



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

Reference: Parliamentary Superannuation Amendment (Removal of Excessive Super) Bill 2009

FRIDAY, 14 AUGUST 2009

CANBERRA

BY AUTHORITY OF THE SENATE

THIS TRANSCRIPT HAS BEEN PREPARED BY AN EXTERNAL PROVIDER

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

SENATE FINANCE AND PUBLIC ADMINISTRATION

LEGISLATION COMMITTEE

Friday, 14 August 2009

Members: Senator Polley (*Chair*), Senator Bernardi (*Deputy Chair*), Senators Cameron, Jacinta Collins, Ryan and Siewert

Participating members: Senators Abetz, Adams, Barnett, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Hefernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, O'Brien, Payne, Pratt, Ronaldson, Scullion, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Bernardi, Cameron, Collins, Fielding, Polley and Ryan

Terms of reference for the inquiry:

To inquire into and report on: Parliamentary Superannuation Amendment (Removal of Excessive Super) Bill 2009

WITNESSES

CAMPBELL, Ms Kathryn, Deputy Secretary, Department of Finance and Deregulation..... 1
GREENSLADE, Mr Alan, First Assistant Secretary, Department of Finance and Deregulation..... 1
**SOTIROPOULOS, Mr George, Branch Manager, Superannuation, Department of Finance and
Deregulation 1**

Committee met at 8.29 am**CAMPBELL, Ms Kathryn, Deputy Secretary, Department of Finance and Deregulation****GREENSLADE, Mr Alan, First Assistant Secretary, Department of Finance and Deregulation****SOTIROPOULOS, Mr George, Branch Manager, Superannuation, Department of Finance and Deregulation**

CHAIR (Senator Polley)—The committee will now commence its inquiry into the Parliamentary Superannuation Amendment (Removal of Excessive Super) Bill 2009. The bill seeks to terminate the Parliamentary Contributory Superannuation Scheme. I welcome representatives from the Department of Finance and Deregulation. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. I remind the committee and witnesses that the Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. Do you have an opening statement, Ms Campbell?

Ms Campbell—No, I do not.

Senator FIELDING—Thank you for appearing this morning. Could you explain to the committee how the superannuation entitlements of parliamentarians elected prior to 2004 actually work?

Ms Campbell—The Parliamentary Contributory Superannuation Scheme requires members of parliament to contribute to their superannuation. Members are required to contribute 11.5 per cent of post-tax salary for the first 18 years of their term and after that 5.75 per cent of post-tax salary. When members leave the parliament after having completed a minimum of 12 years service or four terms they are entitled to a pension. The minimum pension is 50 per cent of a backbencher's salary and the maximum pension is 75 per cent of a backbencher's salary. The amount that is paid depends on the years of service and there is also an element of pension paid for extra responsibilities, such as ministerial responsibilities. However, if retirement is involuntary due to the loss of preselection or loss at an election, a member qualifies after completing eight years of service or three terms.

Senator FIELDING—Let us put that into dollar terms. You said it would be a minimum of 50 per cent of a backbencher's salary. What does that work out to be in dollar terms at the current rate per year?

Ms Campbell—A backbencher's salary is \$127,060, so it is approximately \$63,530.

Senator FIELDING—And that is the pension per year until death?

Ms Campbell—Yes.

Senator FIELDING—Does it revert to their spouse as well?

Ms Campbell—A component reverts to the spouse. I will ask my colleague to indicate how much.

Mr Sotiropoulos—When a member dies there is a conversion to the spouse and that is five-sixths of the entitlement that was payable to the member.

Senator FIELDING—So someone elected prior to 2004 in a by-election who gets re-elected three more times and retires in 2010, so they have served nine years, would end up with \$63,000 forever based on today's rates?

Ms Campbell—Yes.

Mr Greenslade—Senator, you are saying that that member retired after nine years service?

Senator FIELDING—Yes. If there were a case that someone were elected in a by-election and then re-elected three times, they trigger the four years and do not have to wait the 12 years. If they serve nine or 10 years, they still get the \$63,000 per year forever after they leave.

Mr Greenslade—I might clarify that. The rates start at 50 per cent after eight years service and increment up at 2½ per cent.

Senator FIELDING—So it would even be higher?

Mr Greenslade—Yes. After nine years it would be 52½ per cent.

Senator FIELDING—But roughly it is at least 50 per cent, which is the \$63,000. Is that \$63,000 taxable?

