

TASMANIAN ASSOCIATION of STATE SUPERANNUANTS

ABN 31 638 808 031

Affiliate of: The Council on the Ageing (Tas) Inc.
Australian Council of Public Sector Retiree Organisations. Inc.

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7 Feb 2011

Mr Will Hodgeman M.P.
Leader of The Opposition
Shop 6, Channel Court Shopping Centre
Kinston, 7050

Dear Mr. Hodgeman,

I refer to previous correspondence concerning Indexation of RBF pensions and in particular your letter to me of 4th February 2010.

At the relevant time you made it clear that should your party be in Government after the March 2010 elections it would be your intention to request an actuarial assessment of costs associated with the movement away from the current indexation method. You also said you would be happy to discuss with my association what option our members believe would deliver “a more equitable and fairer system which more closely reflects the changes to the Cost of Living”.

Since that time the political scene in Tasmania has developed in a way that few of us would have predicted.

From copies of correspondence sent to you for information you will be aware that the then Premier and Treasurer have continually refused to recognise the merit of the evidence provided by “TASS” in support of our case for changed indexation of RBF pensions. In contrast The Greens’ Party Leader, Nick McKim introduced a notice of motion on 18th November 2010 in support of indexing such pensions in the manner sought by us. Presumably a debate will ensue in The House of Assembly when parliament resumes later this year.

Whilst your clearly articulated position on changes to indexation of RBF pensions as expressed on 4 February 2010 is well understood, we live in hope that your position may well have softened in the light of subsequent events.

You may for instance have regard for the fact that:-

1. Federal Opposition leader, Tony Abbott said on his web site in July last year that the Coalition would legislate for new indexation arrangements for retirees under the Defence Force Retirement and Death Benefits Scheme. He pointed out that DFRDB superannuation was currently indexed according to the CPI but that the intended change will bring indexation of DFRDB superannuation in line with the age Pension indexation method. Subsequently Senator Ronaldson (Victoria) introduced such a Bill into the Senate.
2. The actual cost of living in Tasmania is escalating because of higher electricity, water and sewerage charges; but pensions are tied to the 8 capital city CPI.

It is relevant to point out that RBF Defined Benefits Scheme is an unfunded scheme apart from employee contributions and for some entities, e.g. Hydro and Forestry, which have funds set aside as provisions in their balance sheets. For other entities, the Government's "Non-contributions" have been used for general revenue to fund State infrastructure at a saving to borrowings and associated interest payments.

In 1994 the defined benefits scheme was closed to new employees and Government funding for this group of employees commenced with regular payments being deposited in the special "Superannuation Provision Account"

This measure was obviously intended to enable the Government to better manage its overall superannuation liability, consistent with the obligation of private employers to fund superannuation.

However the State budget over past years has shown that this account has been raided and its funds used for other purposes, thereby exacerbating the Government's overall unfunded super liability and to the obvious detriment of retirees case for improved indexation.

We would like to take up your earlier invitation to discuss to discuss with you or your representative what options would deliver a more equitable and fairer system which more closely reflects the changes in the Cost of Living.

To assist you in advance of any Parliamentary debate, we enclose firstly an attachment to support our case and secondly a list of arguments advanced by the Government in opposing our claim, together with our responses.

Would you please let us know if your opposition party will seriously assist our retiree members and allow us to brief you or your nominee prior to the resumption of Parliament?

My home telephone number is 6265 2238

Yours faithfully

Tony Robinson, President TASS