

**PARLIAMENTARY CONTRIBUTORY SUPERANNUATION  
(AMENDMENT) ACT 1989 No. 159**

**NEW SOUTH WALES**



**TABLE OF PROVISIONS**

1. Short title
2. Commencement
3. Amendment of Parliamentary Contributory Superannuation Act 1971 No. 53

**SCHEDULE 1 - AMENDMENTS**

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**PARLIAMENTARY CONTRIBUTORY SUPERANNUATION  
(AMENDMENT) ACT 1989 No. 159**

**NEW SOUTH WALES**



**Act No. 159, 1989**

An Act to amend the Parliamentary Contributory Superannuation Act 1971 in relation to pensions payable under that Act. [Assented to 12 December 1989]

**The Legislature of New South Wales enacts:**

**Short title**

1. This Act may be cited as the Parliamentary Contributory Superannuation (Amendment) Act 1989.

**Commencement**

2. This Act commences on a day to be appointed by proclamation.

**Amendment of Parliamentary Contributory Superannuation Act 1971 No. 53**

3. The Parliamentary Contributory Superannuation Act 1971 is amended as set out in Schedule 1.

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**SCHEDULE 1 - AMENDMENTS**

(Sec. 3)

- (1) **Section 20 (Right to convert part of entitlement to lump sum entitlement):**

Section 20 (4):

Omit "by the amount of annual pension in respect of which the election was made", insert instead "in accordance with section 21B".

- (2) **Section 21 (Provisions applicable when the person becomes a member after receiving a pension as a former member):**

Omit "by the amount of annual pension entitlement in respect of which the conversion was made", insert instead "in accordance with section 21B".

- (3) **Section 21B:**

After section 21A, insert:

**Calculation of pensions following conversion to lump sum**

21B. (1) This section applies where the amount of pension payable to a person is to be reduced, under section 20 (4) or 21, because of an election under section 20 to convert part of a pension entitlement to a lump sum.

SCHEDULE 1 - AMENDMENTS - *continued*

- (2) The annual pension is to be reduced:
- (a) in the case of a person who, immediately before the commencement of the Parliamentary Contributory Superannuation (Amendment) Act 1989, was a member or in receipt of a pension under this Part - by the amount of annual pension in respect of which the election was made; or
  - (b) in any other case - by an amount calculated in accordance with the following formula:

$$R = \frac{C \times F}{E}$$

where:

R represents the amount of the reduction;

C represents the amount of annual pension in respect of which the election concerned was made;

E represents the annual pension entitlement immediately before the election concerned was made;

F represents the amount that would be the current annual pension entitlement of the former member if he or she had not made the election concerned.

- (3) In the event that any person:
- (a) by becoming a member on a second or subsequent occasion, has become for a second or subsequent time entitled to a pension under this Part; and
  - (b) has made an election or elections under section 20,
- the person's pension is to be reduced in accordance with subsection (2) in respect of the first and any subsequent election made.

SCHEDULE 1 - AMENDMENTS - *continued*

(4) In the case of a person to whom subsection (3) applies who makes more than one election:

(a) successive reductions of pension are to be calculated using the formula given in subsection (2); and

(b) for the purposes of any such calculation, the values to be assigned to the symbols E and F in that formula are to reflect any reduction of annual pension entitlement resulting from previous calculations.

(4) **Section 23A (Right of certain widows or widowers to convert part of pension entitlement to lump sum entitlement):**

Section 23A (2):

Omit "section 20", insert instead "this Part".

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[*Minister's second reading speech made in -  
Legislative Assembly on 22 November 1989  
Legislative Council on 23 November 1989 a.m.*]









FIRST PRINT

**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.

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**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*

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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.