Ms Campbell—Yes, it is. It also depends on the age of the member and when they were elected. There are preservation rules in place in relation to age. If they were elected after 2001, there is a requirement to wait until the age of 55.

Senator FIELDING—Is the term ‘average final salary’ used in the old scheme? What do you do for ministers who go back to a backbencher’s salary? How do you work out what their final salary is?

Mr Sotiropoulos—When you were a minister is counted towards your final pension. We maintain a database that indicates how long a person has served as a minister. That would be taken into account when calculating the final benefit.

Senator FIELDING—Is that calculation publicly available?

Mr Sotiropoulos—No, it is not in terms of the actual amounts, but a member of the public could identify how long someone had been a minister.

Senator FIELDING—Of course, but how does this formula work?

Mr Greenslade—There is a formula published by Finance that explains how this is calculated.

Senator FIELDING—Could you run through that just briefly?

Mr Greenslade—The additional pension for each office is expressed as a percentage of the additional salary payable for that office. The percentage applied is 6.25 per cent for every year a member served in that office. That 6.25 per cent would be applied to the remuneration for that office. If the member had several different offices, those 6.25 per cents would be applied for the period in each of those offices for remuneration for that office but there is a limit on that. The additional entitlements may not total more than 75 per cent of the salary payable from time to time for the highest paying office held.

Senator FIELDING—There was a report in the *Age*—and I do not want to use names; I want to keep this away from particular individuals—saying that if a minister went to the backbench and stayed on the backbench for too long their final pension payout per year would drop quite significantly; in other words, there is a financial advantage to leaving earlier.

Ms Campbell—I think there is some confusion in the media about those types of issues. Generally, once a member has accrued something, it is not lost. I think sometimes the media may confuse the size of the pension with the backbencher’s salary.

Senator FIELDING—Right. So how do you work that out? A lot of defined benefit programs work on the average final salary. That was why I was asked the question before. This scheme is slightly different from that. People in the public—not in the Public Service, but ordinary Australians—know that in a defined benefit scheme the average final salary is calculated over the last few years on what your final salary is and the payout would be a multiple of that average final salary, but in this case it is different.

Ms Campbell—In this case the basic element is a multiple of the backbencher salary which can be from 50 to 75 per cent, plus a multiple of any additional salaries that were paid for additional positions. So the ultimate pension depends on the backbencher’s salary at that time, which is multiplied by whatever percentage, between 50 and 75, the member is entitled to plus, as Mr Greenslade has just articulated, the accumulation of those additional positions people held and how much of the 6.25 per cent per annum for those has been added on to that additional backbencher component.

Senator FIELDING—Okay. I am conscious of the time and that other members will want to ask questions as well. I have one further question, and then I may come back if the others do not have any questions. I am happy to keep going. Can I have one more or not, Chair?

CHAIR—Certainly, Senator Fielding. I just want to seek some clarification after your question.

Senator FIELDING—How does the superannuation entitlement scheme compare with those post 2004? Have you had actuarial advice on how it compares on a dollar basis or on a per-year basis? How does it compare?

Ms Campbell—I do not think we have had actuarial advice. We have not sought actuarial advice on the comparison. I think it is fair to say we have not ever sought that advice.

Mr Sotiropoulos—No.

Senator FIELDING—Could you find that out or establish the difference between the two?

Ms Campbell—Would you be asking how much the current PCSS is worth in dollar terms or percentage of salary terms to a member versus the 15.4—

Senator FIELDING—What you could do to keep it simple—because there are so many variables here—is to do it just on a straight backbencher's entitlement, so that keeps the variables of ministers and all sorts of other variabilities out, and do it year by year: year 1, year 2, year 3, year 4, year 5, year 6, year 7, year 8 et cetera. You could probably go up to a maximum of 30 years, and then on the right-hand side you could show the old scheme entitlement and the new scheme entitlement. You could do it for a couple of scenarios about how many terms they were elected for, so you would have a couple of variables in there. The actuaries could do it pretty quickly, actually; it would not take long to do.

Ms Campbell—That would be possible. It is also worth remembering that we would need to include the 11.5 per cent post-tax contribution that the PCSS members make, which is a significant element.

Senator FIELDING—Correct. I think the actuaries have probably already done it. You are asking them for information they have probably got, I would think. Is that something you could take on notice?

Ms Campbell—Yes, we will take that on notice.

Senator FIELDING—Thank you.

