

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2010

Finance and Deregulation Portfolio

Outcome 1, Program 1.2

Topic: Pension Indexation in Australian Government Civilian and Military Superannuation Schemes.

Question reference number: F103

Type of Question: Hansard F&PA 83 and 84, 26 May 2010

Date set by the committee for the return of answer: 9 July 2010

Number of Pages: 1

Senator Gary Humphries asked:

You have mentioned your personal relationship with Mr Matthews. To provide some level of comfort and satisfaction to the people who have been critical of this process, could I ask you to contact Mr Matthews and ask him whether he did in fact use his skills as an international actuary to review and assess the basis of the calculations made by the Department of Finance and Deregulation and satisfy himself that they were sound when he adopted them in the course of his review.

Answer:

Mr Matthews has advised the Department of Finance and Deregulation that:

In finalising my report, I had discussions with both Mercer and the Australian Government Actuary regarding their methodology for determining the impact on the unfunded liability of changing the current indexation method for civilian and military superannuation pensions as they were responsible for advising the Department of Finance and Deregulation of these costs.

On the basis of these discussions, I was satisfied that the costs outlined by Finance in its submission, and which I used in my report, were appropriately robust.