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FIRST PRINT

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

NEW SOUTH WALES

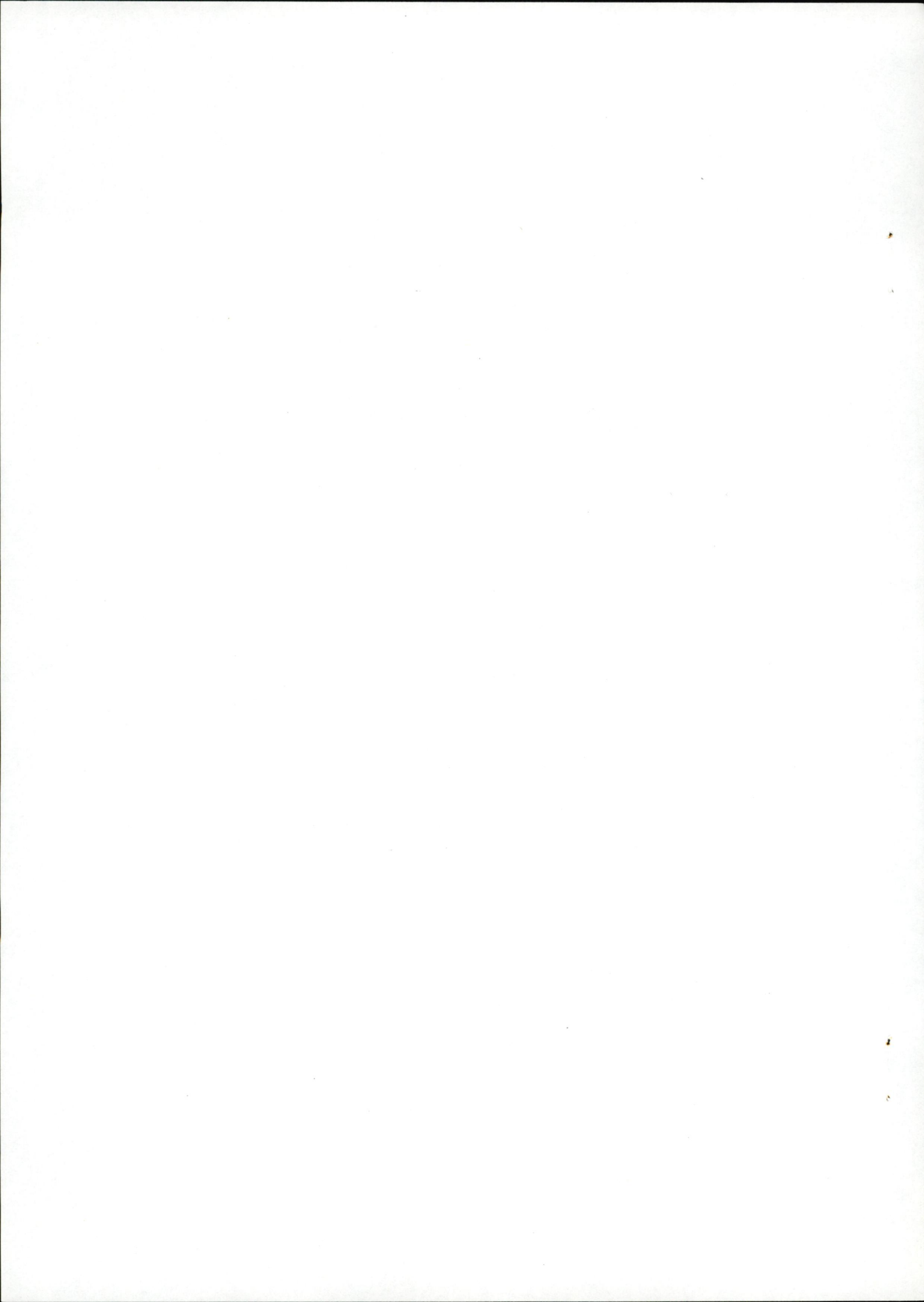


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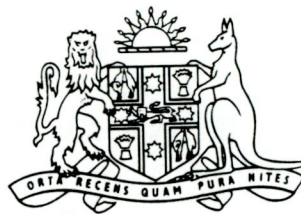
**SCHEDULE 1 - AMENDMENTS**

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

NEW SOUTH WALES



No. , 1989

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**A BILL FOR**

An Act to amend the Parliamentary Contributory Superannuation Act 1971 in relation to pensions payable under that Act.

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**The Legislature of New South Wales enacts:**

**Short title**

1. This Act may be cited as the Parliamentary Contributory Superannuation (Amendment) Act 1989.

**Commencement**

2. This Act commences on a day to be appointed by proclamation.

**Amendment of Parliamentary Contributory Superannuation Act 1971 No. 53**

3. The Parliamentary Contributory Superannuation Act 1971 is amended as set out in Schedule 1.

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**SCHEDULE 1 - AMENDMENTS**

(Sec. 3)

(1) Section 20 (**Right to convert part of entitlement to lump sum entitlement**):

Section 20 (4):

Omit "by the amount of annual pension in respect of which the election was made", insert instead "in accordance with section 21B".

(2) Section 21 (**Provisions applicable when the person becomes a member after receiving a pension as a former member**):

Omit "by the amount of annual pension entitlement in respect of which the conversion was made", insert instead "in accordance with section 21B".

(3) Section 21B:

After section 21A, insert:

**Calculation of pensions following conversion to lump sum**

21B. (1) This section applies where the amount of pension payable to a person is to be reduced, under section 20 (4) or 21, because of an election under section 20 to convert part of a pension entitlement to a lump sum.

SCHEDULE 1 - AMENDMENTS - *continued*

- (2) The annual pension is to be reduced:
- (a) in the case of a person who, immediately before the commencement of the Parliamentary Contributory Superannuation (Amendment) Act 1989, was a member or in receipt of a pension under this Part - by the amount of annual pension in respect of which the election was made; or
  - (b) in any other case - by an amount calculated in accordance with the following formula:

$$R = \frac{C \times F}{E}$$

where:

R represents the amount of the reduction;

C represents the amount of annual pension in respect of which the election concerned was made;

E represents the annual pension entitlement immediately before the election concerned was made;

F represents the amount that would be the current annual pension entitlement of the former member if he or she had not made the election concerned.

- (3) In the event that any person:
- (a) by becoming a member on a second or subsequent occasion, has become for a second or subsequent time entitled to a pension under this Part; and
  - (b) has made an election or elections under section 20,
- the person's pension is to be reduced in accordance with subsection (2) in respect of the first and any subsequent election made.



SCHEDULE 1 - AMENDMENTS - *continued*

(4) In the case of a person to whom subsection (3) applies who makes more than one election:

- (a) successive reductions of pension are to be calculated using the formula given in subsection (2); and
- (b) for the purposes of any such calculation, the values to be assigned to the symbols E and F in that formula are to reflect any reduction of annual pension entitlement resulting from previous calculations.

(4) Section 23A (**Right of certain widows or widowers to convert part of pension entitlement to lump sum entitlement**):

Section 23A (2):

Omit "section 20", insert instead "this Part".

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