CHAIR—I just want to see whether you can highlight any other differences for those who are on the old scheme in terms of the benefits to their spouse as opposed to the new scheme—which I would think is not considered by those elected after 2004 as an entitlement to a pension after they leave parliament; it is their own contributions to superannuation. I am interested in whether there are any issues that change the benefits of a spouse and also whether there are any differences in terms of insurance for those elected prior to 2004 as opposed to the new members and senators in relation to their own insurance—their health and death benefits.

Ms Campbell—I will start, and hopefully my colleagues will be able to give some more detail. The pre-2004 scheme was a defined benefit very structured around the pension and the availability of a lump sum. The post-2004 scheme is a more modern system, an accumulation system which allows members to make their own decisions about where their money is placed, including how it is invested, as well as portability—so it can be transferred into other schemes and members can also include other superannuation funds or elements that they have already accrued or are going to accrue into the future. Regarding the insurance, I will ask my colleagues whether they are able to comment on the insurance elements. Clearly the old scheme had an invalidity element, which was common to most of the old defined benefit schemes, where there was not that clear precision which there now is between accumulating retirement and looking after invalidity.

Mr Sotiropoulos—As Ms Campbell just mentioned, invalidity is the appropriate insurance benefit that would be payable under the PCSS. In the new arrangements it would depend on the nature of the insurance arrangement for the particular superannuation scheme that the member is in. I do not have details of those specifics for any particular scheme, so I would have to take that on notice.

CHAIR—If you could take that on notice, I think it would help to clarify it for the committee and, probably more particularly, for the media. I think there is a lot of confusion in terms of the two schemes and the benefits and the generalisations that are made in relation to this issue.

Ms Campbell—We will probably be able to provide the default scheme, which is AGEST. That is something that we will hopefully be able to provide quite easily.

CHAIR—Thank you. Taking up from Senator Fielding's question about the benefits that are transferred to a spouse, is there any provision—as I understand there is in some states—whereby if the member or senator passes away and their widow or widower remarries, they relinquish their access? Is that the case under the old scheme at the Commonwealth level?

Ms Campbell—No, it is not.

CHAIR—So it is transferable even if they go on to remarry?

Ms Campbell—That is correct.

Senator BERNARDI—I think most of my questions will be covered in the further information that you are going to provide to Senator Fielding. I am interested in the comparison of total remuneration, including the retirement benefits. That is of course going to be dependent upon the age of the individual you are talking about.

Ms Campbell—It is.

Senator BERNARDI—I wonder if, in the information you are going to provide, you could identify the differences and the discrepancies from an age perspective?

Ms Campbell—We will talk to the actuaries about the best way to demonstrate what are very complex interplays between age and other—

Senator BERNARDI—In respect of the 11.5 per cent post tax salary, which pre-2004 members contribute, I am interested in the after-tax pay packet, if you will, of someone who is on the old scheme compared with someone who is on the new scheme.

Ms Campbell—From a backbencher's perspective?

Senator BERNARDI—From a backbencher's perspective. I will try and make it as simple as possible.

Ms Campbell—We will work with our colleagues to see whether we are able to provide that.

Senator BERNARDI—In your discussions with the actuaries I hope you will consider the benefits that will flow on to spouses as a product of that.

Ms Campbell—Of course, with the accumulation schemes, spouses do have benefits as well with the amounts that are left from an accumulated scheme.

Senator BERNARDI—I understand that. To cut to the chase, I am guessing that Senator Fielding is concerned—and I do not want to speak for Senator Fielding at all—that two people are doing exactly the same roles and some are benefiting financially a great deal more than others.

Ms Campbell—On a number of fronts the government has considered these defined benefit schemes to be very expensive and sometimes not in accordance with modern superannuation arrangements. So the government, over time, has closed a number of these schemes—the CSS and the PSS—and ultimately replaced with them with accumulation schemes. What has occurred in the past—and it is unfortunate that sometimes you do have people working side-by-side under different schemes—is that because of the expectation when people joined those schemes that they would have them, the government has grandfathered membership of those. That is for a number of legal reasons and because of such issues as unjust acquisition of property under the Constitution as well as the superannuation framework under which, whilst it does not apply to this scheme because it is an exempt public service scheme, the SIS Regulations do indicate that members should not be worse off by any changes once they are in a scheme.

Senator BERNARDI—Which is a great segue, because I want to ask about the implications if this bill were to succeed. What would be the legal implications?

Ms Campbell—There are a number of legal implications, as I have just indicated. The superannuation regulatory framework, which does not apply because the Public Service schemes are exempt, indicates, under regulation 13.16(1):

... a standard applicable to the operation of regulated superannuation funds that ... a beneficiary's right or claim to accrued benefits, and the amount of those accrued benefits, must not be altered adversely to the beneficiary by amendment of the governing rules or by any other act carried out, or consented to, by the trustee of the fund.

