



FEDERAL LABOR LEADER

STATEMENT BY FEDERAL LABOR LEADER MARK LATHAM

Parliamentary Superannuation

Today I can announce that a Labor Government will close down the superannuation schemes for Federal MPs, judges and the Governor-General.

These schemes are well outside the community standard in Australia and have become out-of-date. They offer superannuation benefits seven times more generous than the current contribution scheme available to the general public.

Parliamentary superannuation has become a major source of public dissatisfaction and cynicism in modern politics. That is why a Labor Government will pass legislation closing the scheme to new entrants. We will do the same for the other two schemes.

Closure of the schemes will be achieved consistent with existing practice for closure of defined benefit funds where no retrospectivity is involved. However, closing the schemes to new entrants will, over time, phase out these arrangements. This is the beginning of the end for the current parliamentary superannuation scheme.

Having made this policy decision today, I have also thought long and hard about my own superannuation arrangements. If elected Prime Minister, I will ensure my superannuation benefits are reduced to those of a Cabinet Minister – cutting the salary of office superannuation loading for the Prime Minister from 160 per cent to 72.5 per cent. Depending on how long we stay in government and how long I stay alive, this is a superannuation sacrifice of between \$500,000 and \$1.9 million.

This cap will also apply to all future Deputy Prime Ministers, Treasurers, Senate Leaders, Leaders of the House, House Speakers and Senate Presidents.

The policy principle adopted by the ALP today is to close the scheme to future members. This is the first time that a major party has faced up to the problems caused by the generous nature of the funds. Eventually, under our policy, the scheme will have no members at all.

The Australian people want greater austerity and higher ethical standards in their system of government. Labor's policy on parliamentary superannuation is consistent with this approach.

CANBERRA
10 FEBRUARY 2004

FACT SHEET

Defined benefit schemes

Defined benefit schemes were once common in the public and private sectors; however the number of members has fallen from 763,000 in 1994-95 to 380,000 as at September 2003.

When a defined benefit scheme is closed, consistent with current practice, it is not applied retrospectively. For example, with the foreshadowed closure of the Commonwealth public service fund by July 1 2005, existing members are kept in the scheme.

Application

The funds to be closed are:

- The Parliamentary Contributory Super Scheme;
- The Judges' Pension Scheme; and
- The Governor-General's Pension.

For all Federal politicians and judges appointed after enactment of legislation closing the listed funds, a reference will be made to the Remuneration Tribunal to fully examine their salary and superannuation arrangements. For judges, this reference will obviously ensure that high-quality people continue to be attracted to the bench.

The unfunded accrued government debt of \$830 million will be paid off over time as the schemes wind down.