no adjustment percentage for a year (the <i>first year</i>), then, for the purposes of calculating the percentage for the next year—	8
	(a) the Index number for the June quarter in the first year is taken not to have been published, and	9
	(b) the Index number for that quarter is taken to be the same as the Index number for the June quarter in the last year for which there was an adjustment percentage.	10
1.2	New South Wales Retirement Benefits Act 1972 No 70	11
	Section 31B Calculation of adjustment percentage	12
	Omit “1.0 per centum” from section 31B(2)(a).	13
	Insert instead “1.1% or any other percentage prescribed by the regulations”.	14
1.3	Police Regulation (Superannuation) Act 1906 No 28	15
	Section 14B Calculation of adjustment percentage	16
	Omit “1.0 per centum” from section 14B(2)(a).	17
	Insert instead “1.1% or any other percentage prescribed by the regulations”.	18
1.4	Public Authorities Superannuation Act 1985 No 41	19
	Schedule 6 Transitional provisions—Local Government Pension Fund	20
	Insert after clause 14(4)—	21
	(4A) There is taken to be no adjustment percentage for a year if—	22
	(a) the percentage calculated for the year in accordance with subclause (3)(b) or (4)(b) is less than 1.1% or any other percentage prescribed by the regulations, or	23
	(b) the Index number for the June quarter in that year is the same as the Index number for the immediately preceding June quarter.	24
	(4B) If there is taken to be no adjustment percentage for a year (the <i>first year</i>), then, for the purposes of calculating the percentage for the next year—	25
	(a) the Index number for the June quarter in the first year is taken not to have been published, and	26

(b)	the Index number for that quarter is taken to be the same as the Index number for the June quarter in the last year for which there was an adjustment percentage.	1 2 3
1.5	State Authorities Superannuation Act 1987 No 211	4
	Schedule 3 Savings and transitional provisions	5
	Insert after clause 4(2)—	6
(2A)	Without limiting subclause (1), a provision referred to in that subclause may amend each of the following provisions to increase or decrease the percentage referred to in the provision—	7 8 9
(a)	clause 13(2)(a) of the <i>State Authorities Superannuation (Ex-Snowy Mountains Hydro-Electric Authority Superannuation Fund Transfer) Regulation 2003</i> ,	10 11 12
(b)	clause 22(2)(a) of the <i>State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Regulation 1990</i> ,	13 14 15
(c)	clause 49(2)(a) of the <i>State Authorities Superannuation (Transitional Provisions) Regulation 1988</i> .	16 17
1.6	State Authorities Superannuation (Ex-Snowy Mountains Hydro-Electric Authority Superannuation Fund Transfer) Regulation 2003	18 19 20
	Clause 13 Calculation of adjustment percentage	21
	Omit “1 per cent” from clause 13(2)(a). Insert instead “1.1%”.	22
1.7	State Authorities Superannuation (Government Railways Superannuation Scheme Transfer) (Savings and Transitional) Regulation 1990	23 24 25
	Clause 22 Calculation of adjustment percentage	26
	Omit “1.0 per cent” from clause 22(2)(a). Insert instead “1.1%”.	27
1.8	State Authorities Superannuation (Transitional Provisions) Regulation 1988	28 29
	Clause 49 Calculation of adjustment percentage	30
	Omit “1.0 per cent” from clause 49(2)(a). Insert instead “1.1%”.	31
1.9	Superannuation Act 1916 No 28	32
	Section 61C Calculation of adjustment percentage	33
	Omit “1.0 per centum” from section 61C(2)(a).	34
	Insert instead “1.1% or any other percentage prescribed by the regulations”.	35
1.10	Transport Employees Retirement Benefits Act 1967 No 96	36
	Section 31B Calculation of adjustment percentage	37
	Omit “1.0 per centum” from section 31B(2)(a).	38

Insert instead “1.1% or any other percentage prescribed by the regulations”.

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