That is the regulation that applies to the public under these schemes.

There is also the issue of the legal risks. There is a risk under the Constitution about the unjust acquisition of property. Clearly members have different considerations of how valuable a pension is versus a lump sum, depending on a number of factors including lifestyle, age and length of service. But it is open that members may wish to challenge in the High Court on the fact that their property had been unjustly acquired. In the bill as it is currently drafted there is not guidance on how the pension would be converted to a lump sum and how that amount would be paid to another fund.

Senator CAMERON—I am concerned about the language I am hearing here, which is 'modern' versus 'old'. So 'modern' is when you get rid of a defined benefit scheme and you transfer the risk to the individual. Is that correct? Is that modern? What is modern about this? Defined benefit schemes are still applicable around the world. There are debates about the transfer of risk. This is about a transfer of risk. It is not about modern versus old, is it?

Ms Campbell—We have used those terms to capture it.

Senator CAMERON—But is it correct to do so? Is that a good definition?

Ms Campbell—It is a definition that has been used, but I am not sure that I am best placed to speak to the merits of the definition.

Senator CAMERON—Could you take on notice whether this is a proper definition to be used, because I do not believe it is. Just because you make a change does not make it modern. You are transferring the risk from the government and Treasury to the individual. That is what happens when you move from a defined benefit to an accumulation scheme. I am not defending defined benefit schemes; I just want to get the language right. I do not like this ‘it’s modern, so it’s good’. I do not think that is right. I would like you to give me a proper definition of what ‘modern’ is, because you have used it several times this morning. I am interested to know why it is modern and whether that is a proper definition. If you want to take it on notice, I am happy with that.

Ms Campbell—We will take that on notice.

Senator CAMERON—By the way, I just want to place on record I am not arguing for any increase in superannuation entitlements for MPs. I think we are well paid, I think we are well looked after and I am not arguing that. I just like people to be correct in the definitions that they use and I do not like these definitions being used when they are not correct.

Senator FIELDING—Chair, I just want to reinforce that I am certainly not after an increase in entitlements.

CHAIR—Senator Ryan now has the call. We will come back to you, Senator Fielding, to wrap up.

Senator RYAN—I want to clarify an answer you previously gave to Senator Bernardi, and I could be misreading the bill. As I understand it, the bill requires payment out of the existing benefits at a certain date for those who have accrued under the previous scheme. You mentioned that could be an issue with acquisition of property on just terms. If the bill required that benefits be frozen at a certain date and not further accumulated, that particular issue would not be posed. Let us say a particular member or senator was entitled to a particular level of benefit as at 30 June 2011, benefits were frozen at that date and then they could accumulate in the new scheme. That would not pose that legal risk, would it?

Ms Campbell—We would need to seek legal advice on the constitutional issues. On the SI(S) Act regulations, we think there would still be an issue because of the changes. Again, this scheme is not covered by those regulations, but the government has managed with those in mind in the past. There would be a significant change to the member’s entitlements.

Senator RYAN—I wanted to make sure I was reading the bill correctly. Given everyone else is doing it, I will reiterate the comments of the previous senator.

CHAIR—I remind members of the committee that we are here to put questions to the witnesses. We are not here to make personal statements in relation to this issue. We have a bill that has been put before us by Senator Fielding and I do not think each member of the committee stating their view in relation to superannuation is beneficial to this hearing.

Senator FIELDING—Thanks, Chair. I will try not to in future. Following on from Senator Cameron’s questioning, the words that you used to respond were ‘there would be a significant change’, so there is a significant difference between the two schemes as far as benefits payable, isn’t there, realistically? The words you used were ‘significant difference’.

Ms Campbell—I think there has been significant media commentary about these and there is an acceptance that the previous scheme was more generous, depending on terms.

Senator FIELDING—So, for any sort of liability and as to whether it is legal or not, could the members who were on the previous scheme before 2004 could opt out themselves?

Ms Campbell—No. They are not able under the current legislation that is in place. When the scheme was introduced in 2004 it was not open for PSS members to transfer from the PSS scheme to the new arrangements.

Senator FIELDING—If all the members agreed that they wanted to get out of it, could they could out of it collectively?

Ms Campbell—Legislation would be required.

Senator FIELDING—So you could do it by legislation.

