



Deputy Chief Minister
Treasurer
Attorney-General
Minister for Justice and Community Safety
General Inquiries: (02) 6205 0133 office

Gary Humphries MLA

Australian Capital Territory

2000-01 BUDGET

23 May 2000

A PLAN FOR SUPERANNUATION

The 2000-01 ACT Budget includes a plan for the long-term management and financing of our superannuation liabilities, Treasurer, Gary Humphries, said today.

Mr Humphries said the Plan should be the subject of a separate debate in the Assembly and the Government would refer it to a Committee to place the matter firmly on the political agenda.

“Provision for our superannuation liabilities remains our most significant challenge following the achievement of a Budget surplus. This plan commits this Government, and its successors, to fixing that problem quicker than any other solution proposed since the trade sale of ACTEW.

“This Budget includes transfers of \$120 million over four years to the ACT’s superannuation account, starting with a \$5 million payment this year.

“Previous ACT Budgets have provided for a payment of the emerging cost of benefits. Modelling by my Department indicates that, if not addressed, by 2024-25, the ACT would be paying \$139 million per year. That amount, and the climb to it, is not a satisfactory solution to this emerging long-term problem.

“By 2024, we would be paying twice the police budget just in superannuation. Instead, the option developed now will see us self-funding (ie off-budget) all of our superannuation liabilities within eight years.

“That means hundreds of millions of dollars freed from expenditure over the subsequent sixteen years which can be ploughed back into community services.

“In 1999-2000 the Government paid \$300 million, repatriated from ACTEW, into the superannuation account.

“In addition, in this Budget, we forecast an equalisation payment from AGL in the event of successful negotiations between themselves and ACTEW for a joint venture partnership. This money will also be used to reduce our superannuation liabilities.

“Following the eight year strategy, 85% of our liabilities would be fully funded within eight years. But assuming earnings potential of 5.5%, the fund would be sufficient to meet each year’s emerging cost payments.

“To ensure that efforts taken now to fund our superannuation are not later squandered on short-term political commitments, the Government has introduced legislation to ‘ring-fence’ all contributions for superannuation. That money is for our future: it will only be able to be used to pay superannuation liabilities or make investments for those purposes,” Mr Humphries said.

Further information on the Superannuation strategy is available by referring to Chapter 5.2 of Budget Paper 3.

Statement Ends