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The Secretary,
Senate Select Committee on Superannuation and Financial Services,
Parliament House, Canberra.

I submit the following points for consideration by the Select Committee in addressing 'The benefit design of Commonwealth public sector and defence force unfunded superannuation funds and schemes.'

Undoubtedly some of the issues which have led the Committee to look into these matters are:

- * the value of ComSuper pensions is declining as a result of the sole use of the CPI to adjust for cost of living increases;
- * pensions are not maintaining relativity with the salary levels held in the PS on retirement;
- * pensions are not keeping pace with broader community wages and benefits;
- * the 4% GST compensation for aged pensioners did not extend to ComSuper superannuants;
- * superannuation pensions cannot be split for taxation purposes.

Perhaps the most unfortunate aspect of the current arrangements is that Governments encouraged (in the case of the Commonwealth, compelled) their public servants to participate in superannuation schemes so that in retirement they would not become aged pensioners. To put it bluntly, the Commonwealth has wretched on the deal we were given to expect when we joined the scheme forty and more years ago. Of course, it is now bipartisan policy for all to contribute to their retirement income.

In addition, superannuants do not have access to health and other benefits for which they pay the full cost and erode the value of their pensions further.

In addressing TOR (e) it will be important for the Committee to recognise that decisions now have effects well into the future. At the same time there needs to be certainty in this area and not regular reviews and adjustments which have been a feature of the taxation regime applying to superannuation.

I submit that the simplest and most effective system, which reflected the understanding most Public Servants had through their working life, would be to link the pension to the salary level of the position occupied by the officer on

retirement. As that position, or its equivalent, was reviewed, abolished or varied over the years the RBO could make a determination as to the specific officer's new salary for the purposes of calculating a pension. The base salary only would be involved, independent of vehicle, performance and other allowances now included in Public Service salaries.



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