Ms Campbell—These are statutory schemes and would require legislative change.

Senator FIELDING—So if an individual member wanted to opt out of the previous scheme of 2004, they could not do in their own right. There is no way that they could legally do it?

Ms Campbell—No.

Senator FIELDING—So they are bound to be in the old scheme?

Ms Campbell—They are.

Senator CAMERON—Just so that you are clear what I am asking in my question, could you also take on board as to whether the department believes there is a transfer of risk from what was the pre-2004 scheme to the current scheme? Does the department accept that there is another transfer of risk to the new members themselves?

Ms Campbell—We will take that question on notice. This is, of course, government policy, and we will refer it to the minister.

Senator BERNARDI—I will use my own terminology: if the rules change midway through, there is a legal risk, which is what you highlighted earlier. Does that legal risk apply if the rules change for accumulation schemes as well? Let me give you an example. If someone contributed to an accumulation scheme on the understanding that they would be able to access the funds at a particular age and then the parliament decided to change the age at which they could access those funds, would there be a potential legal risk in that regard?

Ms Campbell—We would have to look at this in more detail, but accumulation schemes are generally established by the parliament deciding the amount that was going to be paid in. I am not sure that the scheme identifies the age of access because that is covered by broader Commonwealth legislation on preservation ages. Those factors such as preservation ages and tax rules are part of broader Commonwealth policy, so generally in accumulation schemes those factors are not covered because they are covered by broader government policy.

Senator BERNARDI—I cannot ask you for an opinion, but have you investigated at all the potential consequences of changing the preservation age, as you describe it?

Ms Campbell—Treasury is responsible for superannuation policy on items such as broader preservation and tax circumstances on superannuation, so that question would be better directed to Treasury.

Senator FIELDING—Who bears the risk of returns with the scheme prior to 2004?

Ms Campbell—The moneys paid by members is returned to the consolidated revenue fund, so there is no investment element of the Parliamentary Contributory Superannuation Scheme. The defined nature indicates the amount that will be paid when a member retires, so these are not impacted by investment returns.

Senator FIELDING—Okay, let me go through it this way then. Let me use a term that I am familiar with—is the scheme fully funded or underfunded with the liabilities it has at the moment? I know they are paid out of consolidated revenue, they just pay them out as they go and I know that the scheme is not under the same regulatory situation as other defined benefit programs. I am interested in the last, say, two years with the returns quite low in the markets. Surely, this is impacting the liability that we have sitting there at any one stage.

Ms Campbell—Like all of the Commonwealth unfunded schemes, employer contributions are not funded. It is intended to be offset by the Future Fund from 2020 and, clearly, as we have stated in other environments, the Future Fund earnings have been impacted by the recent global financial crisis.

Senator FIELDING—So at the last actuarial statement for the benefits, how much is it underfunded?

Ms Campbell—It is not funded so it is not that it is underfunded.

Senator FIELDING—How much are the liabilities?

Ms Campbell—It is in part of the Commonwealth's entire unfunded liability. The actuarial advice on that unfunded liability in the PCSS is in the order, for the entire scheme, of \$700 million. That is for those members who are already on pensions as well as those still contributing.

Senator FIELDING—When was the date of that last actuarial advice.

Ms Campbell—It was at about 30 June 2009 but that is part of the broader liability which is some \$90 billion for the Public Service, the military, judges and governors-general.

Senator FIELDING—Is it correct to say that a member post 2004 bears the risks themselves of what payout they will get based on returns?

Ms Campbell—That is correct. They also have the flexibility of how that money is invested and how they manage their superannuation affairs. They have a lot more flexibility on terms because the previous scheme

required that they serve three or four terms to become eligible for the pension whereas there is more flexibility in the new scheme.

Senator FIELDING—Those post-2004 parliamentarians are in what is called an accumulation type superannuation fund while for those before 2004 it is predominantly called a defined benefit type scheme. The accumulation fund is one where you get out what you put in plus the returns of the investments where you have directed investments to go post 2004. Prior to 2004 you actually get a set payout based on some rules. The members who are on the pre-2004 scheme have zero exposure to the market risk.

Ms Campbell—They do not have exposure to the market risks; they do have exposure as to how many terms they need to serve and how the payments are been made.

Senator FIELDING—Have you had any actuarial advice on, if the pre-2004 scheme was able to close, what the cost would be bring current members up to their current benefit—in other words, to basically pay them out on their current benefit. When some defined benefit schemes close they can actually get an actuary involved and say, ‘We are closing the scheme down for everybody, for not just the new people coming in but all members.’ Have you had actuarial advice on what that cost would be?

