

**PARLIAMENTARY CONTRIBUTORY SUPERANNUATION  
(AMENDMENT) BILL 1989**

NEW SOUTH WALES



**EXPLANATORY NOTE**

**(This Explanatory Note relates to this Bill as introduced into Parliament)**

The object of this Bill is to amend the Parliamentary Contributory Superannuation Act 1971 in relation to pensions payable under that Act.

---

**Clause 1** specifies the short title of the proposed Act.

**Clause 2** provides for the commencement of the proposed Act on a proclaimed day.

**Clause 3** is a formal provision giving effect to the Schedule of amendments.

**SCHEDULE 1 - AMENDMENTS**

**Reduction of pensions as a result of election to take lump sum benefit**

When a former member of Parliament elects to commute a part of his or her pension entitlement to a lump sum benefit, the amount of the pension to which the member is entitled must, as a consequence, be reduced. The Principal Act currently provides for reduction of the pension annually by an amount equal to one-tenth of the lump sum benefit taken.

Schedule 1 (3) to the Bill inserts a new section 21B into the Principal Act to provide for a new method of reducing pensions when lump sum benefits are taken. It is emphasised that the new method will not apply to persons who, immediately before the commencement of the proposed Act, were members of either House of Parliament or were in receipt of a pension.

*Parliamentary Contributory Superannuation (Amendment) 1989*

---

Under the new method, it is necessary to consider not simply the amount of pension that was commuted to a lump sum, but the proportion of the annual pension entitlement that this sum represented at the time. The new method provides for reduction of the member's annual pension entitlement by this proportion.

**Former members who again become members**

The proposed new section 21B also addresses the situation that arises when a member becomes entitled to a pension on more than one occasion. If a former member more than once exercises a right of commutation of part of his or her annual pension, the new method of reduction is applied in relation to each exercise of that right.

**Consequential amendments**

The amendments made by Schedule 1 (1), (2) and (4) are consequential on the implementation of the new method of pension reduction.

---