



ACT Government

BUDGET 2006-2007

MEDIA RELEASE

No. 8

SUPER TO COME INTO LINE WITH OTHER JURISDICTIONS

With superannuation costs forecast to increase by more than 700% over the next 30 years, the ACT Government has decided to bring its superannuation arrangements for new public servants into line with other States and Territories. Superannuation entitlements for new members of the Legislative Assembly, for the Senior Executive Service, MLAs' staff, and the judiciary will be reduced by a similar order.

Under current arrangements, the employer contribution paid by the ACT Government to its workforce is 15.4% of an employee's salary. Superannuation for MLAs is governed under separate legislative arrangements, with the benefit depending on the office held.

From 1 July 2006, new public servants will receive employer contributions of 9%, in line with other States and Territories. The entitlements of existing employees will be unaffected.

"If we didn't make this change, by 2038-39 the cost of public servants' superannuation would climb from around \$60 million a year currently to almost \$450 million a year," Mr Stanhope said today.

"In order to meet this cost and still retain the current degree of budget flexibility, the total ACT Budget would need to increase in real terms by 5% every year for the next three decades. And that is before other budget priorities and costs are taken into account.

"There is no way the ACT community can afford this impost over the medium to long term. It is the same issue faced by other states and the Northern Territory, and the reason why all Australian governments, with the exception of the Commonwealth, have made the change to lower employer contributions."

According to the Commonwealth Grants Commission, the ACT's cost of superannuation is 139% above the national benchmark.

Mr Stanhope said he did not expect the change in superannuation arrangements to seriously affect the ability of the ACT Public Service to compete with the Commonwealth for new recruits.

"Contrary to popular belief, the ACT Government does not compete with the Commonwealth for a large part of its workforce. It is instructive that while about 65 per cent of Commonwealth Public Servants work outside Canberra, other jurisdictions have not found it necessary to match the Commonwealth's superannuation arrangements to compete in the job market."

6 June 2006

Enquiries: Penelope Layland 6205 9777 0438 289 714 penelope.layland@act.gov.au
Leah De Forest 6205 1690 0411 779 569 leah.deforest@act.gov.au