Ms Campbell—We have had actuarial advice on what we think the methodology might be, but what was actually paid out would of course depend on the final agreed methodology by the parliamentary retiring trust. It is in the order of some \$220 million for those contributing members.

Senator FIELDING—Are you able to table that advice?

Ms Campbell—We do not have that advice with us but we can take that on notice.

Senator FIELDING—Thank you. That would be an important consideration in this issue.

Senator JACINTA COLLINS—Ms Campbell, can you elaborate on what you thought that methodology might be?

Ms Campbell—I will see whether my colleagues can.

Mr Greenslade—The estimate that this might be around \$220 million works from the fact that the current unfunded liability for contributors is of that order of magnitude and a fair method of calculation of the lump sum benefit would presumably be at least that figure. The bill does not give any precise guidance on how the Parliamentary Retiring Allowances Trust would calculate the benefits. I assume it would be at least equivalent to that and potentially more generous if the trust considered a methodology needed to address the risks of judicial review and so on.

Senator FIELDING—Back when the change was made in 2004 I think that Mr Howard and Mr Latham agreed that it needed to be changed. Were there any documents that you have with the reasons why that change was made?

Ms Campbell—We do not have any of that information, no. I am sure we could find the press releases at the time, if that would be useful.

Senator FIELDING—From my understanding, the reason was that there was public concern about the entitlements of parliamentarians being out of step with public perceptions and that led to the change. I just wanted to make sure I had that right. Was anything given to you folk in that regard?

Ms Campbell—That is my recollection, but we would need to go and find the press releases at the time. I do not recall that we provided advice on this matter.

Senator FIELDING—At the time were you asked to look at what it would close the scheme down completely, for old as well as for new?

Ms Campbell—I do not recall. Unfortunately, none of the three of us at the table were in the superannuation area at that time. But we can take that on notice.

Senator FIELDING—Could you check if that was the case. The reason is that there is still public concern about the scheme and the payouts from those on the pre-2004 scheme. That is why I am interested to know whether there were any discussions held, if there was any documentation that you were given or any questions were asked about closing it down at that stage. How do the benefits on the scheme prior to 2004 compare with the general public’s? We have asked questions about comparing it with the post-2004 parliamentarian scheme and the one the general public are generally on, which is what, nine per cent super guarantee?

Ms Campbell—Yes.

Senator FIELDING—I would be interested to see the comparison between what the average person on the street's would be compared with theirs as well.

Ms Campbell—We have not completed that work, clearly because there are a number of assumptions to go in there about salary and percentage and returns on investment. We can take that one on notice.

CHAIR—For clarity, in terms of Senator Fielding asking about the average Australian, I think it would fair to do an assessment with the benefits for senior executives, with their work responsibilities, as a fair comparison with elected members, whether senators or members. We can do it with the average Australian's superannuation. We all know that the public considers that it is more than theirs. I would like, for the committee's benefit, to have a comparison between the leading executives in this country as opposed to the elected members.

Ms Campbell—Clearly, that is quite difficult because it depends on individual salary packages. A number of people organise their financial arrangements with their employer in different ways with salary sacrifice. It is worth noting that Parliamentary Contributory Superannuation Scheme members are not able to salary sacrifice into either the PCSS nor any other scheme, so that is their only source of superannuation.

CHAIR—So it would be fair to say, then, that it is not perhaps a reasonable request to try and compare the average Australian's superannuation benefit with elected members or executives.

Ms Campbell—It is quite difficult because salary is part of total remuneration and there are a number of other elements of remuneration in how an individual compares their total remuneration.

CHAIR—We have a couple of minutes remaining. Senator Fielding, if you could wrap up, that would be great.

Senator FIELDING—We touched on the life insurance arrangements between the pre-2004 and post schemes before. Could a comparison be done between those, because there is a substantial difference between the two. I know the issue quite well. I worked in a superannuation fund for about five years, so I know the defined benefit and accumulation pretty well and I understand the differences between them. There are substantial differences in life insurance and age is a big factor in the accumulation side versus the defined benefit. I understand that a comparison could be done for a number of years on that as well. It is a big issue. I would like to thank you for this morning and would be keen to get the stuff put on notice pretty quickly, if I can.

CHAIR—On behalf of the committee I thank you all for appearing before us today. That concludes today's public hearing. The committee will now adjourn and will table its report on 8 September 2009.

Committee adjourned at 9.12 am