



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*.