



Budget 2006-2007

FACT SHEET #F3: SUPERANNUATION

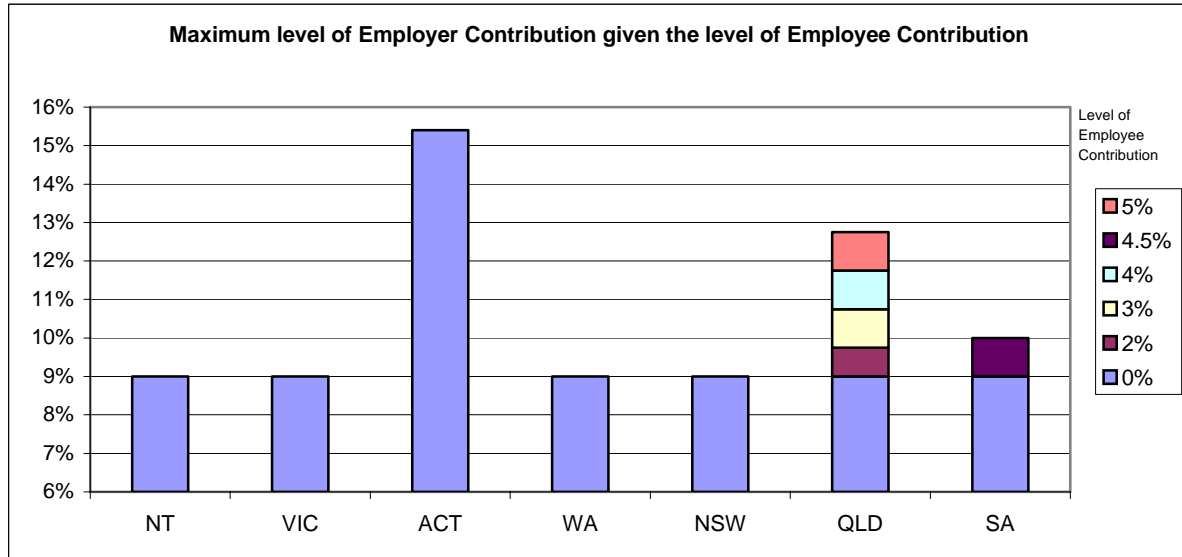
What changes to superannuation are in the Budget?

The ACT Government has decided to bring superannuation arrangements for new ACT public servants into line with other jurisdictions. Arrangements will remain unchanged for existing staff members.

From 1 July 2006, new staff will receive an employer contribution to their super fund of 9%, rising to 10% depending on the level of employee contribution. The contributions paid to new Members of the Legislative Assembly, the Judiciary, Senior Executives, and MLAs' staff will be reduced by the same order.

How does the ACT compare to other jurisdictions?

Under current arrangements, the employer contribution paid by the ACT Government to its employees is 15.4% of salary. All other States and Territories make base contributions of 9%, with a couple of jurisdictions offering higher rates depending on employee contribution.

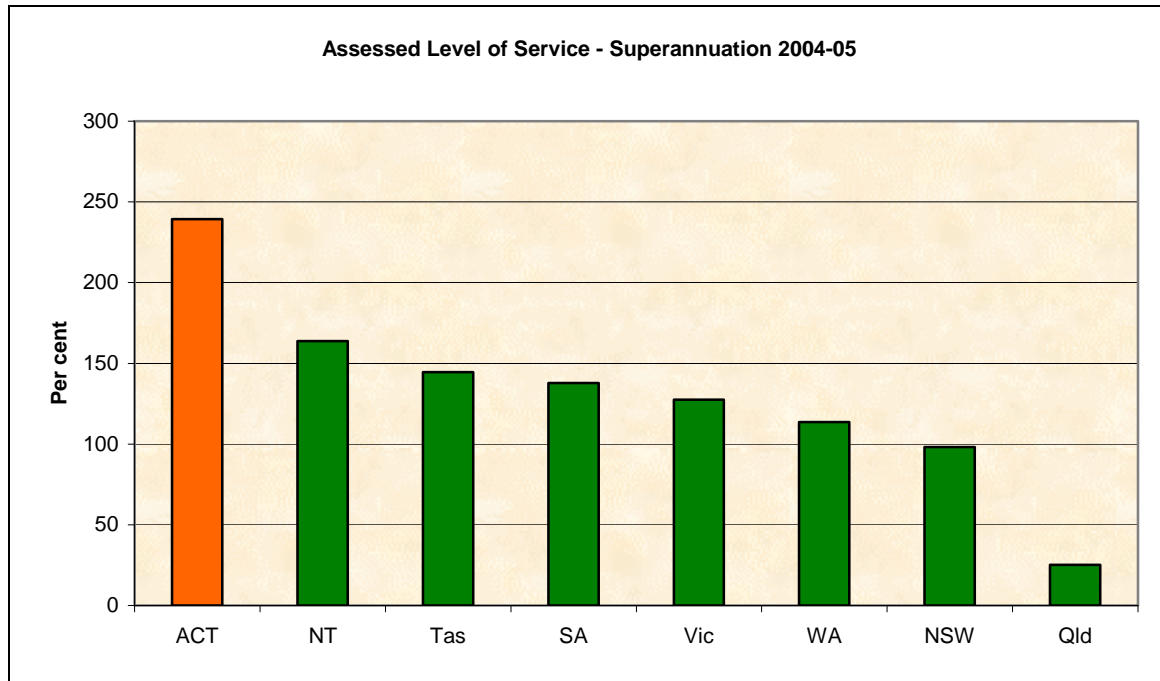


Why is the ACT Government making this change?

The Commonwealth Grants Commission has assessed the superannuation costs for the ACT at 139% above the national average.



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If the ACT Government failed to make this change, the cost of public servants' superannuation would increase by 700% over the next 30 years — from around \$60 million in 2005-06 to \$450 million in 2038-39. To maintain budget flexibility of today while making these payments would require an increase in the ACT Budget, in real terms, of 5% every year for three decades — without taking other budget priorities and costs into account.

Maintaining an employer contribution rate of 15.4 per cent is not affordable in the medium to long term.

What effect will this have on recruiting staff?

Employer contributions will be in line with most private sector organisations and with other State and Territory Governments.

The ACT Government does not compete with the Commonwealth for a large part of its workforce (for example, teachers, nurses, health professionals, child protection workers, fire fighters, bus drivers and rangers). It does compete for clerical staff, but differential superannuation arrangements have coexisted in other States, where about 65% of Commonwealth employees are based.